NEW ISSUE
Book Entry Only

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

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

$18,285,000
BERNALILLO COUNTY, NEW MEXICO
General Obligation Bonds, Series 2017

Dated: Date of Delivery **Due: August 15, as detailed on inside cover**

The Bonds will be issued as fully registered bonds, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, the securities depository for the Bonds, to which principal and interest payments on the Bonds will be made. Individual purchases will be made in book entry form only in denominations of $5,000 or any integral multiple thereof. Purchasers of the Bonds will not receive physical delivery of bond certificates. (See "The Bonds – Book-Entry Only System"). Interest is payable semi-annually on August 15 and February 15, commencing August 15, 2017. Principal is payable annually as detailed below. The Bonds are subject to redemption prior to maturity. (See "The Bonds – Prior Redemption").

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

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

The Bonds are offered when, as and if issued, subject to the approval of validity by Sherman & Howard, L.L.C., Denver, Colorado, Bond Counsel. Certain legal matters will also be passed on for the County by Modrall, Sperling, Roehl, Harris & Sisk, P.A., Albuquerque, New Mexico, Disclosure Counsel to the County. RBC Capital Markets, LLC, Albuquerque, New Mexico, serves as Municipal Advisor to the County. It is anticipated that the Bonds will be available for delivery on or about March 28, 2017 through the facilities of DTC in New York, New York.

Dated: February 21, 2017

MATURITY SCHEDULE

$18,285,000
General Obligation Bonds
Series 2017

Maturity Date (August 15)	Principal Amount	Interest Rate	Yield	Cusip No.†
2017	$3,435,000	5.00%	0.80%	085275S30
2018	7,570,000	5.00%	0.96%	085275S48
2019	520,000	5.00%	1.13%	085275S55
2020	520,000	5.00%	1.30%	085275S63
2021	520,000	5.00%	1.48%	085275S71
2022	520,000	5.00%	1.67%	085275S89
2023	520,000	5.00%	1.87%	085275S97
2024	520,000	5.00%	2.05%	085275T21
2025	520,000	5.00%	2.21%	085275T39
2026	520,000	4.00%	2.36%[C]	085275T47
2027	520,000	4.00%	2.45%[C]	085275T54
2028	520,000	3.00%	2.87%[C]	085275T62
2029	520,000	3.00%	2.97%[C]	085275T70
2030	520,000	3.00%	3.05%	085275T88
2031	520,000	3.00%	3.05%	085275T96
2032	520,000	3.00%	3.15%	085275U29

[C] Yield calculated based on the assumption that the Series 2017 Bonds denoted and sold at a premium will be redeemed on August 15, 2025, the first optional redemption date for such bonds, at a redemption price of par, plus accrued interest to the redemption date.

†The above referenced CUSIP numbers have been assigned by an independent company not affiliated with the parties to this bond transaction and are included solely for the convenience of the holders of the Series 2017 Bonds. CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Capital IQ on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. Neither the County nor the Underwriters take any responsibility for the selection or uses of such CUSIP numbers, and no representation is made as to their correctness on the Series 2017 Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2017 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities.

BERNALILLO COUNTY, NEW MEXICO

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Telephone: (505) 468-7000

COUNTY COMMISSION

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

COUNTY OFFICIALS

Julie Morgas Baca, County Manager
Nancy Marie Bearce, Treasurer
Tanya R. Giddings, Assessor
Linda Stover, Clerk

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USE OF INFORMATION IN THIS OFFICIAL STATEMENT

This Official Statement is furnished to prospective purchasers of the Bernalillo County, New Mexico General Obligation Bonds, Series 2017 (the "Bonds") in the aggregate principal amount of $18,285,000 to be issued by Bernalillo County, New Mexico (the "County"). The offering of the Bonds is made only by way of this Official Statement which supersedes any other information or materials used in connection with the offer or sale of the Bonds. Additional information concerning the County, the Bonds, and other aspects of this offering may be obtained from the Deputy County Manager for Finance, One Civic Plaza, N.W., Suite 10111, Albuquerque, New Mexico 87102, Telephone (505) 468-7000.

This Official Statement, which includes the cover page and appendices, does not constitute an offer to sell the Bonds in any state to any person to whom it is unlawful to make such offer in such state. No dealer, salesman, or other person has been authorized to give any information or to make any representations, other than those contained in this Official Statement, in connection with the offering of the Bonds, and if given or made, such information or representation must not be relied upon.

The information contained in this Official Statement has been obtained from the County and other sources which are deemed to be reliable. The Municipal Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Municipal Advisor does not guarantee the accuracy or completeness of such information. The information in this Official Statement is subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County or others since the date hereof.

This Official Statement contains statements relating to future results that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995, as amended. When used in this Official Statement, the words "estimate," "intend," "expect" and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty and risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward-looking statements and actual results; those differences could be material.

The Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon exemptions contained in such Act, nor have the Bonds been registered or qualified in any state. Neither the Securities and Exchange Commission nor any other federal, state, municipal or other governmental entity, nor any agency or department thereof, has passed upon the merits of the Bonds or the accuracy or completeness of this Official Statement. Any representation to the contrary may be a criminal offense.

The County has covenanted to provide such annual financial statements and other information in the manner as may be required by regulations of the Securities and Exchange Commission or other regulatory body.

SUMMARY INFORMATION

The following information is not a full description of the Bonds and is entirely subject to the more complete information contained elsewhere in this Official Statement, which includes the appendices.

PURPOSE: The Bonds will be issued to fund certain Improvement Projects of the County as approved by voters of the County at the November 8, 2016 general elections as follows:

Libraries	$ 750,000
Public Safety	2,500,000
Buildings and Facilities	2,500,000
Parks and Recreation	3,655,000
Transportation	4,550,000
Storm Drainage and Utilities	2,800,000
Public Housing	2,500,000

SECURITY: The Bonds are general obligations of the County and are payable from general (*ad valorem*) taxes which may be levied against all taxable property within the County without limitation as to rate or amount.

COMPLIANCE: The County undertakes to comply with the requirements of Section (b)(5)(i) of the Securities and Exchange Commission Rule 15c2-12. (*See* "**APPENDIX B.**")

DELIVERY: Delivery of the Bonds to the purchaser through the facilities of the Depository Trust Company is expected on or about March 28, 2017.

REDEMPTION: Bonds maturing on and after August 15, 2026 are subject to redemption, in whole or in part, at the option of the County on August 15, 2025, or any date thereafter, at par plus accrued interest to the date of redemption.

PAYING AGENT/ REGISTRAR: The Deputy County Manager for Finance or any successor named by the Board.

PLAN OF FINANCING

The following table shows the sources and uses of the proceeds of the Bonds and other available funds.

SOURCES AND USES OF FUNDS

Par amount of the Bonds:	$18,285,000.00
Net Original Issue Premium:	1,178,031.85
TOTAL SOURCES OF FUNDS:	$19,463,031.85
Improvement Projects:	$19,255,000.00
Underwriter's Discount:	28,455.12
Costs of Issuance*:	175,000.00
Debt Service Fund:	4,576.73
TOTAL USES OF FUNDS:	$19,463,031.85

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

SELECTED DEBT RATIOS

2016 Assessed Valuation	$15,592,904,243
2016 Actual Valuation[1]	$57,418,953,180
Total Bonded Debt Outstanding (including the Series 2017 Bonds)	$124,320,000
Less Estimated Debt Service Fund Balance on February 16, 2017[2]	$4,897,918
NET DEBT	$119,422,082
Estimated Direct & Overlapping G/O Debt	$1,256,253,342
Net Debt as a Percentage of	
Assessed Valuation	0.765%
Estimated Actual Valuation	0.208%
Direct & Overlapping Debt as Percentage of	
Assessed Valuation	8.06%
Estimated Actual Valuation	2.19%
Estimated 2016 Population	675,551[3]
County Net Debt Per Capita	$176.78
Direct and Overlapping Debt Per Capita	$1,859.60

[1] Actual valuation is computed by multiplying assessed valuation by three and adding the exemptions.
[2] The debt service fund balance, after debt service payments of $3,207,381.88, made on February 1, 2017 and $918,594.38 made on February 15, 2017, is $6,908,206.66. The amount properly attributable to principal reduction is 70.9%.
[3] Source: U.S. Dept. of Commerce, Bureau of the Census.

THE BONDS

AUTHORIZATION

The Bonds are issued pursuant to the Public Securities Act, Section 6-14-1 through 6-14-12, NMSA 1978, and Sections 6-15-1 through 6-15-28, NMSA 1978, which authorize counties to issue General Obligation Bonds payable from ad valorem taxes. Proceeds from the Bonds will be used to fund $750,000 in library projects, $2,500,000 in public safety, $2,500,000 for facilities and other County buildings, $3,655,000 in parks and recreation projects, $4,550,000 in transportation projects, $2,800,000 in storm drainage and utilities projects, and $2,500,000 in public housing projects as approved by voters of Bernalillo County at the November 8, 2016 general election.

DESCRIPTION OF THE BONDS

The Bonds are dated as of the date of issuance and will bear interest from that date, payable on February 15 and August 15 in each year commencing August 15, 2017. The Bonds will bear interest at the rates per annum and mature in the amounts and at the times set forth on the inside cover page of this Official Statement. The principal of and interest on the Bonds is payable through the Depository Trust Company, New York, New York.

PAYMENT AND PRESENTATION OF BONDS FOR PAYMENT

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

SECURITY FOR THE BONDS

The Bonds are general obligations of the County and are payable from ad valorem taxes which

shall be levied against all taxable property within the County without limitation as to rate or amount. The County has covenanted in the Bond Resolution to levy in addition to all other taxes, direct annual ad valorem taxes sufficient to pay the principal of and interest on the Bonds. The County may pay the principal of and interest on the Bonds from any legally available funds belonging to the County.

REGISTRATION

The Deputy County Manager for Finance will initially serve as the Registrar and Paying Agent for the Bonds.

BOOK-ENTRY ONLY SYSTEM

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

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

General

The Bonds will be issued in book-entry form. DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds, each in the aggregate principal amount of that maturity and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-

trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond (the "Beneficial Owner") in turn is to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interest in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by Direct Participants in accordance with DTC's procedures. Under its usual procedures, DTC will mail an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal of and sinking fund and interest payments on the Bonds will be made to Cede & Co., or such other name as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts on each payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the date payable. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County, disbursement of such payments to Direct Participants shall be the responsibility of DTC or the Paying Agent, and disbursement of such payments to the Beneficial Owners shall be responsibility of Direct and Indirect Participants.

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

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

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

The foregoing description of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal of and interest and other payments with respect to the Bonds to Direct Participants, Indirect Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in such Bonds and other related transactions by and between DTC, the Direct Participants, the Indirect Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the Direct Participants, the Indirect Participants nor the Beneficial Owners should rely on the foregoing information with

respect to such matters but should instead confirm the same with DTC or the Participants, as the case may be.

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

LIMITATIONS ON REMEDIES AVAILABLE TO OWNERS OF BONDS

There is no provision for acceleration of maturity of the principal of the Bonds in the event of a default in the payment of principal of or interest on the Bonds. Consequently, remedies available to the owners of the Bonds may have to be enforced from year to year.

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

PRIOR REDEMPTION

Bonds maturing on and after August 15, 2026 are subject to redemption, in whole or in part, at the option of the County on August 15, 2025, or any date thereafter, at par plus accrued interest to the date of redemption.

NOTICE OF REDEMPTION

Notice of redemption shall be given by the Registrar by sending a copy of such notice by registered or certified first-class, postage prepaid mail at least thirty (30) days prior to the redemption date to the registered owners of the Bonds to be redeemed, at the address shown as of the close of business of the Registrar on the fifth day prior to the mailing of notice on the registration books kept by the Registrar. The County shall give the Registrar written instructions to give notice of redemption to the registered owners of the Bonds to be redeemed at least forty-five (45) days prior to such redemption date. Neither the County's failure to give such notice nor the Registrar's failure to give such notice to the registered owners of the Bonds, or any defect therein, shall affect the validity of the proceedings for the redemption of any Bonds for which proper notice was given. Notice of redemption shall specify the amount being redeemed, the date fixed for redemption, that on such redemption date there will become and be due and payable the Bonds to be redeemed at the office of the Paying Agent, the principal amount to be redeemed plus accrued interest to the redemption

date and that from and after such date interest will cease to accrue on such amount. Notice having been given in the manner hereinbefore provided, the Bonds so called for redemption shall become due and payable on the redemption date so designated and if an amount of money sufficient to redeem the Bonds called for redemption shall on the redemption date be on deposit with the Paying Agent, the Bonds to be redeemed shall be deemed not outstanding and shall cease to bear interest from and after such redemption date. Upon presentation of the Bonds to be redeemed at the office of the Paying Agent, the Paying Agent will pay the Bonds so called for redemption with funds deposited with the Paying Agent by the County.

DEBT AND OTHER OBLIGATIONS

The aggregate amount of general obligation indebtedness of the County for general purposes under the State Constitution is limited to 4% of, and the single debt limitation to 12 mills on, the assessed value of taxable property within the City (excepting the construction or purchase of a water or sewer system with general obligation indebtedness, which has no limit).

BONDING CAPACITY

2016 Assessed Valuation	$15,592,904,243
Legal Bonding Capacity (4% of assessed valuation)	623,716,169
Less total bonds to be outstanding[1]	124,320,000
Capacity in excess of present requirements	$499,396,169

[1] Includes the Series 2017 Bonds.

Source: Bernalillo County Finance Department

The County currently has outstanding the following general obligation debt.

GENERAL OBLIGATION BONDS OUTSTANDING – (POST ISSUANCE OF THE 2017 BONDS)

G.O. Bonds Series	Original Issue	Outstanding Principal	Final Maturity
1997	$11,170,000	$905,000	December 1, 2017
1999	18,676,000	4,080,000	August 1, 2019
2007	10,400,000	600,000	August 1, 2017
2007A	8,400,000	475,000	August 1, 2017
2009	10,000,000	3,350,000	June 1, 2019
2009A	10,750,000	5,600,000	December 1, 2020
2010	15,105,000	7,560,000	February 1, 2022
2011	4,200,000	1,275,000	February 1, 2019
2012	6,535,000	4,350,000	June 15, 2023
2012A	14,400,000	14,400,000	June 15, 2032
2013	17,800,000	14,700,000	August 15, 2028
2014	8,700,000	915,000	August 15, 2029
2014A	2,995,000	2,995,000	August 15, 2021
2015	17,281 ,000	16,430,000	August 15, 2030
2015A	14,010,000	12,610,000	August 15, 2027
2016	9,860,000	6,260,000	August 15, 2030
2016A	14,380,000	9,530,000	August 15, 2027
2017	18,285,000	18,285,000	August 15, 2032
TOTAL		**124,320,000**	

Source: Bernalillo County Finance Department

The following schedule shows, for each Fiscal Year of the County, the annual debt service requirements to be payable on all outstanding general obligation debt, including the Bonds.

TOTAL DEBT SERVICE REQUIREMENTS (POST ISSUANCE OF THE 2017 BONDS)

Calendar Year	Principal	Interest	Total
2017[1]	$14,770,000	$2,479,104	$17,249,104
2018	16,955,000	3,589,160	20,544,160
2019	11,905,000	2,865,210	14,770,210
2020	10,480,000	2,463,935	12,943,935
2021	9,660,000	2,143,035	11,803,035
2022	8,640,000	1,822,453	10,462,453
2023	7,180,000	1,515,103	8,695,103
2024	6,855,000	1,316,553	8,171,553
2025	7,035,000	1,109,528	8,144,528
2026	6,715,000	909,190	7,624,190
2027	6,940,000	702,140	7,642,140
2028	5,745,000	504,671	6,249,671
2029	3,845,000	331,946	4,176,946
2030	3,880,000	215,262	4,095,262
2031	1,840,000	96,358	1,936,358
2032	1,875,000	37,619	1,912,619
Total	**$124,320,000**	**$22,101,265**	**$146,421,265**

(1) The County made a debt service payments on February 1, 2017 in the aggregate amount of $3,207,381.88 and on February 15, 2017 in the aggregate amount of $918,594.38.

Source: Bernalillo County Finance Department

DIRECT AND OVERLAPPING DEBT

	G.O. Debt	Tax Year 2016 Assessed Valuation	% Applicable to County	Gross Overlapping
City of Albuquerque	$373,989,000	$12,809,839,299	82.15%	$307,238,402
Albuquerque Public Schools	623,630,000	15,849,486,540	98.38%	613,534,252
Albuquerque Metropolitan Arroyo Flood Control Authority	41,750,000	15,024,543,172	96.36%	40,228,213
Central New Mexico Community College	101,840,000	18,007,524,468	86.59%	88,184,324
Village of Los Ranchos	2,855,000	255,824,199	1.64%	46,840
Village of Tijeras	-	12,281,293	0%	-
Bernalillo County[1]	124,320,000	15,592,904,243	100.00%	124,320,000
State of New Mexico	326,755,000	61,607,964,708	25.31%	82,701,311
Total Direct and Overlapping G.O. Debt	$1,595,139,000			$1,256,253,342

RATIOS

Direct and Overlapping G.O. Debt as Percent of 2016 Assessed Valuation	8.06%
Direct and Overlapping G.O. Debt as Percent of 2016 Actual Valuation	2.19%
Direct and Overlapping G.O. Debt Per Capita	$1,859.60

[1] Includes the Series 2017 Bonds.

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

ASSESSED VALUATION

PROPERTY SUBJECT TO TAXATION

Real property is subject to taxation with certain exemptions. Within the real property classification, exemptions include: property of the United States of America; property of the State, all counties, towns, cities and school districts or other municipal corporations; public libraries; community ditches and all laterals thereof; all church property not used for commercial purposes; all property used for educational and charitable purposes; all cemeteries not used or held for private or corporate profit; and motor vehicles (other than mobile homes). Also, certain amounts of the taxable value of property is exempt from taxation if such property is owned by

the head of a family who is a State resident ($3,500 of residential property) or is owned by a veteran or a veteran's unmarried surviving spouse if the veteran or spouse is a State resident ($2,000 of residential property). All tangible personal property has been exempted from property taxation by statute except for tangible personal property used, produced, manufactured, held for sale, leased or maintained by a person for purposes of his profession, business or occupation (unless otherwise specifically exempted from property taxation by the Federal or State Constitution or law); tangible property for which the owner has claimed a deduction from depreciation for federal income tax purposes; mobile homes; livestock; and certain inventories of personal property.

ASSESSMENT OF PROPERTY

The County assessor sets the value of most residential and nonresidential real and personal property within the County; however, those properties used in the businesses of railroads, communications, pipelines, public utilities and airlines are valued by the Central Assessment Bureau, Property Tax Division of the State Taxation and Revenue Department. The Central Assessment Bureau also is responsible for the valuation of electric generating facilities, mineral properties and certain industrial machinery. The value of oil and natural gas property and equipment is determined by the Oil and Gas Accounting Division of the State Taxation and Revenue Department based on the prior calendar year's output. The net taxable value of all property is one-third of the actual value (the "Assessment Ratio").

The value of residential property for property taxation purposes is its market value as determined by sales of comparable property or, if that method cannot be used due to the lack of comparable sales data for the property being valued, then its value is determined using an income method or costs method of valuation. Regardless of the method used for valuation, the valuation authority must apply generally accepted appraisal techniques.

Each county assessor must mail a notice by April 1 of each year to each property owner informing him of the net taxable value of his property that has been valued for property taxation purposes, the tax ratio, the classification of the property valued, and other information. The Central Assessment Bureau must also send notices by May 1 of each year to property owners with property subject to valuation by the State Property Tax Division. A property owner may protest the value or classification of his or her property by filing a petition of protest with the Director of the Property Tax Division or with the appropriate county assessor. The protest hearing may be held before the Director of the Property Tax Division or before the appropriate county valuation protest board, dependent upon whether the property tax or the local county assessor was responsible for review of the valuation. A property owner may appeal an order made by the Director of the Property Tax Division or a county valuation protest board by filing with the New Mexico Court of Appeals a notice of appeal within 45 days of the date the order was made.

Analysis of Assessed Valuation

	2016	2015	2014	2013	2012
ASSESSMENTS					
Value of Land	$5,992,142,882	$5,969,971,718	$5,885,730,766	$5,854,492,640	$5,803,787,816
Improvements	12,144,202,792	11,715,364,505	11,425,556,170	11,151,138,799	10,970,511,846
Personal Property	455,750,591	439,247,116	423,500,136	410,601,849	417,126,111
Mobile Homes	45,687,835	45,252,282	46,846,269	47,934,051	48,123,614
Livestock	1,216,786	1,594,838	920,938	963,446	922,156
Assessor's Total Valuation	**$18,639,000,886**	**$18,171,430,459**	**$17,782,554,279**	**$17,465,130,785**	**$17,240,471,543**
LESS EXEMPTIONS					
Head of Family	$198,843,925	$199,545,280	$196,355,547	$196,198,073	$195,959,863
Veterans	108,866,016	111,699,061	110,700,553	112,999,256	114,374,342
Disabled Veterans Exemption	192,868,363	178,291,096	165,298,900	155,090,265	144,834,096
Other	3,046,168,513	3,046,337,793	2,959,534,732	2,959,199,809	2,889,504,474
Total Exemptions	**$3,546,746,817**	**$3,535,873,230**	**$3,431,889,732**	**$3,423,487,403**	**$3,345,672,775**
Assessors Net Valuation	$15,092,254,069	$14,635,557,329	$14,350,664,547	$14,041,643,382	$13,894,798,768
Central Assessed	500,650,174	483,520,015	484,382,593	462,616,155	498,624,419
Total Assessed Valuation	**$15,592,904,243**	**$15,119,077,344**	**$14,835,047,140**	**$14,504,259,537**	**$14,394,423,187**
Residential	$11,775,274,216	$11,315,870,482	$11,021,769,490	$10,709,157,954	$10,513,182,171
Non-Residential	3,817,630,027	3,803,206,862	3,813,277,650	3,795,101,583	3,881,241,016
Total	**$15,592,904,243**	**$15,119,077,344**	**$14,835,047,140**	**$14,504,259,537**	**$14,394,423,187**

Source: New Mexico Department of Finance & Administration

REASSESSMENT

New Mexico has a statewide property reassessment program. The program's objective is to keep property values close to their market values so that there will be a high correlation between the value of a property and its share of the tax burden. The first reassessment under this present program was in 1986, and such reassessments will continue to occur biannually. In 2010, property values were adjusted to their 2008 market levels.

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

LIMITATION ON INCREASES IN VALUATION OF RESIDENTIAL REAL PROPERTY

A 1998 amendment to the State Constitution allows the State Legislature to enact legislation providing for the assessment of residential properties at levels different than the current estimated market value of a home on the basis of age of the owner, income, or home ownership. Section 7-36-21.2 NMSA 1978, as amended, limits increases in the value of residential property

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

HISTORY OF ASSESSED VALUATION

Tax Year	Bernalillo County	Albuquerque
2016	$15,592,904,243	$12,809,839,299
2015	15,119,077,344	12,414,140,796
2014	14,835,047,140	12,228,594,690
2013	14,504,259,537	11,967,046,394
2012	14,394,423,187	11,876,389,475
2011	14,452,760,775	11,951,429,843
2010	14,405,788,823	11,920,466,310
2009	14,401,614,829	12,299,076,660
2008	13,976,092,003	11,581,011,823
2007	13,191,112,431	10,949,766,038

Source: Bernalillo County Treasurer's Office

MAJOR TAXPAYERS

Largest Property Taxpayers for Tax Year 2016 (Fiscal Year 2017)[1]

Name of Taxpayer	Taxable Value 2016 Assessed	Percentage of Total County Assessed Valuation
Public Service Co. of New Mexico	$200,919,713	1.329%
Qwest Communications	47,553,141	0.315%
Gas Company of New Mexico	40,731,131	0.269%
Comcast	28,370,564	0.188%
Southwest Airlines	22,117,361	0.146%
Verizon	20,459,244	0.135%
Vtr Lovelace MC & Rehab LLC	19,655,876	0.130%
Mall at Cottonwood LLC	15,960,737	0.106%
AT&T Mobility	15,765,789	0.104%
Lovelace Respiratory Research	14,425,958	0.095%
Top Ten Centrally and Locally Assessed Values	$425,959,514	2.817%

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

Source: Bernalillo County Assessor's Office

TAX RATES

YIELD CONTROL

Section 7-37-7.1, NMSA 1978, limits the allowable increase in property taxes from the preceding year. Specifically, no rate shall be set or assessment imposed which will produce current tax revenues in excess of the prior year's tax revenues plus a percent that is determined by a growth control factor. The growth control factor is the sum of ("G") the growth in the assessed valuation due to net new additions to the property tax rolls, expressed as a percent of the prior year's assessed, and ("I") the percentage change, not in excess of five percent, in the annual business indicator index between the prior calendar year and the year next preceding the prior calendar year. The resulting yield control equation is:

Current tax revenues = prior tax revenues x (G+I)

Where: G is never less than 100%
I is never less than 0% or more than 5%

The annual business indicator index is defined as "annual implicit price deflator index for state and local government purchases of goods and services", as published in the United States Department of Commerce monthly publication entitled "Summary of Current Business" or any

successor publication for the calendar year." The yield control formula applies to both residential and nonresidential property, but the calculations for each property class are made separately. Additionally, the yield control formula applies to any authorized operating levy but not to any debt service levy.

20-MILL LIMITATION ANALYSIS

Article VIII, Section 2 of the New Mexico Constitution limits the total ad valorem taxes for operational purposes levied by all overlapping governmental units within the County to $20.00 per $1,000 of assessed value. This limitation does not apply to special levies, such as levies for bond issues, authorized at an election by a majority of the qualified voters within the County. The overlapping operational levies of the County are within the 20-mill limit.

RESIDENTIAL AND NON-RESIDENTIAL PROPERTY

Property in New Mexico is sub-classified as either residential or non-residential based on its use. The calculation of revenue limitations for Yield Control, as discussed above, is performed separately for each property class. The result is that levies for operational purposes may be different for each property class. The levies shown in the table on the following page are shown for residential property in the County.

Within 20 Mill Limit for General Purposes					
Total Levy	**2016**	**2015**	**2014**	**2013**	**2012**
State of New Mexico	-	-	-	-	-
Bernalillo County	$7.090	$7.245	$7.254	$ 7.320	$7.208
City of Albuquerque	6.339	6.494	6.494	6.544	6.544
AMAFCA	0.173	0.177	0.177	0.179	0.176
Albuquerque MSD # 12	0.270	0.325	0.276	0.278	0.274
Total	$13.872	$14.241	$14.201	$14.321	$14.202

20 Mill Limit - Interest, Principal, Judgement, etc					
Total Levy	**2016**	**2015**	**2014**	**2013**	**2012**
State of New Mexico	$1.360	$1.360	$1.360	$1.360	$1.362
Bernalillo County - Debt Service	1.265	1.265	1.265	1.246	0.897
Bernalillo County - Other	0.206	0.010	0.012	0.013	0.113
City of Albuquerque	4.976	4.976	4.976	4.976	4.976
AMAFCA	0.675	0.675	0.675	0.675	0.675
Albuquerque MSD #12	10.217	10.255	10.187	10.189	10.189
UNM Hospital	6.198	6.342	6.400	6.400	6.400
Central New Mexico CC	3.776	3.377	3.392	3.344	3.237
Total	$28.673	$28.262	$28.249	$27.854	$27.849

TOTAL LEVY					
Total Levy	**2016**	**2015**	**2014**	**2013**	**2012**
State of New Mexico	$1.360	$1.360	$1.360	$1.360	$1.362
Bernalillo County	8.561	8.820	8.531	8.579	8.118
City of Albuquerque	11.315	11.470	11.520	11.520	11.520
AMAFCA	0.848	0.852	0.854	0.851	0.845
Albuquerque MSD #12	10.487	10.531	10.465	10.463	10.453
UNM Hospital	6.198	6.342	6.400	6.400	6.400
Central New Mexico CC	3.776	3.377	3.392	3.344	3.237
Total Residential	$42.545	$42.463	$42.570	$42.056	$41.693
Total Non-Residential in	$46.788	$46.132	$45.995	$46.125	$46.713

Source: New Mexico Department of Finance & Administration

TAX COLLECTIONS

METHODS OF TAX COLLECTION

Current taxes for all units of government are collected by the County Treasurer and distributed monthly to the various political subdivisions to which they are due. The level of tax collections is an important component in the analysis of the ability to pay principal and interest on a timely basis. Property taxes are payable to the County Treasurer in two (2) equal installments due on November 10 of the tax year in which the tax bill was prepared and mailed and, on April 10 of the following year. Pursuant to Section 7-38-46, NMSA 1978, property taxes are delinquent thirty days after the date on which they are due.

INTEREST ON DELINQUENT TAXES

Pursuant to Section 7-38-49, NMSA 1978, if property taxes are not paid for any reason within thirty (30) days after the due date, interest on the unpaid taxes shall accrue from the thirtieth (30th) day after they are due until the date they are paid. Interest accrues at the rate of one percent (1%) per month or any fraction of a month.

PENALTY FOR DELINQUENT TAXES

Pursuant to Section 7-38-50, NMSA 1978, if property taxes become delinquent, a penalty of one percent (1%) of the delinquent tax for each month, or any portion of a month, remaining unpaid shall be imposed, but the total penalty shall not exceed five percent (5%) of the delinquent taxes. The minimum penalty imposed is $5.00. A County can suspend application of the minimum penalty requirement for any tax year.

If property taxes become delinquent because of an intent to defraud by the property owner, fifty percent (50%) of the property taxes due or fifty dollars ($50.00), whichever is greater, shall be added as a penalty.

REMEDIES AVAILABLE FOR NON-PAYMENT OF TAXES

Pursuant to Section 7-38-47, NMSA 1978, property taxes are the personal obligation of the person owning the property on the date on which the property was subject to valuation for property taxation purposes. Pursuant to Section 7-38-53, NMSA 1978, a personal judgment may be rendered against the taxpayer for payment of taxes that are delinquent, together with any penalty and interest on the delinquent taxes.

Taxes on real property are a lien against the real property. Pursuant to Section 7-38-65, NMSA 1978, delinquent taxes on real property may be collected by selling the real property on which the taxes are delinquent. Collection statistics for all political subdivisions for which the County Treasurer collects taxes are as follows:

TAX COLLECTION HISTORY - BERNALILLO COUNTY

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year[1]	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2007	$101,082,171	$97,157,620	96.12%	$3,458,672	$100,616,292	99.54%
2008	112,113,596	107,467,225	95.86%	4,108,833	111,576,058	99.52%
2009	117,508,912	112,092,669	95.39%	4,937,774	117,030,443	99.59%
2010	124,708,278	117,443,009	94.17%	6,459,127	123,902,136	99.35%
2011	120,075,839	114,472,104	95.33%	4,968,619	119,440,723	99.47%
2012	126,686,407	121,576,353	95.97%	4,676,622	126,252,975	99.66%
2013	130,240,155	125,460,280	96.33%	4,318,027	129,778,307	99.65%
2014	137,364,369	132,586,971	96.52%	3,980,827	136,567,798	99.42%
2015	139,676,461	134,876,335	96.56%	2,867,258	137,743,593	98.62%
2016	145,091,951	140,186,826	96.62%	n/a	n/a	n/a

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

Source: Bernalillo County Treasurer's Office

THE COUNTY

GENERAL

The economic and population hub of New Mexico, Bernalillo County is located in the north central region of the State at the crossroads of Interstate Highways 25 and 40. Its boundaries encompass the entire City of Albuquerque, which comprises 83% of the County's population. With 675,551 residents (2016 estimated), Bernalillo County ranks 92th in population of the nation's 3,143 counties. The County comprises nearly 32% of New Mexico's population total and 75% of the four county Albuquerque Metropolitan Statistical Area, and is home to the University of New Mexico, Kirtland Air Force Base and Sandia National Laboratories.

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

Because of its accessibility and tourist facilities, the County and the surrounding area is the gateway for tourism in New Mexico as well as an attraction in its own right. The County and the City of Albuquerque features the historic "Old Town", the Sandia Peak Tramway and ski area, a number of nationally recognized museums and the Cibola National Forest. Other attractions include the Albuquerque International Balloon Fiesta, the National Hispanic Cultural Center, the Gathering of Nations Native American event, and the New Mexico State Fair. There are several Indian pueblos within easy driving distance that draw many tourists because of their historical and cultural significance and arts.

COUNTY GOVERNMENT

Bernalillo County operates under a commission-manager form of government and provides for public safety, highways and streets, sanitation, cultural and recreational services, public improvements, planning and zoning, and general administrative services. Legislative and some executive power are vested in a five-member Board of County Commissioners, who are elected for four-year terms from single member districts. Administration is overseen by a County Manager, who has responsibility for 25 departments.

THE GOVERNMENT BODY

Bernalillo County was established by the laws of 1876, under the provisions of the Act now referred to as Section 4-1-1 of the New Mexico State Statutes Annotated, 1978 Compilation. Brief resumes of the County Commissioners, County Manager, and Deputy County Manager for Finance are as follows.

BERNALILLO COUNTY COMMISSIONERS

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

Steven Michael Quezada, Vice Chair, Commissioner, District 2. Term expires December, 2020; first elected November 2016. Mr. Quezada won his first political race in 2013 to earn a seat on the Albuquerque Board of Education. Mr. 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. Mr. Quezada is a life-long resident of New Mexico and studied theatre arts at Eastern New Mexico University, and has earned the distinction as one of the most charitable celebrities in New Mexico.

Maggie Hart Stebbins, Commissioner District 3. Term expires December, 2020; has served on the Commission since 2009. Ms. Hart Stebbins earned a Bachelor of Arts degree from Harvard University where she was an All-American athlete and recipient of the prestigious Radcliffe Alumni Association Award for leadership. She came to the Commission with extensive

experience in public service including work for the United States Congress, New Mexico House of Representatives and the Middle Rio Grande Council of Governments where she focused on air quality, water conservation and regional transportation. She has served on numerous boards and commissions for governmental entities and not for profit organizations.

Lonnie C. Talbert, Commissioner, District 4. Term expires December 2020; first elected November 2012. Mr. Talbert is a magna cum laude graduate of Jacksonville University in Jacksonville, Florida and is a banking executive in the City of Albuquerque. His past community involvement has included service as chairman of the Greater Albuquerque Chamber of Commerce, chairman of the March of Dimes, chairman of the United Way of Central New Mexico and is a member of the New Mexico Amigos.

Wayne A. Johnson, Commissioner, District 5. Term expires December 2018; first elected 2010; A native New Mexican and graduate of the University of New Mexico, Mr. Johnson is president of Vista Media, a media business that produces a variety of media, including commercials, documentaries and web content. Mr. Johnson has been active in community organizations including the District 7 Coalition of Neighborhoods, serving as president and vice-president and the Bernalillo County Fire and Rescue Citizens Advisory Committee.

COUNTY MANAGER

Julie Morgas Baca, County Manager.

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

DEPUTY COUNTY MANAGER

Shirley Ragin, Deputy County Manager of Finance.

Ms. Ragin joined the County in September 2012 as director of Budget and Business Improvement and held that position until appointment to Deputy County Manager for Finance on June 24, 2014. Prior to joining the County, Ms. Ragin worked in the private sector for Public Service Company of New Mexico for 32 years. Ms. Ragin is a Certified Management Accountant, holds a bachelor of science in Business Administration with a concentration in Accounting from the University of Albuquerque and a Master's in Public Administration with a certificate in Budgeting and Financial Management from the University of New Mexico.

RETIREMENT PLAN

Plan Description. Substantially all of the Bernalillo County full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11 NMSA 1978). The Public Employees Retirement Association ("PERA") is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to PERA, PO Box 2123, Santa Fe, New Mexico 87504-2123.

Actuarial information is shown below:

State of New Mexico Public Employees Retirement Fund
Summary Information as of June 30, 2015

Membership[1]	96,479
Actuarial Information	
Actuarial Accrued Liability[2]	$18,786,486,000
Actuarial Value of Assets[3]	$14,074,919,000
Unfunded Actuarial Accrued Liability	$4,711,567,000
Funded Ratio	74.92%

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

Source: Public Employees Retirement Association

As of June 30, 2015, PERA has an amortization or funding period of 42 years based on the employer and member contribution rates in effect as of July 1, 2015. The funded ratio (ratio of the actuarial value of assets to accrued actuarial liability) was 74.9% as of June 30, 2015 and the Unfunded Actuarial Accrued Liability ("UAAL") of the PERA Fund increased $410 million to approximately $4.7 billion. Prior to the 2013 pension reform*, the funded ratio was 65.3% and the UAAL of the PERA Fund was calculated to be approximately $6.2 billion. The primary cause of the slight decrease in the funded ratio and increase in accrued actuarial liability is the lower than expected investment return from the 2015 plan years. ON a market value basis, PERA's funded ratio is approximately 76.99% as of June 30, 2015.

Funding Policy. Plan members are required to contribute 10.65-18.15% of their gross salary. The County is required to contribute 9.55-21.65% depending upon the plan of the gross covered salary. The contribution requirements of plan members and the County are established by state statute

* Senate Bill 27 significantly amends the Public Employees' Retirement Act by creating a new tier of reduced benefits for new hires. The law reduces the cost of living adjustments for all current and future retirees; delays the application of cost of living adjustments for certain future retirees; suspends the cost of living adjustments for certain return-to-work retirees; provides for an increase in the statutory employee contribution rate of 1.5% (subject to certain requirements) for employees earning $20,000 or more in annual salary; provides for an increase in the statutory employer contribution of 0.4% beginning in Fiscal year 2015; increases age and service requirements; lengthens the base average salary calculation amount from three to five years for future employees; increases the vesting period for employees from five to eight years for most members; lowers the annual service credit by 0.5% for most members; and makes several other clarifying and technical changes.

under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The County's contributions to PERA for the years ending June 30, 2016, 2015 and 2014 were $15,343,580, $15,179,509, and $14,717,112, respectively, which equal the amount of the required contributions for each year. In accordance with Chapter 10, Article 11, Section 5 NMSA 1978, the County has elected to make contributions of sixty-nine percent of its employees' member contributions under the general-management, blue collar, white collar, sheriff, fire and detention plans.

POST-EMPLOYMENT BENEFITS-RETIREE HEALTH CARE PLAN

Plan Description. Bernalillo County contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority ("RHCA"). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long term care policies.

Eligible retirees are: 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; 2) retirees defined by the Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years.

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the post-employment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

Funding Policy. The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at www.nmrhca.state.nm.us.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees who are members of an enhanced retirement plan (state police and adult correctional

officer coverage plan 1; municipal police member coverage plans 3, 4 and 5; municipal fire member coverage plan 3, 4, and 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act, 10-12B-1 NMSA 1978), during the fiscal year ended June 30, 2015, the statute required each participating employer to contribute 2.50% of each participating employee's annual salary, and each participating employee was required to contribute 1.25% of their salary.

The RHCA plan is financed on a pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature.

The Bernalillo County's contributions to the RHCA for the years ended June 30, 2016, 2015 and 2014 were $2,411,649, $2,380,476, and $2,376,195, respectively, which equal the required contributions for each year.

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

COUNTY INSURANCE COVERAGE

The County maintains insurance on its assets and operations as is customary and adequate, in its opinion, for similar entities insuring similar operations and assets. The County carries general liability insurance, auto damage and workers compensation with the New Mexico County Insurance Authority for its errors and omissions coverage, emergency medical, and law enforcement liability coverage. There can be no assurance, however, that the County will continue to maintain the present level of coverage or that the insurance maintained will be sufficient.

FISCAL YEAR 2016 AUDIT REPORT

CliftonLarsonAllen LLP, of Albuquerque, New Mexico conducted the audit of the County's general-purpose financial statements and the combining and individual fund and account group financial statements for the fiscal year ended June 30, 2016. The report of such accounting firm is attached as **"APPENDIX D – STATE OF NEW MEXICO COUNTY OF BERNALILLO COMPREHENSIVE**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES OF THE COUNTY

BASIS OF PRESENTATION - FUND ACCOUNTING

The accounts of the County are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped into the following generic fund types:

GOVERNMENTAL FUND TYPES

The County reports the following major governmental funds:

The *General Fund* is the County's primary operating fund. It accounts for all the financial resources of the general government, except those required to be accounted for in another fund.

The *Grants Fund* accounts for various federal, state and other grant funding resources to be used for specific purposes agreed to between the County and the funding sources as enumerated in the grant agreement/contract.

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

Additionally, the government reports the following fund types:

Internal service funds account for operations that provide services to other departments or agencies of the County on a cost-reimbursement basis. The County's internal service fund is the Risk Management fund, which is used to account for its risk management activities. Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of inter-fund activity has been eliminated from the government wide financial statements. Exceptions to this general rule are charges between the government's risk management and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Amounts reported as *program revenues* include 1) charges to customers or applicants for goods,

services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and/or delivering goods in connection with proprietary fund's principal ongoing operations. Approximately 89% of the operating revenues of the County's five proprietary funds consist of user and administrative fees.

The modified accrual basis of accounting is followed by the governmental fund types for financial statement purposes. Under the modified accrual basis of accounting, revenues and other governmental fund financial resource increments are recognized in the accounting period in which they become measurable and available to pay liabilities of the current period (amounts collected within 60 days after year end).

Those revenues susceptible to accrual are property taxes, gross receipts taxes, investment income and charges for services. Grant revenues are recognized as revenues when the related costs are incurred. All other revenues are recognized when they are received and are not susceptible to accrual, because they are usually not measurable until payment is actually received. Expenditures are recorded as liabilities when they are incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

The accrual basis of accounting is utilized by proprietary fund types. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The County reports unearned revenue on its combined balance sheet. Unearned revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when resources are received by the County before it has legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods when both revenue recognition criteria methods are met or when the County has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

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

Proprietary funds. The County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as b*usiness-type activities* in the government-wide financial statements. The County uses enterprise funds to account for Solid Waste, Bernalillo County Housing Authority, Seybold Village Handicapped Project, Regional Juvenile Detention Center, and El Centro Familiar. An *Internal service fund* is used to account for operations that provide services to other departments or agencies of the County on a cost-reimbursement basis.

The County's internal service fund is the Risk Management fund, which is used to account for its risk management activities. Because the services provided by the Risk Management fund predominantly benefit governmental rather than business-type functions, this fund is included within *governmental activities* in the government-wide financial statements.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Fixed Assets and Long-Term Liabilities

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resource." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable sources" during a period.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost, except for donated assets which are valued at their fair market value on the date donated.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds.

The two account groups are not "funds." They are concerned only with the measurement of financial position. They are not involved with the measurement of the results of operations.

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by noncurrent liabilities. Because they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. They are instead reported as liabilities in the General Long-Term Debt Account Group.

BASIS OF ACCOUNTING

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting,* as are the proprietary fund financial statements. Fiduciary fund financial statements are reported using the accrual basis of accounting and have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are

recognized in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting.* Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures, generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is made.

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

ASSETS:	**2016**	**2015**	**2014**	**2013**	**2012**
Cash and investments	$246,755,788	$230,810,724	$239,978,226	$269,741,463	$304,489,680
Accounts receivable, net	51,176,383	47,816,975	43,499,227	45,515,517	40,633,452
Accrued interest receivable	373,389	283,916	263,776	1,228,173	1,588,648
Note receivable	2,077,851	2,213,861	2,355,163	172,630	185,959
Due from grantor	7,478,592	5,460,608	3,496,116	2,894,254	4,410,191
Inventory	602,692	631,935	754,982	756,203	846,888
Held for sale	0	0	0	0	135,400
Prepaid assets	2,668,578	2,445,992	2,253,504	2,214,020	2,052,385
Deferred charges	0	0	0	1,096,893	1,089,673
Cash-restricted	17,740,698	17,740,698	17,740,698	12,806,949	12,806,949
Investment in joint venture	633,000	633,000	633,000	633,000	633,000
Land	143,679,746	140,460,251	138,689,661	136,591,937	136,461,953
Art	2,970,594	2,783,902	2,739,938	2,552,405	2,534,675
Construction in progress	20,994,442	22,441,044	29,407,970	45,572,298	61,424,198
Building	173,979,835	187,378,613	189,560,752	195,534,615	183,031,712
Land improvements	22,508,941	22,251,427	17,859,250	14,578,482	8,014,911
Machinery and equipment	21,557,108	24,627,684	26,206,381	21,899,986	19,884,515
Infrastructure	169,373,059	165,598,584	170,724,328	169,540,945	162,945,084
Leasehold improvements	1,372,902	1,501,438	1,629,974	1,758,510	1,887,046
Total assets	$885,943,598	$875,080,652	$887,792,946	$924,998,280	$945,056,319
DEFERRED OUTFLOWS OF RESOURCES:					
Deferred change on refunding	$1,550,472	$1,049225	$734,732	0	0
Deferred outflow of pensions	22,883,761	27,008,361	0	0	0
Total deferred outflow of resources	$24,434,233	$28,057,586	0	0	0
LIABILITIES:					
Accounts payable	$23,463,859	$21,657	$23,757,068	$20,752,447	$ 23,988,422
Interest payable	2,557,075	2,794,172	2,873,516	2,985,774	3,005,823
Accrued payroll	3,120,916	9,068,077	8,335,015	6,780,074	6,805,962
Unearned revenue	6,912,735	8,554,110	9,955,520	8,577,412	8,406,419
Due to grantor	0	0	0	1,541	135,400
Deposits held in trust for others	15,042	14,936	13,912	14,422	12,384
Net pension liability	212,730,348	163,533,132	0	0	0
Non-current liabilities due within one year	30,430,385	24,305,288	22,864,374	19,823,721	17,047,899
Non-current liabilities due in more than one year	243,000,274	259,570,566	263,456,990	272,298,803	269,067,845
Total liabilities	$522,230,634	$489,497,338	$331,256,395	$331,234,194	$328,470,154
DEFERRED INFOLOWS OF RESOURCES					
Deferred Inflows of Pensions	$7,683,884	$54,815,531	0	0	0
NET ASSETS:					
Invested in capital assets, net of related debt	$346,042,356	$330,916,516	$375,623,222	$372,504,791	$360,462,408
Restricted for:					
Public safety	4,204,808	3,792,228	3,006,178	1,944,890	1,312,612
Health and welfare	32,771,006	11,094,401	9,587,276	12,778,986	22,668,006
Debt service	34,965,055	32,645,816	9,895,993	7,006,304	6,299,769
Capital projects	32,559,730	35,570,453	18,998,797	26,034,420	26,812,547
General government	20,938,465	19,711,522	17,868,036	15,909,240	13,506,023
Reserve requirements	71,405,154	66,939,899	69,344,139	69,463,043	69,769,876
Unrestricted	(162,423,261)	(141,845,466)	52,947,642	88,122,412	115,754,924
Total net assets	$380,463,313	$358,825,369	$557,271,283	$593,764,086	$616,586,165

Source: Bernalillo County Comprehensive Annual Financial Reports, Fiscal Years 2012-2016. The notes to the Comprehensive Annual Financial report are an integral part of the Report.

STATEMENT OF ACTIVITIES
TOTAL PRIMARY GOVERNMENT
Fiscal year ending June 30

Governmental activities:	**2016**	**2015**	**2014**	**2013**	**2012**
General government	$(50,884,118)	$(49,187,166)	$(54,492,472)	$(54,637,509)	$(46,858,647)
Public works	(37,861,660)	(42,686,357)	(47,956,744)	(37,197,272)	(31,521,347)
Public safety	(142,368,454)	(140,740,902)	(155,388,451)	(139,470,908)	(132,473,711)
Culture and recreation	(14,237,020)	(11,983,333)	(14,339,833)	(19,041,226)	(10,952,135)
Health and welfare	(31,916,448)	(29,338,157)	(32,003,841)	(32,687,559)	(31,873,607)
Interest on long-term debt	(9,865,437)	(10,551,340)	(10,613,790)	(10,876,254)	(10,989,496)
Total government activities	$(287,133,137)	$(284,487,255)	$(314,795,131)	$(293,910,728)	$(264,668,943)
Business-type activities:					
Solid waste	$106,563	$665,360	$584,670	$291,399	$85,797
Housing Authority	42,019	(37,107)	(413,817)	(24,790)	(50,377)
Seybold Village Handicapped Project	(31,089)	(68,548)	(195,053)	(288,975)	(50,084)
Regional Juvenile Detention Center	50,591	(20,515)	149,647	36,499	157,331
El Centro Familiar	190,513	58,851	(170,046)	32,845	(23,576)
total business-type activities	358,597	598,041	(44,599)	46,978	119,091
Total primary government	$(286,774,540)	$(283,889,214)	$(314,839,730)	$(293,863,750)	$(264,549,852)
General revenues:					
Property taxes	$146,095,633	$142,069,070	$139,744,912	$132,624,981	$129,585,691
Gross receipts taxes	160,455,894	128,400,872	123,184,816	120,149,781	117,086,938
Motor vehicle taxes	3,961,112	3,756,040	3,775,013	3,702,824	3,778,892
Gas taxes	1,608,128	1,590,447	1,678,264	1,809,719	1,639,775
Investment income	1,562,572	1,478,490	4,740,715	5,627,570	19,410,413
Net decrease in fair value of investments	-	-	(4,259,348)	(12,814,794)	-
Miscellaneous	5,589,013	4,827,780	10,579,448	19,941,590	7,490,016
Capital contributions	-	-	-	-	167,166
Total general revenue and transfers	319,272,352	281,122,699	279,443,820	271,041,671	279,158,891
Change in net assets	32,497,812	(1,766,515)	(35,395,910)	(22,822,079)	14,609,039
Net assets – beginning	358,825,369	557,271,283	593,746,086	616,586,165	601,977,126
Prior period adjustment	(10,859,868)	(196,679,399)	(1,096,893)	-	-
Net assets – beginning as restated	347,965,501	360,591,884	592,667,193	-	-
Net assets – ending	$380,463,313	$358,825,369	$557,271,283	$593,764,086	$616,586,165

Source: Bernalillo County Comprehensive Annual Financial Reports, Fiscal Years 2012-2016. The notes to the Comprehensive Annual Financial report are an integral part of the Report.

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

ASSETS:	**2016**	**2015**	**2014**	**2013**	**2012**
Cash and investments	$127,754,425	$128,498,366	$140,396,899	$172,786,465	$204,785,213
Accounts receivable, net	35,093,840	34,865,503	32,494,060	34,264,326	29,415,373
Accrued interest receivable	158,482	90,190	81,224	955,674	1,296,908
Note receivable	2,077,851	2,213,861	2,355,163	172,630	185,959
Due from other funds	728,214	-	-	-	-
Inventory	595,361	623,197	747,617	746,250	828,050
Advances to other funds	-	-	1,497,000	1,497,000	1,497,000
Cash-restricted	-	-	-	-	1,059,419
Total assets	$166,408,173	$166,291,117	$177,571,963	$210,422,345	$239,067,922
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Accounts payable	$11,378,853	$10,725,064	$13,197,072	$11,935,783	$13,929,635
Accrued payroll	2,940,425	8,438,733	7,872,267	6,410,033	6,401,802
Deferred revenue	69,190	68,784	61,023	10,358,054	11,084,882
Due to other funds	4,589,426	1,006,659	983,049	735,851	592,379
Total liabilities	$18,977,894	$20,239,240	$22,113,411	$29,439,721	$32,008,698
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	$16,564,966	$17,394,511	$16,256,107	-	-
Total deferred inflows of resources	$16,564,966	17,394,511	$16,256,107	-	-
Nonspendable	2,673,212	2,837,058	4,599,780	2,415,880	3,570,428
Restricted	71,531,259	67,112,761	69,603,058	69,493,554	71,053,870
Committed	4,514,768	16,269,423	36,349,629	43,293,845	56,961,090
Assigned	37,764,900	28,950,001	15,400,000	29,970,246	38,909,238
Unassigned	14,381,174	13,488,123	13,249,978	35,809,099	36,564,598
Total fund balances	$130,865,313	$128,657,366	$139,202,445	$180,982,624	$207,059,224
Total liabilities and fund balances	$166,408,173	$166,291,117	$177,571,963	$210,422,345	$239,067,922

Source: Bernalillo County Comprehensive Annual Financial Reports, Fiscal Years 2012-2016. The notes to the Comprehensive Annual Financial report are an integral part of the Report.

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

	2016	2015	2014	2013	2012
Revenues					
Taxes:					
Property	$125,142,369	$123,815,334	$122,139,784	$120,416,953	$116,233,631
Sales	112,506,790	100,710,280	92,203,040	96,316,614	92,969,210
Motor vehicle	3,961,112	3,756,040	3,775,013	3,702,824	3,778,892
Gas & Cigarette	1,608,128	1,590,447	1,678,264	1,809,719	1,639,775
Intergovernmental	1,293,340	1,320,487	1,642,104	1,715,175	512,554
Licenses and permits	2,587,330	2,898,925	2,630,342	2,648,321	2,654,537
Fees for services	5,658,243	5,575,353	5,611,526	6,459,802	6,161,588
Investment income	639,912	618,427	3,556,181	4,406,434	18,195,206
Net decrease in fair value of investments	-	-	(4,259,348)	(12,814,794)	-
Miscellaneous	5,085,903	3,997,299	5,575,436	7,828,471	5,337,824
Total revenues	$258,483,127	$244,282,592	$234,552,342	$232,489,519	$247,483,217
Expenditures					
Current:					
General government	$53,329,589	$52,428,519	$55,234,399	$54,659,667	$47,300,336
Public works	28,530,171	29,368,497	30,630,883	28,620,426	26,848,810
Public safety	136,668,320	136,989,439	145,834,941	130,101,375	122,756,787
Health and welfare	7,625,286	6,419,351	5,020,854	2,859,663	8,588,261
Culture and recreation	10,617,673	10,466,980	12,527,553	10,777,214	9,360,398
Capital outlay	3,924,676	6,858,936	8,621,808	15,010,837	6,935,045
Intergovernmental – capital outlay	307,107	6,253	829,455	6,826,346	589,508
Total expenditures	$241,002,822	$242,537,975	$258,699,893	$248,855,528	$222,379,145
Excess (deficiency) of revenues over expenditures	$17,480,305	$1,744,617	$(24,147,551)	$(16,366,009)	$25,104,072
Other financing sources (uses)					
Transfers in	-	$547,708	$799	$307,190	-
Transfers out	(12,649,609)	(13,107,957)	(17,960,387)	(10,403,267)	$(10,621,105)
Sale of capital assets	68,125	270,553	326,960	385,486	274,534
Total other financing sources (uses)	$(12,581,484)	$(12,289,696)	$(17,632,628)	$(9,710,591)	$(10,346,571)
Net changes in fund balances	$4,898,821	$(10,545,079)	$(41,780,179)	$(26,076,600)	$ 14,757,501
Fund balance – beginning	$128,657,366	$139,202,445	$180,982,624	$207,059,224	$186,929,568
Restatement – changes in fund balance	$(2,690,874)	-	-	-	$5,372,155
Fund balance – beginning as restated	125,966,492	-	-	-	$192,301,723
Fund balance – ending	$130,865,313	$128,657,366	$139,202,445	$180,982,624	$207,059,224

Source: Bernalillo County Comprehensive Annual Financial Reports, Fiscal Years 2012-2016. The notes to the Comprehensive Annual Financial report are an integral part of the Report.

LITIGATION

At the time of the original delivery of the Bonds, the County will deliver a no-litigation certificate to the effect that no litigation or administrative action or proceeding is pending or, to the knowledge of the appropriate officials, threatened, restraining or enjoining, or seeking to restrain or enjoin, the issuance and delivery of the Bonds, the levying or collecting of taxes to pay the principal of and interest on the Bonds or contesting or questioning the proceedings and authority under which the Bonds have been authorized and are to be issued, sold, executed or delivered, or the validity of the Bonds.

The County's tort liability is limited under the New Mexico Tort Claims Act. The New Mexico Tort Claims Act limits liability to (i) $200,000 for damage to or destruction of property arising out of a single occurrence, (ii) $300,000 for all past and future medical and medically-related expenses arising out of a single occurrence, (iii) $400,000 to any person for any number of claims arising out of a single occurrence for all damages other than property damage and medical and medically-related expenses, as permitted under the New Mexico Tort Claims Act, and (iv) $750,000 for all claims other than medical or medically-related expenses arising out of a single occurrence.

TRANSCRIPT AND CLOSING DOCUMENTS

A complete transcript of proceedings and a no-litigation certificate (described above under "LITIGATION") will be delivered by the County when the Bonds are delivered. The County will at that time also provide a certificate issued by the County Commission's Chair relating to the accuracy and completeness of this Official Statement.

LEGAL MATTERS

The County has engaged Sherman & Howard, L.L.C., Denver, Colorado, as Bond Counsel in connection with the issuance of the Bonds. Legal matters incident to the issuance of the Bonds and with regard to the tax-exempt status of the interest thereof (*see* "TAX MATTERS" below) are subject to the approving legal opinion of Bond Counsel. A signed copy of its opinion, dated the date of the original delivery of the Bonds will be delivered at the time of original delivery of the Bonds. See "Appendix A – Legal Opinion." Certain other matters will be passed upon by Modrall, Sperling, Roehl, Harris & Sisk, P.A., Albuquerque, New Mexico, as disclosure counsel.

THE MUNICIPAL ADVISOR

RBC Capital Markets, LLC is employed as Municipal Advisor to the County in connection with the issuance of the Bonds. The Municipal Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. The Municipal

Advisor is not obligated to undertake, and has not undertaken to make, an independent verification of or to assume responsibility for the accuracy, completeness, or fairness of the information in this Official Statement.

UNDERTAKING TO PROVIDE ONGOING DISCLOSURE

The County has entered into an undertaking (the "Undertaking") for the benefit of the holders of the Bonds to send certain financial information and operating data and to provide notice to the Municipal Securities Rulemaking Board of certain events, pursuant to the requirements of Section (b)(5)(i) of Securities and Exchange Commission Rule 15c2-12 (17 C.F.R. Part 240, § 240.15c2-12) (the "Rule"). (*See* "APPENDIX B" hereto.)

In the past five years, the County has filed its continuing disclosure requirements in a timely manner. The County has procedures in place to ensure future compliance with its continuing disclosure obligations. A failure by the County to comply with the Undertaking will not constitute an Event of Default under the Bond Resolution (although Bondholders will have any available remedy at law or in equity). Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price. The County believes it is in material compliance with its outstanding continuing disclosure obligations.

TAX MATTERS

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

The Tax Code and New Mexico law impose several requirements which must be met with respect to the Bonds in order for the interest thereon to be excluded from gross income, alternative minimum taxable income (except to the extent of the aforementioned adjustment applicable to corporations) and State of New Mexico income taxes. Certain of these requirements must be met on a continuous basis throughout the term of the Bonds. These requirements include: (a) limitations as to the use of proceeds of the Bonds; (b) limitations on

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

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

With respect to the 2017 Bonds that were sold in the initial offering at a discount (the "Discount Bonds"), the difference between the stated redemption price of the Discount Bonds at maturity and the initial offering price of those 2017 Bonds to the public (as defined in Section 1273 of the Tax Code) will be treated as "original issue discount" for federal income tax purposes and will, to the extent accrued as described below, constitute interest which is excluded from gross income or alternative minimum taxable income under the conditions and subject to the exceptions described in the preceding paragraphs. The original issue discount on the Discount Bonds is treated as accruing over the respective terms of such Discount Bonds on the basis of a constant interest rate compounded at the end of each six-month period (or shorter period from the date of original issue) ending on February 15 and August 15 with straight line interpolation between compounding dates. The amount of original issue discount accruing each period (calculated as described in the preceding sentence) constitutes interest which is excluded from gross income or alternative minimum taxable income under the conditions and subject to the exceptions described in the preceding paragraphs and will be added to the owner's basis in the Discount Bonds. Such adjusted basis will be used to determine taxable gain or loss upon disposition of the Discount Bonds (including sale or payment at maturity). Owners should consult their own tax advisors with respect to tax consequences of the ownership of the Discount Bonds.

Owners who purchase Discount Bonds after the initial offering or who purchase Discount Bonds in the initial offering at a price other than the initial offering price (as defined in Section 1273 of

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

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

The opinions expressed by Bond Counsel are based on existing law as of the delivery date of the Bonds. No opinion is expressed as of any subsequent date nor is any opinion expressed with respect to pending or proposed legislation. Amendments to the federal or state tax laws may be pending now or could be proposed in the future that, if enacted into law, could adversely affect the value of the Bonds, the exclusion of interest (and, to the extent described above for the Discount Bonds, original issue discount) on the Bonds from gross income or alternative minimum taxable income or both from the date of issuance of the Bonds or any other date, the tax value of that exclusion for different classes of taxpayers from time to time, or that could result in other adverse tax consequences. In addition, future court actions or regulatory decisions could affect the tax treatment or market value of the Bonds. Owners of the Bonds are advised to consult with their own tax advisors with respect to such matters.

The Internal Revenue Service (the "Service") has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt

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

INVESTMENT PROCEDURES

INVESTMENTS

Various sections of the New Mexico Statutes Annotated 1978, as amended, control how New Mexico's local governments (including counties, municipalities and school districts) ("Local Governments") may invest funds not immediately necessary for public use. The primary purpose of these laws is to provide for safety of invested principal. As of the date of this Official Statement, the County's investible funds were invested only in statutorily permitted investments. No funds of the County are invested in derivative securities, i.e., securities whose rate of return is determined by reference to some other instrument, index or commodity. Additional information regarding the County's procedures can be found at www.bernco.gov/finance/investor-relations.

RATINGS

Standard & Poor's has assigned a municipal bond rating of "AAA" to the Bonds.

Moody's Investors Service, Inc. has assigned a municipal bond rating of "Aaa" to the Bonds.

Fitch Rating has assigned a municipal bond rating of "AAA" to the Bonds.

These rating reflect only the view of such rating agencies, and an explanation of the significance of such rating may be obtained from the respective rating agency. There is no assurance that such ratings will remain for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agencies, if in their judgments, circumstances so warrant. Any such downward revision or withdrawal may have an adverse effect on the market price for the Bonds.

COUNTY APPROVAL OF OFFICIAL STATEMENT

This Official Statement is deemed final; has been authorized and approved by the County; is considered to be true, complete and correct in all material aspects; and does not contain any untrue statements of material fact or omit to state a material fact necessary to make the statements made herein, in light of the circumstances under which they were made, not misleading.

BERNALILLO COUNTY, NEW MEXICO

Chair, Board of County Commissioners

COUNTY APPROVAL OF OFFICIAL STATEMENT

This Official Statement is deemed final; has been authorized and approved by the County; is considered to be true, complete and correct in all material aspects; and does not contain any untrue statements of material fact or omit to state a material fact necessary to make the statements made herein, in light of the circumstances under which they were made, not misleading.

BERNALILLO COUNTY, NEW MEXICO

/s/ Debbie O'Malley
Chair, Board of County Commissioners

APPENDIX A

FORM OF LEGAL OPINION

March __, 2017

Bernalillo County
Albuquerque, New Mexico

$18,285,000
Bernalillo County, New Mexico
General Obligation Bonds, Series 2017

Ladies and Gentlemen:

We have acted as bond counsel to Bernalillo County, New Mexico (the "County"), in connection with the issuance of its General Obligation Bonds, Series 2017, in the aggregate principal amount of $18,285,000 (the "Bonds"), pursuant to an authorizing resolution of the Board of County Commissioners of the County adopted on January 10, 2017 (the "Bond Resolution"). In such capacity, we have examined the County's certified proceedings and such other documents and such law of the State of New Mexico and of the United States of America as we have deemed necessary to render this opinion letter. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Bond Resolution.

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

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

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

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

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

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

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

In this opinion letter issued in our capacity as bond counsel, we are opining only upon those matters set forth herein, and we are not passing upon the accuracy, adequacy or completeness of the Official Statement dated February 21, 2017, relating to the Bonds or any other statements made in connection with any offer or sale of the Bonds or upon any federal or state tax consequences arising from the receipt or accrual of interest on or the ownership or disposition of the Bonds, except those specifically addressed herein.

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

Respectfully submitted,

APPENDIX B

UNDERTAKING TO PROVIDE ONGOING DISCLOSURE

CONTINUING DISCLOSURE UNDERTAKING

$18,285,000
BERNALILLO COUNTY, NEW MEXICO
General Obligation Bonds, Series 2017

This instrument constitutes the written undertaking by the Bernalillo County, New Mexico (the "Issuer") for the benefit of the holders of the above-captioned bonds (the "Bonds") required by Section (b)(5)(i) of Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (17 C.F.R. Part 240, § 240. 15c2-12) (the "Rule"). Capitalized terms used in this undertaking and not otherwise defined in a Resolution adopted by the Board of County Commissioners on January 10, 2017 (the "Resolution") shall have the meanings assigned such terms in subsection 3 hereof.

1. The Issuer undertakes to provide the following information as provided herein:
   a. Annual Financial Information;
   b. Audited Financial Statements, if any; and
   c. Event Notices.

2. a. The Issuer shall, while any Bonds are Outstanding, provide the Annual Financial Information on or before March 31 of each year (the "Report Date"), beginning in 2018 to EMMA. The Issuer may adjust the Report Date if the Issuer changes its fiscal year by providing written notice of the change of fiscal year and the new Report Date to EMMA; provided that the new Report Date shall be 270 days after the end of the new fiscal year and provided further that the period between the final Report Date relating to the former fiscal year and the initial Report Date relating to the new fiscal year shall not exceed one year in duration. It shall be sufficient if the Issuer provides to EMMA, the Annual Financial Information by specific reference to documents previously provided to EMMA or filed with the Securities and Exchange Commission and, if such a document is a final official statement within the meaning of the Rule, available from the Municipal Securities Rulemaking Board.

b. If not provided as part of the Annual Financial Information, the Issuer shall provide the Audited Financial Statements when and if available while any Bonds are Outstanding to EMMA.

c. If an Event occurs while any Bonds are Outstanding, the Issuer shall provide an Event Notice in a timely manner not in excess of ten (10) business days after the occurrence of the event to EMMA. Each Event Notice shall be so captioned and shall prominently state the date, title and CUSIP numbers of the Bonds.

d. The Issuer shall provide in a timely manner to EMMA, notice of any failure by the Issuer while any Bonds are Outstanding to provide to EMMA, Annual Financial Information on or before the Report Date.

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

3. The following are the definitions of the capitalized terms used herein and not otherwise defined in the Resolution:

a. ***"Annual Financial Information"*** means the financial information (which shall be based on financial statements prepared in accordance with generally accepted accounting principles ("GAAP") for governmental units as prescribed by the Governmental Accounting Standards Board ("GASB")) or operating data with respect to the Issuer, provided at least annually, of the type included in the final official statement with respect to the Bonds; which Annual Financial Information may, but is not required to, include Audited Financial Statements.

b. ***"Audited Financial Statements"*** means the Issuer's annual financial statements, prepared in accordance with GAAP for governmental units as prescribed by GASB, which financial statements shall have been audited by such auditor as shall be then required or permitted by the laws of the State.

c. ***"EMMA"*** means the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System located on its website at emma.msrb.org.

d. ***"Event"*** means any of the following events, if material, with respect to the Bonds:

(i) Principal and interest payment delinquencies;

(ii) Non-payment related defaults, if material;

(iii) Unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) Unscheduled draws on credit enhancements reflecting financial difficulties;

(v) Substitution of credit or liquidity providers, or their failure to perform;

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

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

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

(ix) Defeasances;

(x) Release, substitution, or sale of property securing repayment of the securities;

(xi) Rating changes;

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

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

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

e. ***"Event Notice"*** means written or electronic notice of an Event.

4. Unless otherwise required by law and subject to technical and economic feasibility, the Issuer shall employ such methods of information transmission as shall be requested or recommended by the designated recipients of the Issuer's information.

5. The continuing obligation hereunder of the Issuer to provide Annual Financial Information, Audited Financial Statements, if any, and Event Notices shall terminate immediately once Bonds no longer are Outstanding. This undertaking, or any provision hereof, shall be null and void in the event that the Issuer delivers to EMMA an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require this undertaking, or any such provision, are invalid, have been repealed retroactively or otherwise do not apply to the Bonds. This undertaking may be amended without the consent of the Bondholders, but only upon the delivery by the Issuer to EMMA of the proposed amendment and an opinion of nationally recognized bond counsel to the effect that such amendment, and giving effect thereto, will not adversely affect the compliance of this undertaking by the Issuer with the Rule.

6. Any failure by the Issuer to perform in accordance herewith shall not constitute an "Event of Default" under the Bonds and the Resolution, and the rights and remedies provided by the Resolution upon the occurrence of an "Event of Default" shall not apply to any such failure; however, Bondholders may sue to enforce performance of the undertakings set forth herein.

In Witness Whereof, Bernalillo County, New Mexico has caused this instrument to be signed, subscribed, and executed, and attested with the signature of the Chair of the Board of County Commissioners; has caused its corporate seal to be affixed on this instrument; all as of March __, 2017.

BERNALILLO COUNTY, NEW MEXICO

/s/
Chair, Board of County Commissioners

APPENDIX C

AREA ECONOMIC INFORMATION

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

Population

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

POPULATION

Year	Bernalillo County	Albuquerque MSA	State
1960	262,199	292,500[1]	951,023
1970	315,774	353,800[1]	1,017,055
1980	420,262	485,500[1]	1,303,303
1990	480,577	589,131	1,515,069
2000[2]	556,678	729,649	1,821,078
2005[3]	606,502	797,146	1,912,884
2010[4]	664,636	887,077	2,065,826
2011[3]	669,604	897,091	2,078,407
2012[3]	672,995	901,016	2,084,594
2013[3]	674,883	903,345	2,086,895
2014[3]	675,551	904,587	2,085,572
2020[5]	780,244	1,041,340	2,351,724

(1) Because Valencia County was split into two counties in 1981, official data is not available prior to that year for the Albuquerque MSA. Figures shown represent estimates by the University of New Mexico Bureau of Business and Economic Research.

(2) April of 2000 is the month and year of the Census. It is reported as the benchmark; all other years are as of July of the year. The Census in 2000 expanded the Albuquerque MSA to include Torrance County, population of 16,911.

(3) U.S. Dept. of Commerce, Bureau of the Census, Population Division.

(4) 2010 decennial census U.S. Dept. of Commerce, Bureau of the Census.

(5) Projected. University of New Mexico Bureau of Business and Economic Research

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

Age Distribution

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

Population by Age Group

Age	County	State	U.S.
0-17	23.40%	24.19%	22.97%
18-24	9.27%	9.87%	9.84%
25-34	13.97%	13.26%	13.35%
35-44	12.63%	11.84%	12.63%
45-54	12.79%	12.20%	13.33%
55 and Older	27.94%	28.64%	27.88%

Source: The Nielsen Company, October 2016

Per Capita Personal Income

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

PER CAPITA PERSONAL INCOME

Calendar Year	Albuquerque MSA	New Mexico	United States
2006	$32,911	$30,364	$38,144
2007	33,717	31,703	39,821
2008	35,195	33,447	41,082
2009	34,218	32,523	39,376
2010	34,097	33,109	40,277
2011	35,547	34,729	42,453
2012	35,678	35,410	44,267
2013	35,006	34,724	44,462
2014	36,944	36,656	46,414
2015	38,563	37,938	48,112

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

Employment

General

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

CIVILIAN EMPLOYMENT/UNEMPLOYMENT RATES

			Unemployment Rates		
Fiscal Year	**Civilian Labor Force**	**Number Employed**	**Albuquerque MSA**	**New Mexico**	**United States**
2007	403,694	388,349	3.8%	3.9%	4.5%
2008	405,568	389,723	3.9	3.9	5.0
2009	407,287	381,530	6.3	6.1	7.6
2010	413,790	380,742	8.0	8.0	9.8
2011	423,309	390,636	7.7	7.8	9.3
2012	419,466	388,204	7.5	7.4	8.5
2013	417,738	388,848	6.9	7.0	7.8
2014	414,480	386,339	6.8	6.9	6.8
2015	414,382	388,099	6.3	6.6	5.7
2016	414,931	390,407	5.9	6.4	5.0

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

The following table lists the major employers in the Albuquerque area and their estimated number of full-time and part-time employees for 2017. Albuquerque Public Schools, University of New Mexico, Kirtland Air Force Base, Sandia National Laboratories, the City and Presbyterian Healthcare Services were the largest employers in the Albuquerque area.

MAJOR EMPLOYERS IN THE ALBUQUERQUE AREA
Number of Employees – 2017

Organization	Employees	Description
Albuquerque Public Schools	14,810	Educational
Kirtland Air Force Base (Civilian)	10,125	Air Force Material Command
Sandia National Labs	8,400	Research Development
Presbyterian	7,310	Healthcare
UNM Hospital	5,950	Healthcare
City of Albuquerque	5,395	Government
State of New Mexico	4,950	Government
University of New Mexico	4,200	Education
Lovelace	4,000	Healthcare
Bernalillo County	2,648	Government
Veterans Hospital	2,100	Healthcare
Rio Rancho Public Schools	2,000	Education
Sandia Resort and Casino	2,000	Resort and Casino

Source: Albuquerque Economic Development, Data as of January 1, 2017.

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

PERCENT OF HOUSEHOLDS BY EFFECTIVE BUYING INCOME GROUPS

Effective Buying Income Group	Bernalillo County	New Mexico	United States
Under $25,000	26.8%	29.2%	23.5%
$25,000 - $34,999	10.9%	11.2%	10.2%
$35,000 - $49,999	13.4%	13.9%	13.6%
$50,000 - $74,999	18.3%	17.2%	17.8%
Over $75,000	30.6%	28.6%	34.9%
2014 Est. Median Household Income	$44,391	$44,292	$51,579
2015 Est. Median Household Income	$48,234	$45,633	$53,706
2016 Est. Median Household Income	$48,792	$45,455	$53,706

Source: The Nielsen Company, October 2016

ESTIMATED NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT FOR THE ALBUQUERQUE MSA
FISCAL YEARS 2007-2016

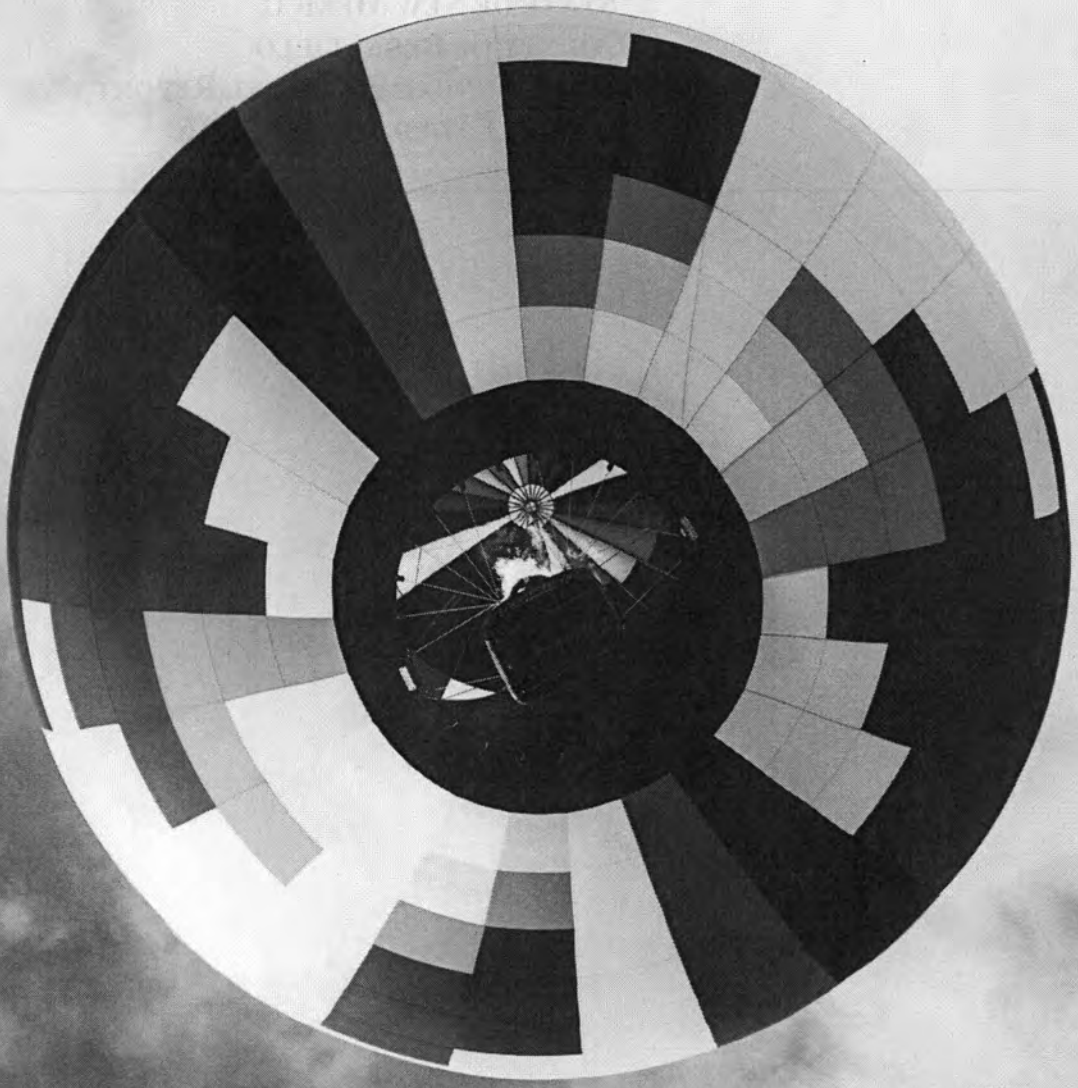
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2015 to 2016	Annual Average Growth 2007-2016	Sector Share 2016	
													ABQ	U.S.
Total Nonagricultural	396,508	397,933	388,950	375,650	373,233	370,167	373,183	375,417	380,250	375,342	378,533	383,008	1.2%	-0.4%
Natural Resources/Mining/Constr.	31,375	29,808	26,050	22,592	21,075	19,467	19,525	20,000	20,642	20,017	20,467	20,417	-0.2	-4.7
Manufacturing	24,133	22,883	20,250	17,517	17,650	17,775	17,617	16,917	16,467	16,925	16,433	16,175	-1.6	-4.3
Trade Transportation and Utilities	68,675	69,550	66,017	62,792	62,292	61,883	62,250	63,058	63,258	63,083	63,600	63,883	0.4	-0.8
• Wholesale Trade	13,692	13,692	12,700	12,217	11,817	11,717	11,783	11,767	11,883	11,775	11,892	11,767	-1.1	-1.7
• Retail Trade	44,167	44,825	43,025	41,125	40,942	40,650	40,775	41,558	41,592	41,567	41,767	42,342	1.4	-0.5
• Transportation, Warehousing and Utilities	10,817	11,033	10,292	9,450	9,533	9,517	9,692	9,733	9,783	9,742	9,942	9,775	-1.7	-1.1
Information	9,617	9,333	9,308	9,158	8,808	8,208	8,417	7,833	7,850	7,833	7,983	8,417	5.4	-1.5
Financial Activities	19,367	19,092	18,500	18,292	17,642	17,658	17,775	17,942	17,900	17,892	17,917	18,058	0.8	-0.8
Professional and Business Services	64,367	65,275	63,658	59,008	58,308	56,800	56,875	57,225	58,483	57,225	57,017	57,733	1.3	-1.2
Educational and Health Services	48,642	49,942	52,725	54,175	55,192	56,033	57,308	58,408	60,483	58,417	60,592	63,050	4.1	2.9
Leisure and Hospitality	39,158	39,408	37,950	37,200	37,225	38,000	39,258	40,233	41,442	40,217	41,583	41,850	0.6	0.7
Other Services	12,183	12,308	12,292	11,817	11,842	11,817	11,775	11,692	11,867	11,692	11,667	11,725	0.5	-0.4
Government	78,992	80,333	82,200	83,100	83,200	82,525	82,383	82,108	81,858	82,042	81,275	81,700	0.5	0.4
LOCAL GOVERNMENT	39,067	40,225	41,625	41,617	41,342	40,708	40,683	40,467	39,925	40,475	40,092	39,983	-0.3	0.3
STATE GOVERNMENT	25,375	25,625	25,658	25,850	26,083	26,342	26,800	27,308	27,708	27,233	26,967	27,533	2.1	0.9
FEDERAL GOVERNMENT	14,550	14,483	14,917	15,633	15,775	15,475	14,900	14,333	14,225	14,333	14,217	14,183	-0.2	-0.3

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

APPENDIX D

STATE OF NEW MEXICO
COUNTY OF BERNALILLO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2016

Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2016



Bernalillo County
New Mexico

STATE OF NEW MEXICO
COUNTY OF BERNALILLO

COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT
Fiscal Year Ended June 30, 2016

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

Prepared by:
The Accounting Department

COUNTY OF BERNALILLO, NEW MEXICO

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COUNTY OF BERNALILLO, NEW MEXICO

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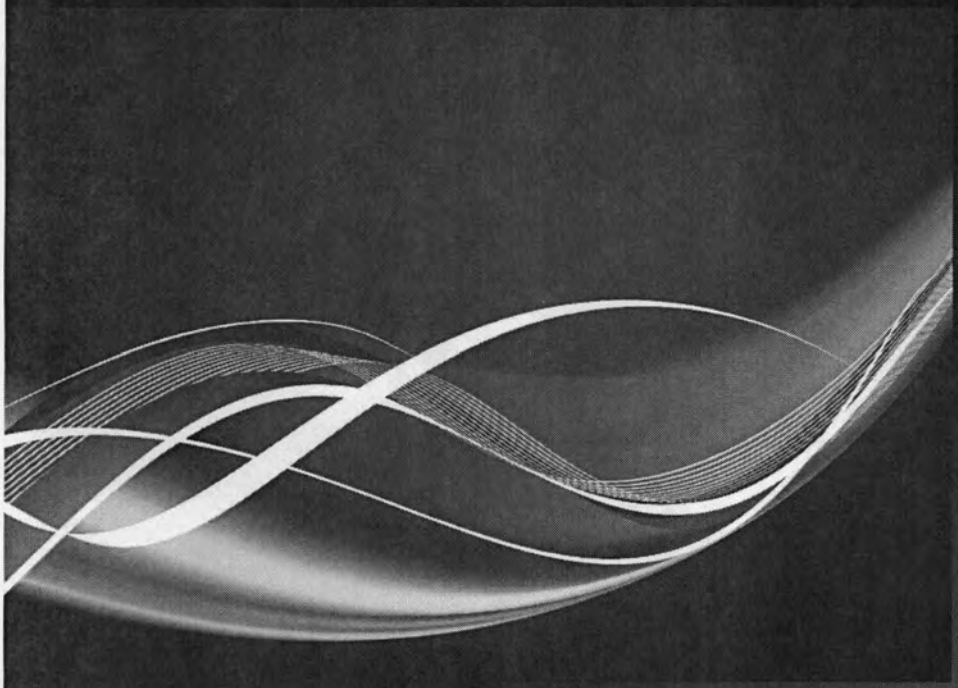

BERNALILLO COUNTY

STATE OF NEW MEXICO

County of Bernalillo
State of New Mexico

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COMMISSIONERS

Art De La Cruz, Chair
District 2

Wayne A. Johnson, Vice Chair
District 5

Debbie O'Malley, Member
District 1

Maggie Hart Stebbins, Member
District 3

Lonnie C. Talbert, Member
District 4

COUNTY MANAGER

Julie Morgas Baca

ELECTED OFFICIALS

Tanya R. Giddings
Assessor

Maggie Toulouse Oliver
Clerk

Willow Misty Parks
Probate Judge

Manuel Gonzales III
Sheriff

Manny Ortiz
Treasurer

October 28, 2016

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

Dear Commissioners:

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the County of Bernalillo (the County), New Mexico, for fiscal year ending June 30, 2016. The purpose of the CAFR is to provide accurate and meaningful information concerning the County's financial condition and performance. In addition, independent auditors have opined that the County has fairly presented its financial position, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

New Mexico State Statute 12-6-3, NMSA (1978) requires that an annual audit of a governmental unit's accounting records and Comprehensive Annual Financial Report be performed by independent public accountants. This year's audit was performed by CliftonLarsonAllen, LLP. Federal law also requires that a single audit be performed for federal grant funds in conformance with the provisions of the Single Audit Act of 1984 and *OMB Uniform Guidance: Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.* All information related to the single audit, including the schedule of expenditures of federal awards, findings and recommendations, and the independent auditors' reports on the internal control structure and compliance with applicable laws and regulations are included in the Single Audit Section.

County management assumes full responsibility for the completeness and reliability of the information contained in this report, based on a comprehensive framework of internal controls that were established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

CliftonLarsonAllen, LLP, Certified Public Accountants, has issued the highest possible opinion, an unmodified opinion, on the County's CAFR for the fiscal year ending June 30, 2016. The independent auditor's report is located at the front of the financial section of this report. The independent audit provides reasonable assurance that the financial statements are free of material misstatement. The independent audit involved: 1) examining evidence of a test basis that supports the amounts and disclosures in the financial statements, 2) assessing the accounting principles used and significant estimates made by management, and 3) evaluating the overall financial statement presentation.

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

Management's Discussion and Analysis (MD&A) immediately follows the independent auditors report and it provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A provides a context to this letter of transmittal and should be read in conjunction with it.

Profile of the Bernalillo County

The County, which encompasses the entire City of Albuquerque, is located in the central region of the state and is the economic and population hub of New Mexico. The County has an estimated population of 676,685 on July 1, 2015. It comprises 32.5% of New Mexico's population and is part of the Albuquerque Metropolitan Statistical Area (MSA).[1]

The County provides sheriff and fire protection to County residents, highways and streets, sanitation, cultural and recreational services, public improvements, building, planning and zoning, and general administrative services. The County also operates the largest jail in the state with a bed count of 1,950 inmates, with an average utilized bed count of 1,400. The County has a Commission-Manager form of government in which most of the day-to-day administrative duties are delegated to the County Manager. All legislative power within the County is vested in a five-member Board of County Commissioners (Board), each of whom is elected to four-year terms from single member districts, with a two-term limit. The executive functions are divided; the powers are shared by the Board and five elected County officials: Treasurer, Assessor, Clerk, Probate Judge, and Sheriff.

The County maintains extensive budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board. The County's legal level of budgetary control is at the fund level, except for the Emergency Medical Services and Fire Districts funds, whose legal level of budgetary authority is at the

[1] "Annual Estimates of the Resident Population 2015", United States Census Bureau | American Fact Finder, accessed October 7, 2016, http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_15_1YR_B01003&prodType=table

program or district level. Appropriations within a fund may be adjusted under the authority of Department Directors and the Accounting and Budget Director as long as total fund appropriations remain the same. Adjustments to appropriations must be approved by the Board and New Mexico State Department of Finance and Administration (DFA), with the exception of adjustments less than $300,000, which can be approved by the County Manager in accordance with Administrative Resolution No. 2012-17. The Local Government Division of DFA is the agency responsible for regulating the budgetary affairs of the County. Budget adjustments that do not require DFA approval are limited to transfers of budget between departments within a fund or transfers between line items within a department within a fund. State statutes prohibit the County from making expenditures in excess of the final approved budget at the fund level. The appropriated amounts reflected in the accompanying financial statements are at the function and activity level for the general fund and by object class for all other funds.

Local Economy

Bernalillo County, with the City of Albuquerque making up 83% of its population[2], serves as a hub for commerce and industry in the Southwest. It accounts for approximately half of all economic activity in New Mexico. Its success can be attributed to a diverse economic base consisting of government, services, trade, agriculture, tourism, manufacturing, and research and development.

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 Moviemaker 2016: Top 10 Big Cities. 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 2015, the University of New Mexico School Of Law was ranked 18 nationwide in the Top 50 Law Schools by Above the Law.

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 2016[2]. For 2016, forecasts indicate that total employment will grow by 1.4% and the MSA is expected to add 5,023 jobs. The economy is expected to add 5,239 jobs (1.8 percent) in the private sector; whereas, government will lose 216 jobs (-0.3%)[3]. In the longer term, the Albuquerque MSA economy is forecast to add a total of nearly 29,669 jobs (1.3% average annual growth) by 2022[4]. Growth will be concentrated in the private sector. The (non-seasonally adjusted) unemployment rate in June 2016 was 5.9%[3]—higher than the (seasonally adjusted) national rate of 4.9% but .3% lower than the (seasonally adjusted) statewide rate of 6.2%[5].

The FY17 general fund budgeted appropriations of $256,724,377[6] represents a 1.51% increase over the FY16 budget. Property taxes are anticipated to make up 50% of general fund revenue

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[2] Census.gov, http://www.census.gov/quickfacts/table/PST045215/3502000,35

[3] FOR-UNM, "A Quarterly Economic Forecast of the New Mexico Economy | July 2016 through 2022:4" (forecast presented at the University of New Mexico's (UNM) Bureau of Business and Economic Research quarterly forecast narrative and meeting, Albuquerque, New Mexico, August 12, 2016), p. 28-29.

[4] FOR-UNM, "A Quarterly Economic Forecast of the New Mexico Economy", p. 17

[5] FOR-UNM, "A Quarterly Economic Forecast of the New Mexico Economy", p. 45

[6] Bernalillo County Government, Bernalillo County Financial Resolution Nos. 2015-32, 2016-29"

in FY17 and are projected to increase by approximately 0.6% above the FY16 budget. Gross receipts taxes make up 43% of the general fund revenue. The FY16 budget for gross receipts taxes includes an increase of approximately 2.9% in tax revenues due to Bernalillo County exceeding tax revenue expectations in FY16. The general fund budget does not include the Payment in Lieu of Taxes (PILT), Regional Detention Center, and Community Services sub-funds where revenues and expenditures have been restricted by the Bernalillo County Commission and are not available for operating purposes.

Long-Term Financial Planning

The financial condition of the County is strong as reflected by the County's current bond ratings. The County's 2016 General Obligation Bonds were rated "AAA" by the nation's three top rating agencies: Standard & Poor's, Moody's, and Fitch Ratings. The County continues its effort to incorporate comprehensive financial planning in its long-range vision in order to remain solvent during the gradual economic recovery. In addition to the three-twelfths reserve requirement, required by the State of New Mexico, of $71,405,154, the County's long-term financial plan includes maintaining adequate reserves to accommodate the County's future cash flow needs and any unforeseen emergency contingency concerns in its Fund Balance Policy consisting of an unassigned amount of $14,381,174, referred to as the Revenue Stabilization/Operating Reserve. Industry best practices indicates that counties the size of Bernalillo County should maintain a reserve of 25% to 30% of their operating expenditures in the General Fund. The combination of both reserves equates to 30% of the FY16 General Fund operating adjusted expenditure budget.

Relevant Financial Policies

Bernalillo County is currently in its seventh biennial budget cycle. Through the biennial budget process, approval is granted by the Board for an appropriation of two fiscal years at once, with funding being available to departments one year at a time. Departments were provided a base budget and salary projections for each of the two years. Departments have the opportunity to evaluate their budgets prior to commencement of the second year. Any necessary changes will be presented to the Board as adjustments to the base budget. The biennial budget process has encouraged a long-term view of financial planning and shifted the emphasis from the process itself to a more careful examination of resource allocation choices. FY15 represented the first year of the biennial cycle and FY16 represents the second year of the current biennial cycle.

Major Initiatives

In February 2015, the Board of County Commissioners approved the enactment of a one-eighth Hold Harmless Gross Receipts Tax (GRT) to design and implement a comprehensive system of behavioral health care to benefit the residents of Albuquerque and surrounding areas. The tax started on July 1, 2015 and is projected to generate about $20 million annually. Bernalillo County Government, Bernalillo County, the City of Albuquerque and the Albuquerque Bernalillo County Government Commission (ABCGC) review and evaluate which behavioral health initiatives to fund. The ABCGC is made up of representatives from Bernalillo County Commissioners and Albuquerque City Councilors. There are also sub-committees made up of representatives from the community, criminal justice organizations, behavioral health service providers, and other interested parties. The sub-committees meet on a regular basis to discuss and recommend how to behavioral health funding will be spent in crisis services, prevention, intervention and harm reduction, and supportive housing and community supports. The ABCGC has made several recommendations to the Bernalillo County Board of Commissioners that will be implemented in phases in FY17.

In June 2016 a federal judge approved a major settlement agreement which would help resolve the 21-year-old class action lawsuit against the county over living conditions at the Metropolitan Detention Center (MDC). Bernalillo County's efforts to improve living conditions and provide better services at the jail were cited through the newly-approved agreement. Bernalillo County will continue to provide experts to monitor population, mental health, and medical services at the MDC. The jail population is approximately 1,400, down from a high of more than 3,000 several years ago. The current cap on the jail population is 1,950 inmates, according to the agreement. Bernalillo County's team pushed for significant changes intended to reduce the jail population, including the creation of a new prosecutor position to negotiate plea agreements, a judge to preside over preliminary hearings and the creation of a new case management system designed to move criminal cases through the courts at a faster pace and to address the backlog of cases. Bernalillo County is in the process of developing policies and providing training to corrections officers. Budget and purchasing staff are working hand-in-hand with MDC management to improve budgeting and accounting, and reviewing contracts at the MDC. The County also has plans for several technology projects at the MDC including: Kronos workforce central software; security system update including cameras; and a jail management system.

The Economic Development department's directive is to enhance the quality of life for County residents through the 1) retention and expansion of businesses, 2) job creation and 3) prudent use of taxpayer dollars. In FY16 $125.3 million was invested in eight projects that created 475 new jobs in Bernalillo County. The eight projects included companies specializing in cyber security, food manufacturing, hotel management, food and beverage, and non-profit healthcare. This undertaking is in direct support of the Economic Vitality goal in the County's Strategic Plan.

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

The Tower Road project consists of reconstructing Tower Road from Stinson Street to approximately 1,000 feet east. The design will provide four driving lanes, bicycle lanes, storm drainage infrastructure, waterlines, sanitary sewer, curb & gutter and sidewalk. The project will match the improved sections of Tower Road to the east and west. The County is funding the design and will manage the construction and inspection; while the City of Albuquerque and Albuquerque Metropolitan Arroyo Flood Control Authority (AMAFCA) will fund the construction cost. The design is currently at 90% completion and construction to start by spring 2017.

The County is planning to phase the design/construction of the Bridge Corridor, with Bridge from west of Goff to Carlos Rey and Tower Road from Old Coors to Coors being the first Phase. Tower Road between Coors Boulevard and Old Coors Drive has long been planned to be the west leg of the Bridge Corridor. Tower Road exists as an undivided two-lane rural roadway and includes no amenities such as sidewalk, curb and gutter, or street lighting. The first Phase of the project will completely reconstruct the existing roadway and replace with a new four-lane roadway section with a new storm drain collection system and median complete with landscaping. The County is funding design as soft match for the Federal Highway Administration (FHWA) construction funding. The plans are 100% complete and the County is acquiring right of way for the project. The project will start construction by spring 2017.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Bernalillo County for its comprehensive annual financial report for the fiscal year ended June 30, 2015. This was the twelfth consecutive year that the County has received this prestigious award. In order to be awarded a Certificate of Achievement, the County must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The County believes that its current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Sincerely,

Julie M. Baca
County Manager

Shirley Ragin, CMA
Deputy County Manager for Finance

Pamela Moon, CPA
Director of Accounting and Budget

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

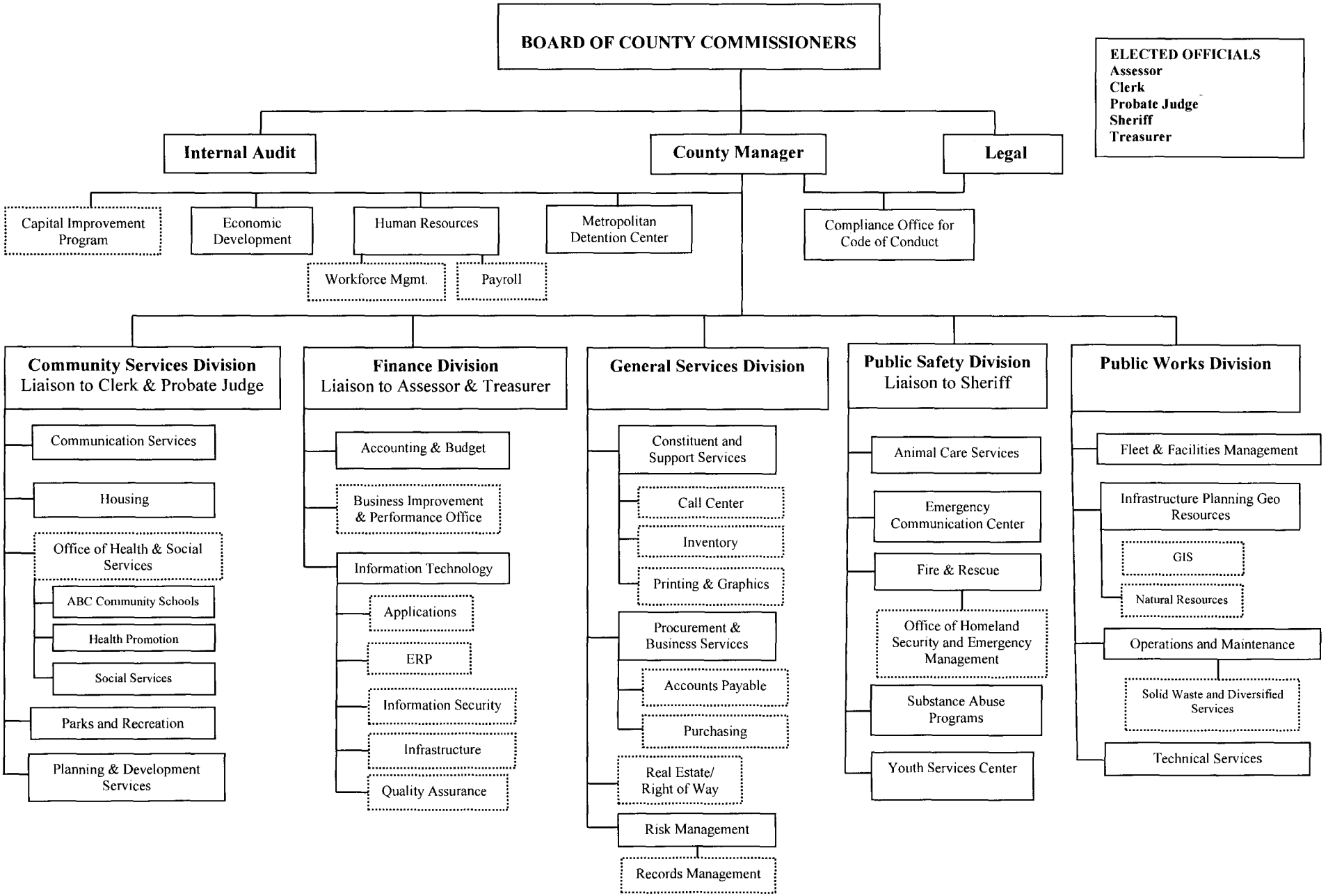
County of Bernalillo
New Mexico

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

BERNALILLO COUNTY
ORGANIZATIONAL CHART



*Organizational unit of county government reporting to assigned County Manager/Deputy County Manager/Director
Last updated 4/26/2016

COUNTY OF BERNALILLO

PRINCIPAL OFFICIALS

June 30, 2016

COUNTY COMMISSIONERS

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

COUNTY ELECTED OFFICIALS

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

COUNTY MANAGER

Julie Morgas Baca

DEPUTY COUNTY MANAGERS

Shirley Ragin, Deputy County Manager for Finance
Vince Murphy, County Manager for Community Services
Greg Perez, Interim Deputy County Manager for Public Safety
Roger Paul, Deputy County Manager for Public Works

COUNTY OF BERNALILLO, NEW MEXICO
CONTRIBUTORS
June 30, 2016

Shirley Ragin, CMA
Deputy County Manager for Finance Division

Financial Reporting Personnel

Pamela Moon, CPA
Accounting and Budget Director

Jacqueline Sanchez, MBA
Financial Manager

Anthony Infantino, MBA
Financial Projects Coordinator

Trudy McGregor, CPA
Financial Projects Coordinator

Nataliya Rubinchik, MSA
Financial Administrator

Ryan Travelstead
Financial Administrator

Jennifer Urioste
Financial Administrator

David Trujillo
Financial Services Administrator

Leticia Carreon
Accounting Officer

Cindy Torres
Accounting Officer

Paul Herrera
Grant Administrator

Victoria Herring
Administrative Officer

Treasurer's Office

Treasury Staff

Budget Office

Budget Staff

Fixed Assets Section

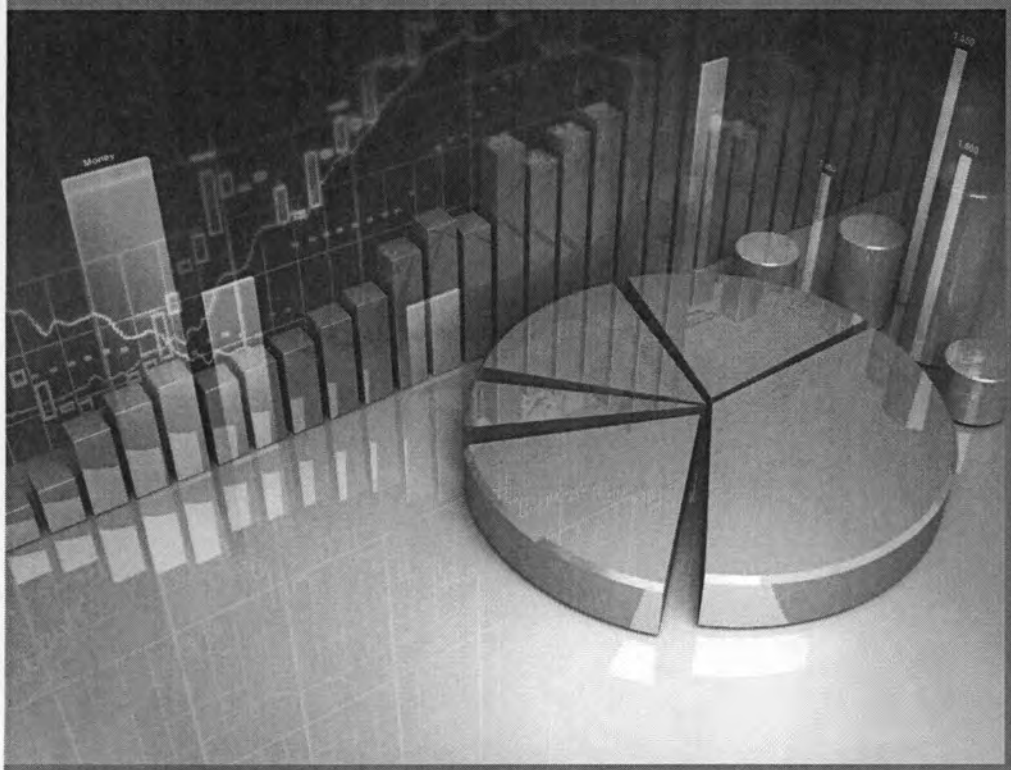
Fixed Asset Staff

Housing Department

Housing Financial Staff

Cover photo: *by Randy Landavazo*

FINANCIAL SECTION



BERNALILLO COUNTY

STATE OF NEW MEXICO

CliftonLarsonAllen

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison for the general fund of Bernalillo County, New Mexico (County) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the County's nonmajor governmental, nonmajor enterprise, internal service funds, fiduciary funds and the budgetary comparisons for all nonmajor funds presented as supplementary information as defined by the Governmental Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2016, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Bernalillo County as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental, nonmajor enterprise, internal service fund and fiduciary funds of the County as of June 30, 2016, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for all nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note V. G. to the financial statements, during the year ended June 30, 2016 the County adopted GASB Statement No. 82 *Pension Issues an amendment of GASB Statements No. 67, No. 68, and No.73* which requires a restatement of employer "pickup" contributions that are now considered employee contributions for purposes of calculations of the employer allocation percentage. Our opinion is not modified with respect to this matter.

The County also restated the liability for claims in workers' compensation in the Risk Management Fund. Additionally, a restatement to net position in the Risk Management Fund was necessary to remove unearned revenue. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-26 and the schedule of the County's proportionate share of the net pension liability and the schedule of the County's contributions on pages 82-83 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the County's financial statements, the combining and individual fund financial statements, and the budgetary comparison. The introductory and statistical sections, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the other schedules required by 2.2.2. NMAC are

presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report October 28, 2016, on our consideration of Bernalillo County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bernalillo County's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Albuquerque, New Mexico
October 28, 2016

COUNTY OF BERNALILLO NEW MEXICO
Management's Discussion and Analysis
June 30, 2016

As management of the County of Bernalillo (*County*), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information furnished in our letter of transmittal, which can be found on pages i-vi of this report.

Financial Highlights

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

- The County's total government-wide assets and deferred outflows of resources exceed the County liabilities and deferred inflows of resources as of June 30, 2016 by $380,463,313 (*net position*).

- The County's net position increased by $21,637,944 or a 6.0% increase. The increase in net position of $32,497,812 was offset by a prior period restatement decrease of $10,614,986 to adopt Governmental Accounting Standards Board (GASB) Statement No. 82, *An Amendment of GASB Statements No. 67, No. 68, and No. 73*, a $2,690,874 restatement decrease for workers' compensation liability, and a $2,445,992 restatement increase for unearned revenue.

- The County restated the liability for claims in workers' compensation by $2,690,874 in the Risk Management Fund. Expenses and revenues recovered from the General Fund were also restated in the Risk Management Fund in the amount of $2,690,874, respectively, having no effect on net position. The Governmental Activities net position and the General Fund balance have also been restated by $2,690,874. The County also restated the liability for unearned revenue in the Risk Management Fund by which increased Governmental Activities and Risk Management Fund net position by $2,445,992.

- As of June 30, 2016, the County's governmental activities and business type activities have a net position of $373,651,669 and $6,811,644 respectively.

Individual Fund Financial Statements

- As of June 30, 2016, the County's governmental funds reported combined fund balances of $261,999,749. This reflects an increase of $21,534,326 or a 9.0% increase from the previous fiscal year.

- As of June 30, 2016, the County's General Fund reported a fund balance of $130,865,313, an increase of $2,207,947 or a 1.7% increase from the previous fiscal year.

- As of June 30, 2016, the County's enterprise funds reported combined net position of $6,811,644 an increase of $488,159 or a 7.7% from the previous fiscal year.

Debt Issues

- During FY16, the County issued $24.2 million in general obligation debt, of which $9.9 million will be used for capital projects, and the remaining refunded existing debt to achieve debt service savings.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) government-wide financial statements (GWFS), 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The GWFS are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business. Revenues are recorded when earned and expenses recorded when a liability is incurred, regardless of the timing of related cash flows. For example, property taxes are recognized as revenues in the year in which they are levied. The statement of net position presents information on all of the County's assets and deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. The statement of activities presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

The GWFS differentiates functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, public works, public safety, culture and recreation, health and welfare and interest on long-term debt. The business-type activities of the County include Solid Waste, Regional Juvenile Detention Center, Bernalillo County Housing Authority, Seybold Village Handicapped Project, and El Centro Familiar. The GWFS can be found on pages 27-28 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the GWFS. However, unlike the GWFS,

governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. For this purpose, the County considers revenues to be available if they are collected within 60 days of the current fiscal period. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the GWFS, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the GWFS. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

In addition to the General Fund, the County maintains thirty other individual governmental funds of which fourteen are classified as Special Revenue Funds, thirteen are classified as Debt Service funds, and three are classified as Capital Projects Funds. Information for the General Fund, the Grants Fund, and the Capital Construction Fund, all of which are considered to be major funds, are presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts an annual appropriated budget for its General Fund. A budgetary comparison statement for the General Fund is presented on pages 33-34. In addition, the County adopts an annual budget for other non-major funds. A budgetary statement is presented individually for all those funds that have an adopted budget.

The basic governmental fund financial statements can be found on pages 29-32 of this report.

Proprietary Funds. The County maintains two different types of proprietary funds. *Enterprise Funds* are used to report the same functions presented as *business-type activities* in the GWFS. The County uses Enterprise Funds to account for Solid Waste, Regional Juvenile Detention Center, Bernalillo County Housing Authority, Seybold Village Handicapped Project, and El Centro Familiar. *Internal Service Funds* are used to account for operations that provide services to other departments or agencies of the County on a cost-reimbursement basis. The County's Internal Service Funds include Risk Management and Health Self Insurance Funds, which are used to account for its risk management and employee self-insurance health programs. Because the services provided by the Risk Management and the Health Self Insurance Funds predominantly benefit governmental rather than business-type functions, these funds are included within *governmental activities* in the GWFS. The basic proprietary fund financial statements can be found on pages 35-37 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the GWFS because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary funds financial statements can be found on page 38 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the GWFS and the fund financial statements. The notes to the financial statements can be found on pages 39-81 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents required supplement information concerning Bernalillo County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 82-83 of this report.

The combining statements referred to earlier in connection with non-major governmental funds, non-major enterprise, and internal service funds are presented immediately following the Notes to the Financial Statements. Combining and individual fund statements and schedules can be found on pages 84-131 of this report. Many of the additional schedules in other required supplementary section are required by the New Mexico Office of the State Auditor.

Accounting Principle Changes

Pension costs of $10,672,915 plus an adjustment for $(57,929) in contributions payable for a total of $10,614,986 from the prior year were expensed and recorded as a prior period adjustment as required by GASB Statement No. 82. GASB Statement No. 82 requires a restatement of employer "pickup" contributions that are now considered employee contributions for purposes of calculations of the employer allocation percentage in GASB Statement No. 68 entries.

The County restated the liability for claims in workers' compensation by $2,690,874 in the Risk Management Fund. Expenses and revenues recovered from the General Fund also restated in the Risk Management Fund in the amount of $2,690,874, respectively, having no effect on net position. The Governmental Activities net position and the General Fund fund balance have also been restated by a decrease of $2,690,874.

The County restated the unearned revenue liability in the Risk Management Fund by $2,445,992. This is attributed to a process change in recording revenues in the Risk Management Fund. As a result of the restatement, the Risk Management net position and the Governmental Activities net position have been restated by an increase of $2,445,992.

Long-Term Debt

- During the year, the County sold $9,860,000 of General Obligation Bonds, Series 2016, which the proceeds, plus $224,200 of the premium, and $205,800 good faith deposit funded $2,178,000 for parks, $4,530,800 for roads, $2,227,800 for storm drains, $900,000 for libraries, $359,500 for trails, and $93,900 for art in public places. In addition, the County issued $14,380,000 of General Obligation Refunding Bonds, Series 2016A, with a true interest cost of 1.49% to current refund $7,625,000 and advance refund $6,250,000 of the County's outstanding General Obligation Bonds, Series 2007 and 2007A.

- The County has $477,657,730 in available bonding capacity or 78.98/% of allowable bonding capacity per the New Mexico State Constitution (see page 187).

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The County's governmental activities assets and deferred outflows of

resources exceeded liabilities and deferred inflows of resources by $370,983,092 for the fiscal year ending June 30, 2016.

County of Bernalillo Net Position

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Assets:						
Current and other assets	$321,099,854	$300,407,869	$8,407,117	$7,629,840	$329,506,971	$308,037,709
Capital assets	553,734,827	564,074,223	2,701,800	2,968,720	556,436,627	567,042,943
Total assets	874,834,681	864,482,092	11,108,917	10,598,560	885,943,598	875,080,652
Deferred outflows of resources:						
Deferred charge on refunding	1,550,472	1,049,225	-	-	1,550,472	1,049,225
Deferred outflow of pensions	22,629,215	26,738,277	254,546	270,084	22,883,761	27,008,361
Total deferred outflows of resources	24,179,687	27,787,502	254,546	270,084	24,434,233	28,057,586
Liabilities:						
Long-term liabilities	483,577,951	421,080,934	1,909,223	2,022,764	485,487,174	423,103,698
Other liabilities	34,160,404	64,419,400	2,583,056	1,974,240	36,743,460	66,393,640
Total liabilities	517,738,355	485,500,334	4,492,279	3,997,004	522,230,634	489,497,338
Deferred inflows of resources:						
Deferred inflow of pensions	7,624,344	54,267,376	59,540	548,155	7,683,884	54,815,531
Total deferred inflows of resources	7,624,344	54,267,376	59,540	548,155	7,683,884	54,815,531
Net Position:						
Net investment in capital assets	343,340,556	327,947,796	2,701,800	2,968,720	346,042,356	330,916,516
Restricted	196,844,218	169,754,319	-	-	196,844,218	169,754,319
Unrestricted (deficit)	(166,533,105)	(145,200,231)	4,109,844	3,354,765	(162,423,261)	(141,845,466)
Total net position	$373,651,669	$352,501,884	$6,811,644	$6,323,485	$380,463,313	$358,825,369

By far the largest portion of the County's net position reflects its investment in capital assets (e.g., infrastructure, land, buildings, machinery, and equipment) less any debt used to acquire those assets, which is still outstanding. The County uses the $346,042,356 in capital assets as

of June 30, 2016 to provide services to the citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position in the amount of $196,844,218 as of June 30, 2016 represents resources that are subject to external restrictions on how they may be used.

The unrestricted net position is the amount that may be used to meet the government's ongoing obligations to citizens and creditors. The adoption of GASB Statement No. 68 in FY15 resulted in the County's reporting of net pension liabilities and deferred inflows of resources and deferred outflows of resources for the County's pension plan and the recognition of pension expense. This had a significant negative effect on the County's net position, and consequently unrestricted net position as of June 30, 2015. GASB Statement No. 82 amended GASB Statement No. 68 and again caused further restatements.

Governmental activities. Governmental activities during the year increased the County's net position by $31,892,831 in FY16 (before decrease restatement of $10,498,164 to implement GASB Statement No. 82, a decrease restatement of $2,690,874 in workers' compensation, and an increase restatement increase of $2,445,992 for unearned revenue) compared to a decrease of $2,682,659 in FY15.

Governmental Activities revenues increased by $35.6 million, from $336.5 million in FY15 to $372.1 million in FY16, an increase of 10.6%. Key elements in the increase of governmental activities revenues are as follows:

- Most of the increase in governmental activities revenues was in other taxes, which increased $32.3 million, from $133.7 million in FY15 to $166.0 million in FY16, a 24.2% increase. This was primarily attributed to an increase in Gross Receipts Tax (GRT). On February 26, 2015, the County imposed two of the three-eighths hold harmless GRT. One-eighth would be used for the behavioral and mental health needs of the county and the other one-eighth would be used for general operations beginning July 1, 2015. In an effort to remain whole and recover the loss of revenue from the hold harmless deduction for food and medical, the County also repealed one-sixteenth GRT for general operating expenses. The County's gross receipts tax rate for the unincorporated areas of Bernalillo increased from 6.0625% in FY15 to 6.250% in FY16.

- Program revenues decreased $1.6 million, from 54.6 million in FY15 to $53.0 million in FY16, a 2.9% decrease. The main decrease was in capital grants due to the County receiving grants for food trucks and transitional living accommodations in FY15. Also in FY15, the County also received donated land and donated vehicles.

County of Bernalillo's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	$15,799,311	$16,118,286	$7,169,665	$7,187,610	$22,968,976	$23,305,896
Operating grants and contributions	31,454,282	28,785,953	685,110	810,524	32,139,392	29,596,477
Capital grants and contributions	5,738,398	9,649,158	49,423	36,561	5,787,821	9,685,719
General revenues:						
Property taxes	146,095,633	142,069,070	-	-	146,095,633	142,069,070
Other taxes	166,025,134	133,747,359	-	-	166,025,134	133,747,359
Investment income	1,561,700	1,477,361	872	1,129	1,562,572	1,478,490
Miscellaneous	5,408,501	4,629,943	180,512	197,837	5,589,013	4,827,780
Total revenues	372,082,959	336,477,130	8,085,582	8,233,661	380,168,541	344,710,791
Program expenses:						
General government	63,472,339	62,159,342	-	-	63,472,339	62,159,342
Public works	44,872,112	50,304,679	-	-	44,872,112	50,304,679
Public safety	157,302,159	155,606,977	-	-	157,302,159	155,606,977
Health and welfare	48,205,435	44,989,016	-	-	48,205,435	44,989,016
Culture and recreation	16,407,646	15,429,298	-	-	16,407,646	15,429,298
Interest on long-term debt	9,865,437	10,551,340	-	-	9,865,437	10,551,340
Solid Waste	-	-	5,069,782	4,888,281	5,069,782	4,888,281
Housing Authority	-	-	1,075,557	1,075,043	1,075,557	1,075,043
Seybold Village	-	-	125,003	152,648	125,003	152,648
Juvenile Detention Center	-	-	1,011,633	1,082,739	1,011,633	1,082,739
El Centro Familiar	-	-	263,626	237,943	263,626	237,943
Total expenses	340,125,128	339,040,652	7,545,601	7,436,654	347,670,729	346,477,306
Increase (decrease) in net position before transfers	31,957,831	(2,563,522)	539,981	797,007	32,497,812	(1,766,515)
Transfers in (out)	(65,000)	(119,137)	65,000	119,137	-	-
Increase (decrease) in net position	31,892,831	(2,682,659)	604,981	916,144	32,497,812	(1,766,515)
Net position - beginning	352,501,884	549,897,148	6,323,485	7,374,135	358,825,369	557,271,283
Prior period restatement (a)	(10,743,046)	(194,712,605)	(116,822)	(1,966,794)	(10,859,868)	(196,679,399)
Net position - beginning as restated	341,758,838	355,184,543	6,206,663	5,407,341	347,965,501	360,591,884
Net position - ending	$373,651,669	$352,501,884	$6,811,644	$6,323,485	$380,463,313	$358,825,369

(a) The restatement of the beginning net position in FY15 is the result of the County implementing GASB Statement No. 68. The restatement of the beginning net position in FY16 is the result of the County implementing GASB Statement No. 82, restating the workers' compensation liability, and restating the unearned revenue in FY16.

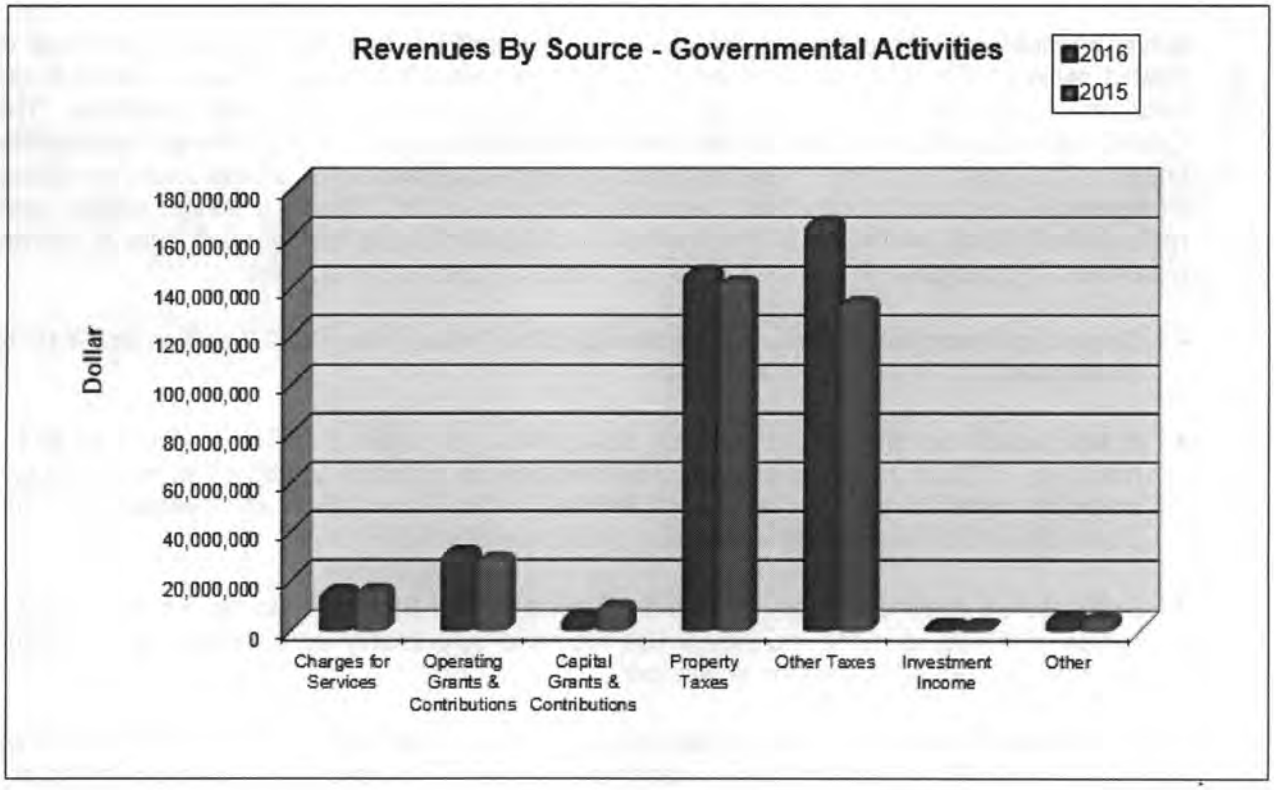
- General revenues property taxes increased $4.0 million, from $142.1 million in FY15 to $146.1 million in FY16, a 2.8% increase. Assessed taxable valuation increased in the County, from $14.8 billion in FY15 to $15.1 billion in FY16. Also in FY16 the County imposed $0.20 open space mill levy. The General Fund tax rate went down slightly due to a yield control formula as shown following:

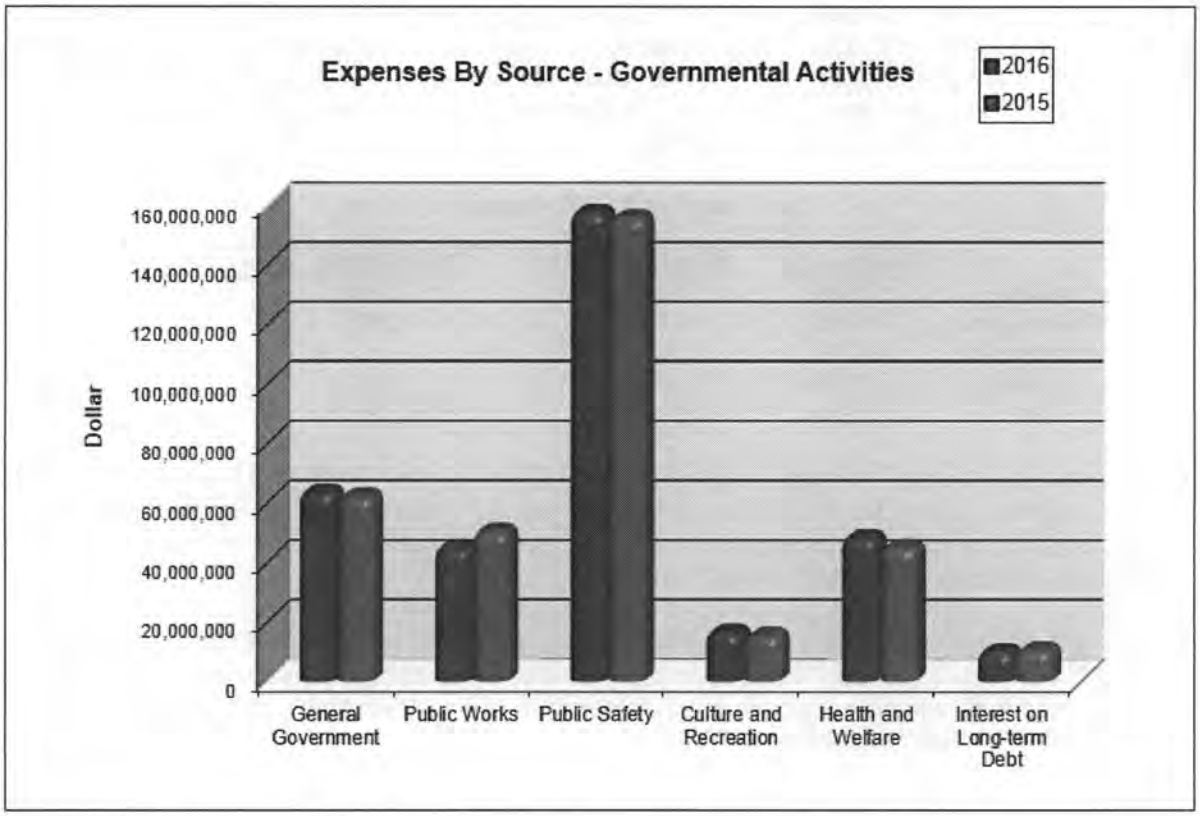
Tax Rates Per $1,000 Assessed Values

	FY16		FY15	
	Residential	Non-Residential	Residential	Non-Residential
Operating	$7.245	$10.750	$7.254	$10.750
Debt service	1.265	1.265	1.265	1.265
Open space	0.200	0.200	-	-
Judgment	0.010	0.010	0.010	0.010
Total	$8.720	$12.225	$8.529	$12.025

- Investment income increased slightly, from $1.5 million in FY15 to $1.6 million in FY16. Interest rates continue to be low in both fiscal years. The County's investment priority is to protect and preserve the principal of the funds invested, with secondary priorities to maintain liquidity needs and return on investments.

- Miscellaneous revenues increased $0.8 million, from $4.6 million in FY15 to $5.4 million in FY16, a 17.4% increase. The increase is primarily attributed to the year over year increase in economic development administrative fees in FY16, settlements reached in FY16, and a write off of uncollectable items in FY15.





Governmental activities expenses increased by $1.1 million, from $339.0 million in FY15 to $340.1 million in FY16, an increase of 0.3%. In both years the County made an effort to cut back on salaries by requesting that all departments freeze positions vacated positions. The County also requested that departments find operational savings and eliminate all nonessential costs. The cost reductions were reflected in numerous accounts across most functions. Professional services, contractual services, supplies of all types, gasoline usage, and recreational events are some of the examples of accounts that experienced cuts in normal expenses. The decrease in governmental activities expenses are as follows:

- General government expenses increased by $1.3 million, from $62.2 million in FY15 to $63.5 million in FY16, a 2.1% increase.

- Public works expenses decreased by $5.4 million, from $50.3 million in FY15 to $44.9 million in FY16, a 10.7% decrease. The decrease is primarily attributed to capital outlay made on behalf of other governmental entities for the Paseo del Norte overpass and the Cordero Mesa transmission line and pump station projects in FY15.

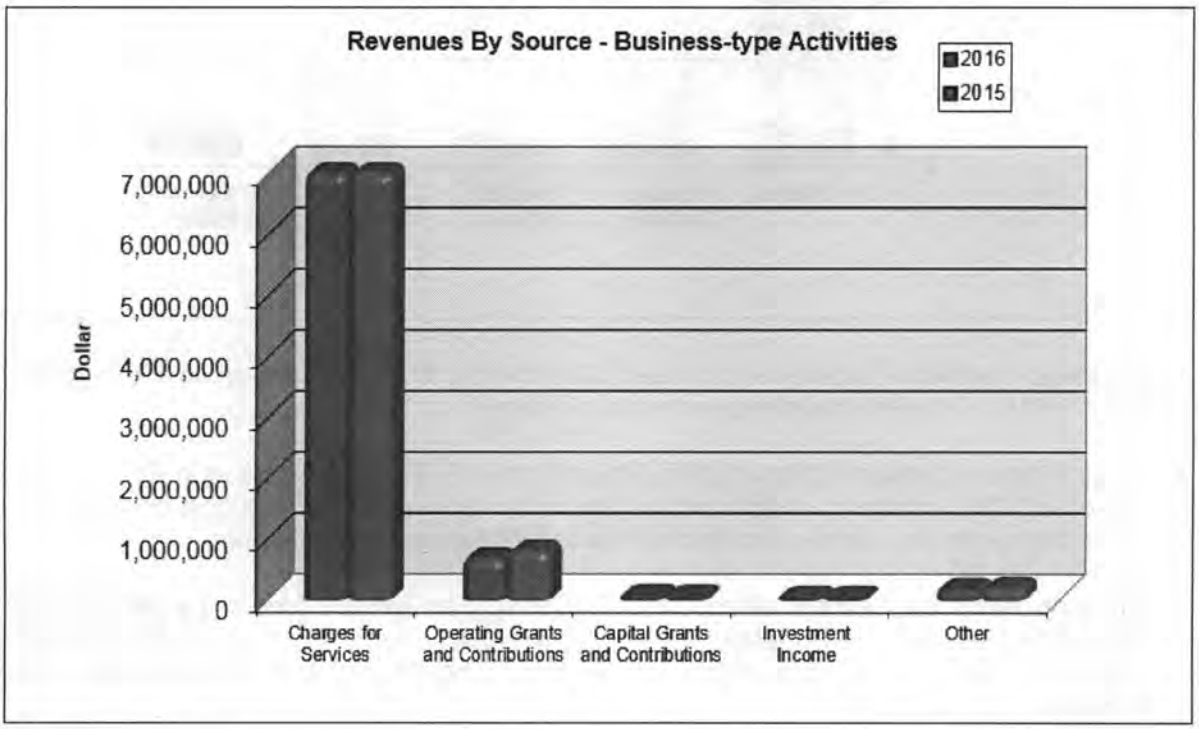
- Public safety expenses increased by $1.7 million, from $155.6 million in FY15 to $157.3 million in FY16, a 1.1% increase. The increase is primarily attributed to the year-end adjustments related to pension obligations.

- Health and welfare expenses increased by $3.2 million, from $45.0 million in FY15 to $48.2 million in FY16, a 7.1% increase. Health and welfare expenses are funded by designated

funding sources and they were not required to offer up savings like the functions funded out the General Fund.

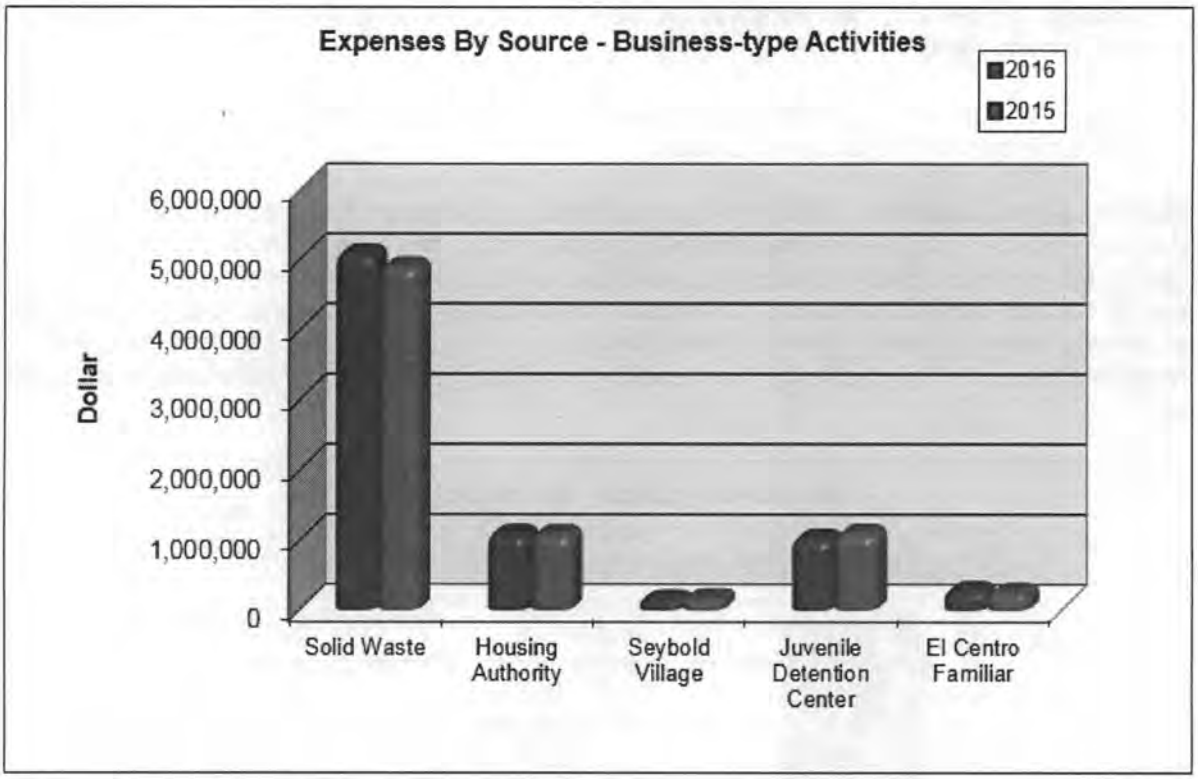
- Culture and recreation expenses increased by $1.0 million, from $15.4 million in FY15 to $16.4 million in FY16, a 6.1% increase.

Business-type activities. Business-type activities net position increased by $604,981 during the current fiscal year, before the $116,822 restatement to implement GASB Statement No. 82. During the year, the Solid Waste Fund, Housing Authority, Regional Juvenile Detention Center, and El Centro Familiar had more total program revenues than total program expenses resulting in income before general revenues and transfers in. Seybold Village had less total program revenues than total program expenses resulting in a loss before general revenues and transfers in.



Business-type activities revenue decreased slightly from $8.2 million in FY15 to $8.1 million in FY16. Key elements of the decrease in business-type activities revenue are as follows:

- Charges for services decreased slightly, but rounded remained at $7.2 million in both FY15 and FY16. Operating and capital grants decreased from $0.8 million in FY15 to $0.7 million in FY16. Investment income and miscellaneous revenue also had very slight decreases. The shifting of income from grants to charges for services happened in El Centro Familiar with HUD ceasing to subsidy rentals and building maintenance and implementing a voucher system for rentals, moving revenues to charges for services.



Business-type activities expenses increased $0.1 million, from $7.4 million in FY15 to $7.5 million in FY16. Key elements of expenses are as follows:

- Solid Waste expenses increased from $4.9 million in FY15 to $5.1 million in FY16, a 4.1% increase. The increase was primarily attributed to an increase in the cost of solid waste collection services, which are contracted through Waste Management, Inc.

- Housing Authority, Seybold Village, and El Centro Familiar are funded by United States Department of Housing and Urban Development (HUD). Overall the three HUD funds had a slight decrease as a result of slightly less funding. The expenses remained steady at $1.5 million in FY15 and FY16.

- Juvenile Detention Center expenses decreased from $1.1 million in FY15 to $1.0 million in FY16, a 9.1% decrease. The decrease was primarily attributed to the decrease in year-end adjustments related to compensated absences.

Financial Analysis of the County's Funds

Governmental Funds. The focus of the County's governmental funds is to provide information on near-term inflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, assigned and unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of $261,999,749, an increase of $21,534,326 million. Approximately

22.1% of this total, $57,841,446 constitutes assigned ($43,460,272) and unassigned ($14,381,174), which is available for spending at the County's discretion. The remainder of fund balance is made up of non-spendable in form (*i.e., inventory, advances, and notes receivable*) amounts of $2,680,543, restricted amounts of $196,962,992, and committed amounts of $4,514,768 which are detailed in the notes to the financial statements.

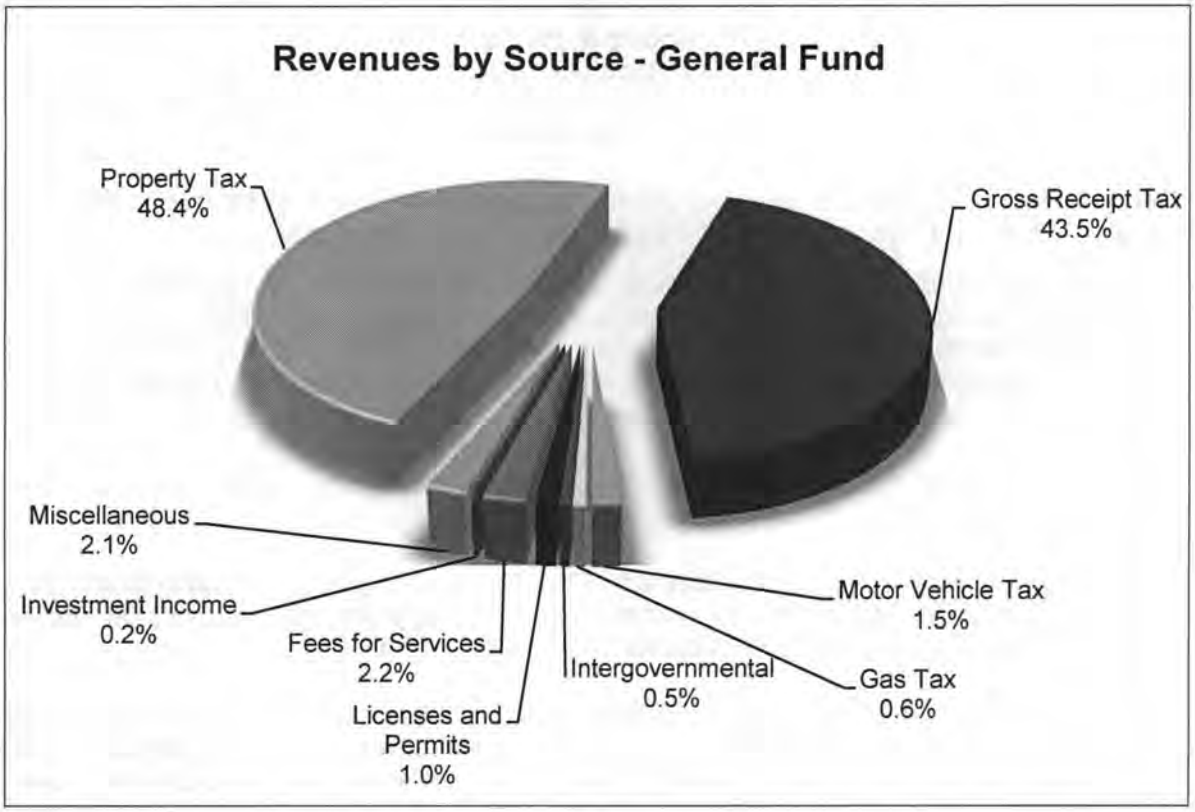
General Fund. The County's General Fund fund balance increased from $128,657,366 in FY15 to $130,865,313 in FY16, an increase of $2,207,947 or an 1.7% increase.

- Of the FY16 fund balance amount, $71,405,154, or 54.6% of the General Fund is restricted fund balance, required by State of New Mexico Department of Finance and Administration (DFA). The DFA requires that 3/12 of the FY17 General Fund budgeted expenditures be restricted to provide adequate cash reserves. The General Fund also has $126,105 in restricted grant funds.

- At the end of the fiscal year, the nonspendable fund balance of the County's General Fund was $2,673,212 for notes receivable and inventory

- The General Fund has assigned $25,775,109 assigned for subsequent years' expenditures, $6,824,000 for information technology projects, $2,500,000 for fleet replacements, and $2,665,791 for various County projects.

- At the end of the fiscal year, the unassigned fund balance of the County's General Fund was $14,381,174, which is set aside for unforeseen emergency contingencies and cash flow needs. This complies with the County's revenue stabilization and operating reserve minimum fund balance policy of keeping 3% to 5% of the General Fund operating expenditures.



General Fund revenues increased by $14.2 million, from $244.3 million in FY15 to $258.5 million in FY16, an increase of 5.8%. Key elements in the increase of General Fund revenues are as follows:

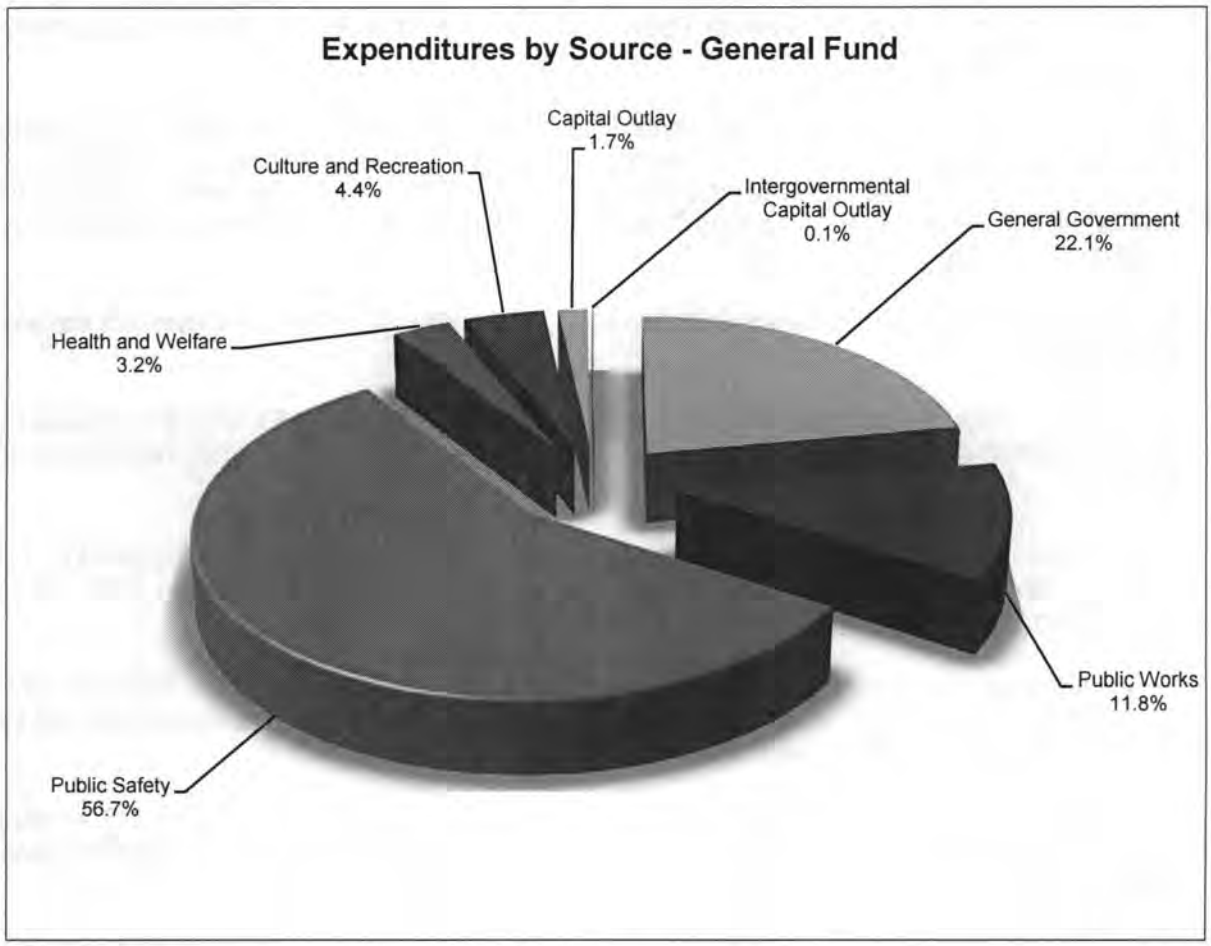
- Property tax revenue increased by $1.3 million from $123.8 million in FY15 to $125.1 million in FY16, a 1.0% increase. Assessed taxable valuation increased in the County, from $14.8 billion in FY15 to $15.1 billion in FY16. This was offset by a decrease in the residential tax rate, going for $7.254 to $7.245 per $1,000 of assessed taxable value. The decrease in the tax rate is due to New Mexico legislation imposing a yield control formula on the tax rate, when applied against reassessed property.

- GRT increased by $11.8 million, from $100.7 million in FY15 to $112.5 million in FY16, a 11.7% increase. Effective July 1, 2016 the General Fund adopted one-eight hold harmless GRT and repealed one-sixteenth GRT. The net effect increased revenues approximately $10.0 million. There was also some growth in the tax base.

- There were slight changes in motor vehicle tax, gas tax, intergovernmental revenues, fees for services, and licenses and permits when comparing FY15 to FY16.

- Miscellaneous income revenue increased by $1.1 million, from $4.0 million in FY15 to $5.1 million in FY16, a 27.5% increase. The primary change was due an increase in economic development administration fees and receipt of legal settlements in FY16 and accounting entries to record uncollectable receivables in FY15.

General Fund expenditures decreased $1.5 million, from $242.5 million in FY15 to $241.0 million in FY16, a decrease of 0.6%. For the last two years the County has froze positions, delayed in filling vacant positions, and cut back of various contractual services when possible. Key elements in the decrease in General Fund expenditures are as follows:



- General government expenditures increased by $0.8 million, from $52.4 million in FY15 to $53.2 million in FY16, a 1.5% increase. Part of the increase was due to implementing longevity pay for Rules and Regulation employees.

- Public works expenditures decreased by $0.9 million, from $29.4 million in FY15 to $28.5 million in FY16, a 3.1% decrease. The decrease was due to fuel prices remaining low and other contractual decreases.

- Public safety expenditures decreased by $0.3 million, from $137.0 million in FY15 to $136.7 million in FY16, a 0.2% decrease.

- Health and welfare expenditures increased by $1.2 million, from $6.4 million in FY15 to $7.6 million in FY16, a 18.8% increase. In FY16 the county created an environmental health department and the ABC Community School Partnership that accounted for $0.6 million of the increase. MDC mental health charges increased by $0.3 million. The remaining increase came adding a nurse and supporting the Boys and Girls Club.

- Culture and recreation expenditures increased by $0.1 million, from $10.5 million in FY15 to $10.6 million in FY16, a 1.0% increase.

- Capital outlay expenditures decreased by $3.0 million, from $6.9 million in FY15 to $3.9 million in FY16, a 43.5% decrease. The decrease was primarily attributed to the completion of the Rio Grande Pool renovation project in FY15. Project expenditures totaled $3.1 million.

Grants Fund. The Grants Fund accounts for various federal, state and other grant funding sources received by the County. The grants are restricted to specific purposes as agreed to between the County and the funding source as enumerated in the grant agreement/contract. Grants related to the County's Housing Department are accounted for in enterprise funds and a special revenue fund.

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

Grants Fund revenues decreased by $2.5 million, from $19.9 million in FY15 to $17.4 million in FY16, a decrease of 12.6%. Key elements in the decrease of the Grants Fund revenues are as follows:

- Intergovernmental federal revenues decreased by $0.8 million, from $3.5 million in FY15 to $2.7 million in FY16. Intergovernmental state revenues increased by $0.7 million, from $10.7 million in FY15 to $11.4 million in FY16.

- Intergovernmental other revenues decreased by $2.4 million, from $5.5 million in FY15 to $3.1 million in FY16, a 43.6% decrease. The decrease is due to the completion of the grant for the Cordero Mesa Business Park water project.

Grants Fund expenditures decreased by $2.5 million, from $19.9 million in FY15 to $17.4 million in FY16, a decrease of 12.6%. Key elements in the decrease of the Grants Fund expenditures are as follows:

- Health and welfare expenditures increased from $0.6 million in FY15 to $1.1 million in FY16, an 83.3% increase. The increase was attributed mainly to the timing of the summer lunch grant expenditures.

- Capital outlay and intergovernmental capital outlay expenditures decreased from $9.2 million in FY15 to $6.2 million in FY16, a 32.6% decrease. The decrease was primarily attributed to the completion of the Cordero Mesa business park water grant and the Goff road grant.

- Expenditures in public safety, public works, culture and recreation, and general government remained steady at $10.1 million in FY15 and FY16.

Construction Fund. The Construction Fund accounts for various construction projects related to road projects, storm sewer systems, acquiring of library books and library resources, acquisition and improvement of land for expanding parks and recreational facilities, constructing and equipping sheriff's sub-stations, improvement of facilities for the County Public Health

Department, and other projects. Financing for these projects is provided by general obligation bonds, GRT revenue bonds and earnings from the investment of those monies.

The Construction Fund fund balance decreased by $7.6 million, from $38.1 million in FY15 to $30.5 million in FY16, a 19.9% decrease. The County issued $9.9 million in General Obligation bond compared to $17.3 million in FY15. Construction Fund expenditures increased by $2.5 million, from $15.6 million in FY15 to $18.1 million in FY16, an 16.0% increase. Key elements in the decrease in Construction Fund expenditures are as follows:

- Capital outlay increased by $5.8 million, from $6.8 million in FY15 to $12.6 in FY16, an increase of 85.3%. The increase is primarily attributed to three new projects in FY16: MATS Adolescent Remodel, Mid-North Valley Rec Plex, and Vista Del Rio Drainage. There was also the completion of North Valley Little League in FY15.

- Capital outlay for others decreased by $2.5 million from $5.1 million in FY15 to $2.6 million in FY16, a decrease of 49.0%. The decrease is primarily attributed to the project completion in FY15 of Paseo del Norte, which was offset by the start of the Otters project of $1.0 million in FY16.

- Non-capital expenditures decreased by $0.8 million, from $3.7 million in FY15 to $2.9 in FY16, a decrease of 21.6%. The decrease is primarily attributed to the completion of two projects in FY15: South Valley Flood Reduction Project and Tributary Storm Drains-Sanchez.

Additional comparison of General, Special Revenue, and Debt Service Fund revenue and expenditures of prior years can be found in the statistical section of this report.

Non-Major Special Revenue Funds. As of the end of fiscal year 2016, the County's Special Revenue funds reported combined ending fund balances of $57,914,279, an increase of $23,316,128. Of the fund balance, $7,331 is nonspendable in form and the reminder of $57,906,948 is restricted for specific purposes. Key elements in the decline of the total special revenue fund balance are as follows:

- GRT allocated to Special Revenue Funds increased $21.7 million, from $25.9 million in FY15 to $47.6 million in FY16. On July 1, 2015 the County imposed one-eighth hold harmless GRT, dedicating the tax to behavioral and mental health needs of the County. The tax is recorded in the Behavioral Health GRT Special Revenue Fund, generating $19.9 million in tax revenue in FY16. The programs to use the behavioral health funds are being developed by the Albuquerque/Bernalillo County Government Commission (ABCGC), but in FY16 there were no expenditures. Environmental Health, Health Care GRT, and Indigent Care Funds added to their fund balance to use in future years.

- Intergovernmental revenue in the Special Revenue Funds increased from $16.3 million in FY15 to $17.3 million in FY16. The increase was in the Housing Voucher Fund, going from $13.0 million in FY15 to $14.3 million in FY16. The increase is attributed to additional HUD funding awarded for voucher lease up. Expenditures for housing assistance payments have also increased due to the lease up.

- Fees for services decreased from $7.1 million in FY15 to $7.0 million in FY16. In FY15 Bernalillo County received additional administration fee revenue from entities outside the County to administer the Mesilla Valley housing programs.

Debt Service Funds. As of the end of fiscal year 2016, the County's Debt Service funds reported combined ending fund balances of $34,965,055, an increase of $2,319,239. The entire fund balance is restricted to pay debt service. The increase is primarily in the General Obligation Bond Debt Service Fund as property tax revenue exceeded principal and interest payments.

Non-Major Capital Projects Funds. As of the end of fiscal year 2016, the County's Capital Project funds reported combined ending fund balances of $7,731,552, an increase of $1,232,984. The entire fund balance is restricted for capital projects. In FY16 the County imposed $0.20 open space mill levy, which generated $2.9 million in property tax revenue. As a result, projects increased in the Open Space Capital Projects Fund.

Non-Major Proprietary Funds. The County proprietary funds provide the same type of information found in the GWFS, but in more detail. Other factors concerning the finances of these funds have been discussed in the business-type activities section of the MD&A.

Budgetary Highlights Original Budget – Final Budget and other Financing Sources.

General Fund. General Fund total original budgeted revenues and other financing sources increased from $253,877,786 to $254,244,584. The budgeted use of excess cash reserves increased from $20,250,412 to $33,942,601. General Fund total original budgeted expenditures and transfers out increased from $274,128,198 to $288,187,185. Significant changes between the original budget and the final amended budget are summarized as follows:

- The Commissioners authorized the use of FY15 unassigned fund reserves for FY16 initiatives and carried forward prior year commitments to FY16. The use of cash balance budgeted went from $20.2 million to $33.9 million. The initiates and carry forward money was used to fund one time and recurring needs, with the majority of funds going to the public safety functions.

- Funds in the amount of $250,000 were added for Commission district directed funding.

- Transfers from the General Fund to the Health Self-Insurance Fund increased from $750,000 to $1,887,752 supporting the net position reserves' growth. Based on the advice of the actuarial consulted, the County's goal is to build a $5.0 million net position over the next several years.

- The South Valley pool was approved $500,000 for renovations needed to address ADA issues. This funding came from fund balance available within the General fund.

Budgetary Highlights – Budget to Actual

General Fund. General Fund revenues were more than budgetary estimates by $2,560,831 or by 1.0%. General Fund expenditures were less than budgetary estimates by $32,047,380 or by

11.1%. During the year the County incurred a surplus of revenues and other financing sources over expenditures and other financing uses in the amount of $665,610. Individual significant differences between the General Fund final budget and actual amounts are summarized as follows:

- Property tax revenue had a negative variance of $1.7 million. Property tax collections were budgeted at a 2.8% increase, but the actual came in at a 1.4% increase. Final property values are not received until after budget adjustments have been submitted so the budget is based on prior year actuals.

- GRT revenue had a positive variance of $2.5 million. The positive variance was primarily attributed to growth in the tax base.

- Intergovernmental other revenue had a positive variance of $0.8 million, due to higher billing of custodial supplies for One Civic Plaza and information technologies contractual work.

- Miscellaneous revenue had a positive variance of $1.3 million. The positive variance was primarily due to an increase in payment in lieu of taxes from Industrial Revenue Bonds.

- All other revenues were close to the budgeted amounts.

- General government expenditures had a positive variance of $16.8 million. Most of the departments came in under budget, but the General County Department had a positive variance of $11.5 million. During FY16 the County took a number of steps to reduce actual expenditures, such as freezing positions, not delaying filling of vacancies, and asking departments for other cost savings. When savings were identified, the budget was transferred to the General County budget of General Government, and the Budget Office placed a restriction on the budget so that departments would not be able to charge against it.

- Public works had a positive variance of $4.0 million. The positive variance was primarily attributed to lower than expected expenditures for fleet facilities management due to savings on the drop in fuel prices, and lower vehicle maintenance and utilities. Also technical services had large vacancies in personnel, which was a result of more properly allocating employee time to capital projects.

- Public safety had a positive variance of $1.0 million. Accounting had a positive variance of $3.1 million due to budgeting funds for the Regional Detention Center facility (a vacant facility), but not using the funds. Fire and Rescue have a negative variance of $1.2 million and Sheriff had a negative variance of $0.8 million. The negative variance in both departments was primarily related to overtime. The Workforce Management Department was formed to oversee overtime and the budget was cut to reflect desired savings; however, departments were only to achieve modest cuts in overtime.

- Health and welfare had a positive variance of $3.5 million. The positive variance was attributed to less than expected expenditures for professional services related to health care services for MDC inmates recognized in the General Fund.

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

- Capital outlay expenditures had a positive variance of $6.5 million. Some of the projects were delayed and were not completed in FY16.

Capital Asset and Debt Administration

Capital assets. The County's investment in capital assets for its governmental and business type activities as of June 30, 2016 amounts to $556,436,627 (*net of accumulated depreciation*). This investment in capital assets includes land, buildings, improvements, machinery and equipment, construction in progress, and infrastructure. Each year the Board of County Commissioners updates the Capital Improvement Program (*CIP*) in order to plan both long and short range financing for the County's capital projects. The CIP process provides for the development and submittal of requests for the annual and six-year requests for the Capital Improvements Program. A wide range of public facilities and equipment is considered in the CIP. There are statutory requirements that provide for design, construction, major repair, reconstruction or replacement of facilities such as buildings, jails, courthouses, roadways, bridges, parks, and some heavy equipment. The County can use several types of funding for the CIP that includes General Obligation Bonds, Revenue Bonds, Special Assessment District Bonds, Federal and State grants, and appropriations.

Citizen involvement is solicited to determine and prioritize the needs of the County by holding public meetings. The Board of County Commissioners holds periodic advertised meetings at various locations within each commission district to solicit public input and discuss the public's requests. Capital improvement projects selected by the Board and adopted in the CIP that is to be funded by general obligation bonds. The general obligation bond schedule is based on a two-year cycle and issuance is currently limited to $36,255,000, which was approved by the Board of County Commissioners on August 23, 2016. Other capital improvement projects are included in the State of New Mexico Infrastructure Program for funding consideration. Major capital asset events during the current fiscal year included the following:

- The County purchased land and property near Edith Boulevard NE and Osuna Road NE for the development of the Mid-North Valley Recreation Complex. The acquisition price was $1.9 million.

- The County purchase land near Arenal Road SW and Tapia Boulevard SW for the development of a new open space property. The acquisition price was $1.2 million.

- Construction continued on the Vista del Rio Storm Drainage projects. This project reconstructs roadways near Sunset Road SW and Trujillo Road to include curb, gutter, and storm drain infrastructure to collect storm water runoff from surrounding property. Fiscal year 2016 expenditures totaled $5.1 million.

- Construction continued on the Arenal Storm Drain Project. The project will provide a new road, curb and gutter, and storm drainage infrastructure from Coors Blvd. to the Isleta Drain. Fiscal year 2016 expenditures totaled $2.6 million.

- Renovation of the Metropolitan Assessment and Treatment Services building HVAC system began in fiscal year 2016. Fiscal year 2016 expenditures totaled $1.8 million.

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

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	$ 143,244,394	$ 140,024,899	$ 435,352	$ 435,352	$ 143,679,746	$ 140,460,251
Buildings	171,917,584	185,103,625	2,062,251	2,274,988	173,979,835	187,378,613
Machinery and equipment	21,471,237	24,506,216	85,871	121,468	21,557,108	24,627,684
Land improvements	22,390,615	22,114,515	118,326	136,912	22,508,941	22,251,427
Infrastructure	169,373,059	165,598,584	-	-	169,373,059	165,598,584
Leasehold improvements	1,372,902	1,501,438	-	-	1,372,902	1,501,438
Construction in progress	20,994,442	22,441,044	-	-	20,994,442	22,441,044
Art	2,970,594	2,783,902	-	-	2,970,594	2,783,902
Total	$ 553,734,827	$ 564,074,223	$ 2,701,800	$ 2,968,720	$ 556,436,627	$ 567,042,943

Additional information on the County's capital assets can be found in note IV-C on pages 57-58 of this report.

Debt administration. The Bernalillo County Finance Division has analyzed the existing debt position of the County and has assessed the impact of future financing requirements on the County's ability to service additional debt. Review and analysis of the County's debt position is performed to provide a capital financing plan for infrastructure and other improvements. Long-term financing projections are linked with economic, demographic and financial resources expected to be available to repay the debt. Decisions regarding the use of debt are based upon a number of factors including, but not limited to, the long-term needs of the County and the amount of resources available to repay the debt. The debt policy is not expected to anticipate every future contingency in the County's capital program or future operational needs. Sufficient flexibility is required to enable County management to respond to unforeseen circumstances or new opportunities, when appropriate.

The County will maintain direct tax supported debt at a manageable level that takes into account economic factors including population, assessed valuation, and other current and future tax-supported essential needs. The decision to issue bonds, by either competitive or negotiated sale, is based upon which alternative will provide the County with lower costs. The Board of County Commissioners decides on an issue-by-issue basis which method of sale would be most appropriate. The County encourages the use of competitive sales for all issues unless circumstances dictate otherwise. Negotiated sales are considered if the sale is a complex financing structure. If a negotiated sale is anticipated, the Finance Division and County Bond Counsel establish a list of pre-qualified underwriters.

General Obligation Bonds. At the end of the current fiscal year, the County had total general obligation bonds outstanding of $122,721,000. The County has outstanding general obligation bonds for capital facilities including road improvements, storm drain improvements, library books, public safety improvements and park facility improvements. General obligation bonds are backed by the full faith and credit of the County government and are supported by ad valorem taxes. The tax rate depends upon debt service schedules and property valuation and is set by the New Mexico Department of Finance and Administration. In fiscal year 2016, this tax is approximately $1.265 per $1,000 of assessed taxable value in ad valorem taxes to support general obligation bonds, which constitute direct and general obligations of the County. These bonds have retirement dates ranging from December 1, 2017 through June 15, 2032. The ratio

of net general obligation bonded debt to taxable valuation and the amount of bonded debt per capita are useful indicators of the County's debt position. The State's Constitution provides for a legal debt limit of four percent *(4.0%)* of taxable valuation. The ratio for all direct and overlapping debt in the County is less than one percent *(0.9%)* of the $15.1 billion taxable value of property within Bernalillo County, as of June 30, 2016. The County may currently issue up to an additional $477.6 million of general obligation bonds. The net general bonded debt per capita is $165.18. The lowest per capita amount in the last ten fiscal years was $131.71 in fiscal year ended June 30, 2007.

The County's ratings on uninsured general obligation bonds as of June 30, 2016 were:

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

Revenue Bonds. At the end of the current fiscal year, the County had total revenue bond debt outstanding of $111,300,000. The County has six outstanding revenue bonds: the 1996B series, the 1997 series, the 1998 refunding series, the 2005 partial refunding series, the 2010A series, and the 2010B refunding series. These bonds are payable from net pledged gross receipt tax revenues. Although the bonds are general obligations of the County, the County intends to pay the bonds solely from the net pledged revenues. The net revenue bonded debt per capita as of June 30, 2016 was $167.93, which is the lowest per capita amount in the last ten fiscal years. The pledged revenue coverage of GRT revenues to debt service requirements is 5.20. The lowest pledged revenue coverage in the last ten fiscal years was 1.43 in fiscal year 2011. These bonds have retirement dates ranging from October 1, 2017 through June 15, 2029.

The County's ratings on gross receipt tax revenue bonds as of June 30, 2016 were:

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

General Obligation and Revenue Bonds Outstanding

	Governmental Activities	
	2016	2015
General obligation bonds	$ 122,721,000	$ 125,091,000
Revenue bonds	111,300,000	119,935,000
Total	$ 234,021,000	$ 245,026,000

As presented above, the County's total outstanding bond debt decreased by $11,005,000 during the current fiscal year. Additional information on the County's long-term debt can be found in note IV-F on pages 60-62 of this report and in the statistical section of this report.

Economic Factors and Next Year's Budgets and Rates

According to forecasts by the University of New Mexico's Bureau of Business and Economic Research (BBER), the outlook for the New Mexico economy is that it continues to demonstrate slow growth. The New Mexico economy had a 0.9% job growth compared to 1.7% in the

US. The principal driver of slow growth is due to the decline of the oil & gas industry. Mining employment dropped by 18.9% in the final quarter of 2015. Although the downturn has been tough there are ten states that had it worse than New Mexico. While job losses were largely concentrated in the mining sector, job gains were due to the health care and social assistance sector which added 4.0% new jobs. For the period 2016 through 2019, it is anticipated that job growth will average 1.1% and personal income growth will average 4.1% per year. Looking forward BBER anticipates New Mexico to add 5,341 jobs in the second half of 2016 and it forecasts the state will reach pre-recession employment levels in mid-2018. Income growth is expected to increase by 2.9% and several factors weigh against the growth of personal incomes. Layoffs in mining will hurt disbursements to private sector while cuts to state and local government budgets will slow the growth of public sector workers. The New Mexico unemployment rate is expected to decline from 2016 rate of 6.2% to a rate of 5.9 % in 2017.

The outlook for the Albuquerque Metropolitan Statistical Area (MSA) economy represents sluggish growth. Total employment in the Albuquerque MSA is forecasted to continue its slow growth pace as the MSA is expected to add 5,023 jobs or 1.4%. The labor force is forecasted to decrease by 0.2% in 2016, but then increase in 2017, 2018 and 2019 by 0.9%, 0.8%, and 0.8% respectively. Personal income is expected to improve from 2016 to 2019, forecasted rates of growth are 4.1%, 4.4%, 5.2%, and 5.3%, respectively. The unemployment rate is expected to decline from 2015 rate of 6.1% to a rate of 5.9% in 2016 and is expected to gradually fall to 5.6% in 2017. The unemployment rate is forecasted to be 5.4% in 2018, and 5.4% in 2019.

In the longer term, from 2016 to 2022, the Albuquerque MSA economy is projected to add 29,669 jobs for an average annual growth (AAG) of 1.3% per year. Growth is expected to be primarily in the private sector 28,072 or 1.6% AAG; however, the government sector is predicted to add a moderate number of jobs 1,597 or 0.4% AAG. The healthcare & social assistance sector is expected to add 9,853 or 3.0% AAG, the greatest number of jobs over the six-year period. This sector will be further enhanced by the effects of the Affordable Care Act. The accommodation and food services has been a consistent gainer and is expected to continue that trend although at slower rates. The construction sector is forecasted to finally begin to add jobs at a consistent pace and in addition there is some upside in the construction sector as the university hospital is expected to construct some facilities. The current estimates are in the $400 to $500 million range and if the project comes to realization the effects are expected beyond the construction sector. The professional & technical services sector is expected to add some jobs but with elections pending budget priorities could shift. The sector does have some upside as Unity BPO a healthcare technology business is coming to the MSA. The administrative and waste services sector is also anticipated to be a strong performer as employers continue to turn to temporary workers to fill staffing holes and as call centers continue to open and expand in the MSA. The Comcast support center recently expanded and this will provide additional gains to the administrative and waste services sector. The retail trade sector is forecasted to add jobs at the 1.0% AAG as consumers accelerate the rate of their spending in the economy. The transportation, warehousing and utilities sector is also expected to add a fair number of jobs as the MSA continues to benefit from the transportation and warehousing gains elsewhere in the state and as the MSA expands its reach in the sector. The information sector is a wildcard as it is projected to lose 100 jobs or -1.2% AGG as it has robust growth in filming and may see gains as Facebook decided to move its data processing and storage facility to Valencia County. Total housing permits in the City of Albuquerque are expected to slowly increase during this forecast period. Total permits are expected to grow by 21.6% over the prior year in 2016. Although permits are expected to reach their highest level since before the recession in 2022 at 2,440, this level will only equate to 43% of the previous peak reached in 2003 which had 5,716 total permits that year.

Overall, the Albuquerque MSA economy is continuing growing at a slow rate in 2016 and will continue to grow each year at relatively the same pace through 2022.

The total budget for all funds in FY17 is $538.8 million, and includes $80.9 million of prior year carryover revenue designated in life-to-date projects. The general fund operating budget for FY17 is $261.3 million. County's Board of Commissioners and Manager considered many factors when setting the FY17 budget.

Development of the FY17 budget factored in a number of department identified reductions including: freezing positions, eliminating or reducing contracts, reducing social service initiatives, and decreasing operational expenses. The Commissioners adopted further reductions to balance the budget without a tax increase including: eliminating contingency funds, eliminating countywide travel and training, eliminating term and intern employees, implementing Rules and Regulations employee furloughs, eliminating district directed funding, and shifting allowable expenses to non-General Funds. Some reductions to the budget were made that require contractual negotiations and may be unsustainable, including cuts to union contracts. Management is in the process of evaluating FY17 budget exposures and developing plans to amend the budget accordingly. Management is also identifying vehicle, computer, and building maintenance needs that have been deferred the last several years.

Request for Information

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

COUNTY OF BERNALILLO, NEW MEXICO
STATEMENT OF NET POSITION
JUNE 30, 2016

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	$ 239,223,226	$ 7,532,562	$ 246,755,788
Receivables, net	49,459,571	1,716,812	51,176,383
Accrued interest receivable	373,315	74	373,389
Note receivable	2,077,851	-	2,077,851
Due from grantor	7,478,592	-	7,478,592
Internal balances	842,331	(842,331)	-
Inventory	602,692	-	602,692
Prepaid assets	2,668,578	-	2,668,578
Cash-restricted	17,740,698	-	17,740,698
Investment in joint venture	633,000	-	633,000
Capital assets not being depreciated:			
Land	143,244,394	435,352	143,679,746
Art	2,970,594	-	2,970,594
Construction in progress	20,994,442	-	20,994,442
Capital assets (net of accumulated depreciation):			
Building	171,917,584	2,062,251	173,979,835
Land improvements	22,390,615	118,326	22,508,941
Machinery and equipment	21,471,237	85,871	21,557,108
Infrastructure	169,373,059	-	169,373,059
Leasehold improvements	1,372,902	-	1,372,902
Total capital assets	553,734,827	2,701,800	556,436,627
Total assets	874,834,681	11,108,917	885,943,598
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	1,550,472	-	1,550,472
Deferred outflow of pensions	22,629,215	254,546	22,883,761
Total deferred outflows of resources	24,179,687	254,546	24,434,233
LIABILITIES			
Accounts payable	22,870,007	593,852	23,463,859
Interest payable	2,557,075	-	2,557,075
Accrued payroll	3,086,487	34,429	3,120,916
Unearned revenue	5,646,835	1,265,900	6,912,735
Deposits held in trust for others	-	15,042	15,042
Noncurrent liabilities:			
Due within one year	30,393,795	36,590	30,430,385
Due in more than one year	242,630,308	369,966	243,000,274
Net pension liability	210,553,848	2,176,500	212,730,348
Total liabilities	517,738,355	4,492,279	522,230,634
DEFERRED INFLOWS OF RESOURCES			
Deferred inflow of pensions	7,624,344	59,540	7,683,884
Total deferred inflows of resources	7,624,344	59,540	7,683,884
NET POSITION			
Net investment in capital assets	343,340,556	2,701,800	346,042,356
Restricted for:			
Public safety	4,204,808	-	4,204,808
Health and welfare	32,771,006	-	32,771,006
Debt service	34,965,055	-	34,965,055
Capital projects	32,559,730	-	32,559,730
General government	20,938,465	-	20,938,465
Reserve requirement	71,405,154	-	71,405,154
Unrestricted	(166,533,105)	4,109,844	(162,423,261)
Total net position	$ 373,651,669	$ 6,811,644	$ 380,463,313

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

BERNALILLO COUNTY, NEW MEXICO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position – Primary Government: Governmental Activities	Net (Expenses) Revenues and Changes in Net Position – Primary Government: Business-type Activities	Net (Expenses) Revenues and Changes in Net Position – Primary Government: Total
Primary government:							
Governmental activities:							
General government	$ 63,472,339	$ 10,908,940	$ 1,360,867	$ 318,414	$ (50,884,118)		$ (50,884,118)
Public works	44,872,112	1,589,625	1,339,720	4,081,107	(37,861,660)		(37,861,660)
Public safety	157,302,159	2,021,151	12,912,554	-	(142,368,454)		(142,368,454)
Culture and recreation	16,407,646	1,059,207	226,625	884,794	(14,237,020)		(14,237,020)
Health and welfare	48,205,435	220,388	15,614,516	454,083	(31,916,448)		(31,916,448)
Interest on long-term debt	9,865,437	-	-	-	(9,865,437)		(9,865,437)
Total governmental activities	340,125,128	15,799,311	31,454,282	5,738,398	(287,133,137)		(287,133,137)
Business-type activities:							
Solid waste	5,069,782	5,000,345	176,000	-	-	$ 106,563	106,563
Housing Authority	1,075,557	608,466	509,110	-	-	42,019	42,019
Seybold Village Handicapped Project	125,003	44,491	-	49,423	-	(31,089)	(31,089)
Regional Juvenile Detention Center	1,011,633	1,062,224	-	-	-	50,591	50,591
El Centro Familiar	263,626	454,139	-	-	-	190,513	190,513
Total business-type activities	7,545,601	7,169,665	685,110	49,423	-	358,597	358,597
Total primary government	$ 347,670,729	$ 22,968,976	$ 32,139,392	$ 5,787,821	(287,133,137)	358,597	(286,774,540)
General revenues:							
Property taxes					146,095,633	-	146,095,633
Gross receipts taxes					160,455,894	-	160,455,894
Motor vehicle taxes					3,961,112	-	3,961,112
Gas taxes					1,608,128	-	1,608,128
Investment income:							
Interest income					1,537,738	872	1,538,610
Investment income					23,962	-	23,962
Miscellaneous					5,408,501	180,512	5,589,013
Transfers					(65,000)	65,000	-
Total general revenue and transfers					319,025,968	246,384	319,272,352
Change in net position					31,892,831	604,981	32,497,812
Net position - beginning					352,501,884	6,323,485	358,825,369
Prior period adjustment					(10,743,046)	(116,822)	(10,859,868)
Net postion - beginning as restated					341,758,838	6,206,663	347,965,501
Net position - ending					$ 373,651,669	$ 6,811,644	$ 380,463,313

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

COUNTY OF BERNALILLO, NEW MEXICO
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

	General	Grants Fund	Construction Fund	Total Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash and investments	$ 127,754,425	$ -	$ 27,733,876	$ 76,119,411	$ 231,607,712
Receivables, net	35,093,840	-	3,525,000	10,409,919	49,028,759
Accrued interest receivable	158,482	-	28,466	186,367	373,315
Note receivable	2,077,851	-	-	-	2,077,851
Due from other funds	728,214	-	-	-	728,214
Due from grantor	-	7,478,592	-	-	7,478,592
Cash - restricted	-	-	-	17,740,698	17,740,698
Inventory	595,361	-	-	7,331	602,692
Advances to other funds	-	-	-	1,275,000	1,275,000
Total assets	$ 166,408,173	$ 7,478,592	$ 31,287,342	$ 105,738,726	$ 310,912,833
LIABILITIES					
Accounts payable	$ 11,378,853	$ 1,179,277	$ 763,792	$ 2,913,320	$ 16,235,242
Accrued payroll	2,940,425	67,308	-	78,754	3,086,487
Unearned revenue	69,190	5,577,645	-	-	5,646,835
Due to other funds	4,589,426	654,362	-	463,496	5,707,284
Total liabilities	18,977,894	7,478,592	763,792	3,455,570	30,675,848
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	16,564,966	-	-	1,672,270	18,237,236
Total deferred inflows of resources	16,564,966	-	-	1,672,270	18,237,236
FUND BALANCES					
Nonspendable	2,673,212	-	-	7,331	2,680,543
Restricted	71,531,259	-	24,828,178	100,603,555	196,962,992
Committed	4,514,768	-	-	-	4,514,768
Assigned	37,764,900	-	5,695,372	-	43,460,272
Unassigned	14,381,174	-	-	-	14,381,174
Total fund balances	130,865,313	-	30,523,550	100,610,886	261,999,749
Total liabilities, deferred inflows of resources and fund balances	$ 166,408,173	$ 7,478,592	$ 31,287,342	$ 105,738,726	$ 310,912,833

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

COUNTY OF BERNALILLO, NEW MEXICO
RECONCILIATION OF THE BALANCE SHEET GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2016

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

Total fund balance governmental funds	$ 261,999,749
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	553,734,827
Investments in joint ventures are not reported in the Governmental funds.	633,000
Deferred charge on refunding	1,550,472
Deferred outflows of pensions recorded	22,629,215
Unavailable revenue is recognized as revenue on GWFS	18,237,236
Internal service funds are used by management to charge the cost of insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	7,406,197
Bonds payable and related premiums and discounts are not due and payable in the current period, and therefore are not reported in the funds.	(240,548,601)
Compensated absences	(32,475,502)
Accrued interest payable	(2,557,075)
Net pension liability	(210,553,848)
Deferred inflows of pensions	(7,624,344)
Pension contribution payable	1,220,343
Net position governmental activities.	$ 373,651,669

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

COUNTY OF BERNALILLO, NEW MEXICO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2016

	General	Grants Fund	Construction Fund	Total Nonmajor Funds	Total Governmental Funds
REVENUES					
Taxes:					
Property	$ 125,142,369	$ -	$ -	$ 21,957,477	$ 147,099,846
Sales	112,506,790	-	-	47,618,081	160,124,871
Motor vehicle	3,961,112	-	-	-	3,961,112
Gas	1,608,128	-	-	-	1,608,128
Intergovernmental:					
Federal	371,681	2,664,537	-	14,283,227	17,319,445
State	-	11,408,431	-	1,807,495	13,215,926
Other	921,659	3,143,847	-	1,163,934	5,229,440
Licenses and permits	2,587,330	-	-	-	2,587,330
Fees for services	5,658,243	-	-	7,553,834	13,212,077
Investment income:					
Interest income	615,950	-	156,071	765,717	1,537,738
Investment gain	23,962	-	-	-	23,962
Miscellaneous	5,085,903	226,487	-	223,893	5,536,283
Total revenues	258,483,127	17,443,302	156,071	95,373,658	371,456,158
EXPENDITURES					
Current:					
General government	53,329,589	402,567	1,120,406	5,128,032	59,980,594
Public works	28,530,171	52,054	1,510,347	506,422	30,598,994
Public safety	136,668,320	9,553,005	-	2,486,779	148,708,104
Health and welfare	7,625,286	1,095,973	-	37,304,239	46,025,498
Culture and recreation	10,617,673	117,068	118,172	392,092	11,245,005
Capital outlay	3,924,676	5,033,500	12,564,762	1,855,490	23,378,428
Intergovernmental - capital outlay	307,107	1,189,135	2,604,960	-	4,101,202
Debt service:					
Principal	-	-	-	21,370,000	21,370,000
Interest	-	-	-	10,284,213	10,284,213
Bond issuance cost	-	-	166,068	177,313	343,381
Total expenditures	241,002,822	17,443,302	18,084,715	79,504,580	356,035,419
Excess (deficiency) of revenues over (under) expenditures	17,480,305	-	(17,928,644)	15,869,078	15,420,739
Other financing sources (uses)					
Transfers in	-	-	-	14,168,264	14,168,264
Transfers out	(12,649,609)	-	(95,650)	(3,375,757)	(16,121,016)
Sale of capital assets	68,125	-	1,900	6,306	76,331
Refunding bonds issued	-	-	-	14,380,000	14,380,000
Bonds issued	-	-	9,860,000	-	9,860,000
Premium	-	-	620,422	550,222	1,170,644
Payment to escrow agent	-	-	-	(14,729,762)	(14,729,762)
Total other financing sources (uses)	(12,581,484)	-	10,386,672	10,999,273	8,804,461
Net changes in fund balances	4,898,821	-	(7,541,972)	26,868,351	24,225,200
Fund balance - beginning	128,657,366	-	38,065,522	73,742,535	240,465,423
Prior period restatement	(2,690,874)	-	-	-	(2,690,874)
Fund balance as restated	125,966,492	-	38,065,522	73,742,535	237,774,549
Fund balance - ending	$ 130,865,313	$ -	$ 30,523,550	$ 100,610,886	$ 261,999,749

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

COUNTY OF BERNALILLO, NEW MEXICO
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

Amounts reported for governmental activities in the statement of activities are different because:	
Net changes in fund balances total governmental funds	$ 24,225,200
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.	(10,268,424)
The net effect of sale of capital assets is to increase net position. In the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net position differs from the change in fund balance by the cost of capital assets sold.	(70,972)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(806,426)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	10,926,215
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	525,061
The internal service fund net income is reported with governmental activities.	1,936,716
Net change in compensated absences	(286,932)
Net effect of pension liability entries on statement of activities	5,712,393
Change in net position of governmental acitivities	$ 31,892,831

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

COUNTY OF BERNALILLO, NEW MEXICO
STATEMENT OF REVENUES, EXPENDITURES - BUDGET AND ACTUAL (Cash Budgetary Basis)
GENERAL FUND
For the Year Ended June 30, 2016

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes:				
Property	$ 126,886,000	$ 126,886,000	$ 125,145,252	$ (1,740,748)
Sales	108,376,293	108,376,293	110,836,091	2,459,798
Motor vehicle	3,790,898	3,790,898	3,951,125	160,227
Gas	1,745,801	1,745,801	1,598,776	(147,025)
Intergovernmental - federal	200,000	200,000	279,276	79,276
Intergovernmental - other	100,000	98,187	921,659	823,472
Licenses and permits	2,788,654	2,788,654	2,587,330	(201,324)
Fees for services	5,452,314	5,557,038	5,752,941	195,903
Investment income	734,385	734,385	578,937	(155,448)
Miscellaneous	3,553,441	3,817,328	5,085,903	1,268,575
Total revenues	253,627,786	253,994,584	256,737,290	2,742,706
Other Financing Sources:				
Sale of assets	250,000	250,000	68,125	(181,875)
Total other financing sources	250,000	250,000	68,125	(181,875)
Total revenues and other financing sources	253,877,786	254,244,584	256,805,415	2,560,831
Prior year cash balance budgeted	20,250,412	33,942,601		
Total budget	274,128,198	288,187,185		
EXPENDITURES				
Current:				
General government:				
County commission	868,090	1,107,368	837,177	270,191
County manager	2,331,795	2,166,748	1,799,070	367,678
Deputy county manager	673,228	783,812	762,444	21,368
Legal	4,080,788	4,085,720	3,356,983	728,737
Public information	818,741	798,157	785,035	13,122
Assessor	3,025,439	2,866,862	2,869,210	(2,348)
Treasurer	2,884,547	2,694,500	2,497,052	197,448
Accounting	4,244,553	3,594,382	2,926,812	667,570
Risk management	4,035,407	5,005,438	5,017,066	(11,628)
Budget and business improvement	166,034	269,735	261,931	7,804
Human resources	5,226,646	4,922,839	4,617,207	305,632
Information technology	11,208,474	11,200,672	10,560,259	640,413
Purchasing	2,918,782	2,837,169	2,811,977	25,192
General county	5,154,352	13,210,821	1,691,692	11,519,129
Operations and maintenance	326,443	204,196	185,324	18,872
Planning and geo resources	20,965	2,496,063	1,728,527	767,536
Economic development	1,264,059	1,670,933	1,296,104	374,829
Zoning, building and environmental health	7,158,151	4,699,467	4,584,901	114,566
Clerk	5,283,288	4,962,151	4,214,192	747,959
Probate	300,051	223,959	206,712	17,247
Total general government	61,989,833	69,800,992	53,009,675	16,791,317

COUNTY OF BERNALILLO, NEW MEXICO
STATEMENT OF REVENUES, EXPENDITURES - BUDGET AND ACTUAL (Cash Budgetary Basis)
GENERAL FUND
For the Year Ended June 30, 2016

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Public works:				
Division support	691,519	687,118	662,512	24,606
Fleet-facilities management	19,816,819	19,102,210	16,746,506	2,355,704
Operations and maintenance	5,304,835	5,166,391	5,058,706	107,685
Technical services	3,495,152	3,045,402	2,337,382	708,020
Planning and geo resources	5,337,042	4,216,747	3,441,428	775,319
Communications department	85,444	85,444	64,083	21,361
Capital Improvements	1,017,395	881,610	887,886	(6,276)
Parks and recreation	9,130	7,627	2,617	5,010
Total public works	35,757,336	33,192,549	29,201,120	3,991,429
Public safety:				
Deputy county manager	790,160	867,260	787,157	80,103
Accounting	3,182,291	3,182,291	86,780	3,095,511
Information technology	18,046	8,457		8,457
Fire and rescue	22,990,363	23,753,125	24,959,308	(1,206,183)
Office of emergency management	2,209	2,209	2,209	-
Metropolitan detention center	57,798,823	57,846,048	58,059,151	(213,103)
Animal care	2,468,470	2,461,841	2,232,561	229,280
Communications department	4,998,493	4,407,310	4,433,488	(26,178)
Sheriff	39,371,384	41,686,585	42,464,144	(777,559)
Youth services center	6,713,760	6,812,971	6,978,482	(165,511)
Total public safety	138,333,999	141,028,097	140,003,280	1,024,817
Health and welfare:				
Accounting	552,352	1,099,615	609,779	489,836
Operations and maintenance	350,000	350,000	296,000	54,000
Metropolitan detention center	7,819,434	4,718,575	2,800,815	1,917,760
Social services	2,812,220	2,450,274	1,545,017	905,257
Zoning, building and environmental health	780,346	823,106	721,861	101,245
Parks and recreation	30,000	15,000	15,000	-
Housing	356,189	368,934	361,091	7,843
Total health and welfare	12,700,541	9,825,504	6,349,563	3,475,941
Culture and recreation:				
Deputy county manager	403,746	426,893	435,676	(8,783)
Accounting	17,272	34,772	20,643	14,129
Social services	384,610	389,107	340,620	48,487
Economic development	41,495	32,596	32,047	549
Zoning, building and environmental health	50,000	50,000	-	50,000
Parks and recreation	9,844,965	10,749,553	10,276,289	473,264
Total culture and recreation	10,742,088	11,682,921	11,105,275	577,646
Capital outlay	3,842,544	9,977,106	3,514,176	6,462,930
Intergovernmental capital outlay	-	-	307,107	(307,107)
Total expenditures	263,366,341	275,507,169	243,490,196	32,016,973
Other financing uses				
Transfers out	10,761,857	12,680,016	12,649,609	30,407
Total expenditures and other financing uses	$ 274,128,198	$ 288,187,185	$ 256,139,805	$ 32,047,380
Deficiency of revenues and other financing sources over expenditures and other financing uses			$ 665,610	

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

COUNTY OF BERNALILLO, NEW MEXICO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2016

	Business-type Activities Enterprise Funds Total Nonmajor	Governmental Activities- Internal Service Funds
ASSETS		
Current assets:		
Cash and investments	$ 7,532,562	$ 7,615,514
Accounts receivable, net	1,716,812	387,787
Accrued interest receivable	74	-
Due from other funds	708,020	4,589,426
Prepaid assets	-	2,668,578
Total current assets	9,957,468	15,261,305
Noncurrent assets:		
Capital assets:		
Land	435,352	-
Land improvements	185,860	-
Buildings	6,560,200	-
Equipment, machinery, and furniture	1,434,634	-
Less accumulated depreciation	(5,914,246)	-
Total noncurrent assets	2,701,800	-
Total assets	12,659,268	15,261,305
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of pensions	254,546	-
Total deferred outflows of resources	254,546	-
LIABILITIES		
Current liabilities:		
Accounts payable and other current liabilities	593,852	7,855,108
Compensated absences	36,590	-
Accrued payroll	34,429	-
Due to other funds	275,351	-
Unearned revenue	1,265,900	-
Total current liabilities	2,206,122	7,855,108
Noncurrent liabilities:		
Compensated absences	369,966	-
Deposits held in trust for others	15,042	-
Net pension liability	2,176,500	-
Advance from other funds	1,275,000	-
Total noncurrent liabilities	3,836,508	-
Total liabilities	6,042,630	7,855,108
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows-pensions	59,540	-
Total deferred inflows of resources	59,540	-
NET POSITION		
Net investment in capital assets	2,701,800	-
Unrestricted	4,109,844	7,406,197
Total net position	$ 6,811,644	$ 7,406,197

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

COUNTY OF BERNALILLO, NEW MEXICO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2016

	Business-type Activities Enterprise Funds Total Nonmajor	Governmental Activities- Internal Service Funds
Operating revenues:		
Administrative and service fees	$ 6,648,883	$ 32,581,121
Rental income	520,782	-
Other income	174,513	182,704
Total operating revenues	7,344,178	32,763,825
Operating expenses:		
Salaries and wages	2,161,062	-
Contractual services	4,211,217	9,294,319
Materials and supplies	347,526	-
Other services and charges	558,212	23,436,135
Landfill expenses	664	-
Depreciation	266,920	-
Total operating expenses	7,545,601	32,730,454
Operating loss	(201,423)	33,371
Non-operating revenues:		
Interest income	872	15,593
Gain on sale of capital assets	5,999	-
Grants - subsidies	685,110	-
Total nonoperating revenue	691,981	15,593
Income (loss) before contributions and transfers	490,558	48,964
Capital contributions - capital assets	49,423	-
Transfers in	65,000	1,887,752
Change in net position	604,981	1,936,716
Total net position - beginning	6,323,485	3,023,489
Prior period restatement	(116,822)	2,445,992
Total net position - beginning as restated	6,206,663	5,469,481
Total net position - ending	$ 6,811,644	$ 7,406,197

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

COUNTY OF BERNALILLO, NEW MEXICO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2016

	Business-type Activities Enterprise Funds Total Nonmajor	Governmental Activities- Internal Service Funds
Cash flows from operating activities:		
Receipts from administration and service fees	$ 6,781,793	$ 29,712,668
Receipts from rents	527,226	-
Receipts from other funds for goods and services	102,030	-
Payments to employees for services	(1,842,276)	-
Payments to vendors for goods and services	(5,591,439)	(29,411,391)
Payments to other funds for goods and services	(209,016)	-
Miscellaneous cash received	269,067	182,703
Net cash provided by operating activities	37,385	483,980
Cash flows from noncapital financing activities:		
Operating grants/subsidies received	685,110	-
Contributions to other funds	(65,000)	-
Transfers in from other funds	65,000	1,887,752
Net cash provided by noncapital financing activities	685,110	1,887,752
Cash flows from capital and related financing activities:		
Proceeds from sale of capital assets	5,999	-
Capital grants received	49,423	-
Net cash provided by capital and related financing activities	55,422	-
Cash flows from investing activities:		
Interest received on investments	872	15,593
Net cash provided by investing activities	872	15,593
Net increase in cash and cash equivalents	778,789	2,387,325
Cash and cash equivalents, beginning of year	6,753,773	5,228,189
Cash and cash equivalents, end of year	$ 7,532,562	$ 7,615,514
Reconciliation of operating loss to net cash flows provided (used) by operating activities:		
Operating loss	$ (201,423)	$ 33,372
Adjustments to reconcile operating income to net cash used by operating activities:		
Depreciation expense	266,920	-
Increase (decrease) in:		
Accounts receivable	190,713	714,313
Allowance for uncollectable accounts	9,662	-
Due from other funds	(102,438)	(3,582,768)
Prepaid expenses	-	(222,586)
Unearned revenue	33,427	(2,445,992)
Accounts payable	(44,578)	3,541,649
Due to other funds	(32,334)	-
Tenants payable	107	-
Accrued compensated absences	(19,195)	-
Prior period restatement	-	2,445,992
Net pension liability, deferred inflows and outflows	(63,476)	-
Net cash flows provided by operating activities	$ 37,385	$ 483,980

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

COUNTY OF BERNALILLO, NEW MEXICO
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
June 30, 2016

	Agency Funds
ASSETS	
Cash and investments	$ 16,870,907
Receivables, net:	
Property taxes	29,681,957
Gross receipts tax	4,363,140
Other	893,795
Total assets	$ 51,809,799
LIABILITIES	
Due to other funds	$ 43,025
Deposits held in trust for others	16,827,973
Other	893,704
Future collectable taxes	34,045,097
Total liabilities	$ 51,809,799

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

BERNALILLO COUNTY
STATE OF NEW MEXICO

COUNTY OF BERNALILLO, NEW MEXICO
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I. Summary of significant accounting policies

The financial statements of the County of Bernalillo (County) have been prepared in conformity with generally accepted accounting principles as applied to governmental entities. The significant governmental accounting policies are described below.

A. Reporting entity

The County was established by the laws of the Territory of New Mexico of 1876, under the provisions of the act now referred to as Section 4-1-1 of the New Mexico Statutes Annotated, 1978 Compilation. The County operates under the commission-manager form of government and provides the following services as authorized in the grant of powers: public safety (sheriff, fire, emergency medical, etc.), highways and streets, sanitation, health and social services, low rent housing assistance, culture-recreation, public improvements, planning and zoning, and general administration services.

The County's basic financial statements include all activities and accounts of the County's "financial reporting entity."

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body, and either it is able to impose its will on that organization, or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens, on the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, activities, or level of services performed or provided by the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization. There are no agencies, organizations or activities meeting any of the above criteria that are excluded from the County's reporting entity.

Some organizations are included as component units because of their fiscal dependency on the primary government if they are unable to adopt a budget, levy taxes or set rates or charges, or issue bonded debt without approval by the primary government.

The County does not have any component units for fiscal year ended June 30, 2016.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the non-fiduciary activities of the primary government. *Governmental activities,* which normally are supported by taxes and intergovernmental revenues and other non-exchange transactions, are reported separately from *business-type activities,* which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues.*

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. **Measurement focus, basis of accounting, and financial statement presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting,* as are the proprietary fund financial statements. Agency fund financial statements are reported using the accrual basis of accounting and have no measurements focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting.* Revenues are recognized as soon as they are both measurable and available. Referencing the Governmental Accounting Standards Board (GASB), under GASB Statement No. 33, the County defines "available" to 60 days after the fiscal year end. Expenditures, generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is made.

Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, gross receipts taxes, motor vehicle taxes, cigarette taxes, gasoline taxes, licenses, grants, entitlements, donations and interest associated with the current fiscal period are all

considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Derived gross receipts tax revenue is recognized when the underlying exchange transaction takes place. A small portion of the gross receipts tax revenue is derived from an estimate of delinquent taxes not yet collected and available. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the County.

The County reports the following major governmental funds:

The *General Fund* is the County's primary operating fund. It accounts for all the financial resources of the general government, except those required to be accounted for in another fund.

The *Grants Fund* is a special revenue fund that accounts for various federal, state and other grant funding resources to be used for specific purposes agreed to between the County and the funding sources as enumerated in the grant agreement/contract.

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

Additionally, the government reports the following fund types:

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

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

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's risk management, health self-insurance, and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and

producing and/or delivering goods in connection with proprietary fund's principal ongoing operations. The operating revenues of the County's five proprietary funds consist mainly of user and administrative fees.

The modified accrual basis of accounting is followed by the governmental fund types for financial statement purposes. Under the modified accrual basis of accounting, revenues and other governmental fund financial resource increments are recognized in the accounting period in which they become measurable and available to pay liabilities of the current period (amounts collected within 60 days after year end).

Those revenues susceptible to accrual are property taxes, gross receipts taxes, investment income and charges for services. Grant revenues are recognized as revenues when the related costs are incurred. All other revenues are recognized when they are received and are not susceptible to accrual, because they are usually not measurable until payment is actually received. Expenditures are recorded as liabilities when they are incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

The accrual basis of accounting is utilized by proprietary fund types. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Unearned Revenue. The County reports unearned revenue on its financial statements. When resources are received in advance of charges for services being earned are in advance of any eligibility requirement other than a time requirement being met for government-mandated or voluntary nonexchange transactions (i.e. for intergovernmental revenues), a liability is reported for the unearned revenue.

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

D. Assets, liabilities, and net position or equity

1. Deposits and investments

The County's cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments in the County's cash are stated at fair value using quoted market prices for financial statement purposes. Interest income, realized gains and losses on investment transactions, and amortization of premiums/discounts on investment purchases are included for financial statement purposes as investment income and are allocated to participating funds based on the specific identification of the source of funds for a given investment.

State Statute Sections 6-10-44 and 6-10-10(f), NMSA 1978, as amended, authorize the County Treasurer to invest in United States Treasury certificates, United States Treasury bonds or negotiable securities of the United States, bonds or negotiable securities of the State of New Mexico or of any county, municipality, or school district and yield maintenance repurchase agreements with the advice and consent of the County Board of Finance. The Treasurer's investment procedures must be consistent with Bernalillo County Investment Policy.

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year that are expected to be paid back within the year are referred to as "due to/from other funds." Lending/borrowing arrangements not expected to be paid back within the year are referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements as restricted governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All property tax receivables are shown net of an allowance for uncollectable taxes.

The County is responsible for assessing, collecting and distributing property taxes for other governmental entities and its own operational and debt service purposes. Property taxes are assessed on November 1 of each year based on the assessed value on the prior January 1 and are payable in two equal installments by November 10 of the year in which the tax bill is prepared and by April 10 of the following year. Property taxes are delinquent if not paid by December 10 and May 10. Taxes on real property are a lien from January 1 of the year for which the taxes are imposed. Collections and remittance of County property taxes are accounted for in the County Treasurer Agency Funds. The billings are considered past due 60 days after the respective tax billing date, at which time the applicable property is subject to lien, and penalties and interest are assessed.

3. Inventories

The inventories in the general fund consist of warehouse items, supplies, fuel, vehicle parts, and fluids. Inventories in the fire district fund consist of office and janitorial supplies and some general miscellaneous items. Inventories are recorded using the consumption method which records and reports the original purchase of materials or supplies as an asset, and an expense is reported when the supplies are actually used or consumed.

4. Capital assets

Capital assets includes: property, plant, equipment, software, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The

County defines capital assets as assets with an initial, individual cost of more than $1,000 and estimated useful life in excess of one year and after July 1, 2005 an individual cost of $5,000. Purchased or constructed assets are recorded at historical cost or estimated cost. Donated capital assets are recorded as estimated fair market value at the date of the donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

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

5. Restricted assets

Certain resources are set aside for repayment of General Obligation and Special Revenue Bonds, and are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited to the applicable bond covenants.

6. Compensated absences

County employees may accumulate limited amounts of vacation pay which are payable to the employee upon termination or retirement. Also, at will employees can accumulate unlimited vacation pay. For governmental funds, expenditures are recognized during the period in which vacation costs become payable from available, expendable resources. A liability for these amounts is reported in governmental funds only if they matured, for example, as a result of employee resignations and retirements. A liability for all amounts earned is reported in the government-wide financial statements. For the government wide and proprietary funds, vacation costs are recognized as a liability when earned.

County employees may accumulate limited amounts of sick leave. For governmental funds, expenditures are recognized during the period in which sick leave costs become payable from available, expendable resources. For the government wide and proprietary funds, sick leave costs are recognized as a liability when earned.

7. Deferred outflows/inflows of resources

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

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Pensions

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

9. Net position

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

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

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

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

10. Fund balance classification

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

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

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

Committed - This classification includes amounts that can only be used for specific purposes to constraints imposed by formal action of the County's highest level of decision-making authority. The Board of County Commissioners (Commission) is the highest level of decision making authority for the County that can, by adoption of a resolution commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

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

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

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

11. Cash flows

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

12. Presentation

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

13. Use of estimates

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

II. Reconciliation of government-wide and fund financial statements

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

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

Bonds payable	
GO Bonds	$ (122,721,000)
Revenue Bonds	(111,300,000)
Bond premiums	(6,804,849)
Bond discounts	277,248
Net adjustment to reduce fund balance – total governmental funds	
To arrive at net position – governmental activities	$ (240,548,601)

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. Governmental funds report capital outlay

as expenditures; however, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this difference are as follows:

Capital outlay	$ 23,378,428
Capital outlay – internal labor included in operating expenses	702,989
Donated assets	1,427,868
Depreciation expense	(35,777,709)
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net position in governmental activities	$ (10,268,424)

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

Sale of assets	$ (76,331)
Loss on Disposal	(37,304)
Gain on sale of assets	42,663
Net adjustment to decrease total governmental funds to arrive at changes in net position in governmental activities	$ (70,972)

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

Property taxes receivable – current year	$ 7,907,863
Property taxes receivable – prior year	(8,912,076)
Sales tax – current year	8,309,159
Sales tax – prior year	(7,978,136)
Miscellaneous revenue – prior year	(2,153,450)
Miscellaneous revenue – current year	2,020,214
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net position in governmental activities	$ (806,426)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The details of this difference are as follows:

Debt issued or incurred:	
Issuance of general obligation bonds	$ (24,240,000)
Premium of general obligation bonds	(1,170,644)
Principal repayments:	
General obligation bonds	12,735,000
Revenue bonds	8,635,000

Payment to escrow agent:	
Series 2007 and 2007A	14,729,762
Accrued interest payable	237,097
Net adjustment to decrease net changes in fund balances – Total governmental funds to arrive at changes in net position of governmental activities	$ 10,926,215

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The details of this difference are as follows:

Amortization of premium	682,122
Amortization of deferred charge on refunding	(120,713)
Amortization of bond discounts	(36,348)
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net position in governmental activities	$ 525,061

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

Net effect of net pension liability entries on the statement of activities	$ 5,712,393

III. Stewardship, compliance and accountability

A. Budgetary information

Actual amounts on the budgetary basis financial statements are prepared on the cash basis of accounting which recognizes revenues when received and expenditures when paid. Annual budgets are adopted for the general, internal service, most special revenue, debt service funds, and some proprietary funds. The proprietary funds and the following governmental funds did not adopt annual operating budgets during the current fiscal year:

Special Revenue:
- Grants
- Housing – Vouchers
- Sheriff's Investigative Fund

Debt Service:
- Series 1996B Reserve
- Series 1997 Reserve
- Refunding Series 1998 Reserve
- Refunding Series 2005 Reserve
- Refunding Series 2010A Reserve
- Refunding Series 2010B Reserve

All Capital Projects Funds

Proprietary Funds:
- Bernalillo County Housing Authority
- Seybold Village Handicapped Project
- El Centro Familiar

Budget amounts for Capital Projects Funds and certain Special Revenue Funds are individual project budgets authorized by the County Commission for the entire length of the project. The County Manager has administrative authority to make line item changes within a specific capital project without County Commission approval if the total change does not exceed 10 percent of the original budget. Once the County Commission has approved grant applications for projects, the County Manager is authorized to expend any funds awarded as a result of the grant application.

The County Manager is responsible for preparing the budget from requests submitted by division directors. The appropriated budget is prepared by line item within object class, program, department and fund; revenues expected to be available are estimated to provide for balanced budgeting. The comprehensive budget package is brought before the County Commissioners for approval by resolution. The proposed budget is then submitted by June 1 to the New Mexico Department of Finance and Administration Local Government Division (DFA) for approval. DFA certifies a pending budget by July 1 with final certification of the budget by the first Monday of September. The expenditure section of the budget, once adopted, is legally binding. Based on the final certified budget submitted, DFA certifies the allowable tax rates for property taxes in September.

Transfers of appropriations within a fund may be made with cognizant Deputy County Manager or elected official approval. Increases or decreases in the budget of a fund or transfers of appropriations between funds must be presented to the County Commission for approval by resolution and must subsequently have DFA approval. Amendments made to the original budget are included in the budgetary comparison statements of this report, which reflect actual to budget.

Budgets and amendments to the budgets for all funds are adopted in a legally permissible manner. The legal level of budgetary control is the fund level. Expenditures may not legally exceed budgeted appropriations at the fund level except for the Emergency Medical Services and Fire District funds, whose legal level of budgetary authority is at the program or district level. Over expenditures of budget are disclosed pursuant to Section 2.2.2.10(N)(1) NMAC. All outstanding encumbrances must be rebudgeted in the next year's budget. During the year, several supplementary appropriations were necessary.

Budgetary compliance – GAAP financial statements

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

	General Fund
Net change in fund balance – GAAP basis	$ 4,898,821
(Increase) decrease in assets:	
Accounts receivable	(1,684,862)
Accrued interest	(33,815)
Fair market value of investments	(27,161)
Increase (decrease) in liabilities:	
Accounts payable	2,739,505
Accrued payroll	(5,226,878)
Net changes in fund balance	$ 665,610

B. Deficit fund equity

As a result of recording the net pension liability per GASB Statement No. 68, there are funds that reflect an unrestricted deficit net position. The governmental activities in the Government-Wide Financial Statements (GWFS) had a deficit balance of $149,172,170, the Regional Juvenile Detention Center in the non-major enterprise funds reflected a deficit balance $321,467, and El Centro Familiar, a non-major enterprise fund also had a deficit balance of $15,741.

IV. Detailed notes on all funds

A. Cash and investments

As of June 30, 2016, the County had the following investments.

Investment Type	Fair Value	Weighted Maturity Average (Months)	Percent of Total
US Treasury	$ 100,068,565	8.70	78.8%
Federal Home Loan Bank	5,058,300	20.57	4.0%
Federal Mortgage Acceptance Corp	5,026,600	17.77	4.0%
Federal National Mortgage Assoc.	5,010,100	9.80	3.9%
Bayern LB Repurchase Agreement	1,693,500	14.73	1.4%
Portigon Repurchase Agreements	10,054,030	130.87	7.9%
Total fair value	$ 126,911,095		100%
Portfolio weighted average maturity		19.33	

Interest Rate Risk. Interest rate risk is the risk that an investment's value will change due to a change in market interest rates which can adversely affect the fair value of an investment.

Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Bernalillo County manages exposure to interest rate risk by complying with the Investment Policy that sets diversification limits specified in the current policy by staggering term of investments. The County also times cash flows to maturities by laddering the portfolio so that a portion of the portfolio is maturing or coming close to maturity evenly over time, to provide the cash flow and liquidity needed for operations. The County's Investment Policy does limit investment maturities as a way of managing its exposure to fair value losses arising from increasing interest rates. Information about the sensitivity of the fair values of the County's investments to market interest rate fluctuations is provided by the table above that shows the distribution of the County's investments by weighted average maturity as of June 30, 2016.

Credit Risk. The County's investments shall be in accordance with State Law, 6-10-10, and 6-10-10.1 NMSA 1978, in that credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating agency. As of June 30, 2016 the County's investment in US Treasury bonds and Agency Securities were rated Aaa by Moody's Investment Services. The County's portfolio is largely credit risk adverse due to the types of bonds held, US Treasuries. In addition, in an effort to address liquidity requirements, higher balances are maintained in demand deposit account which also limits the County's exposure to credit risk.

Bernalillo County has hired an outside contractor to perform the functions of Investment Advisor and Investment Officer on behalf of the County. The County Treasurer and the Investment Officer shall perform their investment duties in a manner consistent with the County's Investment Policy and the standards applicable to their respective positions. The County Treasurer shall perform his or her duties following a prudent person standard. The Investment Officer shall perform his or her duties in the manner of a prudent person in light of the purposes, terms, distribution requirement and other circumstances then prevailing as to the assets entrusted to them. The County Treasurer and Investment Officer shall act in accordance with New Mexico Statutes, written policy and procedures, which shall be adopted by the County Treasurer with the advice and consent of the Bernalillo County Board of Finance.

Concentration of Credit Risk. The County's Investment Policy dated May 12, 2015 places limits on the amount the County may invest in any one issuer. The table above shows Bernalillo County's investment holdings by issuer and the percentage each issuer makes up of the total investments held by the County as of June 30, 2016.

Custodial Credit Risk. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in the possession of another party.

Bernalillo County's deposits with financial institutions were held in collateralized accounts. As of June 30, 2016 the county has exceeded the state's collateralization requirement of 50% on deposits and the collateral is held in the County's name. However, $17,179,309 of

the County's deposits at Wells Fargo Bank and $27,379,908 at the Bank of the West were uninsured. All other balances are not exposed to any custodial risk. Additionally, as of June 30, 2016 the County's investments were held by the safekeeping department of the Wells Fargo Trust.

On September 30, 2015, KPMG LLP issued an unqualified opinion for the SSAE16 requirement of Wells Fargo Trust Operations.

A reconciliation of cash and investments for the County follows:

Bank accounts	$ 154,454,338
Petty cash on hand	1,960
Carrying amount of investments	126,911,095
Total cash and investments	$ 281,367,393

Statement of Net Position:	
Primary Government	
Cash and investments	$ 246,755,788
Cash-restricted	17,740,698
Statement of Fiduciary Assets and Liabilities	16,870,907
Total cash, investment	$ 281,367,393

The County is required to obtain from each bank that is a depository for public funds pledged collateral in an aggregate amount equal to one half of the public money in each account (section 6-10-17 NMSA 1978). Some deposits are collateralized at higher levels based on the State of New Mexico Treasurer's office risk assessment as required by 2.60.4.9 NMAC. The pledged collateral is stated at market value as of June 30, 2016.

Investments Measured at Fair Value. GASB Statement No. 72 requires disclosures to be made about fair value measurements, level of fair value hierarchy, and valuation techniques.

	Fair Market Measurements Using:
Investments by fair value level	Quoted Prices in Active Markets for Identical Assets (Level 1)
Debt securities	
U.S. Treasury securities	$ 100,068,565
U.S agency securities	15,095,000
Total investments	$ 115,163,565

Debt securities classified in Level 1 of the fair value hierarchy are valued using prices in active markets for those securities.

Investment income. The County's governmental funds reported investment income of $1,561,700 which consists of the following components:

	General Fund	Construction Fund	Non major Governmental Funds	Total Government Funds
Realized investment:				
Income	$ 676,727	$ 138,623	$ 762,000	$ 1,577,350
Loss	(2,368)	-	-	(2,368)
Unrealized:				
Discount	18,092	-	-	18,092
Premium	(113,515)	-	-	(113,515)
Interest accrual:				
Current year	124,003	28,465	186,368	338,836
Prior year-reversed	(90,188)	(11,017)	(182,651)	(283,856)
Gain mark to market valuation:				
Current year	38,390	-	-	38,390
Prior year-reversed	(11,229)	-	-	(11,229)
Net investment income Gain (loss)	$ 639,912	$ 156,071	$ 765,717	$ 1,561,700

The proprietary funds earned $16,465 in interest income.

B. Receivables

	General Fund	Construction Fund	Non major Governmental Funds	Total Government Funds
Property taxes	$ 8,942,523	$ -	$ 1,315,270	$ 10,257,793
Gross Receipts Taxes	26,007,813	-	8,520,143	34,527,956
Gasoline Taxes	270,940	-	-	270,940
Motor Vehicle Tax	224,466	-	-	224,466
Transportation Fees	108,503	-	-	108,503
Special Assessments	81,860	-	-	81,860
Intergovernmental	88,885	-	-	88,885
Due from other governments	89,570	3,525,000	752,695	4,367,265
Other	307,082	-	-	307,082
Gross Receivables	36,121,642	3,525,000	10,588,108	50,234,750
Less: Allowance for Uncollectibles	(1,027,802)	-	(178,189)	(1,205,991)
Net total receivables	$ 35,093,840	$ 3,525,000	$ 10,409,919	$ 49,028,759

	Non-major Enterprise Funds	Internal Service Funds	Agency Funds
Property Taxes	$ -	$ -	$ 32,871,593
Gross receipts tax	-	-	4,363,140
Solid Waste Fees	3,965,209	-	-
Special Assessments	-	-	52,963
Due from other governments	240,411	-	-
Other	107	387,787	840,832
Gross Receivables	4,205,727	387,787	38,128,456
Less: Allowance for uncollectibles	(2,488,915)	-	(3,189,636)
Net Total Receivables	$ 1,716,812	$ 387,787	$ 34,938,892

The County maintains a receivable balance in the Solid Waste fund that consists of balances that are not expected to be collected within one year and which are deemed uncollectable. These balances become legally uncollectable when "any debt that is not enforceable in a judicial proceeding because the applicable statute of limitation has run"

out. 12.2.12.7(I) NMAC. The County may remove legally uncollectable debt that is four years old, and that is contractually 6 years old as permitted by NMSA 1978, § 3-37-7.

Note receivable

On December 13, 2013 the County and the Mid-Regional Council of Governments (MRCOG) signed a lease purchase agreement for leasing and conveying 809 Copper Avenue to MRCOG. The agreement calls for monthly principal and interest payments of $12,236 over a period of 17 years with interest at .65%. The balance of this agreement was $2,020,214 at June 30, 2016. The second note balance for $57,637 with a third party is due in 30 years, with an interest rate of 6.5%. The total note receivable for June 30, 2016 is $2,077,851.

C. Capital assets

Capital asset activity for the year was as follows:

	June 30, 2015	Increases	Decreases	June 30, 2016
Governmental activities				
Capital assets, not being depreciated:				
Land	$ 140,024,899	$ 3,221,395	$ (1,900)	$ 143,244,394
Construction in progress	22,441,044	22,315,936	(23,762,538)	20,994,442
Art	2,783,902	186,692	-	2,970,594
Total capital assets, not being depreciated	165,249,845	25,724,023	(23,764,438)	167,209,430
Capital assets, being depreciated:				
Buildings	355,182,905	1,037,186	-	356,220,091
Land improvements	28,486,549	3,208,802	-	31,695,351
Machinery and equipment	96,321,008	4,413,234	(1,836,531)	98,897,711
Infrastructure	324,073,723	14,888,578	-	338,962,301
Leasehold improvements	3,213,396	-	-	3,213,396
Total capital assets being depreciated	807,277,581	23,547,800	(1,836,531)	828,988,850
Less Accumulated depreciation for:				
Buildings	(170,079,280)	(14,223,227)	-	(184,302,507)
Land improvements	(6,372,034)	(2,932,702)	-	(9,304,736)
Machinery and equipment	(71,814,792)	(7,379,141)	1,767,459	(77,426,474)
Infrastructure	(158,475,139)	(11,114,103)	-	(169,589,242)
Leasehold improvements	(1,711,958)	(128,536)	-	(1,840,494)
Total accumulated depreciation	(408,453,203)	(35,777,709)	1,767,459	(442,463,453)
Total capital assets, being depreciated, net	398,824,378	(12,229,909)	(69,072)	386,525,397
Governmental activities capital assets, net	$ 564,074,223	$ 13,494,114	$ (23,833,510)	$ 553,734,827

	June 30, 2015	Increases	Decreases	June 30, 2016
Business type activities				
Capital assets, not being depreciated:				
Land	$ 435,352	$ -	$ -	$ 435,352
Total capital assets, not being depreciated	435,352	-	-	435,352
Capital assets, being depreciated:				
Land improvements	185,860	-	-	185,860
Buildings	6,560,200	-	-	6,560,200
Machinery and equipment	1,465,894	-	(31,260)	1,434,634
Total capital assets being depeciated	8,211,954	-	(31,260)	8,180,694
Less Accumulated depreciation for:				
Land improvements	(48,948)	(18,586)	-	(67,534)
Buildings	(4,285,212)	(212,737)	-	(4,497,949)
Machinery and equipment	(1,344,426)	(35,597)	31,260	(1,348,763)
Total accumulated depreciation	(5,678,586)	(266,920)	31,260	(5,914,246)
Total capital assets, being depreciated, net	2,533,368	(266,920)	-	2,266,448
Governmental activities capital assets, net	$ 2,968,720	$ (266,920)	$ -	$ 2,701,800

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

Governmental activities:	
General government	$ 4,304,594
Public safety	11,927,097
Culture and recreation	4,329,246
Public works	12,907,176
Health and welfare	2,309,596
Total depreciation expense-governmental activities	$ 35,777,709
Business-type activities:	
Solid waste	$ 51,857
Housing Authority	53,822
Seybold Village	55,946
El Centro Familiar	105,295
Total depreciation expense-business-type activities	$ 266,920

D. Interfund receivables, payables, and transfers

The composition of interfund balances as of June 30, 2016, is as follows:

	Due To:					
Due From:	General Fund	Grants Fund	Nonmajor Governmental Funds	Nonmajor Enterprise Funds	Agency Funds	Total
General Fund	$ -	$ 654,362	$ 30,827	$ -	$ 43,025	$ 728,214
Internal Service Funds	4,589,426	-	-	-	-	4,589,426
Nonmajor Enterprise Funds	-	-	432,669	275,351	-	708,020
Total	$ 4,589,426	$ 654,362	$ 463,496	$ 275,351	$ 43,025	$ 6,025,660

The outstanding balances between funds result mainly from the time lag between the dates that 1.) interfund goods and services are provided or reimbursable expenditures occur, 2.) transactions are recorded in the accounting system, and 3.) payments between funds are made. These balances also include advances made to internal service funds that the general fund expects to collect in subsequent year.

Advances. The 2010B Debt Service Fund advanced the Housing Authority $1,650,000 in FY10 which has an outstanding balance of $1,275,000 at June 30, 2016.

During the year, the County makes various transfers of monies to fund debt service payments, capital projects, and to reimburse the General Fund for cost incurred on behalf of other funds. Interfund transfers for the year ended June 30, 2016 were as follows:

	Transfer Out:			
Transfer In:	General Fund	Capital Construction	Nonmajor Governmental Funds	Total
Nonmajor Govt Funds	$ 10,696,857	$ 95,650	$ 3,375,757	$ 14,168,264
Internal Service	1,887,752	-	-	1,887,752
Nonmajor Enterprise	65,000	-	-	65,000
	$ 12,649,609	$ 95,650	$ 3,375,757	$ 16,121,016

E. Leases

Operating Leases

During the fiscal year ended June 30, 2016, the County leased equipment, and office space under operating leases. The County's expenditures on those leases for the fiscal year ended June 30, 2016, were $1,232,047. The County shares building expense on One Civic Plaza (City/County Building) on a year-to-year basis. A joint City/County annual operating budget for the building is established one month prior to the commencement of the fiscal year. The County's future minimum rental commitments are $1,245,191 for the year ended 2017.

During the year, the County, as lessor, leased various office spaces at a cost of approximately $3.62 million and a carrying amount of $1.8 million under operating leases. Rental revenue was $1,201,642 and depreciation expense on those assets was $132,235.

F. Long-term debt

Changes in long-term liabilities
Long-term liability activity for the year ended June 30, 2016, was as follows:

	Balance June 30,2015	Additions	Deletions	Balance June 30,2016	Amounts Due Within One Year
Governmental Activities:					
Bonds:					
G.O. bonds	$125,091,000	$24,240,000	$ (26,610,000)	$ 122,721,000	$ 18,306,000
Revenue bonds	119,935,000	-	(8,635,000)	111,300,000	9,165,000
Bond premiums	6,576,822	1,170,644	(942,617)	6,804,849	-
Bond discounts	(341,288)	-	64,040	(277,248)	-
Total bonds	251,261,534	25,410,644	(36,123,577)	240,548,601	27,471,000
Other Liabilities:					
Compensated absences	32,188,570	15,088,742	(14,801,810)	32,475,502	2,922,795
Governmental activity Long-term liabilities	$283,450,104	$40,499,386	$ (50,925,387)	$ 273,024,103	$ 30,393,795

	Balance June 30,2015	Additions	Deletions	Balance June 30,2016	Amounts Due Within One Year
Business-type Activities:					
Compensated absences	$ 425,750	$ 205,753	$ (224,947)	$ 406,556	$ 36,590

Payments on bonds payable for governmental activities are made in the Debt Service Fund. Bonded debt is subject to the applicability of federal arbitrage regulations. In FY16 Bernalillo County did not have any outstanding federal arbitrage. Accrued compensated absences for governmental activities are generally liquidated by the general fund.

General Obligation (GO) Bonds are direct obligations of the County for which its full faith and credit are pledged and are payable from taxes levied on property located within the County. The County issues GO bonds to provide funds for the acquisition and construction of major capital facilities, and purchase of library books. Debt related to non-capital library books is $4,429,446. The GO bonds outstanding as of June 30, 2016 are comprised of the following issues:

Issue	Maturity Date	Interest Rate	Amount Issued	Outstanding 6/30/2016
Series 1997	12/1/2017	4.50%-6.50%	$ 11,170,000	$ 1,785,000
Series 1999	8/1/2019	4.50%-6.50%	18,676,000	5,310,000
Refunding series 2007	8/1/2027	5.00%	10,400,000	1,180,000
Advance refunding series 2007A	8/1/2027	4.00%-4.35%	8,400,000	925,000
Series 2009	6/1/2019	2.50%-4.50%	10,000,000	3,350,000
Series 2009A	12/1/2020	.80%-3.60%	10,750,000	6,300,000
Refunding series 2010	2/1/2022	2.00%-4.00%	15,105,000	8,915,000
Series 2011	2/1/2019	2.25%-4.00%	4,200,000	1,895,000
Series 2012	6/15/2023	2.00%-4.00%	6,535,000	4,350,000
Advance refunding series 2012A	6/15/2032	3.00%-4.00%	14,400,000	14,400,000
Series 2013	8/15/2028	2.00%-4.00%	17,800,000	14,800,000
Series 2014	8/15/2029	2.10%-4.00%	8,700,000	985,000
Advance refunding series 2014A	8/15/2021	2.00%-4.00%	2,995,000	2,995,000
Series 2015	8/15/2030	2.00%-4.00%	17,281,000	17,281,000
Advance refunding series 2015A	8/15/2027	2.00%-4.00%	14,010,000	14,010,000
Series 2016	8/15/2030	1.50%-4.00%	9,860,000	9,860,000
Advance refunding series 2016A	8/15/2027	1.00%-3.00%	14,380,000	14,380,000
Total			$ 194,662,000	$ 122,721,000

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

Fiscal Year Ending	Government Activities Principal	Government Activities Interest
2017	$ 18,306,000	$ 3,624,844
2018	13,440,000	3,151,941
2019	9,565,000	2,741,310
2020	9,605,000	2,358,248
2021	11,095,000	2,051,135
2022-2026	34,695,000	6,345,686
2027-2031	26,015,000	1,897,066
2032	1,355,000	44,038
Total	$ 122,721,000	$ 22,214,267

The Gross Receipts Tax Revenue Bonds are limited obligations of the County, payable solely from gross receipts tax revenues. The gross receipts tax revenue bonds outstanding as of June 30, 2016 are comprised of the following issues:

Issue	Maturity Date	Interest Rate	Amount Issued	Outstanding 6/30/2016
Series 1996B	4/1/2027	4.20%-5.70%	$ 61,260,000	$ 38,225,000
Series1997	10/1/2017	4.30%-5.75%	17,925,000	2,745,000
Refunding Series 1998	4/1/2027	3.55%-5.25%	53,450,000	32,285,000
Refunding Series 2005	10/1/2026	3.50%-5.25%	43,690,000	33,705,000
Series 2010A	6/15/2019	2.00%-4.00%	9,000,000	3,065,000
Refunding Series 2010B	6/15/2029	2.00%-4.50%	1,650,000	1,275,000
Total			$ 186,975,000	$ 111,300,000

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

Fiscal Year Ending	Government Activities	
	Principal	Interest
2017	$ 9,165,000	$ 5,762,773
2018	9,515,000	5,308,079
2019	9,295,000	4,834,865
2020	8,415,000	4,375,555
2021	8,880,000	3,939,348
2022-2026	52,520,000	12,040,658
2027-2031	13,510,000	671,231
Total	$ 111,300,000	$ 36,932,509

New Bond Issuance. On March 22, 2016, Bernalillo County issued $9,860,000 General Obligation Bonds, Series 2016 with interest rates ranging from 1.50% to 4.00%. The bonds were issued at a premium of $620,422 and incurred underwriting discounts and issuance costs of $166,068. The bonds achieved a true interest cost interest rate of 1.98%. The purpose of the Bonds is to fund certain projects including roads, storm sewer and wastewater systems, libraries, public safety, parks and recreation, and County buildings and facilities.

Current and Advance Refunding. On March 22, 2016 the County issued $14,380,000 of General Obligation Bonds, Series 2016A with interest rates ranging from 1.00% to 3.00%. The bonds were issued at a premium of $550,222 and incurred underwriting discounts and issuance costs of $177,314. The $14,882,426 bond proceeds were used to current refund $7,625,000 and advance refund of $6,250,000; for the series of 2007 and 2007A bonds for the purpose of achieving debt service savings. The bonds achieved a true interest cost interest rate of 1.49%.

The net bond proceeds were deposited with the Escrow Agent in an amount necessary to accomplish on their scheduled redemption dates (August 1, 2016 and February 1, 2017), the discharge and final payment of the refunded bonds. The reacquisition price including premiums, exceeded the net carrying amount of the old debt by $621,959. This amount is

presented as a deferred outflow of resources and is amortized over the life of the refunded debt, which is the same life as the original debt. The refunding was undertaken to reduce total debt service payments by $2,144,660 over the next 7.23 years and resulted in an economic gain (present value savings) of $2,950,368.

G. Special assessment bonds

The County, acting as the agent for the property owners, issued Special Assessment District Improvement Bonds to finance street and road improvements. The bonds are payable from and secured by a pledge of district special assessments. The bonds are not a debt of the County, and the County did not pledge its full faith and credit for payment of the bonds. The payment of the bonds is not secured by any encumbrance, mortgage, or other pledge of property of the County except for district special assessments. No property of the County, subject to foregoing exception, shall be liable to be forfeited or taken in payment of the bonds.

The activities relating to the collection of special assessments and the payments on special assessment bonds are included in the agency fund accounts.

The following is a summary of Special Assessment Bonds payable as of June 30, 2016:

Improvement Bonds	Interest Rate	Date Issued	Date Series Matures	Amount of Original Issue	Bonds Outstanding June 30, 2016
Comanche Griegos BC-83-1B	6.25%	12/03	12/15/23	$2,085,000	$ 840,000

At June 30, 2016, the Second Street, East Mountain, Paradise Hills, South Valley, and Heatherland Hills special assessment bonds had been fully paid. The remaining potential assets were as follows:

	Second Street BC-85-3	East Mountain BC-85-4	Paradise Hills BC-84-2	South Valley BC-84-1	Heatherland Hills BC-85-5
Accounts receivable:					
Billed, but uncollected	$ 1,804	$ 10,120	$ 13,502	$ 55,475	$ 959

In accordance with State Statute Section 4-55A-28, NMSA, 1978 Compilation, the Board of County Commissioners may transfer to the general fund money obtained from the levy of an assessment for an improvement district if:

1. Bonds or assignable certificates were issued to finance the improvement; and

2. The funds obtained by the bonds or assignable certificates were spent for the improvement; and
3. The assessments were levied and collected for the payment of the bonds or assignable certificates; and
4. Either the bondholders or assignable certificate holders are barred by the statute of limitations or a court judgment or decree from collecting the indebtedness; or
5. The bonded indebtedness or assignable certificates have been paid.

H. Conduit debt

The County has acted from time to time as the issuer of conduit bonds, the proceeds of which have been immediately loaned to a private borrower. The County will require a complete analysis by an independent consultant at the expense of any and all applicants. The County signed its rights with respect to such bonds to various trustees that monitor amounts due and payable by the borrower pursuant to a lease, loan or other agreement. The County, State of New Mexico, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

Industrial Revenue Bonds

In fiscal year 2016, the County issued seven new Industrial Revenue Bonds. As of June 30, 2016, there were twenty-four series of Industrial Revenue Bonds outstanding with an original issue amount of $426,071,000. The remaining principal balance outstanding as of June 30, 2016 is $237,165,151.

Multifamily Housing Revenue Bonds

From time to time, the County has issued Multifamily Housing Revenue Bonds to provide financial assistance to private sector entities for the acquisition, construction and rehabilitation of commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. The County, State of New Mexico, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2016, there were nine series of project revenue bonds with an original issue amount of $63,825,000. The remaining outstanding principal balance as of June 30, 2016 is $42,617,039.

New Mexico Non-profit Corporation Project Revenue Bond

In fiscal year 2016, the County has one project revenue bond; the YMCA of Central New Mexico Project with an issue amount of $4,385,449. The remaining principal balance as of June 30, 2016 is $3,998,847.

I. Fund balance requirements

The New Mexico Department of Finance and Administration (DFA) requires that 3/12 of the FY16 budgeted expenditures in the general fund be restricted as subsequent-year expenditures to provide adequate cash reserves. The DFA required reserve balance for FY16 is $71,405,154. The County has additional minimum fund balance goals. In June 2015 the County Board of Commissioners adopted an Administrative Resolution to set unassigned portions of fund balance from three to five percent of the upcoming general fund budgeted operating expenditures. The DFA required fund balance, along with the County unassigned fund balance (Revenue Stabilization and Operating Reserve), will provide an emergency reserve to address one-time emergencies, provide for unanticipated expenditure requirements, insulate against slower revenue growth than anticipated, and address other unforeseen events. The unassigned fund balance of $14,381,174 is within the estimated policy of three to five percent of the next fiscal year's budget.

J. Fund balance purpose

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

	General	Construction Fund	Other Funds	Total Funds
Nonspendable				
Notes receivable	$ 2,077,851	$ -	$ -	$ 2,077,851
Inventory	595,361	-	7,331	602,692
Total Nonspendable	2,673,212	-	7,331	2,680,543
Restricted				
Reserve requirement	71,405,154	-	-	71,405,154
Grant match funds	126,105	-	-	126,105
Debt service	-	-	34,965,055	34,965,055
Road bonds	-	10,421,568	-	10,421,568
Public Safety:				
Bonds	-	5,011,702	-	5,011,702
Fire protection	-	-	1,169,136	1,169,136
Sheriffs	-	-	466,230	466,230
DSAP	-	-	2,141,533	2,141,533
Law enforcement	-	-	420,578	420,578
Healthcare	-	-	28,056,449	28,056,449
Environmental services	-	-	2,883,227	2,883,227
Storm drain bonds	-	3,662,111	-	3,662,111
Infrastructure	-	570,260	4,699,818	5,270,078
Open space	-	-	3,031,734	3,031,734
Valuation	-	-	19,677,133	19,677,133
Housing services	-	-	1,831,330	1,831,330
Library bonds	-	1,282,077	-	1,282,077
Parks bonds	-	2,329,152	-	2,329,152
Clerks - recording and filing	-	-	1,260,321	1,260,321
Other purposes	-	1,551,308	1,011	1,552,319
Total Restricted	71,531,259	24,828,178	100,603,555	196,962,992
Committed				
Regional detention center	3,259,833	-	-	3,259,833
Community services	117,962	-	-	117,962
PILT	1,136,973	-	-	1,136,973
Total Committed	4,514,768	-	-	4,514,768
Assigned				
Subsequent years' expenditures	25,775,109	-	-	25,775,109
Information technology projects	6,824,000	-	-	6,824,000
Fleet replacements	2,500,000	-	-	2,500,000
Replacement plans, operational reserves and projects	2,665,791	-	-	2,665,791
Storm drain	-	1,452,175	-	1,452,175
Water, wastewater projects	-	2,689,585	-	2,689,585
Trails	-	700,522	-	700,522
Arts	-	476,974	-	476,974
Other purposes	-	376,116	-	376,116
Total Assigned	37,764,900	5,695,372	-	43,460,272
Unassigned				
Revenue Stabilization/Operating Reserve	14,381,174	-	-	14,381,174
	$ 130,865,313	$ 30,523,550	$ 100,610,886	$ 261,999,749

K. Net position restricted by enabling legislation

The government-wide statement of net position reports $196,844,218 of restricted net position, of which $30,694,057is restricted by enabling legislation.

L. Financial data schedule reconciliation

The Housing-Voucher Special Revenue Fund was presented in the Financial Data Schedule (FDS) in accordance with generally accepted accounting standards as applied to governmental funds. The net position reconciles to the financial statements. The FDS equity balance was adjusted to include the effects of compensated absences that are not reflected in the governmental fund presentation as follows:

Net Position		Amount
Net Position - Housing Choice Vouchers 14.871	$	1,689,228
Net Position - Linkages		33,904
Compensated Absences		108,198
Fund balance - Housing - Vouchers	$	1,831,330

The Housing Authority Enterprise Fund was presented in two columns on the Financial Data Schedule (FDS) in accordance with generally accepted accounting standards as applied to enterprise funds. The net position reconciles to the financial statements. The FDS equity balance was adjusted to include the effects of compensated absences that are reflected in the business-type activities enterprise fund presentation as follows:

Net Position		Amount
Net Position – Central Office	$	2,434,552
Net Position – Home Rehabilitation		162,011
Compensated Absences		(108,198)
Net Position – Housing Authority	$	2,488,365

Department of Substance Abuse Financial Data Schedule

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

V. Other information

A. Risk management

The County is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The County joined with other county governments to form a Workers' Compensation Pool in July 1987 and joined a Multi-line Pool in January 1989 and the Law Enforcement Pool in 2003, Sheriff Department only then MDC joined in 2006. These three public entity risk pools operate as a common risk management and insurance program for workers' compensation, property and casualty, and law enforcement liability coverage. The County pays an annual premium to the pools for general insurance coverage. The Bernalillo Deputy County Manager for General Services is a voting member on the Workers' Compensation Pool Board of Directors and the Deputy County Manager for Finance is a voting member on the Multi-Line Pool Board of Directors. The Multi-line Board oversees both the Multi-line and Law Enforcement pools.

The pools are authorized by joint powers agreements entered into by each county as a separate and independent governmental and legal entity pursuant to the provisions of NMSA 1978 Sections 11-1-1 et seq. The agreements for formation of the pools provide that the pools be self-sustaining through member premiums and reinsure through commercial companies for claims in excess of $750,000 (workers' compensation), $1,000,000 (multi-line), and $1,000,000 (law enforcement), for each insured event. The insurance pools are funded entirely by member premiums and are administered by the New Mexico County Insurance Authority. The changes in the Risk Management Fund's liability amount in FY'16

Claims Liability, June 30,2015	$ 1,031,354
Current year claims	9,294,319
Prior year restatement Worker's Comp	2,690,874
Claims payments	8,398,172
Claims Liability, June 30,2016	$ 4,618,375

The Workers' Compensation Pool provides workers' compensation coverage for every County employee. There are 31 counties in this pool, which for the fiscal years that ended June 30, 2016, 2015, and 2014 contributed a total of $9,021,141, $8,900,506, and $8,493,022 respectively. The premium that each county pays depends upon the total value of the county payroll total, the NCCI employment classifications, and the loss experience specific to that county. Bernalillo County has a self-insurance retention/high-deductible plan of $400,000 (maximum amount paid for each insured event before using insurance) and $1,750,000 annual aggregate limit, thus dramatically reducing Bernalillo County's annual pool contribution. For the fiscal years that ended June 30, 2016, 2015, and 2014, the County contributed $949,631, $851,941, and $765,446 respectively. In addition to premiums, Bernalillo County maintains a reserve fund for each fiscal year to service open claims that are less than the self-insured retention limit. The self-insured retention of this pool is $750,000. The pool has two layers of reinsurance coverage for losses above that amount.

The Multi-line Pool provides property and casualty coverage for 29 counties. The coverage includes buildings and contents, automobile physical damage and liability, general liability, personal injury, employee benefits liability, public officials' errors and omissions, crime, fuel storage tanks, land use, land use civil rights, and boiler and machine (equipment breakdown) coverage. Premiums for the Multi-line Pool are paid for the calendar year. For calendar years 2016, 2015, and 2014, participating counties contributed a total of $9,937944, $9,404,465, and $8,562,363 respectively. For calendar years 2016, 2015, and 2014, Bernalillo County contributed $1,846,370 $1,784,624, and $1,622,385 respectively. For each calendar year, a reserve fund is kept to pay deductibles for open multi-line claims.

The self-insured retention level for this pool is $250,000 for property and $1,000,000 for liability per occurrence (that is the maximum amount of coverage for each insured event before obtaining reinsurance). The pool has one layer of reinsurance coverage of $4,000,000 for losses above that amount for maximum coverage per claim of $5,000,000.

The Law Enforcement Pool provides coverage for law enforcement activities and liabilities, which includes the Sheriff's Department, the Metropolitan Detention Center, and the Youth Services Center. Currently, the pool provides coverage for 29 members. For calendar years 2016, 2015, and 2014, participating counties contributed a total of $13,223,654, $10,718,889, and $10,254,545 respectively. For calendar years 2016, 2015, and 2014 Bernalillo County contributed $3,171,779, $3,003,079, and $2,806,616 respectively. For each calendar year, a reserve fund is kept to pay deductibles for law enforcement liability claims. The self-insured retention of this pool is $1,000,000. The pool has one layer of reinsurance coverage of $4,000,000 for losses above that amount for maximum coverage per claim of $5,000,000.

The pooling agreements require the pools to be self-sustaining. The Pool Boards require the retention of one year's budget in surplus prior to considering an equity distribution to the participating counties. The pools retain the risk of loss to be shared proportionately by pool participants. Bernalillo County does not retain the sole risk of losses incurred. For the fiscal years that ended June 30, 2016, 2015, and 2014 there were no payments in excess of the annual premium contributions for self-sustainment of the insurance pools.

Bernalillo County carries commercial insurance for all other risks of loss not covered by pool insurance such as medical professional liability, law enforcement aviation operations, accident and sickness for sheriff reserve officers, and a volunteer accident policy. These insurance policies are sourced through a broker working on a flat annual fee, not commissions. Coverages provided by the Multi-line Pool but purchased by the county voluntarily include land use coverage, land use civil rights coverage, boiler and machinery, pollution coverage for fuel storage tanks, and public officials' errors and omissions surety bonds as mandated by state statute.

B. Health self-insurance

The Health Self-Insurance Fund establishes health claim liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been

reported but not settled, and of claims that have been incurred but not reported (IBNR). The length of time for which such costs must be estimated varies depending on the coverage involved. Because actual claim costs depend on complex factors, such as inflation, medical costs, and claim history; changes process used in computing claim liabilities does not necessarily result in an exact amount. Health claim liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. Adjustments to claim liabilities are charged or credited to an expense account in the period in which they are incurred. The Health Insurance Fund was established in FY15. Changes in balances of claims liabilities are compared between current and prior fiscal year.

	FY16	FY15
Unpaid claims beginning of year	$ 3,282,105	$ -
Incurred claims and changes in estimate	23,436,135	23,251,981
Claims paid	(23,481,507)	(19,969,876)
Unpaid claims, end of fiscal year	$ 3,236,733	$ 3,282,105
Due in one year	$ 3,236,733	

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

The IBNR is actuarially determined and recommended calculation of the claim liability was $2,168,000, which is included in the accounts payable balance at June 30, 2016 for all health coverages including medical and prescription drugs.

C. Construction and other significant commitments

Construction commitments. At June 30, 2016 the County is committed to $10,352,429 under construction contracts for capital assets.

Litigation. The County is a defendant in a number of lawsuits, the significant majority of which are covered under the County's insurance policy through the New Mexico Association of Counties. The outcome of these lawsuits is not presently determinable and the County is not able to make an estimate for possible losses at this time. Insurance deductibles related to outstanding claims are up to $100,000 per claim.

Occasionally, the County or its elected officials are named as parties to suits that are either not covered by any insurance policy or those that would only be eligible for limited or partial coverage. In cases where there is no insurance coverage, the County Attorney's Office provides representation for such claims. At present, there is one case that falls into this category. This case was brought by three of the largest utility companies providing service in Bernalillo County—Public Service Company of New Mexico ("PNM" which provides electricity), New Mexico Gas Co. (natural gas) and CenturyLink (cable and internet). The plaintiffs are challenging the validity and

constitutionality of the County's right-of-way ordinance (enacted in January of 2014). This ordinance requires that any user of the County's rights-of-way for utility lines or other infrastructure must enter into a franchise agreement and pay a franchise fee to the County. If the County's ordinance is struck down, then the County would forego anticipated annual revenues of approximately $5 to $6 million. However, that revenue is not currently being realized by the County so an adverse outcome in the litigation would not result in loss of revenue.

The remaining case falls into the other category, one where the County would receive only partial coverage from the aforementioned insurance policy.[1] This case seeks certification as a class action in federal court and alleges that the County discriminates against women in its hiring and promotion practices. At this time, the total amount of potential liability cannot be determined because it depends in large part on whether the court rules in favor of certification. There are approximately 250 punitive plaintiffs.

County Medicaid 1/16 Gross Receipts Tax Equivalent. Under State Statute Section 27-10-4, NMSA 1978 Compilation, a county which does not enact an ordinance imposing a county health care gross receipts tax pursuant to State Statute Section 7-20E-18, NMSA 1978 Compilation is required to dedicate to the county-supported Medicaid fund "an amount equal to a gross receipts tax rate of 1/16 of one percent applied to the taxable gross receipts tax reported during the prior fiscal year by persons engaging in business in the county." To comply with the statue, the County imposed a 1/16 percent increase in gross receipts tax during the second half of FY07 and will continue to impose the tax in FY17 which will generate approximately $11 million annually. The gross receipts are distributed to the State of New Mexico, Human Services Department.

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

General Fund	$ 1,873,417
Capital Construction	2,103,308
Grants Fund	1,030,637
Nonmajor governmental funds	1,247,685
	$ 6,255,047

D. Joint ventures

Regional Juvenile Detention Center. Through a Joint Powers Agreement established between Bernalillo County and Sandoval County on June 26, 2007, Bernalillo County operates the Regional Juvenile Detention Facility (RJDC) located at the Bernalillo County Youth Services Center. Sandoval County contributes 100 percent of the operation costs of the RJDC. For FY16, Sandoval County paid $1,062,224 million to

[1] Due to the nature of the claims in this type of case, the County would only receive partial coverage from its existing insurance policy in the event of a damages award to the Plaintiff(s). While litigation defense and a limited extent of damages would be covered by this policy, a majority of potential damages such as (but not limited to): salary or benefits related damages, punitive damages or individual claimed damages would be excluded from coverage.

Bernalillo County for the operation of the RJDC. Sandoval County receives 70% and Bernalillo County receives 30% of all cost of care revenues generated from housing juveniles in the RJDC from other counties and pueblos. The total cost of care revenues billed in FY16 was $324,397.08 and $296,835.93 of this amount has been received to date which includes $1,327.08 for medical costs. Bernalillo County receives 100% of all medical costs billed under these cost of care agreements.

Torrance County/Bernalillo County Regional Landfill. The County and the Torrance County Solid Waste Authority (TCSWA) entered into an agreement on April 21, 1998 for the construction and operation of a regional landfill. The County contributed $633,000 toward the initial costs of acquiring, constructing, designing, developing, and equipping the facility, which constitutes its total equity interest. The County's ownership interest is commensurate with the proportion of funds it provided. It is the intent of the parties to establish tipping fees in an amount sufficient to recover all of the operating costs of the landfill.

Upon termination of the agreement, assets and surplus funds will be distributed pro rata between the parties in accordance with their then existing ownership interests.

TCSWA will operate the facility and is designated as the fiscal agent. The financial report of the Torrance County/Bernalillo County Regional Landfill can be obtained from the Torrance County Solid Waste Authority, 515 Allen Street, Estancia, New Mexico 87016.

E. Post-Employment Benefits - Retiree Health Care Plan

Plan Description. Bernalillo County contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

Eligible retirees are: 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; 2) retirees defined by the Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years.

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare

plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.
Funding Policy. The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at www.nmrhca.state.nm.us.

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees who are members of an enhanced retirement plan (state police and adult correctional officer coverage plan 1; municipal police member coverage plans 3, 4 and 5; municipal fire member coverage plan 3, 4, and 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2016, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary, and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2016, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2014, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The Bernalillo County's contributions to the RHCA for the years ended June 30, 2016, 2015 and 2014 were $2,411,649, $2,380,476 and $2,376,195, respectively, which equal the required contributions for each year.

F. Multiple-Employer Cost Sharing Pension Plans

Plan Description. Substantially all of the Bernalillo County's full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement

benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries.

Compliant with the requirements of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the State of New Mexico implemented the standard for the fiscal year ended June 30, 2015 and is in the second year of implementation for the fiscal year ending June 30, 2016. The County as part of the primary government of the State of New Mexico, is a contributing employer to a cost-sharing multiple employer defined benefit pension plan administered by the PERA. Disclosure requirements for governmental funds apply to the primary government as a whole, and as such, this information will be presented in the Component Appropriation Funds Annual Financial Report (General Fund) and the CAFR of the State of New Mexico. Information concerning the net pension liability, pension expense, and pension-related deferred inflows and outflows of resources of the primary government will be contained in the General Fund and the CAFR and will be available, when issued, from the Office of State Controller, Room 166, Bataan Memorial Building, 407 Galisteo Street, Santa Fe, New Mexico, 87501.

PERA has six divisions of members, including State General, State Police/Adult Correction Officer, Municipal General, Municipal Police/Detention Officers, Municipal fire, and State Legislative Divisions, and offers 24 different types of coverage within the PERA plan. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in PERA is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978), the Judicial Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C-1 to 10-12C-18, NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), and the provisions of Sections 29-4-1 through 29-4-11, NMSA 1978 governing the State Police Pension Fund, each employee and elected official of every affiliated public employer is required to be a member in PERA. PERA issues a publicly available financial report and a comprehensive annual financial report that can be obtained at http://saonm.org/ using the Audit Report Search function for agency 366.

Funding Policy. Plan members are required to contribute 10.65-18.15% of their gross salary. The County is required to contribute 9.55%-21.65% depending upon the plan of the gross covered salary. The contribution requirements of plan members and the County are established state statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The County's contributions to PERA for the years ending June 30, 2016, 2015, and 2014 were $15,343,580, $15,179,509, and $14,717,112, respectively, which equal the amount of the required contributions for each fiscal year. In accordance with Chapter 10, Article 11, Section 5 NMSA 1978, the County has elected to make contributions of up to sixty-nine percent of its employees' member contributions under the general-management, blue collar, white collar, sheriff, fire and detention plans.

Benefits provided. For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2015 available at http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/CAFR-2015.pdf.

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

Contributions. The contribution requirements of defined benefit plan members and the County are established in State statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect as of July 1, 2014 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on page 44 of the PERA FY15 annual audit report at http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/CAFR-2015.pdf. The PERA coverage options that apply to the County are: Municipal General, Municipal Police/Detention Officers, and Municipal Fire Divisions. Statutorily required contributions to the pension plan from the County were $15,343,580 for the year ended June 30, 2016.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2014. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2015, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2015. The assets of PERA are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred inflows and outflows were performed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members. The County's proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity's percentage of that membership group's total

employer contributions for the fiscal year ended June 30, 2015. Only employer contributions for the pay period end dates that fell within the period of July 1, 2014 to June 30, 2015 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY15 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

Employer Pickup. During March 2016, Governmental Accounting Standards Board (GASB) issued Statement No.82, *Pension Issues,* which clarifies that payments made by an employer to satisfy member contribution requirements should be classified as member contributions for purposes of GASB (Governmental Accounting Standards Board) Statement No. 67. As encouraged by GASB No. 82, PERA has adopted the Statement as of June 30, 2015. As such, PERA's FY15 financial statements no longer contain a line item for the employer paid member contributions that met the prior GASB No. 67 requirement and those member contributions that were required to be separately classified in FY14 as paid by the employer are included as member contributions for FY15. See Note 12 in PERA's FY15 Financial Statements for detailed Net Pension Liability information.

For PERA Division Municipal General, at June 30, 2016, the County reported a liability of $114,409,855 for its proportionate share of the net pension liability. At June 30, 2015, the County's proportion was 11.2212%, which was changed from its proportion of 11.6836% measured as of June 30, 2014, a decrease of .4624%. For the year ended June 30, 2016, the County recognized PERA Division Municipal General pension expense of $3,525,435. At June 30, 2016, the County reported PERA Division Municipal General deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ -	$ 44,569
Net differences between projected and actual earning on investments	-	361,916
Actual vs expected experience		2,534,231
Change of proportion	-	2,754,446
County's contributions subsequent to the measurement date	9,228,063	-
Total	$ 9,228,063	$ 5,695,162

$9,228,063 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date June 30, 2015 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension income as follows:

Year ended June 30:	
2017	$ (1,741,639)
2018	(1,741,639)
2019	(1,741,639)
2020	(470,245)
2021	-

For PERA Division Municipal Police, at June 30, 2016, the County reported a liability of $42,855,335 for its proportionate share of the net pension liability. At June 30, 2015, the County's proportion was 8.9123% which was changed from its proportion of 8.8441% measured as of June 30, 2014, an increase of .0682%. For the year ended June 30, 2016, the County recognized PERA Division Municipal Police pension expense of $2,890,494. At June 30, 2016, the County reported PERA Division Police General deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ -	$ 1,773,013
Net differences between projected and actual earning on investments	-	118,828
Actual vs expected experience	2,994,555	-
Change of proportion	169,766	-
County's contributions subsequent to the measurement date	3,418,498	-
Total	$ 6,582,819	$ 1,891,841

$3,418,498 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date June 30, 2015 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2017	$ 401,026
2018	401,026
2019	401,026
2020	69,402
2021	-

For PERA Division Municipal Fire at June 30, 2016, the County reported a liability of $55,465,158 for its proportionate share of the net pension liability. At June 30, 2015, the

County's proportion was 10.7466% which was changed from its proportion of 10.4355% measured as of June 30, 2014, an increase of .3111%. For the year ended June 30, 2016, the County recognized PERA Division Municipal Fire Pension expense of $5,623,079. At June 30, 2016, the County reported PERA Division Fire General deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 1,169,814	$ -
Net differences between projected and actual earning on investments	-	66,717
Actual vs expected experience	2,184,333	-
Change of proportion	991,548	-
County's contributions subsequent to the measurement date	2,697,020	-
Total	$ 7,042,715	$ 66,717

$2,697,020 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date June 30, 2015 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2017	$ 1,328,737
2018	1,328,737
2019	1,328,737
2020	292,767
2021	-

Reconciliation of Deferred Outflows/Inflows for Pensions from Notes to Statement of Net Position.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Municipal General	$ 9,228,063	$ 5,695,162
Municipal Police	6,582,819	1,891,841
Municipal Fire	7,042,715	66,717
Totals	$ 22,853,597	$ 7,653,720
Re-class of debit balances in deferred inflows & deferred outflows	30,164	30,164
Total	$ 22,883,761	$ 7,683,884

Actuarial assumptions. As described above, PERA member group pension liabilities and net pension liabilities are based on actuarial valuations performed as of June 30, 2014 for each of the membership groups. Then each PERA member group pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2015 using generally accepted actuarial principles. See discussion of any significant events or changes in benefit provisions as of June 30, 2015 in the notes to the required supplementary information regarding pensions. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2015 actuarial valuation.

Actuarial valuation date	June 30, 2014
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay, Open
Amortization period	Solved for based on statutory rates
Asset valuation method	Fair value
Actuarial assumptions:	
Investment rate of return	7.75% annual rate, net of investment expense
Projected benefit payment	100 years
Payroll growth	3.50% annual rate
Projected salary increases	3.50% to 14.25% annual rate
Includes inflation	3.00% annual rate
Mortality Assumption	RP-2000 Mortality Tables (Combined table for healthy post-retirements, Employee table for active members, and Disabled table for disabled retirees before retirement age) with projection to 2018 using Scale AA.
Experience Study Dates	July 1, 2008 to June 30, 2013

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

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

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

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

PERA Division Municipal General	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
County's proportionate share of the net pension liability	$ 194,794,588	$ 114,409,855	$ 47,575,415
PERA Division Municipal Police	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
County's proportionate share of the net pension liability	$ 70,773,001	$ 42,855,335	$ 19,953,393
PERA Division Municipal Fire	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
County's proportionate share of the net pension liability	$ 75,224,491	$ 55,465,158	$ 39,180,790

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERA FY15 annual audit report available at http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/CAFR-2015.pdf.

G. Prior Period Restatement to Net Position

Pension costs of $10,672,915 plus an adjustment for $(57,929) in contributions payable for a total of $10,614,986 from the prior year were expensed and recorded as a prior period adjustment as required by GASB Statement No. 82. GASB Statement No. 82 requires a restatement of employer "pickup" contributions that are now considered employee contributions for purposes of calculations of the employer allocation percentage in GASB Statement No. 68 entries.

The liability for claims in workers' compensation was restated by $2,690,874 in the Risk Management Fund. Expenses and revenues recovered from the General Fund were also restated in the Risk Management Fund in the amount of $2,690,874, respectively, having no effect on net position. The Governmental Activities net position and the General Fund fund balance have also been restated by $2,690,874.

The County also restated in the Risk Management Fund the liability for unearned revenue in the amount of $2,668,578, which included a prior year increase in net position of $2,445,992. This reduction in the liability was attributed to a process change in recording revenues in the Risk Management Fund.

H. Subsequent Pronouncements

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions: In June 2015, the Governmental Accounting Standards Board (GASB) issued this final Statement detailing how state and local governments should account for and report postemployment benefits other than pensions (other postemployment benefits or OPEB), such as retiree health insurance. This Statement addresses accounting and financial reporting by governments that provide OPEB to their employees or employees of other governments. The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017.

GASB Statement No. 77, Tax Abatement: In August 2015, the GASB issued Statement No. 77, Tax Abatement Disclosures, establishing guidance requiring state and local governments to disclose key information about tax abatement agreements. The new guidance is intended to make the financial impact of these transactions readily transparent. The requirements of Statement 77 are effective for financial statements for periods beginning after December 15, 2015.

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

	Measurement Date	
	2016	**2015**
County's proportion of the net pension liability		
Municipal General	11.2212%	11.6836%
Municipal Police	8.9123%	8.8441%
Municipal Fire	10.7466%	10.4355%
County's proportionate share of the net pension liability		
Municipal General	$ 114,409,855	$ 91,144,619
Municipal Police	42,855,335	28,830,803
Municipal Fire	55,465,158	43,557,710
	$ 212,730,348	$ 163,533,132
County's covered-employee payroll		
Municipal General	$ 74,631,686	$ 75,527,251
Municipal Police	17,148,946	16,621,208
Municipal Fire	12,156,116	11,538,843
	$ 103,936,748	$ 103,687,302
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll		
Municipal General	153.30%	120.68%
Municipal Police	249.90%	173.46%
Municipal Fire	456.27%	377.49%
Plan fiduciary net position as a percentage of the total pension liability		
Muncipal General	76.99%	81.29%
Muncipal Police	76.99%	81.29%
Municipal Fire	76.99%	81.29%

Sources: PERA and County's payroll office

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

	2016	2015
Contributions in relation to the contractually required contribution		
Municipal General	$ 9,228,063	$ 8,871,326
Municipal Police	3,418,498	3,301,024
Municipal Fire	2,697,020	2,650,314
	$ 15,343,581	$ 14,822,664
Contractually required contribution		
Municipal General	$ 9,228,063	$ 8,871,326
Municipal Police	3,418,498	3,301,024
Municipal Fire	2,697,020	2,650,314
	$ 15,343,581	$ 14,822,664
County's covered-employee payroll		
Municipal General	$ 77,587,158	$ 74,631,686
Municipal Police	17,465,735	17,148,946
Municipal Fire	12,241,635	12,156,116
	$ 107,294,529	$ 103,936,748
Contributions "in relation" as a percentage of covered-employee payroll		
Municipal General	11.89%	11.89%
Municipal Police	19.57%	19.25%
Municipal Fire	22.03%	21.80%

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

** Amounts for covered payroll for 2016 are imputed using the contribution rates for the various plans

Changes of benefit terms. The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY15 annual report available at:
http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/CAFR-2015.pdf

Assumptions. The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2015 report is available at:
http://www.nmpera.org/assets/uploads/downloads/retirement-fund-valuation-reports/6-30-2015-PERA-Valuation-Report-FINAL.pdf
For details about actuarial asuumptions, see Appendix B on page 53 of the report.

Note: Pension schedules in the required supplementary information are intended to show information for ten years. Additional information will be displayed as it becomes available.

Sources: PERA and County's payroll office