

STATE OF NEW MEXICO
TOWN OF BERNALILLO
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2015



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INTRODUCTORY SECTION

STATE OF NEW MEXICO
TOWN OF BERNALILLO

Official Roster
June 30, 2015

Town Council

Jack Torres	Mayor
Tina Dominguez	Town Councilor
Ronnie Sisneros	Town Councilor
Dale Prairie	Town Councilor
Marian Jaramillo	Town Councilor

Administrative Officials

Juan Torres	Town Treasurer
Ida Fierro	Town Clerk

STATE OF NEW MEXICO
TOWN OF BERNALILLO
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2015
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TOWN OF BERNALILLO

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FINANCIAL SECTION

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Griego Professional Services, LLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Tim Keller
New Mexico State Auditor
Council Members
Town of Bernalillo
Bernalillo, New Mexico

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the governmental activities, business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the General Fund and major special revenue fund of the Town of Bernalillo, New Mexico (Town), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents. We were also engaged to audit the financial statements of each of the Town's nonmajor governmental funds, nonmajor enterprise fund, and the budgetary comparisons for the major debt service fund, capital project funds, enterprise funds and all nonmajor funds presented as supplementary information, as defined by the Governmental Accounting Standards Board, in the accompanying Combining and Individual Fund Financial Statements and Schedules as of and for the year ended June 30, 2015, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on conducting the 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. Because of the matters described in the Basis for Disclaimer of Opinions paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for audit opinions.

Basis for Disclaimer of Opinions

The Town of Bernalillo, New Mexico did not maintain sufficient internal controls and/or adequate records of its cash and investments, capital assets, revenues/receivables, and completeness of the underlying general ledger accounting. Accordingly, we were unable to perform procedures sufficient to achieve the audit objectives for these account balances and transaction classes.

Disclaimer of Opinions

As the Town did not maintain sufficient internal controls and/or adequate records we were unable to obtain sufficient evidential matter and we were not able to apply other auditing procedures to satisfy ourselves as to the fairness of the presentation of the financial statements in accordance with generally accepted accounting principles. The scope of our work was not sufficient to enable us to express, and we do not express an opinion on the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Bernalillo, New Mexico as of June 30, 2015, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General Fund and major special revenue fund for the year ended in conformity with accounting principles generally accepted in the United States of America.

P.O. Box 37379 • Albuquerque, NM 87176-7379
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In addition, we do not express an opinion on the respective financial position of each nonmajor governmental and nonmajor enterprise fund of the Town of Bernalillo, New Mexico, as of June 30, 2015, and the respective changes in financial position, thereof and the respective budgetary comparisons for the major debt service fund, capital project funds, enterprise funds and all nonmajor governmental funds for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis that the Governmental Accounting Standards Board requires to be presented to supplement the basic financial statements. Such missing 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.

Other Information

We were engaged for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements, nonmajor governmental funds, and budgetary comparison information presented as supplementary information in the accompanying Combining and Individual Fund Financial Statements and Schedules. The additional schedules listed as Other Supplementary Information in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Because of the significance of the matter described above, it is inappropriate to and we do not express an opinion on the supplementary information referenced to above.

The Schedule of Vendors over \$60,000 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2015, on our consideration of Town of Bernalillo, New Mexico's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Town of Bernalillo, New Mexico's internal control over financial reporting and compliance.

GRIEGO PROFESSIONAL SERVICES, LLC



Albuquerque, New Mexico
December 11, 2015

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**BASIC
FINANCIAL STATEMENTS**

STATE OF NEW MEXICO
TOWN OF BERNALILLO
STATEMENT OF NET POSITION
JUNE 30, 2015

Exhibit A-1

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets			
Cash and cash equivalents	\$ -	\$ 90,955	\$ 90,955
Short term investments	2,388,931	-	2,388,931
Receivables			
Property taxes	523,454	10,322	533,776
Other taxes	-	-	-
Intergovernmental	968,952	-	968,952
Customers, net of allowance	-	28,710	28,710
Other accounts receivable	7,090	-	7,090
Inventory	-	-	-
Internal balances	1,916,056	(1,916,056)	-
Restricted cash and equivalents	3,273	-	3,273
Capital assets	19,558,469	18,595,277	38,153,746
Less: accumulated depreciation	(8,952,480)	(2,944,600)	(11,897,080)
Total Assets	16,413,745	13,864,608	30,278,353
Deferred Outflow of Resources			
Related to Pensions	519,926	221,417	741,343

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF BERNALILLO
STATEMENT OF NET POSITION
JUNE 30, 2015

Exhibit A-1

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Liabilities			
Cash Overdraft	\$ 3,235,374	\$ -	\$ 3,235,374
Accounts payable	534,022	123,919	657,941
Accrued payroll liabilities	143,287	21,654	164,941
Customer deposits payable	6,206	1,902	8,108
Other accrued liabilities	-	206,381	206,381
Accrued interest payable	21,031	31,354	52,385
Current portion of accrued compensated absences	111,785	40,763	152,548
Non current portion of accrued compensated absences	19,727	986	20,713
Current portion of long term obligations	51,162	569,176	620,338
Noncurrent Liabilities:			
Pensions Payable	3,601,004	514,047	4,115,051
Bonds and Notes Payable	2,390,000	6,040,000	8,430,000
Notes Payable	285,713	2,573,509	2,859,222
Landfill liability	-	-	-
Total Liabilities	<u>10,399,311</u>	<u>10,123,691</u>	<u>20,523,002</u>
Deferred Inflow of Resources			
Related to Pensions	1,279,763	201,457	1,481,220
Net Position			
Net investment in capital assets	7,879,114	6,467,992	14,347,106
Restricted for:			
Debt service	712,053	-	712,053
Capital projects	663,524	-	663,524
Special revenue funds/other purposes	(2,738,727)	-	(2,738,727)
Unrestricted	<u>(1,261,367)</u>	<u>(2,707,115)</u>	<u>(3,968,482)</u>
Total Net Position	<u>5,254,597</u>	<u>3,760,877</u>	<u>9,015,474</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF BERNALILLO
STATEMENT OF ACTIVITIES
JUNE 30, 2015

	Program Revenues			
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Functions/Programs:				
Primary Government				
Governmental Activities:				
General government	\$ 2,290,100	\$ 319,771	\$ 1,177,931	\$ -
Public safety	3,177,729	86,257	196,937	-
Culture and recreation	869,459	443,671	8,667	-
Health and welfare	-	-	-	-
Public works	3,123,333	-	-	-
Interest on long-term debt	121,350	-	-	-
	9,581,971	849,699	1,383,535	-
Business-type activities				
Campground	101,479	126,789	-	-
Water and Sewer Utilities	2,737,749	3,370,367	-	-
	2,839,228	3,497,156	-	-
Total primary government	12,421,199	4,346,855	1,383,535	-

General Revenues:

Taxes
Property taxes
Gross receipts taxes
Other Tax
Interest income
Transfers in (out)
Gain (loss) on asset disposal
Miscellaneous income

Total General Revenues and Transfers

Change in net assets

Total net position - beginning of year
Restatement (Note 15)
Restated net position - beginning of year

Total net position - end of year

The accompanying notes are an integral part of these financial statements

<u>Net (Expenses) Revenues and Changes in Net Position</u>		
<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (792,398)	\$ -	\$ (792,398)
(2,894,535)	-	(2,894,535)
(417,121)	-	(417,121)
-	-	-
(3,123,333)	-	(3,123,333)
(121,350)	-	(121,350)
<u>(7,348,737)</u>	<u>-</u>	<u>(7,348,737)</u>
-	25,310	25,310
<u>-</u>	<u>632,618</u>	<u>632,618</u>
-	657,928	657,928
		<u><u>(6,690,809)</u></u>
777,086	-	777,086
6,383,546	-	6,383,546
448,810	143,000	591,810
2,482	79,867	82,349
(22,315)	22,315	-
-	-	-
<u>43,476</u>	<u>94,291</u>	<u>137,767</u>
<u>7,633,085</u>	<u>339,473</u>	<u>7,972,558</u>
<u>284,348</u>	<u>997,401</u>	<u>1,281,749</u>
9,396,787	3,414,603	12,811,390
<u>(4,426,538)</u>	<u>(651,127)</u>	<u>(5,077,665)</u>
4,970,249	2,763,476	7,733,725
<u>\$ 5,254,597</u>	<u>\$ 3,760,877</u>	<u>\$ 9,015,474</u>

The accompanying notes are an integral part of these financial statements

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

	General Fund	Gas Tax Fund	Capital Projects Fund
Assets			
<i>Current:</i>			
Cash and cash equivalents	\$ (2,957,396)	\$ -	\$ 797,171
Short term investments	-	-	-
Accounts receivable			
Property taxes	-	-	-
Other taxes	523,454	-	-
Intergovernmental	2,810	966,142	-
Miscellaneous	7,090	-	-
Interfund receivable	6,117,328	-	-
Prepaid expenses	-	-	-
Interfund note receivable	-	-	-
<i>Total assets</i>	\$ 3,693,286	\$ 966,142	\$ 797,171
 Liabilities and fund balances			
<i>Liabilities</i>			
Accounts payable	\$ 240,861	\$ 184,765	\$ -
Accrued payroll liabilities	143,287	-	-
Customer deposits payable	-	-	-
Other accrued liabilities	6,206	-	-
Interfund payable	-	3,776,212	133,647
Deferred Revenue	-	-	-
<i>Total liabilities</i>	390,354	3,960,977	133,647
 Fund balances			
Nonspendable	-	-	-
Restricted	-	-	-
Committed	-	-	663,524
Assigned	-	-	-
Unassigned	3,302,932	(2,994,835)	-
<i>Total fund balances</i>	3,302,932	(2,994,835)	663,524
 <i>Total liabilities and fund balances</i>	\$ 3,693,286	\$ 966,142	\$ 797,171

The accompanying notes are an integral part of these financial statements

Debt Service	Other Governmental Funds	Total
\$ 661,138	\$ 655,917	\$ (843,170)
-	-	-
-	-	-
-	-	523,454
-	-	968,952
-	-	7,090
-	80	6,117,408
-	-	-
-	-	-
<u>\$ 661,138</u>	<u>\$ 655,997</u>	<u>\$ 6,773,734</u>
-	-	-
-	-	-
-	-	-
-	-	-
-	291,493	4,201,352
-	-	-
<u>-</u>	<u>399,889</u>	<u>4,884,867</u>
-	-	-
661,138	256,108	917,246
-	-	663,524
-	-	-
-	-	308,097
<u>661,138</u>	<u>256,108</u>	<u>1,888,867</u>
<u>\$ 661,138</u>	<u>\$ 655,997</u>	<u>\$ 6,773,734</u>

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO
TOWN OF BERNALILLO
RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2015

Exhibit B-1
Page 2 of 2

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

Fund balances - total governmental funds	\$	1,888,867
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		10,605,989
Deferred outflows and inflows of resources related to pensions are applicable to future periods and therefore are not reported in the funds		
Deferred outflow of resources		519,926
Deferred inflow of resources		(1,279,763)
Other long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the funds:		
Accrued interest		(21,031)
Current portion of accrued compensate absences		(111,785)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds		
Net pension liability		(3,601,004)
Noncurrent portion of accrued compensated absences		(19,727)
Current portion long-term liabilities		(51,162)
Notes payable		(285,713)
Bonds payable		(2,390,000)
		(2,390,000)
Net positon-Governmental Activities	\$	5,254,597

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF BERNALILLO
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDING JUNE 30, 2015

	General Fund	Gas Tax Fund	Capital Projects Fund
<i>Revenues:</i>			
Property taxes	\$ 777,086	\$ -	\$ -
Gross receipts taxes	6,383,546	190,492	-
Other taxes	258,318	-	-
State grants	125,970	1,039,011	-
Federal grants	12,917	-	-
Licenses and fees	341,804	-	-
Charges for services	399,448	-	-
Investment income	881	-	887
Miscellaneous	181,568	-	-
<i>Total Revenues</i>	<u>8,481,538</u>	<u>1,229,503</u>	<u>887</u>
<i>Expenditures:</i>			
<i>Current:</i>			
General Government	2,513,462	-	-
Public safety	3,079,323	-	-
Culture and recreation	809,103	-	-
Health and welfare	-	-	-
Public works	310,057	255,359	-
Capital Outlay	426,683	1,854,915	71,467
<i>Debt Service:</i>			
Principal	-	-	-
Interest	-	-	-
Bond issuance costs	-	-	-
<i>Total Expenditures</i>	<u>7,138,628</u>	<u>2,110,274</u>	<u>71,467</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>1,342,910</u>	<u>(880,771)</u>	<u>(70,580)</u>
<i>Other financing sources (uses)</i>			
Proceeds from note payable	-	-	-
Discount on bonds payable	-	-	-
Operating transfers in	(494,848)	-	-
Operating transfers (out)	-	-	-
<i>Total other financing sources (uses)</i>	<u>(494,848)</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	848,062	(880,771)	(70,580)
<i>Fund balance - beginning of year</i>	2,513,531	(2,114,064)	734,104
<i>Reclassification</i>	(303,747)	-	-
<i>Fund balance - beginning of year</i>	<u>2,209,784</u>	<u>(2,114,064)</u>	<u>734,104</u>
<i>Fund balance - end of year</i>	<u>\$ 3,057,846</u>	<u>\$ (2,994,835)</u>	<u>\$ 663,524</u>

The accompanying notes are an integral part of these financial statements

Debt Service	Other Governmental Funds	Total
\$ -	\$ -	\$ 777,086
-	-	6,574,038
-	-	258,318
-	205,637	1,370,618
-	-	12,917
-	108,447	450,251
-	-	399,448
714	-	2,482
-	-	181,568
<u>714</u>	<u>314,084</u>	<u>10,026,726</u>
-	36,703	2,550,165
-	98,406	3,177,729
-	-	809,103
-	-	-
-	-	565,416
-	204,852	2,557,917
50,915	-	50,915
121,350	-	121,350
-	-	-
<u>172,265</u>	<u>339,961</u>	<u>9,832,595</u>
<u>(171,551)</u>	<u>(25,877)</u>	<u>194,131</u>
-	-	-
-	-	-
472,533	-	(22,315)
-	-	-
<u>472,533</u>	<u>-</u>	<u>(22,315)</u>
300,982	(25,877)	171,816
-	281,985	1,415,556
303,747	-	-
<u>303,747</u>	<u>281,985</u>	<u>1,415,556</u>
<u>\$ 604,729</u>	<u>\$ 256,108</u>	<u>\$ 1,587,372</u>

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO

TOWN OF BERNALILLO

Exhibit B-2

Page 2 of 2

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDING JUNE 30, 2015

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

Net change in fund balances - total governmental funds	\$ 171,816
--	------------

Governmental funds report capital outlays 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:

Capital expenditures	176,845
Depreciation expense	(478,810)
Loss on disposal of assets	-

Governmental funds report pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense

Pension contributions	488,758
Cost of benefits earned net of employee contributions	(171,256)

The issuance of long-term debt (e.g. bonds, notes, 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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:

Principal payments on bonds	50,915
Bond proceeds	-
Increase in deferred property tax	1,676
Decrease in compensated absences	55,780
Increase in accrued interest expense	<u>(11,376)</u>

Change in net position of governmental activities	<u><u>\$ 284,348</u></u>
---	--------------------------

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Exhibit C-1

TOWN OF BERNALILLO

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ 6,388,979	\$ 6,388,979	\$ 6,895,496	\$ 506,517
Intergovernmental	669,189	712,905	379,343	(333,562)
Licenses and fees	398,092	398,092	341,066	(57,026)
Charges for services	421,417	421,417	397,392	(24,025)
Investment income	152,000	152,000	881	(151,119)
Miscellaneous	108,705	108,705	179,092	70,387
<i>Total revenues</i>	<u>8,138,382</u>	<u>8,182,098</u>	<u>8,193,270</u>	<u>11,172</u>
<i>Expenditures:</i>				
Current				
General Government	3,199,493	3,301,189	2,478,010	823,179
Public safety	3,211,132	3,238,659	3,075,418	163,241
Culture and recreation	716,142	716,292	809,103	(92,811)
Health and welfare	-	-	-	-
Public works	235,938	235,938	310,057	(74,119)
Education	-	-	-	-
Capital outlay	452,695	391,128	373,554	17,574
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>7,815,400</u>	<u>7,883,206</u>	<u>7,046,142</u>	<u>837,064</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>322,982</u>	<u>298,892</u>	<u>1,147,128</u>	<u>848,236</u>
<i>Other financing sources (uses):</i>				
Operating transfers in	-	-	(494,848)	(494,848)
Operating transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	(322,982)	(298,892)	-	298,892
<i>Total other financing sources (uses)</i>	<u>(322,982)</u>	<u>(298,892)</u>	<u>(494,848)</u>	<u>(195,956)</u>
<i>Net change in fund balances</i>	-	-	652,280	652,280
<i>Fund balances - beginning of year</i>	-	-	2,507,652	2,507,652
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,159,932</u>	<u>\$ 3,159,932</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			533,354	
Expenditure accruals			(337,572)	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 848,062</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO

Exhibit C-2

TOWN OF BERNALILLO

GAS TAX SPECIAL REVENUE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ 227,878	\$ 227,878	\$ 249,140	\$ 21,262
Intergovernmental	4,255,255	4,255,255	98,879	(4,156,376)
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	484,909	484,909	-	(484,909)
<i>Total revenues</i>	<u>4,968,042</u>	<u>4,968,042</u>	<u>348,019</u>	<u>(4,620,023)</u>
<i>Expenditures:</i>				
<i>Current</i>				
General Government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	291,485	291,485	242,919	48,566
Education	-	-	-	-
Capital outlay	4,991,356	4,991,356	1,781,831	3,209,525
Debt service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>5,282,841</u>	<u>5,282,841</u>	<u>2,024,750</u>	<u>3,258,091</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(314,799)</u>	<u>(314,799)</u>	<u>(1,676,731)</u>	<u>(1,361,932)</u>
<i>Other financing sources (uses):</i>				
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	314,799	314,799	-	(314,799)
<i>Total other financing sources (uses)</i>	<u>314,799</u>	<u>314,799</u>	<u>-</u>	<u>(314,799)</u>
<i>Net change in fund balances</i>	-	-	(1,676,731)	(1,676,731)
<i>Fund balances - beginning of year</i>	-	-	(2,099,481)	(2,099,481)
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,776,212)</u>	<u>\$ (3,776,212)</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			881,484	
Expenditure accruals			(85,524)	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ (880,771)</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
TOWN OF BERNALILLO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

Exhibit D-1

Assets	Campground	Water and Sewer Utilities	Total
Cash and investments	\$ 90,955	\$ -	\$ 90,955
Receivables			
Taxes	-	10,322	10,322
Customers (net of allowance for uncollectibles)	-	28,710	28,710
Interfund receivables	(2,868)	(1,913,188)	(1,916,056)
Prepaid insurance	-	-	-
Total current assets	88,087	(1,874,156)	(1,786,069)
Capital assets	17,661	18,577,616	18,595,277
Less: accumulated depreciation	(13,015)	(2,931,585)	(2,944,600)
Total noncurrent assets	4,646	15,646,031	15,650,677
Total assets	\$ 92,733	\$ 13,771,875	\$ 13,864,608
 Deferred Outflow of Resources			
Related to pensions	8,201	213,216	221,417
 Liabilities			
Current Liabilities:			
Accounts payable	\$ -	\$ 123,919	\$ 123,919
Accrued payroll liabilities	362	21,292	21,654
Other accrued liabilities	-	206,381	206,381
Accrued interest expense	-	31,354	31,354
Customer/tenant deposits	-	1,902	1,902
Current portion of accrued compensated absences	1,067	39,696	40,763
Current portion of bonds and notes payable	-	569,176	569,176
Total current liabilities	1,429	993,720	995,149
Noncurrent Liabilities:			
Noncurrent portion of accrued compensated absences	986	-	986
Noncurrent portion of bonds and notes payable	-	8,613,509	8,613,509
Net pension liability	19,771	494,276	514,047
Total non-current liabilities	20,757	9,107,785	9,128,542
Total liabilities	22,186	10,101,505	10,123,691
 Deferred Inflow of Resources			
Related to pensions	7,748	193,709	201,457
 Net Position			
Net investment in capital assets	4,646	6,463,346	6,467,992
Restricted	-	-	-
Unrestricted	66,354	(2,773,469)	(2,707,115)
Total net position	71,000	3,689,877	3,760,877

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF BERNALILLO
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

Exhibit D-2

	Campground	Water and Sewer Utilities	Total
<i>Operating revenues:</i>			
Charges for services	\$ 126,789	\$ 3,370,367	\$ 3,497,156
Total operating revenues	126,789	3,370,367	3,497,156
<i>Operating expenses:</i>			
General and administrative	11,797	895,557	907,354
Personnel services	54,981	621,698	676,679
Contractual services	-	53,445	53,445
Supplies and purchased power	2,914	132,665	135,579
Maintenance and materials	3,288	50,366	53,654
Utilities	26,568	373,165	399,733
Depreciation	1,811	149,636	151,447
Miscellaneous	120	40,512	40,632
Total operating expenses	101,479	2,317,044	2,418,523
Operating income (loss)	25,310	1,053,323	1,078,633
<i>Non-operating revenues (expenses):</i>			
Taxes	-	143,000	143,000
Housing assistance payments	-	-	-
Interest income	-	79,867	79,867
Interest expense	-	(420,705)	(420,705)
Grant revenue	-	-	-
Miscellaneous	-	94,291	94,291
Total non-operating revenues	-	(103,547)	(103,547)
Transfers in	-	22,315	22,315
Transfers (out)	-	-	-
Total transfers	-	22,315	22,315
<i>Net Income</i>	25,310	972,091	997,401
<i>Total net position - beginning</i>	70,733	3,343,870	3,414,603
<i>Prior period adjustment</i>	(25,043)	(626,084)	(651,127)
<i>Total net position - restated</i>	45,690	2,717,786	2,763,476
<i>Total net position - ending</i>	\$ 71,000	\$ 3,689,877	\$ 3,760,877

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF BERNALILLO
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015

Exhibit D-3

	Enterprise Funds		Total
	Campground Enterprise Fund	Water and Sewer Enterprise Fund	
Cash Flows From Operating Activities:			
Cash received from customers	\$ 126,789	\$ 5,052,616	\$ 5,179,405
Cash paid to suppliers and employees	(78,724)	(1,297,254)	(1,375,978)
Net Cash (Used) by Operating Activities	<u>48,065</u>	<u>3,755,362</u>	<u>3,803,427</u>
Cash Flows From Non-Capital Financing Activities			
Operating transfers	-	22,315	22,315
Gross receipts tax		143,000	143,000
Grant income	-	-	-
Housing assistance payments	-	-	-
Interest expense	-	-	-
Miscellaneous income	-	94,291	94,291
Net Cash (Used) by Non-Capital Financing Activities	<u>-</u>	<u>259,606</u>	<u>259,606</u>
Cash Flows From Capital Financing Activities			
(Purchase)/transfer of capital assets	(6,457)	(45,819)	(52,276)
Principal paid on capital debt	-	(889,448)	(889,448)
Prior period adjustment	(25,043)	(626,084)	(651,127)
Interest paid on capital debt	-	(426,258)	(426,258)
Net Cash (Used) by Capital Financing Activities	<u>(31,500)</u>	<u>(1,987,609)</u>	<u>(2,019,109)</u>
Cash Flows From Investing Activities:			
Interest income	-	79,867	79,867
Net Cash (Used) by Investing Activities	<u>-</u>	<u>79,867</u>	<u>79,867</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	16,565	2,107,226	2,123,791
Cash and Cash Equivalents, Beginning of Year	74,390	(2,107,226)	(2,032,836)
Cash and Cash Equivalents, End of Year	<u>\$ 90,955</u>	<u>\$ -</u>	<u>\$ 90,955</u>
Reconciliation of Operating (Loss) to Net Cash (Used) by Operating Activities:			
Operating income (loss)	\$ 25,310	\$ 1,053,323	1,078,633
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:			
Depreciation	1,811	149,636	151,447
(Increase)/decrease in accounts receivable	-	(17,723)	(17,723)
(Increase)/decrease in interfund balances	2,868	1,913,188	1,916,056
(Increase)/decrease in deferred outflow	(8,201)	(213,216)	(221,417)
(Increase)/decrease in prepaid insurance	-	1,902	1,902
Increase/(decrease) in accounts payable	(699)	(25,377)	(26,076)
Increase/(decrease) in accrued liabilities	(1,487)	200,120	198,633
Increase/(decrease) deferred inflow	7,748	193,709	201,457
Increase/(decrease) in pension liability	19,771	494,276	514,047
Increase/(decrease) in accrued compensated absences	944	5,524	6,468
Net Cash (Used) by Operating Activities	<u>\$ 48,065</u>	<u>\$ 3,755,362</u>	<u>\$ 3,803,427</u>

Summary of Significant Noncash Activities:

No significant noncash transactions.

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
TOWN OF BERNALILLO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1. Summary of Significant Accounting Policies

The Town of Bernalillo (the “Town”) was incorporated under the provisions of Article 16, Chapter 75 of the New Mexico Statutes of 1915, codification and amendments thereto. The town operates under an elected Mayor-Council form of government.

The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standard Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

During the year ended June 30, 2015, the Town implemented the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standard Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. During the year ended June 30, 2013, the Town adopted GASB Statements No. 60 through 63. GASB Statement No. 60, Accounting and Financial Reporting for Service Concession Arrangements. The Town does not have any Service Concession Arrangements. GASB Statement No. 61, The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34, modifies certain requirements for inclusion of component units in the financial reporting entity. GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which incorporates into the GASB’s authoritative literature certain accounting and financial reporting guidance that is included in FASB and AICPA Pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources.

The more significant of the Town’s accounting policies are described below.

A. 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 Town’s major operations include police and fire protection, library, parks and recreation, certain community and social services and general administrative services. In addition, the Town operates two enterprise funds, which include a Water and Sewer Utility Fund and a Campground Fund.

The financial reporting entity consists of a primary government and its component units. The Town is a primary government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. Furthermore, there are no component units combined with the Town for financial statement presentation purposes, and the Town is not included in any other governmental reporting entity. Consequently, the Town’s financial statements include only the financial activity of those organizational entities for which its elected governing body is financially accountable.

STATE OF NEW MEXICO
TOWN OF BERNALILLO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1. Summary of Significant Accounting Policies (Continued)

A. Financial Reporting Entity (Continued)

In evaluating how to define the Town, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14 and 39. Blended component units, although legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters.

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

GASB No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB No. 65, *Items Previously Reported as Assets and Liabilities*, amend GASB No. 34, *Basic Financial Statements – and Management's Discussion and Analysis for State and Local Governments*, to incorporate deferred outflows of resources and deferred inflows of resources in the financial reporting model.

Deferred outflows of resources – a consumption of net assets by the government that is applicable to a future reporting period. It has a positive effect on net position, similar to assets.

Deferred inflows of resources – an acquisition of net assets by the government that is applicable to a future reporting period. It has a negative effect on net position, similar to liabilities.

Net position – the residual of the net effects of assets, deferred outflows of resources, liabilities, and deferred inflows of resources.

STATE OF NEW MEXICO
TOWN OF BERNALILLO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1. Summary of Significant Accounting Policies (Continued)

B. Government-wide and fund financial statements (Continued)

The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are presented on a consolidated basis by column and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt obligations. The Town's net position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position.

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 and fiduciary fund financial statements. 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 as revenues 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 or soon enough thereafter to pay liabilities of the current period. For this purpose, the government 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 due.

Property taxes, franchise taxes, licenses 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. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. 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 government.

STATE OF NEW MEXICO
TOWN OF BERNALILLO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1. Summary of Significant Accounting Policies (Continued)

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

Program revenues included in the Statement of Activities are derived directly from the program itself or from parties outside the Town's taxpayer or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Town's general revenues. Program revenues are categorized as (a) charges for services, which include revenues collected for fees and use of Town facilities, etc., (b) program-specific operating grants, which includes revenues received from state and federal sources to be used as specified within each program grant agreement, and (c) program-specific capital grants and contributions, which include revenues from state sources to be used for capital projects. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

The Town reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. The Town does not currently employ indirect cost allocation systems. Depreciation expense is unallocated and is considered an indirect expense and is reported separately on the Statement of Activities. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

The Town reports the following major governmental funds:

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

Gas Tax Fund accounts for funds used for construction and maintenance of streets and bridges and is provided by a one (1) cent per gallon tax on gasoline purchased in the community as authorized by Section 7-24A, NMSA 1978.

Capital Projects Fund accounts for various capital projects in progress by the Town.

Debt Service Fund accounts for the debt service payments of the Town governmental activities.

The Town reports the following proprietary funds as major funds. Proprietary funds include:

Water and Sewer Utility Fund- This enterprise fund is used to account for all operations of the water and wastewater systems.

Campground Fund - This enterprise fund is used to account for all operations of the campground. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

The principal operating revenues of the Town's enterprise funds are charges to customers for water and wastewater services. Operating expenses for this fund include production costs, administrative expenses and depreciation. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Additionally, the government reports the following fund types:

The *Special Revenue Funds* account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

The *Capital Projects Funds* account for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

STATE OF NEW MEXICO
TOWN OF BERNALILLO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1. Summary of Significant Accounting Policies (Continued)

C. Measurement focus, basis of accounting, and financial statement presentation (Continued)

The *Debt Service Funds* account for the services of general long-term debt not being financed by proprietary or nonexpendable trust funds.

The *Fiduciary Funds* are purely custodial (assets equal liabilities) and do not involve measurement of results of operations. The Town's fiduciary funds are used to account for DWI testing receipts and disbursements; water security deposits, and for funds provided by a private donor to finance the purchase of medical equipment for the community hospital.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues for the various functions concerned as reported in the Statement of Activities.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenue of the Town's enterprise fund is charges for services for the Town's utilities. Operating expenses for enterprise funds include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Assets, Liabilities and Net Position or Equity

Cash & Cash Equivalents: The Town's cash and 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: State statutes authorize the Town to invest in Certificates of Deposit, obligations of the U.S. Government, and the State Treasurer's Local Government Investment Pool (LGIP).

Investments for the Town are reported at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. The State Treasurer's Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Interest income, unrealized and 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.

Receivables and Payables: Interfund activity is reported as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting funds and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources in the event they are not received within 60 days of year end.

STATE OF NEW MEXICO
TOWN OF BERNALILLO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities and Net Position or Equity (Continued)

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. In the government-wide and governmental fund financial statements, delinquent property taxes are recorded when levied. Property taxes are considered to be 100% collectable.

Prepaid Items: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid items are recorded as expenses when consumed in the government-wide financial statements and as expenditures when purchased in the fund financial statements.

Inventory: Proprietary fund inventories are recorded at the lower of cost or market on a first-in, first-out basis, and consist of operating supplies held for use in operations and are recorded as an expense when consumed rather than when purchased.

Capital Assets: Capital assets, which include property, plant, utility systems, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1980) are included as part of the governmental capital assets reported in the government-wide statements. Information Technology Equipment including software is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.20.1.9 C (5). Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Library books and periodicals are estimated to have a useful life of less than one year or are under the capitalization threshold and are expensed when purchased.

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. The total interest expense capitalized by the Town during the current fiscal year was \$0. No interest was included as part of the cost of capital assets under construction.

Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Infrastructure	25
Utility systems	40
Machinery & Equipment (including vehicles)	3-10

Accrued Expenses: Accrued expenses are comprised of the payroll expenditures based on amounts earned by the employees through June 30, 2015, along with applicable PERA, FICA, Medicare, and Retiree Health Care contributions.

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.

STATE OF NEW MEXICO
TOWN OF BERNALILLO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities and Net Position or Equity (Continued)

Restricted Assets: Restricted assets consist of those funds expendable for operating purposes but restricted by donors or other outside agencies as to the specific purpose for which they may be used.

Deferred Revenues: Accounting principles generally accepted in the United States of America require that grant revenue (voluntary nonexchange transactions) be recognized as revenue in the government-wide financial statements when all eligibility requirements have been met and recognized as revenue in the governmental fund financial statements based on the same factors subject to the availability criterion. Amounts received from reimbursement basis grants are recorded as deferred revenue in the governmental fund financial statements when received more than 90 days after year end and amounts received after 60 days after year end for property taxes.

Deferred Outflows/Inflows of Resources: In addition to assets, the statement of financial position may report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town did not have any items that qualified for reporting in this category.

In addition to liabilities, the statement of financial position may report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

Compensated Absences: The Town's employee vacation and sick leave policies generally provide for granting vacation and sick leave with pay. Vacation benefits vest immediately at the employee's current rate of pay, but payouts are capped at 240 hours. Sick leave benefits may be converted to vacation leave at specified rates; however, the sick leave benefits do not vest. The current and long-term liabilities for accumulated vacation leave are reported on the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee leave, resignations and retirements. Resources from the General Fund are typically used to pay for compensated absences.

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental or proprietary fund that will pay it. In prior years, substantially all of the related expenditures have been liquidated by the general fund. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the government-wide statement of net position.

Long-term Obligations: 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 statements of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method or the straight line method if the difference from using the effective method is inconsequential.

Fund Balance Classification Policies and Procedures: For committed fund balance the Town's highest level of decision-making authority is the Town Council. The formal action that is required to establish, modify, or rescind a fund balance commitment is a resolution approved by the Council at a Town Council meeting. The resolution must either be approved or rescinded, as applicable, prior to the last day of the fiscal year for which the commitment is made.

For assigned fund balance, the Town Council has approved the Town Manager as an authorized official to assign fund balance to a specific purpose.

STATE OF NEW MEXICO
TOWN OF BERNALILLO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

When multiple categories of fund balance are available for expenditures, the Town will start with the most restricted category and spend those funds first before moving down to the next category of available funds.

NOTE 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities and Net Position or Equity (Continued)

Nonspendable Fund Balance: At June 30, 2015, the Town of Bernalillo did not have any nonspendable fund balance.

Restricted and Committed Fund Balance: At June 30, 2015, the Town has presented restricted fund balance on the governmental funds balance sheet in the amount of \$1,240,495 for various Town operations as restricted by enabling legislation.

Minimum Fund Balance Policy:

In the event that the Unassigned Fund Balance in the General Fund is calculated to be less than the policy requires, the Town shall plan to control operating expenditures and use budget surpluses in subsequent fiscal years to restore the balance. The minimum Unassigned Fund Balance shall be restored within one to three fiscal years, as economic conditions allow. Except in extraordinary circumstances, the minimum Undesignated Fund Balance should not be used to fund any portion of the ongoing and routine year-to-year operating expenditures of the Town. It should be used primarily to insure adequate designated reserves, to respond to unforeseen emergencies, to provide cash flow, and to provide overall financial stability.

Equity Classifications: Equity is classified as Net Position and displayed in three components in the Government-wide Statements:

- a. Net investment in capital assets: Consist of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted Net Position: Consist of assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. Descriptions for related restrictions are for “special revenue, debt service, and capital projects” are described on pages 39-40.
- c. Unrestricted Net position: All other assets that do not meet the definition of “restricted” or “net investment in capital assets.”

Interfund Transactions: Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund from expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates in the Town’s financial statements include the allowance for uncollectible accounts in the enterprise funds, depreciation on capital assets over their estimated useful lives and the current portion of accrued compensated absences.

STATE OF NEW MEXICO
TOWN OF BERNALILLO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Reclassifications: Certain amounts included in the prior year financial statements have been reclassified to conform to the current year presentation. All waste water funds have been consolidated into a single proprietary fund for financial statement presentation purposes.

NOTE 2. Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets of the Town are prepared prior to June 1 and must be approved by resolution of the Town Council Members, and submitted to the Department of Finance and Administration for State approval. Once the budget has been formally approved, any amendments must also be approved by the Town Council Members and the Department of Finance and Administration. A separate budget is prepared for each fund. Line items within each budget may be over-expended; however, it is not legally permissible to over-expend any budget in total at the fund level.

These budgets are prepared on a Non-GAAP cash budgetary basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year.

The budgetary information presented in these financial statements has been properly amended by the Town Council in accordance with the above procedures. These amendments resulted in the following changes:

Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects.

The Town is required to balance its budgets each year. Accordingly, amounts that are excess or deficient are presented as changes in cash designated for expenditures, not as an excess or deficiency of revenues over expenditures.

The accompanying Statements of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual presents comparisons of the legally adopted budget with actual data on a budgetary basis.

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles in the United States of America (GAAP), a reconciliation of resultant basis, perspective, equity and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended June 30, 2015 is presented. Reconciliations between the Non-GAAP budgetary basis amounts and the financial statements on the GAAP basis by fund can be found on each individual fund budgetary statement.

NOTE 3. Deposits & Investments

Cash & Cash Equivalents

State statutes authorize the investment of Town funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the Town properly followed State investment requirements as of June 30, 2013.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the Town. The financial institution must provide pledged collateral for 50% of the deposit amount in excess of the deposit insurance.

The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of deposit.

STATE OF NEW MEXICO
TOWN OF BERNALILLO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 3. Deposits & Investments (Continued)

Excess of funds may be temporarily invested in securities which are issued by the State or by the United States government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments.

By operation of federal law, beginning January 1, 2013, funds deposited in a noninterest-bearing transaction account (including an Interest on Lawyer Trust Account) no longer will receive unlimited deposit insurance coverage by the FDIC. Beginning January 1, 2013, all of the County's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, will be insured by the FDIC up to the Standard Maximum Deposit Insurance Amount of \$250,000.

The collateral pledged is listed on Schedule I of this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2015, \$5,678,646, of the Town's bank balances of \$5,928,884 was exposed to custodial credit risk, \$5,678,646 was uninsured and collateralized by collateral held by the pledging bank's trust department, not in the Town's name and none of the Town's deposits were uninsured and uncollateralized.

The schedule listed below discloses the State of New Mexico, Office of the State Auditor's requirements on reporting the insured portion of the Town's deposits.

Cash & Cash Equivalents

	US Bank Bank	LPL	Total
Amount of deposits	\$ 5,928,646	\$ 238	\$ 5,928,884
FDIC Coverage	<u>(250,000)</u>	<u>(238)</u>	<u>(250,238)</u>
Total uninsured public funds	5,678,646	0	5,678,646
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the Town's name	<u>7,000,000</u>	<u>0</u>	<u>7,000,000</u>
Uninsured and unallocated	<u>\$ 1,321,354</u>	<u>\$ 0</u>	<u>\$ 1,321,354</u>
Collateral requirement (50% of uninsured funds)	\$ 2,839,323	\$ 0	\$ 2,839,323
Pledged Collateral	<u>7,000,000</u>	<u>0</u>	<u>7,000,000</u>
Over (Under) collateralized	<u>\$ 4,160,677</u>	<u>\$ 0</u>	<u>\$ 4,160,677</u>

STATE OF NEW MEXICO
TOWN OF BERNALILLO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 3. Deposits & Investments (Continued)

Cash & Cash Equivalents (Continued)

Investments

The Town's investments at June 30, 2015 include the following:

<u>Investments</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			
		<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>10+</u>
Money Market – U.S. Treasuries	132,680	\$ 132,680	\$	\$	\$
Mutual funds	100,168	100,168			
Municipal Bonds	1,502,835			1,502,835	
U.S. Treasuries	241,391		158,757	82,634	
U.S. Agencies:					
Federal Home Loan Mortgage Corporation	56,050				56,050
Federal National Mortgage Association	<u>355,569</u>		<u>25,440</u>	<u>20,035</u>	<u>310,094</u>
Total	<u>\$2,388,693</u>	<u>\$ 232,848</u>	<u>\$184,197</u>	<u>\$1,605,504</u>	<u>\$ 366,144</u>

Interest Rate Risk – Investments. The Town's policy related to interest rate risk with investments is to comply with the state as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). The Town's investments were rated AAA by Moody's Investors Services and S&P and have a weighted average days to maturity (WAM) of 27.5 days.

Credit Risk. The Town has no investment policy that would further limit its investment choices. All of the Town's investments in U.S. Agencies in the preceding table were rated AAA by Moody's Investors Service and AA+ by Standard & Poor's. The U.S. Treasuries were rated AAA by Moody's Investors Service.

Custodial Credit Risk – Investments. To control custody risk State law and the Town adopted Investment Policy requires all securities and all collateral for time and demand deposits as well as repurchase agreement collateral be transferred delivery versus payment and held by an independent party required to provide original safekeeping receipts. Repurchase agreements and deposits must be collateralized to 102% and 100% respectively.

Concentration of Credit Risk – Investments. For an investment, concentration credit risk is when any one issuer is 5% or more of the investment portfolio of the Town. The investment in the U.S Treasury Money Market Mutual Funds represents 21% and the investment in the New Mexico State Treasurer Local Growth Investment pool is 79% of the investment portfolio, respectively. Since the Town only purchases investments with the highest credit rating, the additional concentration is not viewed to be an additional risk by the Town. The Town's policy related to concentration of credit risk is to comply with the state statute as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978).

NOTE 4. Receivables

Receivables as of June 30, 2015, are as follows:

	<u>General Fund</u>	<u>Other Major Funds</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Other Taxes	523,454	0	0	523,454
Intergovernmental	2,810	966,142	0	968,952
Miscellaneous	7,090	0	0	7,090
Net Receivables	<u>\$ 533,354</u>	<u>\$ 966,142</u>	<u>\$ 0</u>	<u>\$ 1,499,496</u>

The above receivables are deemed 100% collectable.

STATE OF NEW MEXICO
TOWN OF BERNALILLO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 4. Receivables (continued)

Proprietary fund receivables as of June 30, 2015 are as follows:

	<u>Utilities</u>	<u>Total</u>
Taxes	\$ 10,322	\$ 10,322
Customer Receivables	28,710	28,710
Allowance for doubtful accounts	<u>—</u>	<u>—</u>
Net Receivables	<u>\$ 39,032</u>	<u>\$ 39,032</u>

NOTE 5. Interfund Receivables, Payables, and Transfers

The Town records temporary interfund receivables and payables to enable the funds to operate until grant monies are received. Internal balances have primarily been recorded when funds overdraw their share of pooled cash. The composition of interfund balances of June 30, 2015 is as follows:

	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>
General Fund	\$ —	\$ 6,117,328
Gas Tax Fund	3,776,212	—
Capital Projects Fund	133,647	—
Law Enforcement Fund	19,503	—
Rescue Fund	271,990	—
Lodger's Tax Fund	—	80
Campground Fund	2,868	—
Water Fund	1,913,188	—
Total	<u>\$ 6,117,408</u>	<u>\$ 6,117,408</u>

All interfund balances are short-term in nature.

Transfers from the General Fund to:

Debt Servie Fund	\$ 472,533
Utilities Fund	22,315
Total transfers from the General Fund	<u>\$ 494,848</u>

NOTE 6. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2015 follows. Land and construction in progress are not subject to depreciation.

Capital Assets used in Governmental Activities:	<u>Balance June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance June 30, 2015</u>
Capital assets not depreciated					
Land	260,810	—	—	—	260,810
Total not being depreciated	<u>\$ 260,810</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 260,810</u>
Capital assets being depreciated					
Buildings and improvements	4,189,196	\$ —	\$ —	\$ —	4,189,196
Improvements other than buildings	1,038,278	—	—	—	1,038,278
Infrastructure	10,435,769	—	—	—	10,435,769
Vehicles, furniture and equipment	3,457,571	176,845	—	—	3,634,416
Total being depreciated	<u>\$ 19,120,814</u>	<u>\$ 176,845</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 19,297,659</u>
Total capital assets	<u>\$ 19,381,624</u>	<u>\$ 176,845</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 19,558,469</u>

STATE OF NEW MEXICO
TOWN OF BERNALILLO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 6. Capital Assets (Continued)

Less accumulated depreciation						
Buildings and improvements	\$ 1,623,397	\$ 88,342	\$ —	\$ —	\$ 1,711,739	
Improvements other than buildings	240,592	22,880	—	—	263,472	
Infrastructure	3,689,783	154,938	—	—	3,844,721	
Vehicles, furniture and equipment	2,919,898	212,650	—	—	3,132,548	
Total accumulated depreciation	<u>\$ 8,476,670</u>	<u>\$ 478,810</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 8,952,480</u>	
Net capital assets	<u>\$ 10,904,954</u>	<u>\$ (301,965)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 10,605,989</u>	

Depreciation expense for the year ended June 30, 2015 was charged to governmental activities as follows:

General Government	\$ 247,878
Public Safety	164,206
Culture and Recreation	66,726
Total	<u>\$ 478,810</u>

Capital Assets used in Business-Type Activities:	Balance June 30, 2014	Additions	Deletions	Transfers	Balance June 30, 2015
Capital assets not depreciated					
Land	377,428	—	—	—	377,428
Total not being depreciated	<u>\$ 377,428</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 377,428</u>
Capital assets being depreciated					
Buildings and improvements	87,742	—	—	—	87,742
Infrastructure	17,437,634	—	—	—	17,437,634
Vehicles, furniture and equipment	640,197	52,276	—	—	692,473
Total being depreciated	<u>\$ 18,165,573</u>	<u>\$ 52,276</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 18,217,849</u>
Total capital assets	<u>\$ 18,543,001</u>	<u>\$ 52,276</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 18,595,277</u>
Less accumulated depreciation					
Buildings and improvements	37,292	2,022	—	—	39,314
Infrastructure	2,194,416	118,983	—	—	2,313,399
Vehicles, furniture and equipment	561,445	30,442	—	—	591,887
Total accumulated depreciation	<u>\$ 2,793,153</u>	<u>\$ 151,447</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 2,944,600</u>
Net capital assets	<u>\$ 15,749,848</u>	<u>\$ (99,171)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 15,650,677</u>

Depreciation expense charged to business-type activities for the year ended June 30, 2015 was as follows:

Water and sewer utility	\$ 149,636
Campground	1,811
Total	<u>\$ 151,447</u>

STATE OF NEW MEXICO
TOWN OF BERNALILLO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 7. Long-term Debt

Governmental Activities

During the year ended June 30, 2015, the following changes occurred in the liabilities reported in the government-wide Statement of Net Position:

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015	Due Within One Year
Loans Payable	\$ 387,790	\$ 0	\$ 50,915	\$ 336,875	\$ 51,162
Revenue Bonds Payable	2,390,000	0	0	2,390,000	0
Compensated Absences	187,292	14,854	70,634	131,512	111,785
Total Long-Term Debt	<u>\$ 2,965,082</u>	<u>\$ 14,854</u>	<u>\$ 121,549</u>	<u>\$ 2,858,387</u>	<u>\$ 162,947</u>

Interest expense paid on long-term debt for governmental activities totaled \$121,350 for the year ended June 30, 2015.

Revenue Bonds

Revenue bonds are issued and authorized by the governing body to provide funds to acquire and construct certain improvements for the Town and to pay the costs incurred in connection with the issuance of the bonds. The governmental activity revenue bonds are secured by a pledge of state-shared gross receipts taxes and the business-type activity revenue and refunding bonds are secured by a pledge of revenues from the water and sewer utility systems. Neither the governmental nor the business-type activity revenue and refunding bonds constitute a general obligation of the Town backed by the general taxing authority.

The governmental activity revenue bonds will be repaid by the 2008 Revenue Bond Debt Service Fund and the business-type activity revenue and refunding bonds will be repaid by the Water and Sewer Utility Fund.

Intra-entity Debt Holding. The Town has purchased and holds \$1,503,345 of its own State-Shared Gross Receipts Tax Revenue Bonds. Series 2008. Certain IRS notices have provided certain temporary rules that allowed state and local governmental issuers to purchase and hold their own tax-exempt bonds for temporary holding periods without resulting in a retirement of the purchased tax-exempt bonds. The Town intends to use future project reimbursements from the U.S. Army Corp of Engineers to retire the bonds upon receipt of the funds. Bond counsel of the Town performed due diligence procedure on the bond purchase; however, the financial statement and/or tax exempt status implications, if any, of the Town holding its own bonds has been fully evaluated by management.

Series	Original Issue	Final Maturity	Interest Rate	Outstanding
Revenue Bonds Series 2009	\$ 8,125,000	6/1/2029	2.750-4.625%	\$ 2,390,000

Fiscal Year Ending June 30	Principal	Interest	Total Debt Service
2016	—	115,856	115,856
2017	—	115,856	115,856
2018	350,000	115,856	465,856
2019	—	100,980	100,980
2020	2,040,000	100,980	2,140,980
2021-2022	—	100,980	100,980
Total	<u>\$ 2,390,000</u>	<u>\$ 650,508</u>	<u>\$ 3,040,508</u>

STATE OF NEW MEXICO
TOWN OF BERNALILLO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 7. Long-term Debt (Continued)

The Town has received loans for the purchase of fire trucks and to refinance a previous loan, for the design and construction of an arsenic removal system, and for various purchases of land. The fire trucks and refinancing loan will be repaid by the Fire Fund. The loans payable at year-end are presented below.

The annual requirements to amortize the Notes as of June 30, 2015, including interest payments, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total Debt Service
2016	51,162	5,166	56,328
2017	51,488	4,846	56,334
2018	52,045	4,302	56,347
2019	44,395	3,600	47,995
2020	45,045	2,893	47,938
2021-2022	92,740	3,160	95,900
Total	<u>\$ 336,875</u>	<u>\$ 23,967</u>	<u>\$ 360,842</u>

Business-Type Activities

During the year ended June 30, 2015, the following changes occurred in the liabilities reported in the proprietary Statement of Net Position:

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015	Due Within One Year
Loans Payable	\$ 2,945,119	\$ —	\$ 182,434	\$ 2,762,685	\$ 189,176
Revenue Bonds Payable	7,127,014	—	707,014	6,420,000	380,000
Compensated Absences	<u>35,281</u>	<u>44,721</u>	<u>38,253</u>	<u>41,749</u>	<u>40,763</u>
Total Long-Term Debt	<u>\$ 10,107,414</u>	<u>\$ 44,721</u>	<u>\$ 927,701</u>	<u>\$ 9,224,434</u>	<u>\$ 609,939</u>

Interest expense paid on long-term debt for business-type activities totaled \$0 for the year ended June 30, 2015.

Revenue Bonds

On November 8, 1977, the Town entered into a bond agreement for the Joint Water and Sewer Extension. No revenues are pledged for payment of the debt service. The revenue bonds are as follows:

Series	Original Issue	Final Maturity	Interest Rate	Outstanding
Water and sewer System Improvement Bond	8,775,000	6/1/2007	4.000-4.200%	<u>\$ 6,420,000</u> <u>\$ 6,420,000</u>

The annual requirements to amortize the Bonds as of June 30, 2015, including interest payments are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total Debt Service
2016	380,000	269,308	649,308
2017	395,000	253,158	648,158
2018	415,000	236,370	651,370
2019	430,000	218,732	648,732
2020	450,000	200,094	650,094
2021-2025	1,470,000	290,655	1,760,655
2026-2030	2,880,000	564,213	3,444,213
Total	<u>\$ 6,420,000</u>	<u>\$ 2,032,530</u>	<u>\$ 8,452,530</u>

STATE OF NEW MEXICO
TOWN OF BERNALILLO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 7. Long-term Debt (Continued)

Pledged revenues – governmental activities. The Town has pledged future state-shared gross receipts tax revenues to repay outstanding revenue bonds of \$2.4 million as of June 30, 2015. Proceeds from the original bond issuance provided financing for capital improvement projects. The bonds are paid solely from the Town’s gross receipts tax and are payable through 2021. Total annual principal and interest payments for all gross receipts tax revenue bonds are expected to require less than 20% of gross revenues. Total principal and interest to be paid on the bonds is \$3.2 million. The current total gross receipts tax revenues were \$5.7 million and the total principal and interest paid on the bonds was \$115,856 or 2% of gross revenues.

The Town has received loans for the purchase of land and for the design and construction of an arsenic removal system. The loans will be repaid by the proprietary funds. The loans payable at year-end are presented below.

The annual requirements to amortize the loans as of June 30, 2015, including interest payments, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total Debt Service
2016	189,176	106,952	296,128
2017	196,239	99,905	296,144
2018	203,622	92,540	296,162
2019	211,342	84,839	296,181
2020	219,404	78,699	298,103
2021-2025	1,206,396	251,215	1,457,611
2026-2030	536,506	30,323	566,829
Total	<u>\$ 2,762,685</u>	<u>\$ 744,472</u>	<u>\$ 3,507,157</u>

NOTE 8. Risk Management

The Town is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries and natural disasters. The Town participates in the New Mexico Self-Insurer’s Fund risk pool.

The Town has not filed any claims for which the settlement amount exceeded the insurance coverage during the past three years. However, should a claim be filed against the Town which exceeds the insurance coverage, the Town would not be responsible for a loss in excess of the coverage amounts. As claims are filed, the New Mexico Self-Insurer’s Fund assesses and estimates the potential for loss and handles all aspects of the claim. Insurance coverage has not changed significantly from prior years and coverage is expected to be continued.

At June 30, 2015, no unpaid claims have been filed which exceed the policy limits and to the best of management’s knowledge and belief all known and unknown claims will be covered by insurance. No major lawsuits have been filed against Town of Bernalillo.

New Mexico Self-Insurer’s Fund has not provided information on an entity by entity basis that would allow for a reconciliation of changes in the aggregate liabilities for claims for the current fiscal year and prior fiscal year.

NOTE 9. PERA Pension Plan

Plan description. The Public Employees Retirement Fund (PERA Fund) is a cost-sharing, multiple employer defined benefit pension plan. This fund 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 the PERA Fund 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 the PERA Fund.

STATE OF NEW MEXICO
TOWN OF BERNALILLO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 9. PERA Pension Plan (Continued)

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.

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

Contributions. The contribution requirements of defined benefit plan members and the (name of employer) are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY14 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 29 through 31 of the PERA FY14 annual audit report at

http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_2014.pdf. The PERA coverage options that apply to the Town are the Municipal General Division and Municipal Police Division and Municipal Fire Division. Statutorily required contributions to the pension plan from the Town were \$441,296 and employer paid member benefits that were “picked up” by the employer were \$0 for the year ended June 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2013. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2014, using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date June 30, 2014.

The assets of the PERA fund 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 preformed 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 Town’s proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity’s percentage of that membership group’s total employer contributions for the fiscal year ended June 30, 2014. Only employer contributions for the pay period end dates that fell within the period of July 1, 2013 to June 30, 2014 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2014 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

For PERA Fund Division Municipal General Division, at June 30, 2015, the Town reported a liability of \$1,647,587 for its proportionate share of the net pension liability. At June 30, 2014, the Town’s proportion was .2112 percent, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference.

For the year ended June 30, 2015, the Town recognized PERA Fund Municipal General Division pension expense of \$185,109. At June 30, 2015, the Town reported PERA Fund Municipal General Division deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

STATE OF NEW MEXICO
TOWN OF BERNALILLO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 9. PERA Pension Plan (Continued)

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ —	\$ —
Changes of assumptions	—	1,117
Net difference between projected and actual Earnings on pension plan investments	—	644,579
Changes in proportion and differences between the Town's contributions and proportionate Share of contributions	—	—
Town's contributions subsequent to the measurement date	<u>343,992</u>	<u>—</u>
Total	<u>\$ 343,992</u>	<u>\$ 645,696</u>

\$343,992 reported as deferred outflows of resources related to pensions resulting from the Town contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30,</u>		
2016	\$	161,423
2017		161,423
2018		161,423
2019		161,423
2020		4

For PERA Fund Division Municipal Police Division, at June 30, 2015, the Town reported a liability of \$1,569,638 for its proportionate share of the net pension liability. At June 30, 2014, the Town's proportion was .4815 percent, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference.

For the year ended June 30, 2015, the Town recognized PERA Fund Division Municipal Police Members pension expense of \$276,631. At June 30, 2015, the Town reported PERA Fund Division Municipal Police Members deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

STATE OF NEW MEXICO
TOWN OF BERNALILLO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 9. PERA Pension Plan (Continued)

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ —	\$ —
Changes of assumptions	—	127,508
Net difference between projected and actual Earnings on pension plan investments	—	583,661
Changes in proportion and differences between the Town's contributions and proportionate Share of contributions	—	—
Town's contributions subsequent to the measurement date	<u>276,631</u>	<u>—</u>
Total	<u>\$ 276,631</u>	<u>\$ 711,169</u>

\$276,631 reported as deferred outflows of resources related to pensions resulting from the Town contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30,</u>		
2016	\$	177,634
2017		177,634
2018		177,634
2019		177,634
2020		633

For PERA Fund Division Municipal Fire Division, at June 30, 2015, the Town reported a liability of \$897,826 for its proportionate share of the net pension liability. At June 30, 2014, the Town's proportion was .2151 percent, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference.

For the year ended June 30, 2015, the Town recognized PERA Fund Division Municipal Fire Members pension expense of \$89,552. At June 30, 2015, the Town reported PERA Fund Division Municipal Fire Members deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

STATE OF NEW MEXICO
TOWN OF BERNALILLO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 9. PERA Pension Plan (Continued)

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ —	\$ —
Changes of assumptions	31,552	—
Net difference between projected and actual Earnings on pension plan investments	—	124,355
Changes in proportion and differences between the Town's contributions and proportionate Share of contributions	—	—
Town's contributions subsequent to the measurement date	<u>89,552</u>	<u>—</u>
Total	<u>\$ 120,720</u>	<u>\$ 124,355</u>

\$120,720 reported as deferred outflows of resources related to pensions resulting from the Town contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30,</u>		
2016	\$	23,335
2017		23,335
2018		23,335
2019		23,335
2020		(153)

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

STATE OF NEW MEXICO
TOWN OF BERNALILLO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 9. PERA Pension Plan (Continued)

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

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

ALL FUNDS - Asset Class	Target Allocation	Long-Term Expected Real Rate if 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 percent. 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 GASBS 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 Town'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 Town's net pension liability in each PERA Fund Division that the Town 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.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
<u>Muni General Division</u> Town's proportionate share of the net pension liability	\$ 3,106,071	\$ 1,647,587	\$ 520,837
<u>Muni Police Division</u> Town's proportionate share of the net pension liability	\$ 2,993,301	\$ 1,569,638	\$ 506,607

STATE OF NEW MEXICO
TOWN OF BERNALILLO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 9. PERA Pension Plan (Continued)

<u>Muni Fire Division</u>	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
Town's proportionate share of the net pension liability	\$ 1,268,561	\$ 897,826	\$ 624,395

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

Payables to the pension plan. The Town did not maintain a payable related to PERA contribution at June 30, 2015.

NOTE 10. Post-Employment Benefits – State Retiree Health Care Plan

Plan Description. The Town 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 even 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; 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 the RHCA on a monthly basis. The statutory requirements for the employer and 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 that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or

5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2014, 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, 2014, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was

STATE OF NEW MEXICO
TOWN OF BERNALILLO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 10. Post-Employment Benefits – State Retiree Health Care Plan (Continued)

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, 2013, 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 Town's contributions to the RHCA for the years ended June 30, 2015, 2014 and 2013 were \$67,655, \$62,204, and \$57,252, respectively, which equal the required contributions for each year.

NOTE 11. Concentrations

The Town depends on financial resources flowing from, or associated with, both the Federal Government and the State of New Mexico. Because of this dependency, the Town is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations.

NOTE 12. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Town expects such amount, if any, to be immaterial.

The Town is involved in various claims and lawsuits arising in the normal course of business. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the Town's legal counsel that resolution of these matters will not have a material adverse effect on the financial condition of the Town.

NOTE 13. Deficit Fund Balances and Budget Noncompliance Issues

Generally accepted accounting principles require disclosures of certain information concerning individual funds including:

- A. Deficit fund balance of individual funds. The following funds reflected a deficit fund balance as of June 30, 2015:

Law Enforcement Fund	\$	19,503
Rescue Fund		<u>271,990</u>
		<u>\$ 291,493</u>

- B. Excess of expenditures over appropriations. The following funds exceed approved budgetary authority for the year ended June 30, 2015:

Fire Fund	\$	7,215
Campground Fund		<u>1,138</u>
		<u>\$ 8,353</u>

- C. Designated cash appropriations. The following funds had designated cash appropriations in excess of available balances for the year ended June 30, 2015:

None

STATE OF NEW MEXICO
TOWN OF BERNALILLO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 14. Subsequent Pronouncements

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*, which is effective for financial statement for periods beginning after June 15, 2015.

In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB 67 and 68*, which is effective for financial statement for periods beginning after June 15, 2015.

In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefits Other Than Pension Plans*, which is effective for financial statement for periods beginning after June 15, 2016.

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which is effective for financial statement for periods beginning after June 15, 2017.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which is effective for financial statement for periods beginning after June 15, 2015.

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*, which is effective for financial statement for periods beginning after December 15, 2015.

NOTE 15 Prior Period Adjustment

Prior period adjustment within the governmental funds totaling (\$4,426,538) was due to corrections in pension liabilities related to GASB 68 in governmental activities and (\$651,127) in business-type activities.

NOTE 16 Governmental Fund Balance

Fund Balance: In the fund financial statements, governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Some governments may not have policies or procedures that are comparable to those policies that underlie the classifications and therefore would not report amounts in all possible fund balance classifications.

In the governmental financial statements, fund balance is classified and is displayed in five components:

Nonspendable: Consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted: Consists of amounts that are restricted to specific purposes as a result of a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed: Consist of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (for example, legislation, resolution, ordinance) it employed to previously commit those amounts.

STATE OF NEW MEXICO
TOWN OF BERNALILLO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 16 **Governmental Fund Balance (Continued)**

Assigned: Consist of amounts that are constrained by the government's *intent* to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

Unassigned: 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.

	General	Gas Tax	Capital Projects	Debt	Other
	Fund	Fund	Fund	Service	Governmental
					Funds
Fund balances					
Nonspendable					
Prepaid Items	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted					
Debt Service	-	-	-	661,138	-
Law Enforcement	-	-	-	-	185,985
Recreation	-	-	-	-	138,504
Emergency Services	-	-	-	-	20,735
Lodger's Tax	-	-	-	-	182,874
Committed	-	-	663,524	-	-
Assigned	-	-	-	-	-
Unassigned	3,302,932	(2,994,835)	-	-	(271,990)
<i>Total fund balances</i>	\$ 3,302,932	\$ (2,994,835)	663,524	661,138	\$ 256,108

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SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Fire – to account for the operation and maintenance of the fire department, pursuant to Section 59A-53 of New Mexico Annotated (NMSA) 1978.

Recreation – to account for the operation and maintenance of the town's recreation and park facilities, pursuant to Section 7-12-15 NMSA 1978. Financing is provided by the Town's share of State cigarette tax and fees charged for swimming pool use.

Corrections – to account for payments made for housing costs of the Town's prisoners in other detention facilities. Financing is provided by fees collected pursuant to offenses committed within the Town's boundaries, as provided by Section 35-14 and 33-3-25 of NMSA 1978.

Law Enforcement – to account for funds used in maintaining and improving the Town's police department in order to enhance its efficiency and effectiveness. Financing is provided by a State appropriation authorized by Section 29-13 of NMSA.

Lodgers' Tax – to account for advertising, publication and promotion of tourist attraction facilities for the Town of Bernalillo, pursuant to NMSA 1978 Section 3-38-13 thru 3-38-24. Financing is provided by a 3% lodgers' tax.

Ambulance – to account for funds used in the operation of the Town's ambulances. The fund does not meet the criteria for separate reporting and is therefore included in the GAAP-basis General Fund.

EMS Grant – to account for funds received to be used in the operation of the Town's emergency medical services (EMS) pursuant to Section 24-10A NMSA 1978.

Rescue – to account for funds used to purchase and install a radio dispatch system for police, fire and emergency medical services in Bernalillo in Sandoval County. Funding authority is NMSA 24-10A-1 and contract number 98-L-1-3-G7335.

STATE OF NEW MEXICO
TOWN OF BERNALILLO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

	Special Revenue		
	Fire Fund	Recreation Fund	Corrections Fund
ASSETS			
Current:			
Cash and cash equivalents	\$ 80,964	\$ 138,504	\$ 205,488
Short term investments	-	-	-
Accounts receivable			
Other taxes	-	-	-
Intergovernmental	-	-	-
Other receivables	-	-	-
Interfund balances	-	-	-
Prepaid expenses	-	-	-
<i>Total current assets</i>	<u>\$ 80,964</u>	<u>\$ 138,504</u>	<u>\$ 205,488</u>
 LIABILITIES AND FUND BALANCE			
<i>Current Liabilities:</i>			
Accounts payable	\$ -	\$ -	\$ -
Accrued payroll liabilities	-	-	-
Customer deposits payable	-	-	-
Other accrued liabilities	-	-	-
Interfund balances	73,826	-	-
Deferred revenue	-	-	-
Deferred revenue - property taxes	-	-	-
<i>Total current liabilities</i>	<u>73,826</u>	<u>-</u>	<u>-</u>
 <i>Fund balance:</i>			
Nonspendable	-	-	-
Restricted	7,138	138,504	205,488
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
<i>Total fund balance</i>	<u>7,138</u>	<u>138,504</u>	<u>205,488</u>
<i>Total liabilities and fund balance</i>	<u>\$ 80,964</u>	<u>\$ 138,504</u>	<u>\$ 205,488</u>

The accompanying notes are an integral part of these financial statements.

Special Revenue				
Law Enforcement Fund	Lodger's Tax	EMS Grant	Rescue Fund	Total
\$ -	\$ 217,364	\$ 13,597	\$ -	\$ 655,917
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	80	-	-	80
-	-	-	-	-
<u>\$ -</u>	<u>\$ 217,444</u>	<u>\$ 13,597</u>	<u>\$ -</u>	<u>\$ 655,997</u>
\$ -	\$ 16,880	\$ -	\$ -	\$ 16,880
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
19,503	17,690	-	271,990	383,009
-	-	-	-	-
-	-	-	-	-
<u>19,503</u>	<u>34,570</u>	<u>-</u>	<u>271,990</u>	<u>399,889</u>
-	-	-	-	-
(19,503)	182,874	13,597	(271,990)	256,108
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>(19,503)</u>	<u>182,874</u>	<u>13,597</u>	<u>(271,990)</u>	<u>256,108</u>
<u>\$ -</u>	<u>\$ 217,444</u>	<u>\$ 13,597</u>	<u>\$ -</u>	<u>\$ 655,997</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
TOWN OF BERNALILLO
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Special Revenue		
	Fire Fund	Recreation Fund	Corrections Fund
<i>Revenues:</i>			
Property taxes	\$ -	\$ -	\$ -
Gross receipts taxes	-	-	-
Other taxes	-	-	-
State grants	165,537	-	-
Federal grants	-	-	-
Licenses and fees	-	-	17,275
Charges for services	-	-	-
Investment income	-	-	-
Miscellaneous	-	-	-
<i>Total revenues</i>	<u>165,537</u>	<u>-</u>	<u>17,275</u>
<i>Expenditures:</i>			
Current			
General Government	-	-	-
Public safety	90,205	-	-
Culture and recreation	-	-	-
Health and welfare	-	-	-
Public works	-	-	-
Capital outlay	118,077	-	20,867
Debt service			
Principal	-	-	-
Interest	-	-	-
<i>Total expenditures</i>	<u>208,282</u>	<u>-</u>	<u>20,867</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(42,745)</u>	<u>-</u>	<u>(3,592)</u>
<i>Other financing sources (uses):</i>			
Proceeds from note payable	-	-	-
Operating transfers in	-	-	-
Operating transfers (out)	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>(42,745)</u>	<u>-</u>	<u>(3,592)</u>
<i>Fund balances - beginning of year</i>	<u>49,883</u>	<u>138,504</u>	<u>209,080</u>
<i>Fund balances - end of year</i>	<u>\$ 7,138</u>	<u>\$ 138,504</u>	<u>\$ 205,488</u>

The accompanying notes are an integral part of these financial statements.

Special Revenue				
Law Enforcement Fund	Lodger's Tax	EMS Grant	Rescue Fund	Total
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
31,400	-	-	8,700	205,637
-	-	-	-	-
-	91,172	-	-	108,447
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>31,400</u>	<u>91,172</u>	<u>-</u>	<u>8,700</u>	<u>314,084</u>
-	36,703	-	-	36,703
-	-	-	8,201	98,406
-	-	-	-	-
-	-	-	-	-
30,528	35,380	-	-	204,852
-	-	-	-	-
-	-	-	-	-
<u>30,528</u>	<u>72,083</u>	<u>-</u>	<u>8,201</u>	<u>339,961</u>
872	19,089	-	499	(25,877)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
872	19,089	-	499	(25,877)
<u>(20,375)</u>	<u>163,785</u>	<u>13,597</u>	<u>(272,489)</u>	<u>281,985</u>
<u>\$ (19,503)</u>	<u>\$ 182,874</u>	<u>\$ 13,597</u>	<u>\$ (271,990)</u>	<u>\$ 256,108</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO

Statement B-3

TOWN OF BERNALILLO

FIRE SPECIAL REVENUE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	165,537	165,537	165,537	-
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>165,537</u>	<u>165,537</u>	<u>165,537</u>	<u>-</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	107,450	107,450	87,013	20,437
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Capital outlay	58,087	58,087	85,739	(27,652)
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>165,537</u>	<u>165,537</u>	<u>172,752</u>	<u>(7,215)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(7,215)</u>	<u>(7,215)</u>
<i>Other financing sources (uses):</i>				
Operating transfers in (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	(7,215)	(7,215)
<i>Fund balances - beginning of year</i>	-	-	14,353	14,353
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,138</u>	<u>\$ 7,138</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			-	
Expenditure accruals			(35,530)	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ (42,745)</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO

Statement B-4

TOWN OF BERNALILLO

RECREATION SPECIAL REVENUE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Operating transfers in (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balances - beginning of year</i>	-	-	138,504	138,504
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 138,504</u>	<u>\$ 138,504</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			-	
Expenditure accruals			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ -</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO

Statement B-5

TOWN OF BERNALILLO

CORRECTIONS SPECIAL REVENUE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Licenses and fees	30,000	30,000	17,275	(12,725)
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>30,000</u>	<u>30,000</u>	<u>17,275</u>	<u>(12,725)</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Capital outlay	30,000	30,000	20,867	9,133
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>30,000</u>	<u>30,000</u>	<u>20,867</u>	<u>9,133</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(3,592)</u>	<u>(3,592)</u>
<i>Other financing sources (uses):</i>				
Operating transfers in (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	(3,592)	(3,592)
<i>Fund balances - beginning of year</i>	-	-	209,080	209,080
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 205,488</u>	<u>\$ 205,488</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			-	
Expenditure accruals			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ (3,592)</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO

Statement B-6

TOWN OF BERNALILLO

LAW ENFORCEMENT SPECIAL REVENUE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	31,400	31,400	31,400	-
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>31,400</u>	<u>31,400</u>	<u>31,400</u>	<u>-</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Capital outlay	31,400	31,400	30,528	872
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>31,400</u>	<u>31,400</u>	<u>30,528</u>	<u>872</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>872</u>	<u>872</u>
<i>Other financing sources (uses):</i>				
Operating transfers in (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	872	872
<i>Fund balances - beginning of year</i>	-	-	(20,375)	(20,375)
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (19,503)</u>	<u>\$ (19,503)</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			-	
Expenditure accruals			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 872</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO

Statement B-7

TOWN OF BERNALILLO

LODGER'S TAX SPECIAL REVENUE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Licenses and fees	95,000	95,000	91,172	(3,828)
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>95,000</u>	<u>95,000</u>	<u>91,172</u>	<u>(3,828)</u>
<i>Expenditures:</i>				
Current				
General Government	75,300	75,300	36,703	38,597
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Capital outlay	19,700	19,700	18,500	1,200
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>95,000</u>	<u>95,000</u>	<u>55,203</u>	<u>39,797</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>35,969</u>	<u>35,969</u>
<i>Other financing sources (uses):</i>				
Operating transfers in (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	35,969	35,969
<i>Fund balances - beginning of year</i>	-	-	163,785	163,785
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 199,754</u>	<u>\$ 199,754</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			-	
Expenditure accruals			(16,880)	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 19,089</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO

Statement B-8

TOWN OF BERNALILLO

EMS SPECIAL REVENUE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Operating transfers in (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balances - beginning of year</i>	-	-	13,597	13,597
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,597</u>	<u>\$ 13,597</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			-	
Expenditure accruals			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ -</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO

Statement B-9

TOWN OF BERNALILLO

RESCUE SPECIAL REVENUE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	8,500	8,500	8,700	200
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>8,500</u>	<u>8,500</u>	<u>8,700</u>	<u>200</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	8,500	8,500	8,201	299
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>8,500</u>	<u>8,500</u>	<u>8,201</u>	<u>299</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>499</u>	<u>499</u>
<i>Other financing sources (uses):</i>				
Operating transfers in (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	499	499
<i>Fund balances - beginning of year</i>	-	-	(272,489)	(272,489)
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (271,990)</u>	<u>\$ (271,990)</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			-	
Expenditure accruals			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 499</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO

Statement C-1

TOWN OF BERNALILLO

CAPITAL PROJECTS CAPITAL PROJECT FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	1,623,000	1,623,000	-	(1,623,000)
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	887	887
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>1,623,000</u>	<u>1,623,000</u>	<u>887</u>	<u>(1,622,113)</u>
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Capital outlay	1,623,000	1,623,000	71,467	1,551,533
Debt service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>1,623,000</u>	<u>1,623,000</u>	<u>71,467</u>	<u>1,551,533</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(70,580)</u>	<u>(70,580)</u>
<i>Other financing sources (uses):</i>				
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	(70,580)	(70,580)
<i>Fund balances - beginning of year</i>	-	-	122,726	122,726
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52,146</u>	<u>\$ 52,146</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			-	
Expenditure accruals			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ (70,580)</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
TOWN OF BERNALILLO
DEBT SERVICE FUND

Statement D-1

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Licenses and fees	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	714	714	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	714	714	-
<i>Expenditures:</i>				
Current				
General Government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	172,265	172,265	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	-	172,265	172,265	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	(171,551)	(171,551)	-
<i>Other financing sources (uses):</i>				
Operating transfers in	-	-	472,533	472,533
Operating transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
Designated cash (budgeted increase in cash)	-	171,551	-	(171,551)
<i>Total other financing sources (uses)</i>	-	171,551	472,533	300,982
<i>Net change in fund balances</i>	-	-	300,982	300,982
<i>Fund balances - beginning of year</i>	-	-	360,156	360,156
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ 661,138	\$ 661,138
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			-	
Expenditure accruals			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			\$ 300,982	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO

Statement E-1

TOWN OF BERNALILLO

CAMPGROUND PROPRIETARY FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Operating revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and fees	-	-	-	-
Charges for services	118,000	118,000	126,789	8,789
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total operating revenues</i>	<u>118,000</u>	<u>118,000</u>	<u>126,789</u>	<u>8,789</u>
<i>Operating expenses:</i>				
General and administrative	11,100	12,100	11,797	303
Personnel services	56,724	56,724	59,762	(3,038)
Contractual services	-	-	-	-
Supplies and purchased power	3,175	3,175	2,914	261
Maintenance and materials	5,500	4,500	2,926	1,574
Utilities	25,950	25,950	26,568	(618)
Depreciation	-	-	-	-
Miscellaneous	500	500	120	380
<i>Total operating expenses</i>	<u>102,949</u>	<u>102,949</u>	<u>104,087</u>	<u>(1,138)</u>
<i>Operating income (loss)</i>	<u>15,051</u>	<u>15,051</u>	<u>22,702</u>	<u>7,651</u>
<i>Non-operating income (expenses) and transfers:</i>				
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
Intergovernmental	-	-	-	-
Interest expense	-	-	-	-
Designated cash (budgeted increase in cash)	(15,051)	(15,051)	-	15,051
<i>Total non-operating income (expenses)</i>	<u>(15,051)</u>	<u>(15,051)</u>	<u>-</u>	<u>15,051</u>
<i>Net change in net position</i>	-	-	22,702	22,702
<i>Net position - beginning of year</i>	-	-	65,385	65,385
<i>Net position - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 88,087</u>	<u>\$ 88,087</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			-	
Expense accruals			<u>10,876</u>	
Change in net position			<u>\$ 33,578</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO

Statement E-2

TOWN OF BERNALILLO

JOINT UTILITY PROPRIETARY FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Operating revenues:</i>				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Licenses and fees	-	-	-	-
Charges for services	3,541,440	3,541,440	3,370,367	(171,073)
<i>Total operating revenues</i>	<u>3,541,440</u>	<u>3,541,440</u>	<u>3,370,367</u>	<u>(171,073)</u>
<i>Operating expenses:</i>				
General and administrative	2,197,549	2,197,549	2,156,570	40,979
Personnel services	834,356	834,356	746,197	88,159
Contractual services	57,000	57,000	50,313	6,687
Supplies and purchased power	180,700	180,700	127,022	53,678
Maintenance and materials	77,600	77,600	49,960	27,640
Utilities	335,500	335,500	373,165	(37,665)
Miscellaneous	-	-	-	-
Depreciation	162,080	162,080	135,562	26,518
<i>Total operating expenditures</i>	<u>3,844,785</u>	<u>3,844,785</u>	<u>3,638,789</u>	<u>205,996</u>
<i>Operating income (loss)</i>	<u>(303,345)</u>	<u>(303,345)</u>	<u>(268,422)</u>	<u>34,923</u>
<i>Non-operating income (expenses) and transfers:</i>				
Operating transfers in	-	-	22,315	22,315
Operating transfers (out)	-	-	-	-
Taxes	-	-	131,955	131,955
Investment income	4,000	(4,000)	79,867	83,867
Miscellaneous	(2,000)	(2,000)	94,291	96,291
Interest expense	-	-	-	-
Designated cash (budgeted increase in cash)	301,345	309,345	-	(309,345)
<i>Total non-operating income (expenses)</i>	<u>303,345</u>	<u>303,345</u>	<u>328,428</u>	<u>25,083</u>
<i>Net change in net position</i>	-	-	60,006	60,006
<i>Prior period adjustment</i>	-	-	-	-
<i>Net position - beginning of year</i>	-	-	4,797,110	4,797,110
<i>Net position - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,857,116</u>	<u>\$ 4,857,116</u>
<i>Reconciliation to GAAP Basis:</i>				
Revenue accruals			11,045	
Expense accruals			<u>967,878</u>	
Change in net position			<u>\$ 1,038,929</u>	

The accompanying notes are an integral part of these financial statements.

SUPPORTING SCHEDULES

STATE OF NEW MEXICO
TOWN OF BERNALILLO
SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY
FOR THE YEAR ENDED JUNE 30, 2015

Security Description	CUSIP Number	Fair Market Value	Maturity Date	Name and Location of Safekeeper
US Bank				
Federal Home Loan of Cincinnati	Letter of Credit	7,000,000	2/1/2016	Fed Home Loan of Cincinnati
Total - US Bank		<u>\$ 7,000,000</u>		
Total		<u><u>\$ 7,000,000</u></u>		

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF BERNALILLO
SCHEDULE OF DEPOSITORES
FOR THE YEAR ENDED JUNE 30, 2015

Schedule II

<u>Bank Name/Account Name</u>	<u>Acct. Type</u>	<u>Bank Balance</u>	<u>Reconciling Items</u>	<u>Carrying Balance</u>
US Bank				
General - non-interest bearing checking	Checking	\$ 3,797,951	\$ 9,073,064	\$ (5,275,113)
Court Cash Bonds - non-interest bearing checking	Checking	28,137	-	28,137
Wine Festival - non-interest bearing checking	Checking	6,154	-	6,154
Police Departmnet	Checking	8,181	-	8,181
Bond A/C Savings	Savings	612,265	-	612,265
Debt Service - Investment	Investment	657,865	-	657,865
Utility Debt Sevice	Investment	144,066	-	144,066
Permit Fee Checking	Checking	60,003	-	60,003
Permit Fees Savings	Savings	606,214	-	606,214
Prices Water Rights	Savings	7,809	-	7,809
LPL Financial				
Utility Water Assistance - investment	Investment	\$ 1,706,490	\$ -	\$ 1,706,490
Revenue Bond Debt Service	Investment	682,440	-	682,440
Total cash in bank		<u>\$ 8,317,576</u>	<u>\$ 9,073,064</u>	<u>\$ (755,488)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
CITY OF TUCUMCARI
SCHEDULE OF JOINT POWERS AGREEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

Participants	Responsible Party	Description
Town of Bernalillo, Village of Corrales, Sandoval County, City of Rio Rancho and Pueblo of Santa Ana	City of Rio Rancho	Dispatch Services
Town of Bernalillo and Sandoval County	Sandoval County	Provide ambulance transport services within the Town of Bernalillo
Town of Bernalillo and City of Albuquerque	City of Albuquerque	Provide animal housing services for the Town of Bernalillo

The accompanying notes are an integral part of these financial statements

Beginning Date	Ending Date	Total Estimated Project Amount	Net Amount Received (Contributed) by City During Fiscal Year	Audit Responsibility	Fiscal Agent/ Responsible Reporting Entity
12/1/2007	Indefinite	8.0134% of SCRECC Annual Budget	\$ 183,628	City of Rio Rancho	City of Rio Rancho
9/1/2011	Indefinite	Four payments of \$100,000	\$ 100,000	Sandoval County	Sandoval County
9/1/2011	Indefinite	Based on intake of animals to be determined by actual expenses	\$ -	City of Albuquerque	City of Albuquerque

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TOWN OF BERNALILLO
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
OF PERA FUND DIVISION

Public Employees retirement Association (PERA) Plan
Last 10 Fiscal Years*
JUNE 30, 2015

	Municipal General	Municipal Police	Municipal Fire
Proportion of the net pension liability	0.2112%	0.4815%	0.2151%
Proportionate share of the net pension liability	1,647,587	1,569,638	897,826
Covered-employee payroll	1,544,042	1,017,658	296,368
Proportionate share of the net pension liability (asset) as a percentage of it's covered-employee payroll	107%	154%	303%
Plan fiduciary net position as a percentage of the total pension liability	81.29%	81.29%	81.29%

*The amounts were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town present information for those years for which information is available.

SCHEDULE OF TOWN'S CONTRIBUTIONS
Public Employees Retirement Association (PERA) Plan
PERA Fund Division
Last 10 Fiscal Years**

Contractually required contribution	343,992	276,631	120,720
Contributions in relation to the contractually required contribution	343,992	276,631	120,720
Contribution deficiency (excess)	-	-	-
Town's covered-employee payroll	1,544,042	1,017,658	296,368
Contributions as a percentage of covered-employee payroll	22%	27%	41%

** This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, theTown will present information for those years for which information is available.

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

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

The accompanying notes are an integral part of these financial statements.

TOWN OF BERNALILLO
 SCHEDULE OF VENDOR INFORMATION for Purchases Exceeding \$60,000 (excluding GRT)
 For the Year Ended June 30, 2015

Prepared by Agency Staff Name: Juan Torres Title: Treasurer Date 11/17/2015

RFB#/RFP#	Type of Procurement	Awarded Vendor	\$ Amount of Awarded Contract	\$ Amount of Amended Contract	Name and Physical Address per the procurement documentation, of <u>ALL</u> Vendor(s) that responded	In-State/ Out-of-State Vendor (Y or N) (Based on Statutory Definition)	was the vendor in-state and chose Veteran's preference (Y or N) For federal funds answer N/A	Brief Description of the Scope of Work
CN A300130	RFB	RMCI	1194216.34	1364414.73	RMCI Inc., 6211 Chappell Rd NE, Albuquerque, NM 87113; H.O. Construction, 4132 Sheldon St SE, Albuquerque, NM 87105; Desert Utility and Paving, 4322 2nd St NW, Albuquerque, NM 87107; Star Paving, 3109 Love Rd SW, Albuquerque, NM 87121	Y	N	Intersection Improvements
N/A	Employee Retirement	PERA		886767.84	N/A	Y	N	PERA Retirement
N/A	Payroll Taxes	IRS		749312.15	N/A	Y	N	Payroll Taxes
#2008-02	RFP	Waste Management		592239.77	An American waste, 5045 Luth Blvd. NE Albuquerque, NM 87107; Waste Management of New Mexico, 2300 Grande Blvd. SE Rio Rancho, NM 87124	Y	N	Solid waste services
N/A	Utilities	PNM		581239.77	N/A	Y	N	Electricity
Contract # 705149	City of Albuquerque PHS agreement	Presbyterian		511008.26	N/A	Y	N	Healthcare
N/A	Insurance	NM Self insurers fund		469214.43	N/A	Y	N	Insurance
N/A	GRT/Withholding Taxes	NM Taxation & Revenue		243166.79	N/A	Y	N	Taxes
#2014-01	RFP	Wilson & Co		224884.21	Wilson & Co, 4900 Lang Ave NE, Albuquerque, NM 87109; Smith Engineering, 2201 San Pedro Dr NE #200, Albuquerque, NM 87110; Advisory Inspections & Operations company llc, 460 St Michaels Dr #801, Santa Fe, NM 87505; Sullivan Design Group, 227 E Palace Ave # Q, Santa Fe, NM 87501; Huitt-Zollars, 333 NM-528 #101, Rio Rancho, NM 87124; Molzen	Y	N	Engineering
N/A	JPA	City of Rio Rancho		192926.26	N/A	Y	N	Dispatch Services
2013-028 914-260 EGR; 2013-023 055-008 DCH 2012-014 910-020 MCC;	CES Contract	Cooperative Education Services		126665.18	N/A	Y	N	Re-roof/Vehicle/Utility Services
#40-000-14-00060	State Contract	Melloy Dodge		114249.68	N/A	Y	N	Autos

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TOWN OF BERNALILLO
 SCHEDULE OF VENDOR INFORMATION for Purchases Exceeding \$60,000 (excluding GRT)
 For the Year Ended June 30, 2015

Prepared by Agency Staff Name: Juan Torres Title: Treasurer Date 11/17/2015

#BER111-25	RFB	Alan Trowbride DBA ICC	\$89,932.50	112359.05	Fox Builders Inc. 231 Sandoval Rd, Los Lunas, NM 87031; Industrial Commercial Contracting, 4534 Peridot Way NE, Rio Rancho, NM 87124; Vigil Contracting Services Inc, 1512 Coors Blvd SW, Albuquerque, NM 87121; BZ Enterprises, 3103 La Junta Road Sw Albuquerque, NM 87105; OCS construction services inc, 1709 Gallinas Road Ne Rio Rancho, NM 87144; Enterprise Builders Corporation, 8814 Horizon Blvd, Albuquerque, NM 87113; C.C. Construction, 908 S Mesa Rd, Belen, NM 87002; Demopolis Enterprises, 751 Sagebrush Drive	Y		
					Corrales, NM 87048; RCC LLC, 4300 Standfrier CT SW Albuquerque, NM 87105; First Mesa Construction Inc, 8819 2nd St NW, Albuquerque, NM 87114			Fire Station Remodel
N/A	RFB	State of New Mexico Retiree		101331.08	N/A	Y	N	Retiree Benefit
N/A	Retiree Benefit	Sandoval County Fire Dept		100000	N/A	Y	N	Mutual Aide
#40-000-13-0007	MOU	Baker Utility Supply		99490.31	N/A	Y	N	Water Meters
#20-000-00-00058	State Contract	Wex Bank		90038.94	N/A	Y	N	Fuel
#40-000-13-00013	State Contract	Bob Turner Ford Country		78610.27	N/A	Y	N	Auto's
N/A	Telecommunications	Century Link		77410.54	N/A	Y	N	Telecommunications
00-000-00-00014AQ / WN21ACA	State Contract	Dell Marketing L. P.		66379.74	N/A	N	N	IT Hardware
#2013-01	RFP/Professional services agreement	Henfeld Meech & Co	\$47,937/ \$17,500	61802.69	Heinfeld, Meech & Co, 10120 North Oracle Rd Tucson, Arizona 85704; Harshwal & Company, 6739 Academy Rd NE #130, Albuquerque, NM 87109; White Samaniego, & Campbell, 416 North Stanton, Suite 600 El Paso, TX 79901; Kubiak & Melton LLC, 6747 Academy Rd NE # A, Albuquerque, NM 87109; Axiom CPA and Advisors, 316 Osuna Rd NE #401, Albuquerque, NM 87107	N	N	Auditor (IPA)/ Consulting Auditor
N/A	Utilities	Town of Bernalillo		60771.39	N/A	Y	N	Water Bills

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COMPLIANCE SECTION

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Independent Auditor's Report

Tim Keller
New Mexico State Auditor
Town Council Members
Town of Bernalillo
Bernalillo, New Mexico

We were engaged to audit, in accordance with the auditing standard generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons of the general fund and major special revenue funds, of the Town of Bernalillo, New Mexico (Town) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Town of Bernalillo, New Mexico's basic financial statements, and the combining and individual funds and related budgetary comparisons of Town presented as supplementary information, and have issued our report thereon dated December 11, 2015. We were unable to express an opinion on those financial statements because the Town did not maintain sufficient internal controls and/or adequate records of its cash and investments, capital assets, revenue/receivables and completeness of the underlying general ledger accounting.

Internal Control over Financial Reporting

In connection with our engagement to audit the financial statements, we considered Town of Bernalillo, New Mexico's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Bernalillo, New Mexico's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Bernalillo, New Mexico's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2006-003, 2006-008, 2007-002, 2007-003 and 2008-004 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2007-001 and 2008-006 to be significant deficiencies.

P.O. Box 37379 • Albuquerque, NM 87176-7379
8500 Menaul Blvd. NE, Ste. B295 • Albuquerque, NM 87112
Phone (505) 856-2741 - Fax (505) 856-7510

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Bernalillo, New Mexico's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2008-005 and 2015-001.

The Town of Bernalillo, New Mexico's Response to Findings

The Town of Bernalillo, New Mexico's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Town of Bernalillo, New Mexico's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

GRIEGO PROFESSIONAL SERVICES, LLC

A handwritten signature in cursive script that reads "Griego Professional Services, LLC".

Albuquerque, New Mexico
December 11, 2015

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STATE OF NEW MEXICO
TOWN OF BERNALILLO
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2015

Schedule VI

Section I – Summary of Audit Results

Financial Statements:

- | | | |
|----|--|------------|
| 1. | Type of auditors’ report issued | Disclaimer |
| 2. | Internal Control over Financial Reporting and on Compliance and Other Matters: | |
| a. | Material weakness identified? | Yes |
| b. | Significant deficiency identified not considered to be a material weaknesses? | Yes |
| c. | Noncompliance material to the financial statements noted? | No |

Section II – Financial Statement Findings

FS2006-003 [FS-2006-03] Accounts Receivables Records and Procedures – Material Weakness – Repeated and Revised

Condition: Due to an excessive penalty policy, which existed in prior years, the Town accrued significant uncollectible customer accounts receivable which were recorded on the Town’s subsidiary accounts receivable ledger. As a result, the Town posted adjustments to the receivable balance during fiscal year 2007-08 in an attempt to more accurately reflect the true receivable outstanding. However, during fiscal year 2008-09 the Town implemented a new accounting software package and the receivable balances were not correctly transferred and are once again misstated in the fiscal year 2014-15 general ledger. The Town has contracted an independent contractor to address this issue. The amounts that require adjustment are being determined.

Criteria: According to generally accepted accounting principles, the Town’s general ledger and its subsidiary ledger of customer utility accounts should reflect true, collectible receivables due to the Town for services provided.

Effect: The Town's general ledger and subsidiary customer ledger include significant amounts of uncollectible accounts receivable as well as other errors that arose during the transition to a new accounting software package that have yet to be resolved. A disclaimer of opinion was issued on the Town’s financial statements due to our inability to sufficiently complete the audit objectives necessary to render an opinion on the accounts receivable and allowance for accounts receivable balances.

Cause: The Town’s penalty policy for late utility payments resulted in inflated receivable balances in both the general ledger and the subsidiary customer account ledger which have not been monitored or adjusted to properly report collectible balances. Additionally, the Town is unable to fully reconcile the amount of receivables reported in the fiscal year 2014-15 general ledger due to software implementation errors.

Auditors’ Recommendation: Management should adjust the customer account balances recorded in the general ledger and subsidiary customer ledger to properly reflect the customer balances that are estimated to be collectible as reported on the financial statements.

Agency’s Response: Management agrees with the recommendation. The Town is working to obtain proper approvals from NMDFA and NMOSA to adjust the erroneous receivable balances. The Town is in the process of creating an action plan that will clearly lay out the best way to correct all of the Town’s audit findings. When the plan is complete, the Town will submit the plan for approval. Once the approval is obtained, the Town will work to accurately adjust customer balances to reflect correct receivable balances on both the general ledger and the subsidiary customer ledger.

Corrective Action: As part of our corrective action plan, the Town has contracted with our former auditors to help identify and properly correct the receivable balances. Each customer account with conversion balances will be looked at and corrected as needed. This will ensure that the general ledger and subsidiary customer ledger reflect accurate balances. The Finance Department and Treasurer are currently working on this matter in hopes to resolve the issue by June 30, 2016.

STATE OF NEW MEXICO
TOWN OF BERNALILLO
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2015

Schedule VI

FS2006-008[FS-2006-08] Reconciliation and Recording of Bank Accounts – Material Weakness - Repeated

Condition: We noted material unreconciled balances in several funds at June 30, 2015 that could not be substantiated. Beginning in fiscal year 2012-13 and continuing into fiscal year 2014-15, the Town reconciled most accounts timely; however, the “book balances” on the reconciliations didn’t agree to the Town’s general ledger cash balances. Additionally, the Town did not reconcile or account for the activity and balances maintained in the NMFA debt service accounts, nor did the Town record the 2008 Revenue Bond bank account and activity in the general ledger. It was noted during the fiscal year 2014-15 audit that due to these issues not all debt service payments were properly recorded in the Town’s general ledger, therefore, audit adjustments were required to properly recognize the balances and activity. The Town has contracted an independent contractor to address this issue. The contractor and the Town are working to determine the final adjustments to be made to the general ledger.

Criteria: The Town is responsible for establishing and maintaining internal controls that include controls over cash and investments accounts in order to meet the financial reporting objectives of the Town.

Effect: The Town is at risk of undetected misstatements in the cash and investment accounts, as well as, other financial accounts. Fraud risk is also heightened without the proper recognition and sufficient reconciliation of all bank and investment accounts. A disclaimer of opinion was issued on the Town’s financial statements due to our inability to sufficiently complete the audit objectives necessary to render an opinion on cash and investments.

Cause: The Town did not have a procedure for tracking bank accounts to ensure that all are captured on the general ledger and reconciled.

Auditors’ Recommendation: The Town should review all existing banking and investment accounts and ensure their inclusion in the general ledger. The Town should also develop and enforce a policy that requires a full reconciliation and documentation of all banking and investment accounts.

Agency’s response: Management agrees with the recommendation. The Town is working to obtain proper approvals from NMDFA and NMOSA to adjust the erroneous fund balances. The Town is in the process of creating an action plan that will clearly lay out the best way to correct all of the Town’s audit findings. When the plan is complete, the Town will submit the plan for approval to correct the balances. Once these balances are corrected, reconciliations will agree to general ledger cash balances. The Town is also committed to develop and adopt a policy ensuring all banking and investment accounts are being reconciled in a timely manner

Corrective Action: As part of our corrective action plan, the Town has contracted with our former auditors to help identify and properly correct the ledger balances. The Town has ensured that all of its accounts are correctly listed on the general ledger. The Town has also corrected the erroneous conversion balances. This will ensure that the monthly reconciliation “book balances” will accurately match the general ledger. The Finance Department and Treasurer are currently working on this matter in hopes to resolve the issue by June 30, 2016.

FS2007-001 [FS-2007-01] Comprehensive Set of Policies – Significant Deficiency - Repeated

Condition: The Town does not have a comprehensive set of policies and procedures that address various key components of its operations. The Town has contracted an independent contractor to address this issue.

Criteria: The internal control structure of the Town must include policies that document proper business practices for key operations.

Effect: The Town is at risk to internal control failures which could lead to undetected misstatements in financial statements. Additionally, the risk of fraud is heightened without proper documentation and review procedures.

Cause: Limited staff size and resources in key financial management positions.

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Auditors' Recommendation: The Town should allocate the necessary resources in order to develop and/or update outdated existing policies and desk procedures for the following functions: payroll documentation, human resources documentation, employee leave, cash receipting, month-end and year-end close out and asset safeguarding.

Agency's response: Management agrees with the recommendation to develop, update and adopt comprehensive policies and procedures throughout the Town. The Town is committed to create, update, and adopt policies that will establish proper internal controls, ensure accurate reporting, safeguard Town assets, maintain strong accountability, and ensure procedures are being followed throughout the Town. The Town is currently working to create and implement these critical policies and procedures as soon as possible.

Corrective Action: As part of our overall corrective action plan, the Town has contracted with our former auditors to help identify all of the necessary policies and procedures that will need to be created. Once identified, the Town will create each necessary policy and procedure to ensure each key aspect of business is accurately described and guidelines are established. The Finance Department and Treasurer are currently working on this matter in hopes to resolve the issue by June 30, 2016.

FS2007-002 [2007-02]– Internal control Over Financial Reporting – Material Weakness

Condition: The Town's management did not have adequate internal control procedures in place over the financial statements issued by the Town using the basis of accounting required by generally accepted accounting principles (GAAP). These controls include the use of a financial statement checklist during the review of the report draft, documented review procedures, identification of management and/or staff to review draft, and verifying amounts reported in the financial statements to underlying records and schedules. In addition, numerous audit adjustments from prior years have not been properly posted to the financial statements. The Town has contracted an independent contractor to address this issue.

Criteria: Town management is responsible for establishing and maintaining internal controls that include controls for the generally accepted accounting principles (GAAP) basis financial statements issued by the Town. The Town's system of internal controls must extend beyond the cash basis general ledger and the supporting schedules prepared by the Town; rather it must also include controls over the GAAP basis financial statements.

Cause: The Town's small size and limited resources contribute to difficulties in establishing controls over financial reporting at the financial statement level.

Effect: The Town's internal controls over financial reporting at the financial statement level are not adequate to ensure that a misstatement would be prevented and/or detected. A disclaimer of opinion was issued on the Town's financial statements due to our inability to sufficiently complete the audit objectives necessary to render an opinion on the account balances.

Auditors' Recommendation: The Town must design and implement effective internal control procedures to ensure the financial statements and related notes are free from material misstatements.

Agency's Response: Town Management agrees with the recommendation to design and implement internal control procedures to ensure the financial statements and notes are free from material misstatements. The Town recognizes the need for effective policies and procedures that will ensure more accurate reporting and is committed to create and adopt these policies.

Corrective Action: As part of our overall corrective action plan, the Town has contracted with our former auditors to help identify all of the necessary policies and procedures that will need to be created. Once identified, the Town will create each necessary policy and procedure to ensure proper internal controls to detect and prevent any future material misstatements. The Finance Department and Treasurer are currently working on this matter in hopes to resolve the issue by June 30, 2016.

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FS2007-003 [2007-03]– Year-end Cutoff – Material Weakness

Condition: The Town does not have a formal procedure in place to identify significant receivables existing at year end. The Town has contracted an independent contractor to address this issue.

Criteria: According to generally accepted accounting principles, the Town must record revenues in the year which they are earned.

Effect: The Town is at risk of misstatements to the financial statements.

Cause: Due to insufficient staff, the Town did not monitor year end revenue activity to determine proper fiscal year posting.

Auditor Recommendation: The Town should develop a process to review and track receipts/revenues occurring after year end, but attributed to the previous fiscal year, to ensure the audited financials reflect proper receivable balances.

Agency's Response: Management agrees with the recommendation. The Town will design and implement a policy and procedure that will accurately monitor and record all year-end revenue activity.

Corrective Action: As part of our overall corrective action plan, the Town has contracted with our former auditors to help identify all of the necessary policies and procedures that will need to be created. Once identified, the Town will implement each necessary policy and procedure to ensure proper year-end activity is monitored and recorded. The Finance Department and Treasurer are currently working on this matter in hopes to resolve the issue by June 30, 2016.

FS2008-004 [2008-04]– Insufficient Capital Asset Support – Material Weakness

Condition: The Town did not provide an accurate or complete listing of fiscal year 2014-15 capital asset activity by asset category, as well as an accurate and complete listing of cumulative capital assets by asset category. The Town also did not reconcile total capital expenditures to current year capital asset additions. Finally, the Town has not conducted a physical inventory of assets in several years. The Town has contracted an independent contractor to address this issue. In addition, the Town is working internally to finalize a capital asset listing.

Criteria: Management is responsible for establishing and maintaining internal controls that include controls for the Town's capital assets. Controls should include reconciliation of all capital expenditures to capital asset additions, as well as an annual physical inventory.

Cause: Limited staff size and resources contributed to difficulties in establishing adequate controls over capital assets.

Effect: The Town's controls over capital assets were not adequate to ensure that a misstatement material to financial reporting for capital assets would be prevented and/or detected. A disclaimer of opinion was issued on the Town's financial statements due to our inability to sufficiently complete the audit objectives necessary to render an opinion on the capital assets.

Auditors' Recommendation: The Town should implement effective internal control procedures to ensure completeness of capital asset balances reported.

Agency's Response: Management agrees with the recommendation to implement effective internal control procedures. The Town will develop and adopt capital asset policies and procedures to ensure accuracy in its reporting. The Town is in the process of identifying and reconciling all assets. The Town will start conducting an annual physical inventory this fiscal year.

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Corrective Action: As part of our corrective action plan, the Town has contracted with our former auditors to help identify the best approach to cleaning up our asset inventory. Once identified, the Town will implement policies and procedures for asset documentation and inventory control. This will include additions, deletions, CIP, annual inventories, and creation of an overall asset management program within the Town. The Finance Department and Treasurer are currently working on this matter in hopes to resolve the issue by June 30, 2016.

FS2008-005 [2008-05]– Internal Controls Over Disbursements – Compliance and Other Matter

Condition: We noted in one of 25 disbursements reviewed, a purchase order was not created for an item other than which was purchased (purchase totaled \$621.62). In addition, one of forty-six items did not maintain proper supporting documentation (purchase totaled \$31,839.58). The Town is working on correcting this issue internally and has experienced improvement from prior audits.

Criteria: The Town’s policy requires purchase requisitions and purchase orders to be obtained and approved before procurement of goods and services.

Cause: The Town did not ensure purchase orders were issued for every purchase transaction applicable.

Effect: The Town's internal controls over purchasing authorizations and payments limit management's ability to monitor the accuracy of transactions and provide assurance with respect to public funds.

Auditors’ Recommendation: The Town should exercise more caution with purchase authorization procedures to ensure similar instances do not occur.

Agency’s Response: Management agrees with the recommendation. The Town will implement stronger control to ensure procurement procedures are being followed.

Corrective Action: The Town will implement annual procurement training to ensure every employee involved in the procurement process knows what is expected. Town management will enforce the procurement process more strictly and hold each individual accountable for their procurement. The Finance Department and the Treasurer are working internally to insure this issue is addressed as much as possible to clear the finding in the June 30, 2016 audit report.

FS2008-006 [2008-06]– Fund Balance Deficits – Significant deficiency

Condition: At year-end the following individual funds reported deficits in fund balance.

Fund	Deficits
Gas Tax	\$3,875,453
Law Enforcement	19,503
Rescue	271,990

The Town has contracted an independent contractor to address this issue along with others; the number of deficit balances has reduced in recent audits.

Criteria: All Town fund annual expenditures should be limited to annual revenue sources plus fund balance in accordance with prudent business practices.

Cause: Ineffective monitoring of expenditures in prior years and the cash reconciliation deficiencies noted in 2006-008 have likely resulted in the deficits reported.

Effect: The Town reported deficit fund balances in the funds which could negatively impact the Town based on decisions made by the users of the financial statements (bond companies, oversight agencies).

Auditors’ Recommendation: The Town must investigate the deficits to determine if they actually exist or are the result of erroneous reporting. In addition, the amounts in error should be adjusted accordingly.

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Agency's Response: Town management recognizes the need to correct fund balances. Management agrees with the recommendation. The Town is working to obtain proper approvals from NMDFA and NMOSA to adjust the erroneous fund balances. The Town is in the process of creating an action plan that will clearly lay out the best way to correct all of the Town's audit findings. When the plan is complete, the Town will submit the plan for approval. Once the plan is approved, the Town will accurately adjust balances in order to reflect correct fund balances across all Town funds.

Corrective Action: As part of our corrective action plan, the Town has contracted with our former auditors to help identify and properly correct the fund balances. Once identified, correcting entries will be made to accurately reflect each balance. The Finance Department and Treasurer are currently working on this matter in hopes to resolve the issue by June 30, 2016.

FS 2015-001 — Over Expenditure of Budgets - Compliance

Condition: The Town's expenditures exceeded budget in some funds:

Fire Fund	\$	7,215
Campground Fund		1,138
Total	\$	8,353

Criteria: The Authority by which the Town can spend money is the Commission and the Department of Finance and Administration approved budget (Section 6-6-6; NMSA 1978). Once adopted, any claims or warrants in excess of budget are a violation of New Mexico Statute 6-6-6, 1978 Compilation.

Effect: Per Section 6-6-6, NMSA 1978, it is binding upon officials and governing authorities, and no governing authority or official shall allow or approve claims in excess thereof, and no official shall pay any check or warrant in excess thereof, and the allowances or claims or checks or warrants so allowed or paid shall be a liability against the officials so allowing or paying those claims or checks or warrants, and recovery for the excess amounts so allowed or paid may be had against the bondsmen of those officials.

Cause: The Town failed to obtain budget amendments for the funds that were over-expended or not budgeted for and the Town budgeted for amounts in cash and/or fund balance that did not exist at the beginning of the fiscal year.

Auditors' Recommendation: We recommend that the Town establish policies and procedures to ensure all expenditures are budgeted for and funds are not over-expended. All future budgets should include all required funds. Greater attention should be given to the budget monitoring process.

Agency's Response: The Town inadvertently missed the overage in this fund. As such, the Town did not make a proper or timely Budget Adjustment Request (BAR). The Town will be more thorough in the future to insure all BAR's are submitted timely.

Corrective Action: As part of our overall corrective action plan, the Town has contracted with our former auditors to help develop policies and procedures. The Town will specify that a policy and procedure be created to ensure all expenditures are coded to the proper funds. Management will ensure that each employee responsible for submitting invoices will receive training to identify and verify accounts. The Finance Department and Treasurer are currently working on this matter in hopes to resolve the issue by June 30, 2016.

Section III – Federal Award Findings

Town of Bernalillo (Primary Government) Federal Award Findings:

None

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Section IV – Prior Year Audit Findings

2006-003 [FS 2006-03]	Accounts Receivables Records and Procedures	Repeated.
2006-008 [FS 2006-08]	Reconciliation and Recording of Bank Accounts	Repeated.
2007-001 [FS 2007-01]	Comprehensive Set of Policies	Repeated.
2007-002 [FS 2007-02]	Internal Control over Financial Reporting	Repeated.
2007-003 [FS 2007-03]	Year-end Cutoff	Repeated.
2008-004 [FS 2008-04]	Insufficient Capital Asset Support	Modified and Repeated.
2008-005 [FS 2008-05]	Internal Controls over Disbursements	Modified and Repeated.
2008-006 [FS 2008-06]	Fund Balance Deficits	Modified and Repeated.

Section V – Other Disclosures

Auditor Prepared Financials

Griego Professional Services, LLC assisted in the preparation of the financial statements presented in this report. The Town's management has reviewed and approved the financial statements and related notes and they believe that their records adequately support the financial statements.

Exit Conference-Primary Government

The contents of this report were discussed on December 11, 2015. The following individuals were in attendance.

Town of Bernalillo

Jack Torres, Mayor
Ida Fierro, Town Clerk
Tina Dominquez, Town Councilor
Juan Torres, Town Treasurer

Griego Professional Services, LLC

J.J. Griego, CPA