



2016

# Annual Financial Report



City of Aztec  
Year Ended June 30, 2016

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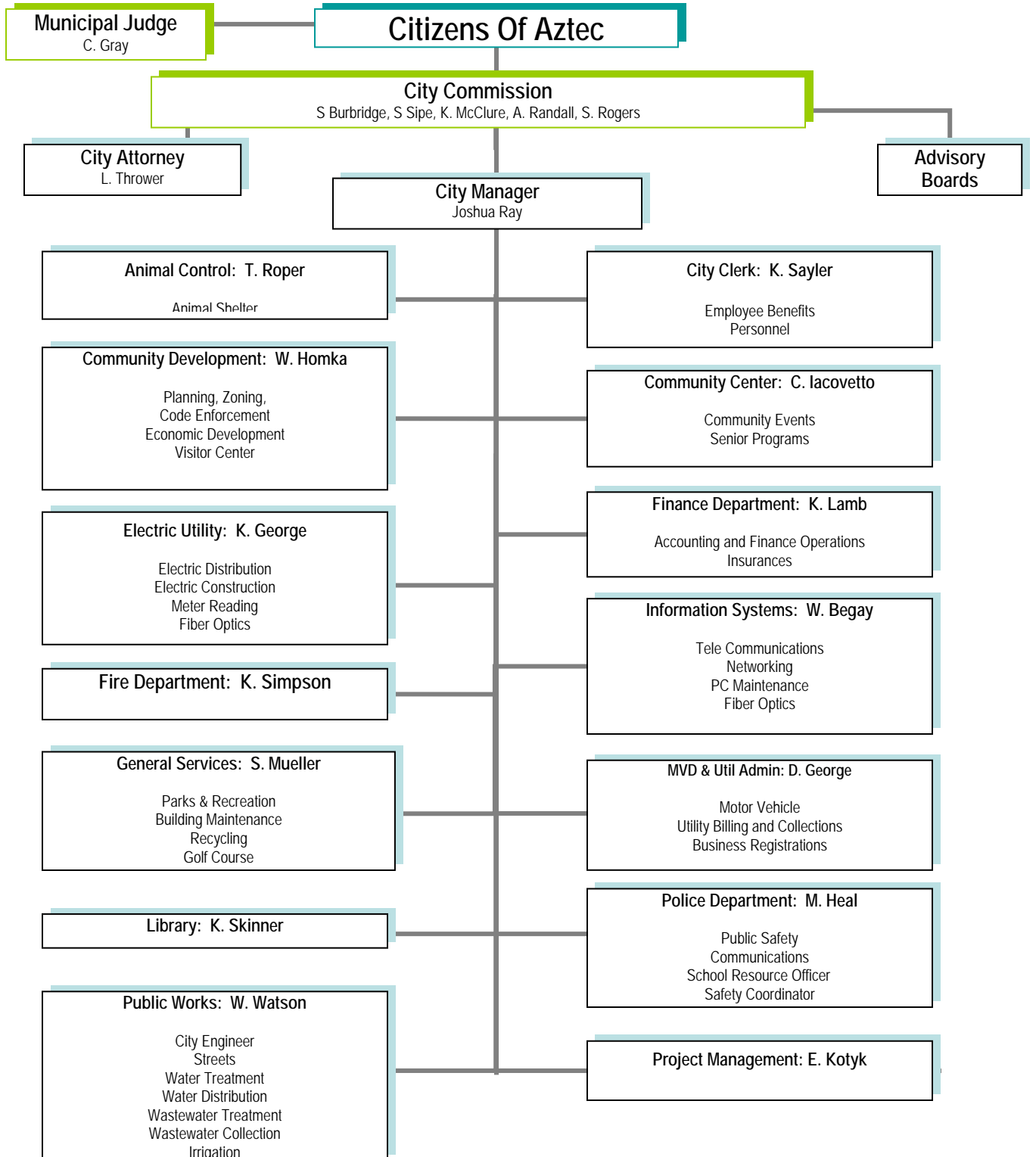
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# CITY OF AZTEC, NEW MEXICO

## ORGANIZATIONAL CHART

June 30, 2016



**STATE OF NEW MEXICO  
CITY OF AZTEC**

**List of Principal Officials  
June 30, 2016**

<u>Title</u>	<u>Name</u>
Mayor.....	Sally Burbridge
Mayor Pro-Tem.....	Sherri A. Sipe
City Commissioner.....	Austin Randall
City Commissioner.....	Katee McClure
City Commissioner.....	Sheri L. Rogers
City Manager.....	Joshua Ray
Finance Director.....	Kathy Lamb



## INDEPENDENT AUDITOR'S REPORT

To the City Commission  
and Mr. Timothy Keller, New Mexico State Auditor  
City of Aztec

### Report on Financial Statements

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

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



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

### **Opinions**

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

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6-18, Schedule of City's Proportionate Share of the Net Pension Liability, and Schedule of City Contributions on pages 59 and 60 to 62, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the City's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The Schedule of Expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, and the other schedules required by Section 2.2.2.NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of federal awards and other schedules required by Section 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying

accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures and other schedules required by Section 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Additional Other Supplementary Schedules section of the table of contents have not been subjected to auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated December 9, 2016 on our consideration of the City'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 the City's internal control over financial reporting and compliance.



Axiom CPAs and Business Advisors, LLC  
Albuquerque, New Mexico  
December 9, 2016

**STATE OF NEW MEXICO  
CITY OF AZTEC  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016**

**Management's Discussion and Analysis**

As management of the City of Aztec, we offer readers of the City of Aztec's financial statements this narrative overview and analysis of the financial activities of the City of Aztec for the fiscal year ended June 30, 2016.

**Financial Highlights**

The assets and deferred outflows of resources of the City of Aztec exceeded its liabilities at the close of June 30, 2016 by \$60,063,193 (*net position*). Of this amount, \$12,461,563 (*unrestricted net position*) may be used to meet the City's ongoing obligations to its citizens and creditors.

The City's total Net Position increased by \$2,402,311 (4%).

The Statement of Net Position reflects the recording of \$5.4 million in net pension liability, \$433,216 in deferred outflows, and \$271,190 in deferred inflows to comply with the requirements of GASG Statement No. 68 (GASB 68).

As of the June 30, 2016, the City's governmental funds reported combined ending fund balances of \$5,518,561, a decrease of \$280,765 in comparison with the prior year. Approximately 43.23% of this total fund balance amount (\$2,385,755) is available for spending at the City's discretion (*unassigned fund balance*).

At the end of the current fiscal year, unrestricted fund balance (the total of the *committed, assigned, and unassigned* components of fund balance) for the general fund was \$2,385,755, or approximately 40.8% of total general fund expenditures.

**Overview of Financial Statements**

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

**Government-wide financial statements.** *The government-wide financial statements* (statement of net position and statement of activities) are designed to provide readers with a broad overview of the City of Aztec's financial condition, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City of Aztec's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Aztec is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for

**STATE OF NEW MEXICO  
CITY OF AZTEC  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016**

**Overview of Financial Statements (Continued)**

some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Aztec that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Aztec include general government, public safety, public works, culture and recreation, and health and welfare. The business-type activities of the City of Aztec include a joint utility fund comprised of electric, water, and wastewater utilities, solid waste operations, irrigation operations and golf course operations.

The government-wide financial statements can be found on pages 19-20 of this report.

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

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Aztec maintains twelve individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund which is considered to be a major fund. Data from the other twelve governmental funds are combined into a single, aggregated presentation. Individual fund data for these nonmajor governmental funds is provided in the form of combining statements following the notes to the financial statements (pages 66-71).

**STATE OF NEW MEXICO  
CITY OF AZTEC  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016**

**Overview of Financial Statements (Continued)**

The City of Aztec adopts an annual appropriated budget for all of its governmental funds. Budgetary comparison statements have been provided for the governmental funds to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on pages 21 and 23 of this report.

**Proprietary funds.** The City of Aztec maintains one type of proprietary fund. *Enterprise Funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Aztec uses four enterprise funds to account for its electric, water, wastewater, solid waste, irrigation and golf course operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the joint utility fund (electric, water, and wastewater operations), solid waste, irrigation and golf course operations.

The basic proprietary fund financial statements can be found on pages 27-29 of this report.

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

The fiduciary fund statements can be found on page 30 and 86 of this report.

**Notes to the financial statements.** The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 31-58 of this report.

**Government-wide Overall Financial Analysis**

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the City of Aztec, assets and deferred outflows of resources exceeded liabilities by \$60,063,193 at the close of the most recent fiscal year.

The largest portion of the City of Aztec's net position (\$45,194,454 or 75.2%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any related outstanding debt that was used to acquire those assets. The City of Aztec uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City of Aztec's investment in its capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**STATE OF NEW MEXICO  
CITY OF AZTEC  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016**

**Government-wide Overall Financial Analysis (Continued)**

Another portion of the City of Aztec's net position (\$2,407,176 or 4.9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$12,461,563 (20.7%) is unrestricted and may be used to meet government's ongoing obligations to its citizens and creditors.

CITY OF AZTEC Net's Position						
	Governmental Activities		Business-type Activities		Total	
	FY 2016	FY 2015	FY 2016	FY 2015	FY 2016	FY 2015
Current and other assets	\$ 7,375,928	\$ 7,394,135	\$16,572,977	\$15,514,419	\$23,948,905	\$22,908,554
Capital assets	23,370,887	21,537,731	28,773,942	28,768,325	52,144,829	50,306,056
<b>Total assets</b>	<b>\$30,746,815</b>	<b>\$28,931,866</b>	<b>\$45,346,919</b>	<b>\$44,282,744</b>	<b>\$76,093,734</b>	<b>\$73,214,610</b>
Deferred Outflows – pension related	269,460	320,466	163,756	100,691	433,216	421,157
Long-term liabilities outstanding	6,881,584	6,700,784	5,414,141	4,462,044	12,295,725	11,162,828
Other liabilities	1,665,670	1,397,684	2,231,172	1,717,134	3,896,842	3,110,818
<b>Total liabilities</b>	<b>\$8,547,254</b>	<b>\$66,282,666</b>	<b>\$7,645,313</b>	<b>\$94,845,357</b>	<b>\$16,192,567</b>	<b>\$161,124,023</b>
Deferred Inflows – pension related	168,680	1,312,510	102,510	388,729	271,190	1,701,239
Net position:						
Net investment in capital assets	19,890,658	17,883,982	25,303,796	25,066,433	45,194,454	42,950,415
Restricted	1,852,176	3,442,615	555,000	555,000	2,407,176	3,997,615
Unrestricted	557,507	(1,485,243)	11,904,056	12,198,095	12,461,563	10,712,852
<b>Total net position</b>	<b>\$22,300,341</b>	<b>\$19,841,354</b>	<b>\$37,762,852</b>	<b>\$37,819,528</b>	<b>\$60,063,193</b>	<b>\$57,660,882</b>

At the end of the current fiscal year, the City of Aztec is able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate government and business-type activities. The same situation held true for the prior fiscal year.

The City of Aztec's net position increased \$2,402,311 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

Effective July 1, 2014, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 68 which is an accounting change that requires the recording of a net pension liability to be reported in the financial statements of state and local government employers. For the fiscal year ending June 30, 2016, the

**STATE OF NEW MEXICO  
CITY OF AZTEC  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016**

**Government-wide Overall Financial Analysis (Continued)**

impact of GASB 68 on the City's financial statements was a total of \$5,443,637 being recorded as a net pension liability.

**Governmental activities.** During the current fiscal year, net position for governmental activities increased by \$2,458,987 from the prior fiscal year for an ending balance of \$22,300,341. The decrease is the result of a combination of factors:

- Combined tax revenue (property, gross receipts, and other) decreased by \$735,911 or 12.1% from the prior fiscal year.
- Operating and capital grants and contributions increased \$2,528,948 or 494.7% from the prior fiscal year.
- Miscellaneous revenues increase \$380,011 or 179.6% from the prior fiscal year
- Expenditures decreased \$796,371 or 9.8% from the prior fiscal year.



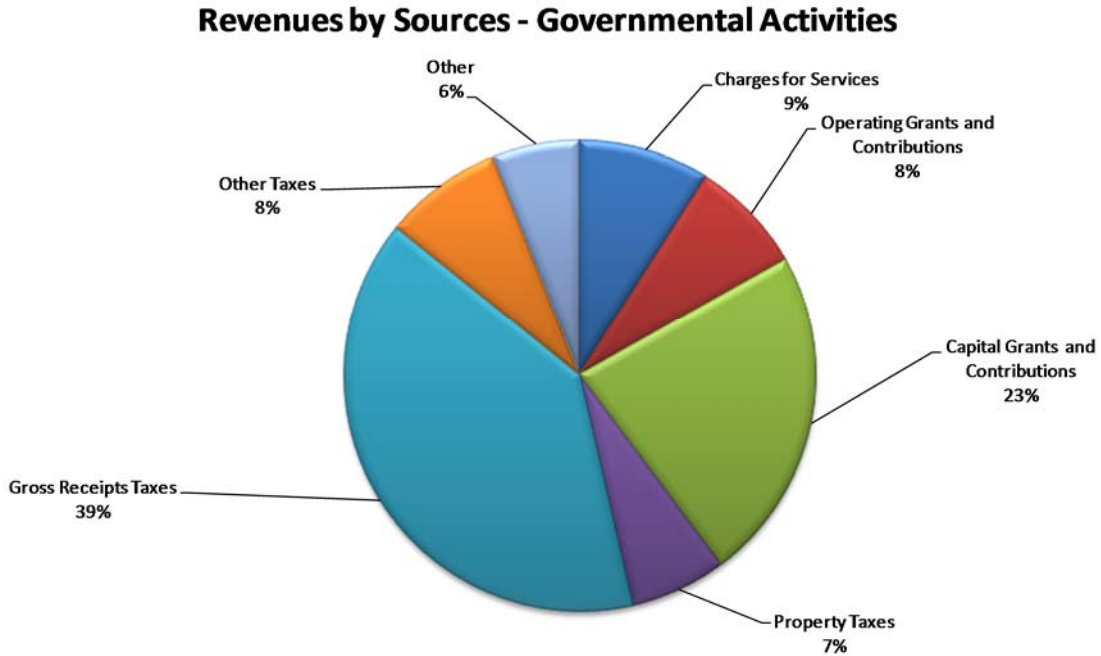
**STATE OF NEW MEXICO**  
**CITY OF AZTEC**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2016**

CITY OF AZTEC's Change in Net Position

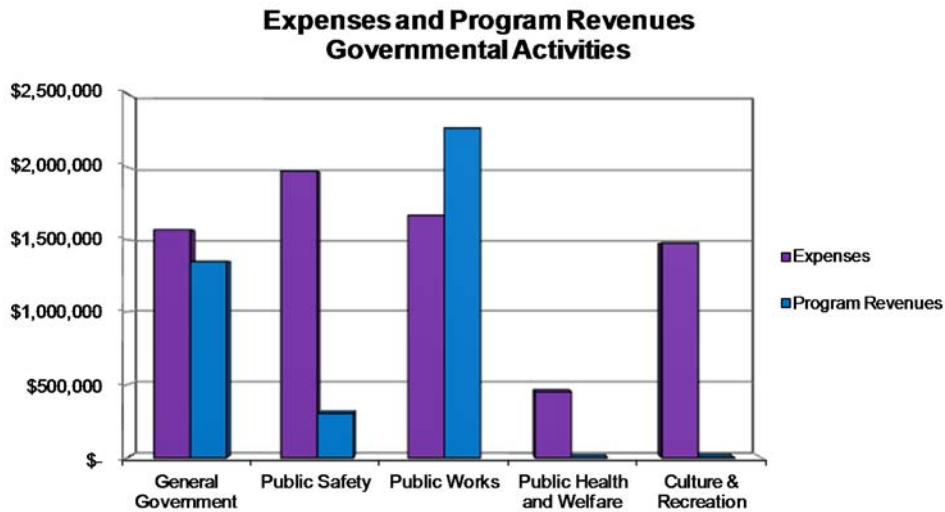
	Governmental Activities		Business-Type Activities		Total	
	FY 2016	FY 2015	FY 2016	FY 2015	FY 2016	FY 2015
Revenues:						
Program Revenues:						
Charges for Services	\$881,774	\$835,378	\$10,598,192	\$10,496,531	\$11,392,128	\$11,331,909
Operating Grants and contributions	777,635	511,129	552	-	778,187	511,129
Capital Grants and contributions	2,262,442	-	138,155	25,401	2,400,597	25,401
General Revenues:						
Property Taxes	649,891	617,819	-	-	649,891	617,819
GRT Taxes	3,888,208	4,646,288	81,333	96,873	3,969,541	4,743,161
Other Taxes	806,783	816,686	-	-	806,783	816,686
Other	496,648	211,637	228,181	321,292	914,998	532,929
Total Revenues	9,763,381	7,638,937	11,053,744	10,940,097	20,912,125	18,579,034
Expenses:						
General Government	1,568,493	2,326,401	-	-	1,568,493	2,326,401
Public Safety	1,971,740	1,997,270	-	-	1,971,740	1,997,270
Public Works	1,667,557	1,290,631	-	-	1,667,557	1,290,631
Public Health & Welfare	452,399	665,443	-	-	452,399	665,443
Culture & Recreation	1,477,217	1,647,198	-	-	1,477,217	1,647,198
Interest, Long Term Debt	166,988	173,822	-	-	166,988	173,822
Joint Utility			10,013,305	9,037,980	10,013,305	9,037,980
Solid Waste			715,993	706,207	715,993	706,207
Irrigation			9,679	8,259	9,679	8,259
Golf Course			466,443	128,158	466,443	128,158
Total Expenses	7,304,394	8,100,765	11,205,420	9,880,604	18,509,814	17,981,369
Increase (decrease) in net position before transfers	2,553,987	(461,828)	(151,676)	1,059,493	2,402,311	597,665
Transfers	(95,000)	(35,000)	95,000	35,000	-	-
Increase (decrease) in net position	2,458,987	(496,828)	(56,676)	1,094,493	2,402,311	597,665
Net position – July 1	19,841,354	24,625,530	37,819,528	38,064,272	57,660,882	62,689,802
Net position – July 1 as restated		20,338,182		36,725,035		57,063,217
Net position – June 30	\$22,300,341	\$19,841,354	\$37,762,852	\$37,819,528	\$60,063,193	\$57,660,882

**STATE OF NEW MEXICO  
CITY OF AZTEC  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016**

The following chart shows the governmental activities by source. Gross receipts taxes provide 39% of the total revenues of the governmental activities. Program revenues including charges for services and grant and contributions provide 17% of the revenues in governmental revenues. Property taxes provided 7% of the revenues for governmental activities.



The chart below shows the extent to which expenses of the various functions of governmental activities are covered by program revenues.



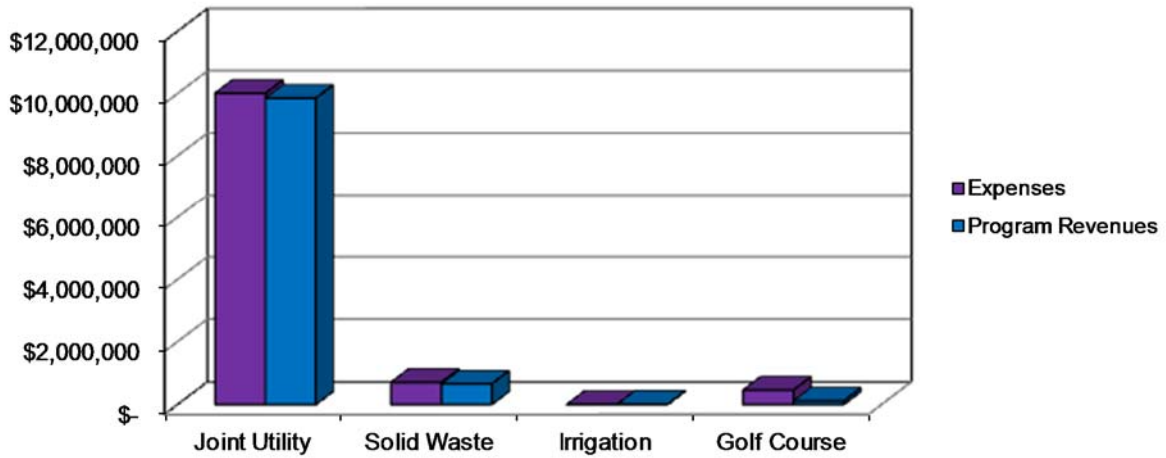
Note: This chart does not include tax revenues which are the primary source for most governmental activities.

**STATE OF NEW MEXICO  
CITY OF AZTEC  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016**

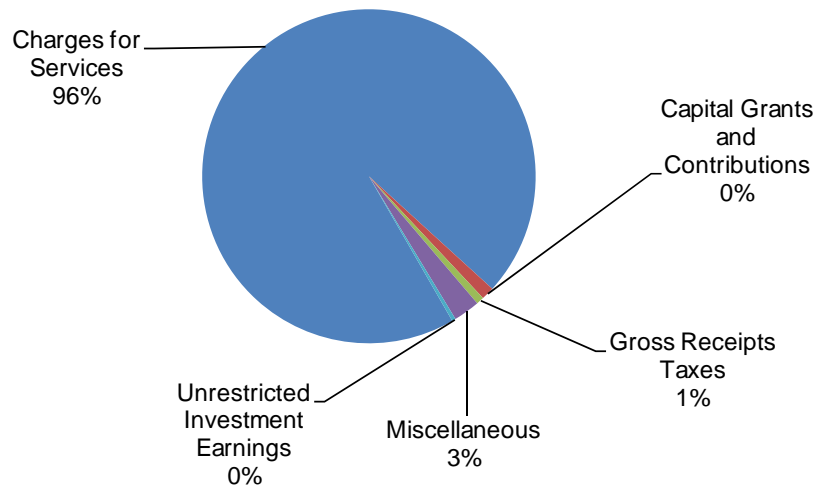
**Business-type activities.** For the City of Aztec's business-type activities, the net position ending balance is \$37,762,852 and is a decrease of \$56,676 or 0.15%. Key financial elements of the past year are as follows:

Operating expenses are 101.5 percent of revenues, resulting in a \$166,302 in operating loss.

**Expenses and Program Revenues - Business Type Activities**



**Revenues by Source - Business Type Activities**



Financial

**Analysis of the Government's Funds**

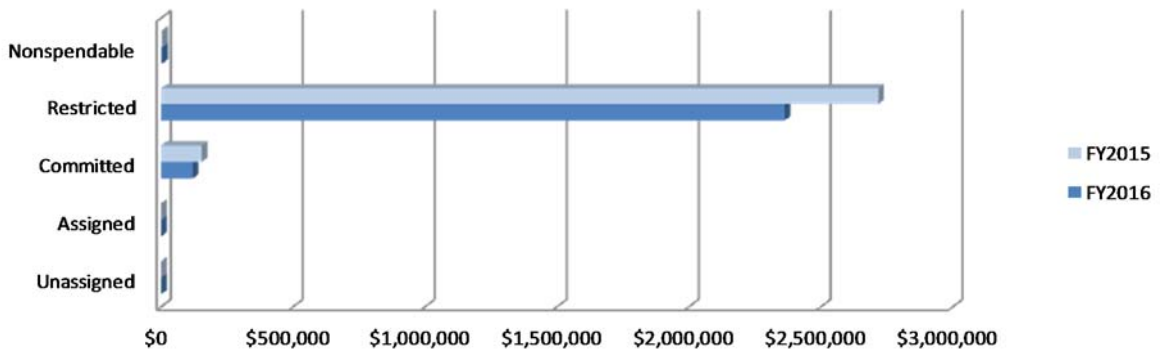
As noted earlier, the City of Aztec uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**STATE OF NEW MEXICO  
CITY OF AZTEC  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016**

**Governmental funds.** The focus of the City of Aztec's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City of Aztec's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City of Aztec itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City of Aztec's Commission.

As of the June 30, 2016, the City of Aztec's governmental funds reported combined fund balances of \$5,518,561, a decrease of \$280,765 in comparison with the prior year. Approximately 43% of this total amount or \$2,385,755 constitutes *unassigned fund balance* which is available for spending at the government's discretion. The remainder of the fund balance is either *nonspendable*, *restricted*, *committed*, or *assigned* to indicate that it is 1) not in spendable form (\$15,281), 2) restricted for particular purposes (\$2,997,396) or 3) committed for a particular purpose (\$120,129).

**Other Governmental Funds  
Components of Fund Balance  
June 30, 2015 and 2016**



**General Fund.** The general fund is the chief operating fund of the City of Aztec. At the end of the current fiscal year, unassigned fund balance of the general fund was \$2,385,755, while total fund balance increased to \$3,030,237. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 40.8% of total fund expenditures, while total fund balance represents 51.8% of the same amount.

The fund balance of the City of Aztec's general fund increased \$108,714 or 3.7% during the current fiscal year. General Fund revenue decreased by \$172,591 or 2.75%. Revenue categories contributing to the decrease in general fund revenue include property tax, franchise tax, and intergovernmental revenues.

Tax revenues decreased \$609,181 (12%). Gross receipts tax decreased \$633,751 (16.4%) the result of the downturn in the oil and gas industry and its impact to multiple sectors of the regional economy. Property tax increased \$29,068 (4.7%). Franchise taxes decreased \$4,498 (0.7%), a combination of increased revenues in cable TV, natural gas and city operated utilities.

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CITY OF AZTEC  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016**

Intergovernmental revenues increased \$28,454 (10%). Operating and capital grants increased by \$28,454 (10%) primarily the result of small cities assistance through the state the result of reduced gross receipt taxes.

Fine revenue decreased \$24,932 (6.4%)

Investment earnings increased \$1,889, the result of a slight increase in interest rates and increased cash reserves.

General Fund expenditures for FY2016 decreased \$692,700 (10.6%), compared to FY15. Changes in expenditures contributing to the decrease:

Personnel increased by \$77,779: Cost of living adjustment (1.6%), merit increases (maximum 2.4%), Supplies, materials, and services expenditures decreased by \$652,822 .

Capital expenditures decreased by \$117,657.

**Proprietary funds.** The City of Aztec's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the joint utility fund at the end of the year amounted to \$11,952,681, for solid waste \$94,641, for irrigation \$95,766, and golf course \$(239,032). The total decrease in net position for the joint utility fund was \$32,903. The net position for solid waste fund decreased \$48,868, a combination of management's decision to absorb rate increases in contractual solid waste services rather than increasing utility rates to its citizens and pension liability. The irrigation fund increased by \$7,017. The golf course fund deficit is the result of the net pension liability and debt incurred for equipment purchases. Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Aztec's business-type activities.

**General Fund Budgetary Highlights**

**Original budget compared to final budget.** During the fiscal year, the City Commission approved one adjustment to the City's general fund budget for operating transfers to other funds. Increases were approved to the Airport Fund and the Golf Course Fund and a decrease to the Municipal Road Fund which resulted in no change to the General Fund final budget.

**Final budget compared to actual results.** The most significant differences between estimated revenues and actual revenues were as follows:

Revenue Source	Estimated <u>revenues</u>	Actual <u>revenues</u>	Difference
Taxes	\$4,403,300	4,457,286	53,986
Charges for Services	264,200	322,542	58,342
Miscellaneous	76,000	560,977	484,977

**STATE OF NEW MEXICO  
CITY OF AZTEC  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016**

Investment earnings exceeded the revenue estimate by \$1,731 (34.6%), due to increased cash reserves and slightly higher interest rates.

A review of actual expenditures compared to the appropriations in the final budget yields a positive variance of \$1,768,957, the result of managements continuing efforts in monitoring daily governmental operations.

Capital Asset and Debt Administration

**Capital assets.** The City of Aztec's investment in capital assets for its governmental and business type activities as of June 30, 2016, amounts to \$52,144,829 (net of accumulated depreciation).

This investment in capital assets includes land, buildings and system improvements, utility systems, machinery and equipment, park facilities, roads, highways, and bridges. The total increase in capital assets for the current fiscal year was approximately 3.6%.

City of Aztec's Capital Assets (net of depreciation)						
	Governmental Activities		Business-Type Activities		Total	
	FY2016	FY2015	FY2016	FY2015	FY2016	FY2015
Land	\$669,435	\$669,435	\$823,343	\$823,343	\$1,492,778	\$1,492,778
Buildings & System	5,535,377	5,595,548	25,543,323	26,189,244	31,078,700	31,784,792
Improvements	2,326,954	2,599,572	-	-	2,326,954	2,599,572
Machinery & Equipment	1,542,576	1,788,296	1,363,067	1,068,643	2,905,643	2,856,939
Infrastructure	10,856,055	10,702,098	-	-	10,856,055	10,702,098
Construction in Progress	2,440,490	182,782	1,044,209	687,095	3,484,699	869,877
<b>Total</b>	<b>\$23,370,887</b>	<b>\$21,537,732</b>	<b>\$28,773,942</b>	<b>\$28,768,325</b>	<b>\$52,144,829</b>	<b>\$50,306,056</b>

**STATE OF NEW MEXICO  
CITY OF AZTEC  
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JUNE 30, 2016**

Major capital asset events during this fiscal year include the following:

- East Aztec Arterial Phase 1B (new road) - in progress
- East Aztec Arterial Phase 1B wastewater line (new) – in progress
- Simmonds Road Reconstruction
- N Main Corridor, Phase 0 (new road subgrade)
- S Church, 300 Block, Sidewalk Replacement
- Florence Park Playground
- Aviation Fuel Facility – in progress
- Animas River Headgate Replacement
- Public Works Sign Shop
- Public Works Water Meter Shop
- Lovers Lane Concrete Box Culvert
- Williams Arroyo Stabilization
- Municipal Building Roof Replacement (Police, Courts, Utility/MVD Buildings)

Scheduled replacement of vehicles and equipment

Additional information on the City of Aztec’s capital assets can be found in note 5 on pages 44-46 of this report.

**Long-term debt.** At the end of the current fiscal year, the City of Aztec had no bonded debt outstanding.

City of Aztec Outstanding Debt						
	Governmental Activities		Business-Type Activities		Total	
	FY2016	FY2015	FY2016	FY2015	FY2016	FY2015
NMFA – Library	\$ 527,346	\$646,135	-	-	\$527,346	\$646,135
NMFA – Capital Projects	2,952,883	3,007,614	-	-	2,952,883	3,007,614
NMED – Wastewater Plant	-	-	\$3,470,146	\$3,701,832	3,470,146	3,701,832
Capital Lease			139,798		139,798	
<b>Total</b>	<b>\$3,480,229</b>	<b>\$3,653,749</b>	<b>\$3,609,944</b>	<b>\$3,701,832</b>	<b>\$7,090,173</b>	<b>\$7,355,581</b>

Additional information on the City of Aztec’s long-term debt can be found in note 7 on pages 48-49 of this report.

**Debt limitation.** Article IX, Section 13 of the State Constitution limits the powers of the City to incur general obligation debt in an aggregate amount, including existing indebtedness, not to exceed four percent of the value of the taxable property in the City as shown by the last preceding general assessments. The City may,



**STATE OF NEW MEXICO  
CITY OF AZTEC  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016**

however, contract debt in excess of such limitation for the construction or purchase of a system for supplying water or a sewer system for the City. Based on the 2016 assessed valuation of \$124,488,615, the City's general obligation debt limit is \$4,979,544. The City presently has no general obligation bonds outstanding.

The City of Aztec has been approved for a Clean Water State Revolving Fund loan administered through New Mexico Environment Department. The loan will be secured with Joint Utility Fund net system revenues. The amount of the loan is \$5,050,000, 3% for 20 years, proceeds are for the replacement and enlargement of the wastewater interceptor line. It is anticipated construction will be completed in the late spring of 2017 with the first debt service payment due one year after completion of the project.

**Economic Factors and Next Year's Budgets and Rates**

The following economic factors currently affect the City of Aztec and were considered in developing the 2016-2017 fiscal year budget.

- Continued low activity in the oil & gas sector in the region impacting gross receipts tax and property tax revenues in multiple sectors. This will continue to result in conservative tax revenue estimates government wide.
- Interest rates are expected to remain at low levels throughout fiscal year 2016-2017.
- On the expenditure side, personnel costs do not include COLA or merit increases.
- Construction interest, debt and repair and replacement reserves on the CWSRF loan for the wastewater interceptor line included in budget.

During the current fiscal year, the unassigned fund balance in the general fund was \$2,385,755. The City of Aztec has appropriated \$1,591,978 of this amount for spending in the 2016-2017 fiscal year budget. This action was taken as an additional measure to mitigate the impact of the recession on the 2016-2017 fiscal year budget.

**Requests for Information**

This financial report is designed to provide a general overview of the City of Aztec's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, 201 W Chaco, Aztec, NM 87410.

## **BASIC FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO  
CITY OF AZTEC  
STATEMENT OF NET POSITION  
June 30, 2016**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS AND DEFERRED OUTFLOWS</b>			
<b>Current assets</b>			
Cash, investments and cash equivalents	\$ 3,167,932	13,885,991	17,053,923
Cash with fiscal agent	514,200	-	514,200
Accounts receivable, net	-	1,252,925	1,252,925
Interest receivable	-	6,280	6,280
Intergovernmental receivable	3,572,672	214,890	3,787,562
Other receivables	105,843	-	105,843
Inventories	-	1,204,927	1,204,927
Prepaid items	15,281	7,964	23,245
<b>Total current assets</b>	<b>7,375,928</b>	<b>16,572,977</b>	<b>23,948,905</b>
Capital assets:			
Non-depreciable assets	3,109,926	1,867,552	4,977,478
Depreciable assets, net	20,260,962	26,906,390	47,167,352
<b>Total assets</b>	<b>30,746,816</b>	<b>45,346,919</b>	<b>76,093,735</b>
<b>DEFERRED OUTFLOWS - Pension Related</b>	<b>269,460</b>	<b>163,756</b>	<b>433,216</b>
<b>LIABILITIES AND DEFERRED INFLOWS</b>			
<b>Current liabilities</b>			
Accounts payable	1,001,645	1,218,214	2,219,859
Accrued payroll expenses	202,911	75,518	278,429
Interest payable	-	228	228
Unearned revenue	-	16,129	16,129
Customer deposits	-	362,592	362,592
Other liabilities	2,290	145,149	147,439
Due within one year			
Bonds, notes and loans payable	179,555	253,497	433,052
Compensated absences	279,269	159,845	439,114
<b>Total current liabilities</b>	<b>1,665,670</b>	<b>2,231,172</b>	<b>3,896,842</b>
Due in more than one year			
Bonds, notes and loans payable	3,300,674	3,356,447	6,657,121
Compensated absences	194,967	-	194,967
Net Pension Liability	3,385,943	2,057,694	5,443,637
<b>Total liabilities</b>	<b>8,547,254</b>	<b>7,645,313</b>	<b>16,192,567</b>
<b>DEFERRED INFLOWS - Pension Related</b>	<b>168,680</b>	<b>102,510</b>	<b>271,190</b>
<b>NET POSITION</b>			
Net investment in capital assets	19,890,659	25,303,796	45,194,455
Restricted for			
Special projects	937,898	-	937,898
Debt service	514,200	555,000	1,069,200
Capital outlay	400,078	-	400,078
Unrestricted (Deficit)	557,507	11,904,056	12,461,563
<b>Total net position</b>	<b>\$ 22,300,342</b>	<b>37,762,852</b>	<b>60,063,194</b>

See Notes to Financial Statements.

STATE OF NEW MEXICO  
CITY OF AZTEC  
STATEMENT OF ACTIVITIES  
June 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
<b>Primary government</b>							
<b>Governmental activities</b>							
General government	\$ 1,568,492	796,156	555,202	-	(217,134)	-	(217,134)
Public safety	1,971,740	83,017	222,433	-	(1,666,290)	-	(1,666,290)
Public works	1,667,557	-	-	2,262,442	594,885	-	594,885
Public health and welfare	452,399	-	-	-	(452,399)	-	(452,399)
Culture and recreation	1,477,217	2,601	-	-	(1,474,616)	-	(1,474,616)
Interest on long-term debt	166,988	-	-	-	(166,988)	-	(166,988)
<b>Total governmental activities</b>	<b>7,304,393</b>	<b>881,774</b>	<b>777,635</b>	<b>2,262,442</b>	<b>(3,382,542)</b>	<b>-</b>	<b>(3,382,542)</b>
<b>Business-Type Activities</b>							
Joint utility	10,013,305	9,714,773	-	138,155	-	(160,377)	(160,377)
Solid waste	715,993	665,087	-	-	-	(50,906)	(50,906)
Irrigation assessment	9,679	13,159	-	-	-	3,480	3,480
Golf Course	466,443	205,173	552	-	-	(260,718)	(260,718)
<b>Total business-type activities</b>	<b>11,205,420</b>	<b>10,598,192</b>	<b>552</b>	<b>138,155</b>	<b>-</b>	<b>(468,521)</b>	<b>(468,521)</b>
<b>Total primary government</b>	<b>\$ 18,509,813</b>	<b>11,479,966</b>	<b>778,187</b>	<b>2,400,597</b>	<b>(3,382,542)</b>	<b>(468,521)</b>	<b>(3,851,063)</b>
<b>General revenues and transfers</b>							
<b>Taxes</b>							
Property taxes					\$ 649,891	-	649,891
Gross receipts tax					3,888,208	81,333	3,969,541
Franchise tax					572,951	-	572,951
Other taxes					233,832	-	233,832
Transfers					(95,000)	95,000	-
Miscellaneous					589,539	228,181	817,720
Unrestricted investment earnings					15,711	39,529	55,240
Loss on disposition of capital assets					(13,602)	(32,198)	(45,800)
<b>Total general revenues and transfers</b>					<b>5,841,530</b>	<b>411,845</b>	<b>6,253,375</b>
<b>Change in net position</b>					<b>2,458,988</b>	<b>(56,676)</b>	<b>2,402,312</b>
Net position, beginning					<u>19,841,354</u>	<u>37,819,528</u>	<u>57,660,882</u>
<b>Net position, ending</b>					<b>\$ 22,300,342</b>	<b>37,762,852</b>	<b>60,063,194</b>

See Notes to Financial Statements.

**Governmental Fund Financial Statements**

**STATE OF NEW MEXICO  
CITY OF AZTEC  
BALANCE SHEET - GOVERNMENTAL FUNDS  
June 30, 2016**

	General Fund	Municipal Road Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash, investments and cash equivalents	\$ 1,886,275	-	1,281,657	3,167,932
Cash with fiscal agent	-	-	514,200	514,200
Intergovernmental receivables	1,371,497	2,015,767	185,408	3,572,672
Other receivables	74,713	-	31,130	105,843
Prepaid items	10,288	-	4,993	15,281
Due from other funds	722,048	-	-	722,048
<b>Total assets</b>	<b>\$ 4,064,821</b>	<b>2,015,767</b>	<b>2,017,388</b>	<b>8,097,976</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 179,704	664,013	157,928	1,001,645
Accrued payroll expenses	202,910	-	1	202,911
Other liabilities	-	-	2,290	2,290
Due to other funds	1,449	720,599	-	722,048
<b>Total liabilities</b>	<b>384,063</b>	<b>1,384,612</b>	<b>160,219</b>	<b>1,928,894</b>
<b>DEFERRED INFLOWS</b>				
Property taxes	650,521	-	-	650,521
<b>Total deferred inflows</b>	<b>650,521</b>	<b>-</b>	<b>-</b>	<b>650,521</b>
<b>FUND BALANCES</b>				
Nonspendable:				
Prepaid items	10,288	-	4,993	15,281
Restricted to:				
Public safety	-	-	707,130	707,130
Public works	-	631,155	-	631,155
Lodgers promotion	-	-	77,900	77,900
Capital projects	-	-	432,817	432,817
Debt service	-	-	514,200	514,200
Subsequent years expenditures	634,194	-	-	634,194
Committed to:				
Economic development	-	-	113,329	113,329
Culture and recreation	-	-	6,800	6,800
Unassigned	2,385,755	-	-	2,385,755
<b>Total fund balances</b>	<b>3,030,237</b>	<b>631,155</b>	<b>1,857,169</b>	<b>5,518,561</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 4,064,821</b>	<b>2,015,767</b>	<b>2,017,388</b>	<b>8,097,976</b>

See Notes to Financial Statements.

**STATE OF NEW MEXICO  
CITY OF AZTEC  
RECONCILIATION OF THE BALANCE SHEET  
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION  
JUNE 30, 2016**

	<u>Governmental Activities</u>
<b>Total Fund Balance Governmental Funds</b>	
<b>Governmental Funds Balance Sheet</b>	\$ 5,518,561
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>	
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:</p>	
Cost of capital assets	3,109,926
Accumulated depreciation	<u>20,260,962</u>
<b>Total capital assets</b>	<u>23,370,888</u>
<p>Defined benefit pension plan deferred outflows are not financial resources and, therefore, are not reported in the funds.</p>	269,460
<p>Some revenues will not be available to pay for current period expenditures and, therefore, are recorded as deferred inflows in the governmental funds.</p>	650,521
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.</p>	
Bonds, notes and loans payable	(3,480,229)
Compensated absences	(474,236)
Net Pension liability	<u>(3,385,943)</u>
<b>Total long-term and other liabilities</b>	<u>(7,340,408)</u>
<p>Defined benefit pension plan deferred inflows are not due and payable in the current period and, therefore, are not reported in the funds.</p>	<u>(168,680)</u>
<b>Net position of governmental activities (Statement of Net Position)</b>	<u><u>\$ 22,300,342</u></u>

*See Notes to Financial Statements.*



**STATE OF NEW MEXICO  
CITY OF AZTEC  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
June 30, 2016**

	General Fund	Municipial Road Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Taxes:				
Property	\$ 646,887	-	-	646,887
Gross receipts	3,237,448	162,698	488,062	3,888,208
Franchise	572,951	-	-	572,951
Other	-	177,194	56,638	233,832
Licenses and permits	71,427	-	3,334	74,761
Intergovernmental - federal	750	1,759,577	-	1,760,327
Intergovernmental - state	109,552	502,865	468,899	1,081,316
Intergovernmental - other	198,434	-	-	198,434
Charges for services	322,542	-	117,090	439,632
Fines	367,381	-	-	367,381
Investment earnings	6,731	277	8,703	15,711
Miscellaneous	560,977	-	28,562	589,539
<b>Total revenues</b>	<b>6,095,080</b>	<b>2,602,611</b>	<b>1,171,288</b>	<b>9,868,979</b>
<b>Expenditures</b>				
Current				
General government	1,777,510	-	97,158	1,874,668
Public safety	1,703,042	-	120,825	1,823,867
Public works	693,852	421,786	-	1,115,638
Public health and welfare	542,776	-	-	542,776
Culture and recreation	899,994	-	127,608	1,027,602
Capital outlay	224,192	2,642,502	462,991	3,329,685
Debt service				
Principal	-	-	173,708	173,708
Interest	-	-	166,800	166,800
<b>Total expenditures</b>	<b>5,841,366</b>	<b>3,064,288</b>	<b>1,149,090</b>	<b>10,054,744</b>
Excess (deficiency) of revenues over (under) expenditures before other financings sources (uses)	253,714	(461,677)	22,198	(185,765)
Other Financing Sources (Uses)				
Transfers, in	-	-	88,000	88,000
Transfers, out	(145,000)	-	(38,000)	(183,000)
<b>Total other financing sources (uses)</b>	<b>(145,000)</b>	<b>-</b>	<b>50,000</b>	<b>(95,000)</b>
<b>Net change in fund balances</b>	<b>108,714</b>	<b>(461,677)</b>	<b>72,198</b>	<b>(280,765)</b>
Fund balances, beginning of year	2,921,523	1,092,832	1,784,971	5,799,326
<b>Fund balances, end of year</b>	<b>\$ 3,030,237</b>	<b>631,155</b>	<b>1,857,169</b>	<b>5,518,561</b>

See Notes to Financial Statements.

**STATE OF NEW MEXICO  
CITY OF AZTEC  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
June 30, 2016**

**Net Change in Fund Balances - Total Governmental Funds  
(Statement of Revenue, Expenditures, and Changes  
in Fund Balances)**

\$ (280,765)

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

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 as depreciation expense.

Expenditures for capital assets	3,329,685
Loss on disposition of capital assets	(13,602)
Depreciation expense	<u>(1,482,927)</u>
	1,833,156

Revenues in the governmental funds that provide current financial resources are not included in the Statement of Activities because they were recognized in a prior period.

Property taxes	3,004
----------------	-------

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

The following table represents the changes in long-term debt for the fiscal year:

Change in bonds, notes, and loans payable	173,708
Change in compensated absences	(116,730)
Change in accrued interest on long-term debt	(188)
Change in net pension liability	<u>846,803</u>
	903,593

**Change in net position in governmental activities**

\$ 2,458,988

*See Notes to Financial Statements.*

**STATE OF NEW MEXICO  
CITY OF AZTEC  
STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL (GAAP BASIS)  
GENERAL FUND  
June 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final		Final Budget Positive (Negative)
<b>Revenues</b>				
Taxes	\$ 4,403,300	4,403,300	4,457,286	53,986
Licenses and permits	61,528	61,528	71,427	9,899
Intergovernmental	277,241	312,241	308,736	(3,505)
Charges for services	264,200	264,200	322,542	58,342
Fines	380,400	380,400	367,381	(13,019)
Investment earnings	5,000	5,000	6,731	1,731
Miscellaneous	76,000	76,000	560,977	484,977
<b>Total revenues</b>	<b>5,467,669</b>	<b>5,502,669</b>	<b>6,095,080</b>	<b>592,411</b>
<b>Expenditures</b>				
Current				
General government	2,427,595	2,331,839	1,777,510	554,329
Public safety	2,014,821	2,006,083	1,703,042	303,041
Public works	1,023,267	998,739	693,852	304,887
Public health and welfare	708,501	699,819	542,776	157,043
Culture and recreation	1,180,139	1,216,149	899,994	316,155
Capital outlay	221,000	357,694	224,192	133,502
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>7,575,323</b>	<b>7,610,323</b>	<b>5,841,366</b>	<b>1,768,957</b>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	(2,107,654)	(2,107,654)	253,714	2,361,368
Other Financing Sources (Uses)				
Transfers, in	-	-	-	-
Transfers, out	(495,000)	(495,000)	(145,000)	350,000
<b>Total other financing sources (uses)</b>	<b>(495,000)</b>	<b>(495,000)</b>	<b>(145,000)</b>	<b>350,000</b>
<b>Net change in fund balances</b>	<b>(2,602,654)</b>	<b>(2,602,654)</b>	<b>108,714</b>	<b>2,711,368</b>
Fund balances, beginning of year	3,644,918	3,644,918	2,921,523	(723,395)
<b>Fund balances, end of year</b>	<b>\$ 1,042,264</b>	<b>1,042,264</b>	<b>3,030,237</b>	<b>1,987,973</b>

**STATE OF NEW MEXICO  
CITY OF AZTEC  
STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL (GAAP BASIS)  
MUNICIPAL ROAD  
Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 354,449	354,449	339,892	(14,557)
Intergovernmental	6,129,963	6,129,963	2,262,442	(3,867,521)
Charges for services	-	-	-	-
Investment earnings	1,500	1,500	277	(1,223)
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<u>6,485,912</u>	<u>6,485,912</u>	<u>2,602,611</u>	<u>(3,883,301)</u>
<b>Expenditures</b>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	801,700	982,790	421,786	561,004
Public health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	7,005,439	6,824,349	2,642,502	4,181,847
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<u>7,807,139</u>	<u>7,807,139</u>	<u>3,064,288</u>	<u>4,742,851</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>(1,321,227)</u>	<u>(1,321,227)</u>	<u>(461,677)</u>	<u>859,550</u>
<b>Other Financing Sources (Uses)</b>				
Transfers, in	400,000	315,000	-	(315,000)
Transfers, out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>400,000</u>	<u>315,000</u>	<u>-</u>	<u>(315,000)</u>
<b>Net change in fund balances</b>	<u>(921,227)</u>	<u>(1,006,227)</u>	<u>(461,677)</u>	<u>544,550</u>
Fund balances, beginning of year	<u>1,048,725</u>	<u>1,048,725</u>	<u>1,092,832</u>	<u>44,107</u>
<b>Fund balances, end of year</b>	<u>\$ 127,498</u>	<u>42,498</u>	<u>631,155</u>	<u>588,657</u>

**STATE OF NEW MEXICO**  
**CITY OF AZTEC**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
**June 30, 2016**

	Enterprise Funds				Total
	Irrigation				
	Joint Utility Fund	Solid Waste Fund	Assessment Fund	Golf Course Fund	
<b>ASSETS</b>					
Current Assets					
Cash and cash equivalents	\$ 13,643,581	133,440	94,719	14,251	13,885,991
Accounts receivable, net	1,181,261	53,983	1,047	16,634	1,252,925
Interest receivable	6,280	-	-	-	6,280
Intergovernmental receivable	214,890	-	-	-	214,890
Inventories	1,204,927	-	-	-	1,204,927
Prepaid items	2,021	8	-	5,935	7,964
<b>Total current assets</b>	<b>16,252,960</b>	<b>187,431</b>	<b>95,766</b>	<b>36,820</b>	<b>16,572,977</b>
Noncurrent Assets					
Capital assets:					
Land and land rights	823,343	-	-	-	823,343
Construction in progress	1,044,209	-	-	-	1,044,209
Building and system	42,069,108	-	-	-	42,069,108
Machinery and equipment	4,086,386	51,752	204,025	161,000	4,503,163
Less accumulated depreciation	(19,482,579)	(49,448)	(91,859)	(41,995)	(19,665,881)
<b>Total noncurrent assets</b>	<b>28,540,467</b>	<b>2,304</b>	<b>112,166</b>	<b>119,005</b>	<b>28,773,942</b>
<b>Total assets</b>	<b>44,793,427</b>	<b>189,735</b>	<b>207,932</b>	<b>155,825</b>	<b>45,346,919</b>
<b>DEFERRED OUTFLOWS - PENSION RELATED</b>	<b>151,330</b>	<b>2,513</b>	<b>-</b>	<b>9,913</b>	<b>163,756</b>
<b>LIABILITIES</b>					
Current Liabilities					
Accounts payable	1,150,617	57,844	-	9,753	1,218,214
Accrued payroll expenses	66,814	1,282	-	7,422	75,518
Accrued interest	228	-	-	-	228
Unearned revenue	16,129	-	-	-	16,129
Customer deposits	362,581	11	-	-	362,592
Other liabilities	142,381	2,768	-	-	145,149
Compensated absences, current	153,670	252	-	5,923	159,845
Bonds, notes and loans payable, current	236,381	-	-	17,116	253,497
<b>Total current liabilities</b>	<b>2,128,801</b>	<b>62,157</b>	<b>-</b>	<b>40,214</b>	<b>2,231,172</b>
Non-Current Liabilities					
Bonds, notes, loans, and capital leases payable, net of current	3,233,765	-	-	122,682	3,356,447
Net pension liability	1,909,083	31,573	-	117,038	2,057,694
<b>Total non-current liabilities</b>	<b>5,142,848</b>	<b>31,573</b>	<b>-</b>	<b>239,720</b>	<b>5,414,141</b>
<b>Total liabilities</b>	<b>7,271,649</b>	<b>93,730</b>	<b>-</b>	<b>279,934</b>	<b>7,645,313</b>
<b>DEFERRED INFLOWS - PENSION RELATED</b>	<b>95,106</b>	<b>1,573</b>	<b>-</b>	<b>5,831</b>	<b>102,510</b>
<b>NET POSITION</b>					
Net investment in capital assets	25,070,321	2,304	112,166	119,005	25,303,796
Restricted for debt service	555,000	-	-	-	555,000
Unrestricted (Deficit)	11,952,681	94,641	95,766	(239,032)	11,904,056
<b>Total net position</b>	<b>\$ 37,578,002</b>	<b>96,945</b>	<b>207,932</b>	<b>(120,027)</b>	<b>37,762,852</b>

See Notes to Financial Statements.

**STATE OF NEW MEXICO  
CITY OF AZTEC  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
NET POSITION - PROPRIETARY FUNDS  
June 30, 2016**

	Enterprise Funds				Total
	Joint Utility Fund	Solid Waste Fund	Irrigation Assessment Fund	Golf Course Fund	
Operating Revenues					
Charges for Services	\$ 9,714,773	665,087	13,159	205,173	10,598,192
Intergovernmental - state	138,155	-	-	552	138,707
Miscellaneous	196,929	818	-	30,434	228,181
<b>Total operating revenues</b>	<b>10,049,857</b>	<b>665,905</b>	<b>13,159</b>	<b>236,159</b>	<b>10,965,080</b>
Operating Expenses					
Salaries and fringe benefits	2,196,809	34,331	-	220,891	2,452,031
Purchased power, fuel and chemicals	3,708,692	-	-	-	3,708,692
Other operating expenses	1,878,254	680,873	2,740	203,557	2,765,424
Payment in lieu of taxes	471,605	-	-	-	471,605
Depreciation and amortization	1,683,907	789	6,939	41,995	1,733,630
<b>Total operating expenses</b>	<b>9,939,267</b>	<b>715,993</b>	<b>9,679</b>	<b>466,443</b>	<b>11,131,382</b>
Operation income (loss)	110,590	(50,088)	3,480	(230,284)	(166,302)
Non-Operating Revenues (Expenses)					
Investment earnings	38,840	431	254	4	39,529
Gross receipts tax	81,333	-	-	-	81,333
Loss on disposal of assets	(32,198)	-	-	-	(32,198)
Interest expense	(74,038)	-	-	-	(74,038)
<b>Total non-operating revenue (expenses)</b>	<b>13,937</b>	<b>431</b>	<b>254</b>	<b>4</b>	<b>14,626</b>
Income (loss) before contributions and transfers	124,527	(49,657)	3,734	(230,280)	(151,676)
Transfers, in	953,996	-	-	130,000	1,083,996
Transfers, out	(988,996)	-	-	-	(988,996)
<b>Change in net position</b>	<b>89,527</b>	<b>(49,657)</b>	<b>3,734</b>	<b>(100,280)</b>	<b>(56,676)</b>
Net position, beginning of year	37,488,475	146,602	204,198	(19,747)	37,819,528
<b>Net position, end of year</b>	<b>\$ 37,578,002</b>	<b>96,945</b>	<b>207,932</b>	<b>(120,027)</b>	<b>37,762,852</b>

See Notes to Financial Statements.

**STATE OF NEW MEXICO**  
**CITY OF AZTEC**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**June 30, 2016**

	Enterprise Funds				
	Joint Utility Fund	Solid Waste Fund	Irrigation		Total
			Assessment Fund	Golf Course Fund	
<b>Cash Flows From Operating Activities</b>					
Cash received from customers and others	\$ 9,790,923	666,930	12,817	223,460	10,694,130
Cash paid for goods and services	(7,794,274)	(679,459)	(8,869)	(204,575)	(8,687,177)
Cash paid to employees	604,540	(25,678)	-	(129,585)	449,277
<b>Net cash provided (used) by operating activities</b>	<b>2,601,189</b>	<b>(38,207)</b>	<b>3,948</b>	<b>(110,700)</b>	<b>2,456,230</b>
<b>Cash Flows From Investing Activities</b>					
Purchases of capital assets	(1,606,789)	-	(3,656)	(161,000)	(1,771,445)
Gross receipts tax received	81,333	-	-	-	81,333
Interest received	38,840	431	254	4	39,529
<b>Net cash (used) provided by investing activities</b>	<b>(1,486,616)</b>	<b>431</b>	<b>(3,402)</b>	<b>(160,996)</b>	<b>(1,650,583)</b>
<b>Cash Flows From Capital Financing Activities</b>					
Capital lease	-	-	-	139,798	139,798
Debt payment	(231,746)	-	-	-	(231,746)
Interest paid	(74,038)	-	-	-	(74,038)
<b>Net cash (used) provided by capital financing activities</b>	<b>(305,784)</b>	<b>-</b>	<b>-</b>	<b>139,798</b>	<b>(165,986)</b>
<b>Cash Flows From Non-Capital Financing Activities</b>					
Internal balances and transfers	(35,000)	-	-	130,000	95,000
<b>Net cash (used) provided by non-capital financing activities</b>	<b>(35,000)</b>	<b>-</b>	<b>-</b>	<b>130,000</b>	<b>95,000</b>
Net increase (decrease) in cash and cash equivalents	773,789	(37,776)	546	(1,898)	734,661
Cash and cash equivalents, beginning of year	12,869,792	171,216	94,173	16,149	13,151,330
<b>Cash and cash equivalents, end of year</b>	<b>\$ 13,643,581</b>	<b>133,440</b>	<b>94,719</b>	<b>14,251</b>	<b>13,885,991</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities</b>					
Operating income (loss)	\$ 110,590	(50,088)	3,480	(230,284)	(166,302)
Adjustments to operating income (loss) to net cash provided by operating activities:					
Depreciation expense	1,683,907	789	6,939	41,995	1,733,630
Net pension expense	621,900	8,337	-	86,275	716,512
Change in assets and liabilities:					
Accounts receivable	(65,580)	960	(342)	(12,699)	(77,661)
Interest receivable	1,815	-	-	-	1,815
Intergovernmental receivable	(195,169)	73	-	-	(195,096)
Inventory	(51,081)	-	-	-	(51,081)
Prepaid items	(735)	(8)	-	(1,131)	(1,874)
Accounts payable	437,665	1,415	(6,129)	1,173	434,124
Accrued payroll	10,529	643	-	335	11,507
Unearned revenue	(1,720)	-	-	-	(1,720)
Customer deposits	9,343	-	-	-	9,343
Other liabilities	(2,526)	(1)	-	(1,060)	(3,587)
Compensated absences	42,251	(327)	-	4,696	46,620
<b>Net cash provided (used) by operating activities</b>	<b>\$ 2,601,189</b>	<b>(38,207)</b>	<b>3,948</b>	<b>(110,700)</b>	<b>2,456,230</b>

See Notes to Financial Statements.

**STATE OF NEW MEXICO  
CITY OF AZTEC  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS  
June 30, 2016  
Employee Association Trust Fund**

**ASSETS**

Cash and cash equivalents	\$	<u>8,249</u>
<b>Total assets</b>	\$	<u><u>8,249</u></u>

**LIABILITIES**

Deposits held for others	\$	<u>8,249</u>
<b>Total liabilities</b>	\$	<u><u>8,249</u></u>

*See Notes to Financial Statements.*



## **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **A. Financial Reporting Entity**

The City of Aztec, (City), New Mexico, which was incorporated in 1890, operates under a Commission / Manager form of government. Five commissioners are elected at large and one of the commissioners serves as Mayor. This reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the City's financial statements to be misleading or incomplete.

The City had no blended or discrete component units during the current fiscal year.

### **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 activities of the primary government and its component units. 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.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect costs are not allocated to functions in the statement of activities. 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. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements and the fiduciary fund – agency 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.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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. Derived tax revenues (gross receipts taxes, cigarette taxes and gas taxes) are recognized when the underlying transaction takes place. 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 City.

The government 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.

The **municipal road** fund was established to account for gasoline tax monies received pursuant to Section 7-1-6.9 NMSA 1978.

The government reports the following major proprietary funds:

The **joint utility** fund accounts for the activities of the City's utility.

The **solid waste** fund accounts for the activities of the City's solid waste services.

The **irrigation assessment** fund accounts for the activities of the City's irrigation assessment activities.

The **golf course** fund accounts for the activities of the Aztec Municipal Golf Course at Hidden Valley.

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Additionally, the City reports the following agency fund type:

The ***employee association trust*** fund is an agency fund that accounts for employee contributions to a fund used for special occasions such as sending flowers, etc.

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 City's utility and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided 2) operating grants and contributions and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds and internal service funds are charges to customers for sales and services. The utilities also recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

### D. Assets, Liabilities and Net Position

**Deposits and Investments.** The City'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.

State statutes authorize the City to invest in obligations of the U.S. Treasury, repurchase agreements, Certificates of Deposits, and the State Treasurer's Investment Pool. Investments for the City are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities and Net Position (Continued)**

regulations and is not SEC registered. The reported value of the pool is the same as the fair value of the pool shares. Generally, investment income earned as a result of pooling is distributed to the appropriate funds utilizing a formula based on the average daily balance of cash and investments of each fund. All investment in such pool is voluntary.

**Receivables and Payables.** Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds”. Any residual balances outstanding between the governmental activities and business- type activities are reported in the government-wide financial statements as “internal balances.”

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.

The joint utility enterprise fund is responsible for billing and collecting electric, water, and wastewater charges using a cycle billing system. No billing cycles are billed in advance of services. Metered accounts are billed in arrears and have been accrued. The only unearned revenue is customer payments for prepaid electric distribution construction. Customers are required to pay 100% of the estimate prepared by the electric director. When the job is complete the actual costs of the job are prepared and the customer is either refunded the overpayment or billed for the shortage. These payments for construction are then reported as increases in net assets at the end of the fiscal year. All trade receivables are shown net of an allowance for uncollectible accounts. The City is required to provide service and grant credit to a diverse customer base within its service territory. The City may require security deposits prior to providing service to customers depending upon an assessment of credit worthiness.

The City reviews customer accounts receivable on a regular basis and has an accounts receivable collection policy.

The City has reviewed its customer base for concentrations of credit risk and has determined that no individual customer or group of customers engaged in similar activities represent a material concentration of credit risk to the City.

Property taxes are levied and collected by San Juan County. The County remits to the City amounts collected for the applicable portion of the property taxes in the month following the date of receipt. The

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities and Net Position (Continued)**

City recognizes property taxes as revenue on the modified accrual basis. Oil and gas taxes received from the County are recognized as revenue when received by the City.

Property taxes are levied as of January 1st on property values assessed on the same date. The tax levy is payable in two installments, November 10th and May 10th. The property taxes are considered delinquent and subject to lien, penalty, and interest, 30 days after the date on which they are due.

**Inventories and Prepaid Items.** Inventories are only held by the joint utility fund and are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are considered immaterial and recorded as expenditures when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**Capital Assets.** Capital assets, which include property, plant, 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 City as assets with an initial, individual cost of more than \$5,000 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. 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. Major outlays for capital assets and improvements are capitalized as projects are constructed. Such assets, including infrastructure, have higher limits that must be met before they are capitalized. 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. Computer software costs, whether externally purchased or developed in-house, shall be capitalized if the total cost of the software equals or exceeds \$5,000 and has a life of at least two years. Library books are not capitalized.

Property, plant, and equipment of the primary government have the following threshold levels to be capitalized and are depreciated using the straight line method over the following estimated useful lives:

	Estimated Useful Life
Buildings and structures	10-45 years
Improvements other than buildings	10-50 years
Infrastructure	5-50 years
Machinery and equipment	5-30 years
Furniture and fixtures	5-30 years

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities and Net Position (Continued)**

**Compensated Absences.** It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service with the City. All vacation pay is accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. A compensated absence is expensed in the related fund of the employee that earned the compensated absences.

**Deferred Outflows/Inflows of Resources.** In addition to assets, the statement of financial position will sometimes 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(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Also, in addition to liabilities, the statement of financial position will sometimes 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(s) and so will not be recognized as an inflow of resources (revenue) until that time. At June 30, 2016, the City reported deferred outflows that are pension related. Deferred inflows are reported in the governmental funds regarding property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**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 statement of net assets. Bond premiums and discounts, as well as issuance costs related to insurance, are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs other than related insurance are expensed in the year incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs related to insurance, during the current period. The face amount of debt issued is reported as other financing sources. Bond premium and discounts are reported as other financing uses. Issuance costs, even if withheld from actual net proceeds received, are reported as debt service expenditures.

**Net Position Flow Assumptions.** In the government-wide financial statements, restricted net position is legally restricted by outside parties for a specific purpose. None of the City's net position is restricted as a result of enabling legislation adopted by the City. Net investment in capital assets represents the City's

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities and Net Position (Continued)**

investment in the book value of capital assets, less any outstanding debt that was issued to construct or acquire the capital asset. Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources.

In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position.

**Fund Equity Flow Assumptions.** In the fund financial statements, governmental funds report restricted and unassigned fund balances. Restricted fund balances represent amounts that are constrained externally by creditors (such as debt covenants), grantors, contributors, or laws of other governments. Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**Fund Balances.** In the fund financial statements, fund balances of the governmental funds are classified as follows:

**Nonspendable** – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

**Restricted** – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

**Committed** – amounts that can be used only for specific purposes determined by a formal action of the City Commission. City Commission is the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the City Commission.

**Assigned** – amounts that are constrained by the City's intent to use them for a specific purpose, but are neither restricted nor committed. The City has not established a policy regarding the assignment of funds,

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### D. Assets, Liabilities and Net Position (Continued)

so this category of fund balance represents the residual amounts not otherwise reported as unspendable, restricted, or committed in governmental funds outside of the general fund.

Unassigned – all other spendable amounts.

**Net Position.** In the government-wide financial statements, restricted net position is legally restricted by outside parties (such as creditors, grantors, contributors, laws and regulations of other governments) for a specific purpose. Net investment in capital assets represents the City's investment in the book value of capital assets, less any outstanding debt that was issued to construct or acquire the capital asset. The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**Use of 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.

**Pensions.** For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expenses, information about the Fiduciary Net Position of the New Mexico Public Employee's Retirement Board (PERA) and additions to/deductions from PERA's Fiduciary Net Position have been determined on the same basis as they are reported for 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.

## NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

### A. Budgetary Information

Annual budgets are adopted for all funds. All budgets are consistent with generally accepted accounting principles (GAAP). All annual appropriations lapse at fiscal year-end. Carryover funds must be appropriated in the budget of the subsequent fiscal year. Because the budget process in the State of New Mexico requires that the beginning cash balance be appropriated in the budget of the subsequent fiscal year, such appropriated balance is legally restricted and is therefore presented as a reserved portion of fund balance.

Actual expenditures may not exceed the budget on a fund basis. Budgets may be amended by City Commission resolution with approval by the State Department of Finance and Administration. City department heads may make transfers of appropriations within a fund. The legal level of budgetary control



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**NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

**Budgetary Information (Continued)**

is the fund level. Increases or decreases of appropriations between funds require the approval of the governing Commission.

The City follows the following procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to June, the City Manager submits to the City Commission a proposed operating budget for preliminary approval for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them. The budget is prepared by fund, department, and function.
2. In late July, after there has been an opportunity for public comment, the City Commission adopts the budget as finalized.
3. Prior to September 1, the budget is legally enacted through passage of a resolution and the Local Government Division of the State Department of Finance and Administration approves the final budget.
4. After the budget is adopted any supplemental appropriations must be approved by the City Commission.

The budgetary basis and GAAP basis are the same for all governmental fund types. Budgets for proprietary enterprise funds are adopted on a non-GAAP basis, using the spending measurement focus as in governmental fund types.

Encumbrance accounting is employed by the City. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are carried forward to the new fiscal year and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year. The fund balances are reserved for outstanding encumbrances because the resources are not available for new spending. The City had the following encumbrances, outstanding at June 30, 2016:

General Fund	\$ 121,604
Other Governmental Funds	3,425,118
Business-Type Funds	<u>4,638,427</u>
Total Encumbrances by Fund:	<u>\$ 8,185,149</u>

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**NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

**B. Excess of Expenditures over Appropriations**

As of June 30, 2016, there were no funds reported with excess expenditures over appropriations.

**C. Deficit Fund Balance or Net Position**

As of June 30, 2016, there were no governmental funds reported with a deficit fund balance; however, the Golf Course enterprise fund reported a deficit net position of \$120,027. Management is addressing the negative net position and is planning on taking the appropriate actions to eliminate the negative balance.

**NOTE 3. DEPOSITS AND INVESTMENTS**

As of June 30, 2016, the City had the following deposits and investments:

Demand deposits	\$	2,857,283
Certificates of deposit		5,825,522
State Treasurer’s LGIP		8,376,867
Cash with fiscal Agent		514,200
Cash on hand		<u>2,500</u>
Total	\$	<u>17,576,372</u>
Governmental funds	\$	3,682,132
Proprietary funds		13,885,991
Agency funds		<u>8,249</u>
Total	\$	<u>17,576,372</u>

The City has investments in the State Treasurer external investment pool (the Local Government Investment Pool). The investments are valued at fair value based on quoted market prices as of June 30, 2016. The State Treasurer Local Government Investment Pool (LGIP) is not SEC registered. Section 6-10-10 I, NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment fund in securities that are issued by the United States government or by its departments or agencies and are either direct obligations of the United States or are backed by the full faith and credit of the United States government or are agencies sponsored by the United States government. The Local Government Investment Pool investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments. The pool does not have unit shares. Per Section 6-10-10.1F, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the amounts were invested. Participation in the local government investment pool is voluntary. The LGIP has been rated by Standard & Poor’s and has received an AAAM rating.

### NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

**Interest Rate Risk.** The risk that interest rate variations may adversely affect the fair value of an investment. An acceptable method for reporting interest rate risk is weighted average maturity (WAM). The State Treasurer's Office uses this method for reporting purposes for the Local Government Investment Pool. As of June 30, 2016 the LGIP WAM (R) was 44 days and WAM (F) was 77 days.

As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits no more than 40% of City funds invested for a period greater than two years and no funds shall be invested for a period greater than three years. The City's policy is to invest in securities with an average maturity of less than 182 days (0.5 yearly average term).

**Credit Risk.** As directed by State Statute 6-10-36, E. and F., excess funds may be invested in securities backed by the full faith and credit of the United States Government, such as treasury notes, bills and bonds; in securities of Agencies that are guaranteed by the United States Government; bonds or negotiable securities of the State of New Mexico or of any county, municipality or school district in the State of New Mexico which has a taxable valuation of real property for the last preceding year of at least one million dollars (\$1,000,000) and has not defaulted in the payment of any interest or sinking fund obligation or failed to meet any bonds at maturity at any time within five years last preceding. The LGIP is exempt from this reporting requirement.

**Custodial Credit Risk (Deposits).** Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statute requires that the bank deposits be 50% collateralized and repurchase agreements be 102% collateralized. The City's carrying amount of deposits as of June 30, 2016 was \$8,682,805 and the bank balance was \$8,841,852. Of the bank balance, \$750,539 was covered by federal depository insurance, \$6,617,019 was collateralized with securities held by the pledging financial institution's trust department or agent in the City's name, and \$1,474,294 was uncollateralized, and subject to custodial credit risk.

**Custodial Credit Risk (Investments).** In the case of investments, this is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The LGIP is exempt from this reporting requirement.

**Collateral.** Only securities backed by the full faith and credit of the United States Government will be accepted as collateral. The City may make an exception and accept as collateral securities from a governmental entity within the State of New Mexico as described by State Statute 6-10-16-A. All securities pledged as collateral shall be held by a third-party financial institution. Any change in the institution holding the collateral must have prior approval of management.

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**NOTE 4. RECEIVABLES**

Receivables as of June 30, 2016 are as follows:

**Governmental Receivables:**

	<u>General Fund</u>	<u>Municipal Road Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Receivables:				
Intergovernmental	\$ 1,371,497	2,015,767	185,408	3,572,672
Other receivables	74,713	-	31,130	105,843
Total receivables	\$ <u>1,446,210</u>	<u>2,015,767</u>	<u>216,538</u>	<u>3,678,515</u>

**Enterprise Receivables:**

	<u>Joint Utility</u>	<u>Solid Waste</u>	<u>Irrigation Assessment</u>	<u>Golf Course</u>	<u>Total</u>
Receivables:					
Trade receivable	\$ 985,486	73,683	7,682	-	1,066,851
Unbilled receivable	459,962	-	-	-	459,962
Intergovernmental	214,890	-	-	-	214,890
Interest receivable	6,280	-	-	-	6,280
Other receivables	886	29	-	16,634	17,549
Total gross receivables	1,667,504	73,712	7,682	16,634	1,765,532
Allowance for uncollectible accounts	(265,073)	(19,729)	(6,635)	-	(291,437)
Total receivables, net	\$ <u>1,402,431</u>	<u>53,983</u>	<u>1,047</u>	<u>16,634</u>	<u>1,474,095</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred inflows and unearned revenue reported in the governmental and enterprise funds were as follows:

	<u>Deferred Inflows</u>	<u>Unearned Revenue</u>
Governmental Funds    Property Taxes	\$ 650,521	-
Total deferred inflows of resources - governmental funds:	\$ <u>650,521</u>	<u>-</u>

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**NOTE 5. CAPTIAL ASSETS**

Capital asset activity for the year ended June 30, 2016 was as follows:

	Balance June 30, <u>2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Re-class/ Adjustments</u>	Balance June 30, <u>2016</u>
<b>Governmental Activities:</b>					
Non-Depreciable Assets:					
Land	\$ 669,435	-	-	-	669,435
Construction in progress	182,782	2,435,216	-	(177,507)	2,440,491
Total non-depreciable assets	<u>852,217</u>	<u>2,435,216</u>	<u>-</u>	<u>(177,507)</u>	<u>3,109,926</u>
Depreciable Assets					
Buildings	8,700,094	223,228	-	10,572	8,933,894
Improvements	4,049,479	5,400	-	6,677	4,061,556
Machinery and equipment	6,256,793	8,172	(55,071)	36,967	6,246,861
Infrastructure	18,149,210	657,670	(407,599)	123,291	18,522,572
Total depreciable assets	<u>37,155,576</u>	<u>894,470</u>	<u>(462,670)</u>	<u>177,507</u>	<u>37,764,883</u>
Accumulated Depreciation					
Buildings	(3,104,546)	(293,971)	-	-	(3,398,517)
Improvements	(1,449,908)	(284,694)	-	-	(1,734,602)
Machinery and equipment	(4,468,497)	(285,789)	50,001	-	(4,704,285)
Infrastructure	(7,447,111)	(618,475)	399,069	-	(7,666,517)
Total accumulated depreciation	<u>(16,470,062)</u>	<u>(1,482,927)</u>	<u>449,070</u>	<u>-</u>	<u>(17,503,921)</u>
Total capital assets being depreciated, net:	<u>20,685,514</u>	<u>(588,459)</u>	<u>(13,602)</u>	<u>177,507</u>	<u>20,260,962</u>
Governmental activities capital assets, net:	<u>\$ 21,537,731</u>	<u>1,846,757</u>	<u>(13,602)</u>	<u>-</u>	<u>23,370,888</u>

STATE OF NEW MEXICO  
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**NOTE 5. CAPTIAL ASSETS (CONTINUED)**

<b>Business-Type Activities</b>	Balance June 30, 2015	Additions	Deletions	Re-class/ Adjustments	Balance June 30, 2016
Non-Depreciable Assets:					
Land and water rights	\$ 823,343	-	-	-	823,343
Construction in progress	687,095	748,198	-	(391,084)	1,044,209
Total non-depreciable assets	1,510,438	748,198	-	(391,084)	1,867,552
Depreciable Assets					
Building and systems	41,276,789	566,443	(112,195)	338,071	42,069,108
Machinery and equipment	3,994,416	294,806	(29,399)	243,340	4,503,163
Total depreciable assets	45,271,205	861,249	(141,594)	581,411	46,572,271
Accumulated Depreciation					
Building and systems	(15,087,545)	(1,488,917)	63,820	(13,143)	(16,525,785)
Machinery and equipment	(2,925,773)	(202,718)	27,896	2,493	(3,140,096)
Total accumulated depreciation:	(18,013,318)	(1,691,635)	91,716	(10,650)	(19,665,881)
Total capital assets being depreciated, net:	27,257,887	(830,386)	(49,878)	570,761	26,906,390
Business-type activities capital assets, net:	\$ 28,768,325	(82,188)	(49,878)	179,677	28,773,942

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

<b>Governmental Activities:</b>	
General government	\$ 56,809
Public safety	168,450
Public works	608,231
Public health and welfare	40,708
Culture and recreation	608,729
	<u>\$ 1,482,927</u>
<b>Business-Type Activities:</b>	
Joint utility	\$ 1,683,907
Solid waste	789
Irrigation assessment	6,939
	<u>\$ 1,691,635</u>

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**NOTE 5. CAPTIAL ASSETS (CONTINUED)**

**Construction Commitments.** The City has active construction projects as of June 30, 2016. At June 30, 2015, the City's commitments with contractors were as follows:

	<u>Total Contract</u>	<u>Expended to Date</u>	<u>Remaining Commitment</u>
Simonds Road Reconstruction	\$ 3,806,884	1,686,394	2,120,490
Aztec SCADA Water System Improvements	385,817	383,388	2,429
Public Works Sign Shop	240,386	222,013	18,373
Public Works Water Meter Shop	3,533,990	-	3,533,990
East Aztec Arterial Ph1B Sewer line	<u>222,600</u>	<u>209,032</u>	<u>13,568</u>
Total:	<u>\$ 8,189,677</u>	<u>2,500,827</u>	<u>5,688,850</u>

**NOTE 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

Interfund transfers and advances consisted of the following as of June 30, 2016:

**TRANSFERS**

	<u>Transfer In</u>	<u>Transfer Out</u>
<b>Governmental Funds</b>		
General fund	\$ -	145,000
Development fees fund	-	38,000
Capital projects fund	38,000	-
Airport special revenue fund	<u>50,000</u>	<u>-</u>
	<u>88,000</u>	<u>183,000</u>
<b>Business-Type Funds</b>		
Joint utility enterprise fund	953,996	988,996
Golf course enterprise fund	<u>130,000</u>	<u>-</u>
	<u>1,083,996</u>	<u>988,996</u>
Net Transfers	<u>\$ 1,171,996</u>	<u>1,171,996</u>

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**NOTE 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)**

<b>DUE TO/FROM</b>		
<b>Governmental Funds</b>	<u>Due To</u>	<u>Due From</u>
General fund	\$ 1,449	722,048
Municipal road fund	<u>720,599</u>	<u>-</u>
Net Due To/From:	<u>\$ 722,048</u>	<u>722,048</u>

Transfers are used to 1) move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due, 2) move restricted amounts from borrowings to the debt service fund to establish mandatory reserve accounts, 3) move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

**NOTE 7. LONG-TERM DEBT**

**General Obligation Bonds.** The City has the capacity to issue general obligation bonds to provide funds for the acquisition and/or construction of major capital projects, but as of June 30, 2016 no general obligation bonds had been issued.

**Revenue Bonds.** The City has the capacity to issue bonds where the City pledges gross receipts tax revenue and revenues derived from the acquired or constructed assets to pay debt service, but as of June 30, 2016 no revenue bonds had been issued.

**Contracts and Loans Payable - Governmental Activities**

The City has entered into a long-term loan agreement with the State of New Mexico Finance Authority to construct, purchase, furnish and equip a public library totaling \$1,679,942 dated September 2004 and collateralized by New Mexico gross receipts tax. The loan is payable in semi-annual payments averaging \$118,789 per year, including interest at 3.966%, through May 2020. The General Governmental Fund on the government-wide statement of net assets reports the outstanding principal due as of June 30, 2016 of \$527,346, with a current portion of \$118,789.

The City has entered into a long-term loan agreement with the State of New Mexico Finance Authority for capital improvements (including a raw water reservoir) totaling \$3,367,380 dated October 24, 2008 and collateralized by New Mexico gross receipts tax. The loan is payable in variable annual principal payments, and semi-annual interest payments with interest rate ranging from 2.03% to 4.89%, through May 2031. The General Governmental Fund on the government-wide statement of net assets reports the outstanding principal due as of June 30, 2016 of \$2,952,883, with a current portion of \$54,731.



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**NOTE 7. LONG-TERM DEBT (CONTNUED)**

**Contracts and Loans Payable - Business-Type Activities**

The City has entered into a long-term loan agreement with the New Mexico Environmental Department (CWRF 2009) in the original amount of \$5,000,000 dated February 3, 2010. The loan is payable in annual payments of \$305,784, including interest at 2%, through June 30, 2029. The Joint Utilities Enterprise Fund reports the outstanding principal as of June 30, 2016 of \$3,470,146, with a current portion of \$236,381. The loan is collateralized by net utilities revenues.

In March 2015, the City of Aztec entered into a capital lease bearing a 4.60% interest rate with Yamaha for equipment in which the related equipment will become the property of the City when all terms of the lease agreement are met. The original principal balance of the lease was \$104,650.

In April 2015, the City of Aztec entered into a capital lease bearing a 4.60% interest rate with Yamaha for equipment in which the related equipment will become the property of the City when all terms of the lease agreement are met. The original principal balance of the lease was \$56,350.

The following is a schedule of the future minimum lease payments under these capital leases, and value of the net minimum lease payments at June 30, 2016:

Fiscal Year Ending		Interest	Principal
June 30,			
2017	\$	5,923	17,117
2018		5,139	17,901
2019		4,320	18,720
2020		2,503	86,060
Total	\$	<u>17,885</u>	<u>139,798</u>

Long-term debt service requirements to maturity are as follows:

**Governmental Activities**

	Principal	Interest
2017	\$ 179,555	160,190
2018	185,948	152,833
2019	192,720	145,046
2020	199,900	136,789
2021	185,099	128,021
2022 – 2026	1,091,902	505,514
2027 – 2031	1,445,105	217,520
Total	<u>\$ 3,480,229</u>	<u>1,445,913</u>

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**NOTE 7. LONG-TERM DEBT (CONTNUED)**

**Business-Type Activities**

	Principal	Interest
2017	\$ 253,498	69,403
2018	259,009	64,675
2019	264,650	59,853
2020	336,909	54,935
2021	255,866	49,918
2022 - 2026	1,358,168	170,750
2027 - 2029	881,844	35,507
Total	<u>\$ 3,609,944</u>	<u>505,041</u>

**Changes in Long-Term Liabilities**

During the fiscal year ended June 30, 2016, the following changes occurred in long-term liabilities:

<b><u>Governmental Activities</u></b>	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016	Due Within One Year
Contracts and loans payable:					
NM Finance Authority	\$ 646,135	-	(118,789)	527,346	123,696
NM Finance Authority - Capital Projects	3,007,614	-	(54,731)	2,952,883	55,859
Total contracts and loans payable	3,653,749	-	(173,520)	3,480,229	179,555
Compensated absences	357,506	395,999	(279,269)	474,236	279,269
Total Government Activities	<u>\$ 4,011,255</u>	<u>395,999</u>	<u>(452,789)</u>	<u>3,954,465</u>	<u>458,824</u>
<b><u>Business-Type Activities</u></b>	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016	Due Within One Year
Contracts and loans payable:					
NM Environmental Department	\$ 3,701,892	-	(231,746)	3,470,146	236,381
Capital Leases	-	156,165	(16,367)	139,798	17,116
Total contracts and loans payable	3,701,892	156,165	(248,113)	3,609,944	253,497
Compensated absences	113,225	148,948	(102,328)	159,845	159,845
Total Business-Type Activities:	<u>\$ 3,815,117</u>	<u>305,113</u>	<u>(350,441)</u>	<u>3,769,789</u>	<u>413,342</u>

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**NOTE 8. RESTRICTED FUND BALANCES**

Fund balances were restricted for the following purposes:

**Subsequent Years Expenditures.** The New Mexico Department of Finance and Administration (DFA) requires that 1/12th of the general fund budgeted expenditures be restricted as subsequent year expenditures to maintain an adequate cash flow until the next significant property tax collection.

**NOTE 9. COMMITMENTS AND CONTINGENCIES**

**Risk Management.** The City is also exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omission; and natural disasters. In addition, the City is party to numerous pending or threatened lawsuits, under which it may be required to pay certain amounts upon final disposition of these matters. The City has historically retained these risks, except where it has determined that commercial insurance is more cost beneficial or legally required. The City has covered all claim settlements and judgments out of its General Fund resources, except where specifically identifiable to an enterprise fund. The City currently reports substantially all of its risk management activities, except worker's compensation, in its General Fund. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Current liabilities are reported when the liability has matured. These losses include an estimate of claims that have been incurred but not reported.

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

**NOTE 10. JOINTLY GOVERNED ORGANIZATIONS**

**Joint Powers Agreement for Consolidated Communications Authority.** The City is a participant with San Juan County, the City of Farmington and the City of Bloomfield in a joint powers agreement to build, maintain, and operate a centralized communications system for dispatch and emergency response. The City was obligated to contribute \$7,500 per year until the Capital Equipment Fund reached a balance of \$250,000. Thereafter, the City is obligated to contribute 6% of an amount necessary to maintain that balance. During the year ended June 30, 2016, the City contributed \$0 to the Authority. Complete financial statements for the Consolidated Communications Authority can be obtained from San Juan County, New Mexico.

**NOTE 10. JOINTLY GOVERNED ORGANIZATIONS (CONTINUED)**

**Joint Powers Agreement for the San Juan Water Commission.** The City is a participant with the cities of Farmington and Bloomfield, the County of San Juan, and the San Juan Rural Waters Users Association in a joint powers agreement to create a countywide entity responsible for water planning and use. Much of the impetus to form the Commission came from the Animas La Plata water project and the subsequent need to develop methods to equitably share the related costs and benefits. In addition to this specific project the Commission is also authorized to acquire additional water rights and provide for the equitable distribution of such water. The Commission is financed by a San Juan County mill levy on real and personal property of approximately 3 mills. During the year ended June 30, 2016 the City did not make any financial contribution to the Commission. Complete financial statements may be obtained by contacting the San Juan Water Commission.

**NOTE 11. PENSION PLAN- PUBLIC EMPLOYEES RETIREMENT ASSOCIATION**

**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.

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, 2015 available at <http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/CAFR-2015.pdf>.

**Contributions:** The contribution requirements of defined benefit plan members and the City 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 FY15 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 FY15 annual audit report at [http://www.saonm.org/media/audits/366\\_Public\\_Employees\\_Retirement\\_Association\\_FY2015.pdf](http://www.saonm.org/media/audits/366_Public_Employees_Retirement_Association_FY2015.pdf).

**NOTE 11. PENSION PLAN- PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)**

PERA coverage options that apply to City are Municipal Plan 2, and Municipal Police Plan 5. Statutorily required contributions to the pension plan from the City were \$439,149.

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:*** The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2014. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2015, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2015.

The assets of 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 performed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members. The City's proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity's percentage of that membership group's total employer contributions for the fiscal year ended June 30, 2015.

Only employer contributions for the pay period end dates that fell within the period of July 1, 2014 to June 30, 2015 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2015 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 Plan 2,*** at June 30, 2016, the City reported a liability of \$3,657,257 for its proportionate share of the net pension liability. At June 30, 2015, the City's proportion was 0.3587% percent, a 0.0008% increase from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the City recognized PERA Fund Division Municipal Plan 2 pension expense of \$116,454. At June 30, 2016, the City reported PERA Fund Division Municipal Plan 2 deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

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NOTES TO FINANCIAL STATEMENTS  
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**NOTE 11. PENSION PLAN- PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	11,569
Changes in assumptions	-	1,425
Net difference between projected and actual earnings on pension plan investments	-	81,010
Changes in proportion and differences between City's contributions and proportionate share of contributions	4,766	-
City's contributions subsequent to the measurement date	<u>203,429</u>	<u>-</u>
Total	<u>\$ 208,195</u>	<u>94,004</u>

\$203,429 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date June 30, 2015 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$ 96,866
2018	96,866
2019	96,866
2020	(196,594)
2021	-
Thereafter	-

**For PERA Fund Division Municipal Police Plan 5**, at June 30, 2016, the City reported a liability of \$1,786,380 for its proportionate share of the net pension liability. At June 30, 2015, the City's proportion was 0.3715% percent, a 0.0395% decrease from its proportion measured as of June 30, 2014, due to the insignificance of the difference.

For the year ended June 30, 2016, the City recognized PERA Fund Division Municipal Police Plan 5 pension expense of \$56,881. At June 30, 2016, the City reported PERA Fund Division Municipal Police Plan 5 deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

STATE OF NEW MEXICO  
CITY OF AZTEC  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016

**NOTE 11. PENSION PLAN- PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	4,955
Changes in assumptions	-	73,906
Net difference between projected and actual earnings on pension plan investments	124,825	-
Changes in proportion and differences between City's contributions and proportionate share of contributions	-	98,325
City's contributions subsequent to the measurement date	<u>100,196</u>	<u>-</u>
Total	<u>\$ 225,021</u>	<u>177,186</u>

\$100,196 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date June 30, 2015 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2017	\$ 15,211
2018	15,211
2019	15,211
2020	(91,597)
2021	-
Thereafter	-

**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, 2014 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, 2015 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, 2015. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2015 actuarial valuation.

STATE OF NEW MEXICO  
CITY OF AZTEC  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016

**NOTE 11. PENSION PLAN- PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)**

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

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

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

**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.



**NOTE 11. PENSION PLAN- PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)**

***Sensitivity of the City'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 City's net pension liability in each PERA Fund Division that the City participates in, under the current single rate assumption, as if it were calculated using a discount rate one percentage lower (6.75%) or one percentage point higher (8.75%) that the single discount rate.

**PERA Fund Division Municipal Plan 2**

	<b>1% Decrease (6.75%)</b>	<b>Current Discount Rate (7.75%)</b>	<b>1% Increase (8.75%)</b>
City's proportionate share of the net pension liability	\$ 6,226,858	3,657,257	1,520,809

**PERA Fund Division Municipal Police Plan 5**

	<b>1% Decrease (6.75%)</b>	<b>Current Discount Rate (7.75%)</b>	<b>1% Increase (8.75%)</b>
City's proportionate share of the net pension liability	\$ 2,950,099	1,786,380	831,737

***Payables to the pension plan:*** The City accrued \$0 in PERA benefits at June 30, 2016.

**NOTE 12. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN**

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

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

**NOTE 12. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN  
(CONTINUED)**

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](http://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 2, 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, 2016, the statutes required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2016, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 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.

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**NOTE 12. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN  
(CONTINUED)**

The City's contributions to the RHCA for the years ended June 30, 2016, 2015, and 2014, were \$83,926, \$80,100, and \$80,038, respectively, which equal the required contributions for each year.

**NOTE 13. RECENT ACCOUNTING PRONOUNCEMENTS**

In February 2015, the GASB issued statement No. 72, *Fair Value Measurement and Application*. This Statement provides guidance for determining the fair value and applying the fair value to certain investments and note disclosures. GASB Statement No. 72 was effective for periods ending after June 15, 2016. The adoption of GASB Statement No. 72 did not have any effect on the City's Financial Statements.

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 Statements No. 67 and 68*. This Statement establishes requirements for defined benefit pension plans and other pension plans not addressed under GASB Statement No. 68. This Statement also amends some requirements of GASB Statement No. 67 and GASB Statement No. 68. GASB Statement No. 73 clarifies requirements of GASB Statements No. 67 and 68 regarding the information that must be presented as notes to the required supplemental 10 year schedules, accounting and financial reporting for certain liabilities for individual employers and non-employer contributing entities, and the revenue recognition for non-employer contributing entities that are not in a special funding situation. This statement requires that all pensions under GASB Statement No. 68 that are not administered through trusts and meet the requirements of GASB Statement No. 68 not be classified as pension plan assets. The implementation of GASB No. 73 did not have an impact on the City's Financial Statements.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. Statement No. 76, which supersedes Statement No. 55, aims to identify, in the context of the current governmental financial reporting environment, the hierarchy of U.S. GAAP, which consists of the sources of accounting principles used to prepare the financial statements of state and local governments entities in conformity with U.S. GAAP, as well as the framework for selecting those principles. The City adopted GASB Statement No. 76 during fiscal year 2016, with no significant impact to the City's financial statements.

In December 2015, the GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement establishes criteria that must be met for an external investment pool to be permitted to measure its investments at the amortized cost for financial reporting purposes. This Statement also requires that the pool participants of external investment pools that meet the criteria also report their investments at the amortized cost for financial reporting purposes. External Investment Pools that not meet the requirement are required to follow paragraph 16 of GASB Statement No. 31. GASB Statement No. 79 requires additional note disclosures to be made in qualifying external investment pools financial statements. The additional note disclosures are also required to be made in the pool participants financial statements. The adoption of GASB Statement No. 79 did not have a significant impact on the City's financial statements.

**STATE OF NEW MEXICO  
CITY OF AZTEC  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016**

**NOTE 14. NEW ACCOUNTING PRONOUNCEMENTS**

The following GASB pronouncements have been issued, but are not yet effective at June 30, 2016.

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*

GASB Statement No. 77, *Tax Abatement Disclosures*

GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*

GASB Statement No. 80, *Blending Requirements for Certain Units – an amendment to GASB Statement No. 14*

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*

GASB Statement No. 82, *Pension Issues (an Amendment of GASB Statements No. 67, No. 68, and No. 73)*

The County will implement the new GASB pronouncements in the fiscal year no later than the required effective date. The County believes that the above listed new GASB pronouncements will not have a significant financial impact to the County or in issuing its financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

**STATE OF NEW MEXICO  
CITY OF AZTEC  
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
June 30, 2016**

**Public Employees Retirement Association of New Mexico  
Schedule of Ten Year Tracking Data\*  
(Combined Municipal General and Police Divisions)  
(Dollars in Thousands)**

	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
City's Proportion of the Net Pension Liability (Asset)	0.12%	0.13%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
City's Proportionate Share of Net Pension Liability (Asset)	\$ 4,132	5,444	-	-	-	-	-	-	-	-
City's Covered-Employee Payroll	\$ 3,712	439	-	-	-	-	-	-	-	-
City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered-Employee Payroll	111.31%	1239.59%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.29%	76.99%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

\*The amounts presented for each fiscal year were determined as of June 30, 2015

STATE OF NEW MEXICO  
CITY OF AZTEC  
SCHEDULE OF CITY CONTRIBUTIONS  
JUNE 30, 2016

Public Employees Retirement Association of New Mexico  
Schedule of Ten Year Tracking Data  
General and Police Divisions Combined Summary  
(Dollars in Thousands)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually Required Contribution	\$ 411	422	-	-	-	-	-	-	-	-
Contributions in Relation to the Contractually Required Contribution	411	422	-	-	-	-	-	-	-	-
Contribution Deficiency (Excess)*	\$ -	-	-	-	-	-	-	-	-	-

Increase (Decrease) in Pension Expense over Recognition Periods

Year	Total Amount Deferred	Amortization Years	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
2014	\$ 1,701	5		\$ 426	426	426	426	423				
2015	47	5			112	112	112	(289)				
2016	-	5				-	-	-				
2017	-	5				-	-	-				
2018	-	5				-	-	-				
2019	-	5				-	-	-				
2020	-	5				-	-	-				
2021	-	5				-	-	-				
2022	-	5				-	-	-				
2023	-	5				-	-	-				
	<u>\$ 1,748</u>			<u>\$ 426</u>	<u>538</u>	<u>538</u>	<u>538</u>	<u>134</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

\*Excess contributions represent the employee portion covered by the employer

STATE OF NEW MEXICO  
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SCHEDULE OF CITY CONTRIBUTIONS  
JUNE 30, 2016

Public Employees Retirement Association of New Mexico  
Schedule of Ten Year Tracking Data  
General Division  
(Dollars in Thousands)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually Required Contribution	\$ 265	284	-	-	-	-	-	-	-	-
Contributions in Relation to the Contractually Required Contribution	265	284	-	-	-	-	-	-	-	-
Contribution Deficiency (Excess)*	\$ -	-	-	-	-	-	-	-	-	-

Increase (Decrease) in Pension Expense over Recognition Periods

Year	Total Amount Deferred	Amortization Years	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
2014	\$ 1,094	5		\$ 274	274	274	272	-				
2015	94	5			97	97	97	(197)	-			
2016	-	5				-	-	-	-	-		
2017	-	5				-	-	-	-	-	-	
2018	-	5				-	-	-	-	-	-	-
2019	-	5				-	-	-	-	-	-	-
2020	-	5				-	-	-	-	-	-	-
2021	-	5				-	-	-	-	-	-	-
2022	-	5				-	-	-	-	-	-	-
2023	-	5				-	-	-	-	-	-	-
	<u>\$ 1,188</u>			<u>\$ 274</u>	<u>371</u>	<u>371</u>	<u>369</u>	<u>(197)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

\*Excess contributions represent the employee portion covered by the employer



STATE OF NEW MEXICO  
CITY OF AZTEC  
SCHEDULE OF CITY CONTRIBUTIONS  
JUNE 30, 2016

Public Employees Retirement Association of New Mexico  
Schedule of Ten Year Tracking Data  
Police Division  
(Dollars in Thousands)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually Required Contribution	\$ 146	138	-	-	-	-	-	-	-	-
Contributions in Relation to the Contractually Required Contribution	146	138	-	-	-	-	-	-	-	-
Contribution Deficiency (Excess)*	\$ -	-	-	-	-	-	-	-	-	-

Increase (Decrease) in Pension Expense over Recognition Periods

Year	Total Amount Deferred	Amortization Years	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
2014	\$ 607	5		\$ 152	152	152	151	-				
2015	(47)	5			15	15	15	(92)	-			
2016	-	5				-	-	-	-	-		
2017	-	5				-	-	-	-	-	-	
2018	-	5				-	-	-	-	-	-	-
2019	-	5				-	-	-	-	-	-	-
2020	-	5				-	-	-	-	-	-	-
2021	-	5				-	-	-	-	-	-	-
2022	-	5				-	-	-	-	-	-	-
2023	-	5				-	-	-	-	-	-	-
	\$ 560			\$ 152	167	167	166	(92)	-	-	-	-

\*Excess contributions represent the employee portion covered by the employer

**STATE OF NEW MEXICO  
CITY OF AZTEC  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
June 30, 2016**

**Changes of Benefit Terms.** The PERA and COLA and retirement eligibility benefits changes in recent years are described in Note 1 (pages 48-50). This report is available at:

<http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/CAFR-2015.pdf>

**Assumptions.** The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2015 report is available at:

<http://www.nmpera.org/assets/uploads/downloads/retirement-fund-valuation-reports/6-30-2015-PERA-Valuation-Report-FINAL.pdf>

The assumptions can be found in Appendix B on page 53 of the report.

**Other.** The pension schedules in the required supplementary information are intended to show information for ten years. Additional information will be presented as it becomes available.

**SUPPLEMENTARY INFORMATION**

**STATE OF NEW MEXICO  
CITY OF AZTEC  
NON-MAJOR FUNDS  
June 30, 2016**

**Special Revenue Funds**

Law Enforcement Protection Fund

This fund was established by City management to account for law enforcement protection monies received from the State to be disbursed for law enforcement related expenditures pursuant to NMSA 29-13-7.

Local Government Correction Fund

City management established this fund to account for correction fees assessed to City trustees sentenced to serve time in the County detention center and subsequently paid to the County, pursuant to NMSA 33-3-25.

Economic Development Fund

This fund was established pursuant to NMSA 1978 Sec 5-10-1, as adopted by City Ordinance 99-235, to allow public support of economic development to foster, promote, and enhance local economic development efforts while continuing to protect against the unauthorized use of public money and other public resources. The statute also allows the City to enter into joint power agreements to plan and support regional economic development projects.

Development Fees Fund This fund was established by the City management to account for impact fees collected as provided by NMSA 5-8-1 through 5-8-42 and City Ordinance 2004-310. Impact fees may be used for a variety of expenditures except maintenance or operation costs.

Lodgers Tax Fund

This fund was established pursuant to NMSA 3-38-15 to account for the City's occupancy tax imposed on lodging establishments and restricted to tourism and promotion uses.

State Fire Fund

City management established this fund to account for state grants restricted for the purchase of firefighting equipment and other approved fire department needs pursuant to NMSA 59A-53-8.

Recreation Fund

NMSA 7-12-15.B authorizes the establishment of the fund to account for the City's share of a state cigarette tax legally restricted for the operation of recreation facilities.

Airport Fund

City management established this fund to account for the activities of the City's airport operations and account for operating and capital grants.

**STATE OF NEW MEXICO  
CITY OF AZTEC  
NON-MAJOR FUNDS  
June 30, 2016**

**Capital Projects Funds**

Community Development Block Grant Fund

City management established this fund to account for federal grant monies received for water, sewer, and street capital expenditures.

Capital Projects Fund

The capital projects fund accounts for the acquisition and construction of major capital facilities other than those projects financed by proprietary funds.

**STATE OF NEW MEXICO  
CITY OF AZTEC  
COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS  
June 30, 2016**

	Special Revenue Funds		
	Law Enforcement Protection	Local Government Correction	Economic Development
<b>ASSETS</b>			
Cash, investments and cash equivalents	\$ 9,066	36,000	113,329
Cash with fiscal agent	-	-	-
Intergovernmental receivables	-	-	-
Other receivables	-	180	-
Prepaid items	-	-	-
Due to other funds	-	-	-
<b>Total assets</b>	<b>\$ 9,066</b>	<b>36,180</b>	<b>113,329</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 7,980	12,577	-
Accrued payroll expenses	-	-	-
Other liabilities	-	-	-
Due to other funds	-	-	-
<b>Total liabilities</b>	<b>7,980</b>	<b>12,577</b>	<b>-</b>
<b>DEFERRED INFLOWS</b>			
Property taxes	-	-	-
<b>Total deferred inflows</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>			
Nonspendable:			
Prepaid items	-	-	-
Restricted to:			
Public safety	1,086	23,603	-
Lodgers promotion	-	-	-
Capital projects	-	-	-
Debt service	-	-	-
Subsequent years expenditures	-	-	-
Committed to:			
Economic developmnet	-	-	113,329
Culture and recreation	-	-	-
Unassigned	-	-	-
<b>Total fund balances</b>	<b>1,086</b>	<b>23,603</b>	<b>113,329</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 9,066</b>	<b>36,180</b>	<b>113,329</b>

Special Revenue Funds (Continued)

Development Fees	Lodgers Tax	State Fire	Recreation	Airport	Total Special Revenue
3,489	49,892	682,655	3,311	20,631	918,373
-	-	-	-	-	-
-	-	-	-	112,387	112,387
-	28,008	-	-	2,942	31,130
-	-	3,691	-	1,302	4,993
-	-	-	-	-	-
3,489	77,900	686,346	3,311	137,262	1,066,883
-	-	214	-	100,931	121,702
-	-	-	-	-	-
-	-	-	-	2,290	2,290
-	-	-	-	-	-
-	-	214	-	103,221	123,992
-	-	-	-	-	-
-	-	-	-	-	-
-	-	3,691	-	1,302	4,993
-	-	682,441	-	-	707,130
-	77,900	-	-	-	77,900
-	-	-	-	32,739	32,739
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	113,329
3,489	-	-	3,311	-	6,800
-	-	-	-	-	-
3,489	77,900	686,132	3,311	34,041	942,891
3,489	77,900	686,346	3,311	137,262	1,066,883

**STATE OF NEW MEXICO  
CITY OF AZTEC  
COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS (CONTINUED)  
June 30, 2016**

	Capital Projects			Total Nonmajor Governmental Funds
	Community Development Block Grant	Capital Projects Fund	Total Capital Projects	
<b>ASSETS</b>				
Cash, investments and cash equivalents	\$ 4,345	358,939	363,284	1,281,657
Cash with fiscal agent	-	514,200	514,200	514,200
Intergovernmental receivables	-	73,021	73,021	185,408
Other receivables	-	-	-	31,130
Prepaid items	-	-	-	4,993
Due to other funds	-	-	-	-
<b>Total assets</b>	<b>\$ 4,345</b>	<b>946,160</b>	<b>950,505</b>	<b>2,017,388</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ -	36,226	36,226	157,928
Accrued payroll expenses	-	1	1	1
Other liabilities	-	-	-	2,290
Due to other funds	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>36,227</b>	<b>36,227</b>	<b>160,219</b>
<b>DEFERRED INFLOWS</b>				
Property taxes	-	-	-	-
<b>Total deferred inflows</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>				
Nonspendable:				
Prepaid items	-	-	-	4,993
Restricted to:				
Public safety	-	-	-	707,130
Lodgers promotion	-	-	-	77,900
Capital projects	4,345	395,733	400,078	432,817
Debt service	-	514,200	514,200	514,200
Subsequent years expenditures	-	-	-	-
Committed to:				
Economic developmnet	-	-	-	113,329
Culture and recreation	-	-	-	6,800
Unassigned	-	-	-	-
<b>Total fund balances</b>	<b>4,345</b>	<b>909,933</b>	<b>914,278</b>	<b>1,857,169</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 4,345</b>	<b>946,160</b>	<b>950,505</b>	<b>2,017,388</b>



**STATE OF NEW MEXICO  
CITY OF AZTEC  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS  
June 30, 2016**

	Special Revenue Funds		
	Law Enforcement Protection	Local Government Correction	Economic Development
Revenues			
Taxes:			
Property	\$ -	-	-
Gross receipts	-	-	-
Franchise	-	-	-
Other	-	-	-
Licenses and permits	-	-	-
Intergovernmental - federal	-	-	-
Intergovernmental - state	27,800	-	-
Intergovernmental - other	-	-	-
Charges for services	-	83,017	-
Fines	-	-	-
Investment earnings	61	-	320
Miscellaneous	-	-	-
<b>Total revenues</b>	<b>27,861</b>	<b>83,017</b>	<b>320</b>
Expenditures			
Current			
General government	-	-	-
Public safety	27,256	60,296	-
Public works	-	-	-
Public health and welfare	-	-	-
Culture and recreation	-	-	-
Capital outlay	-	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
<b>Total expenditures</b>	<b>27,256</b>	<b>60,296</b>	<b>-</b>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	605	22,721	320
Other Financing Sources (Uses)			
Transfers, in	-	-	-
Transfers, out	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>605</b>	<b>22,721</b>	<b>320</b>
Fund balances, beginning of year	481	882	113,009
<b>Fund balances, end of year</b>	<b>\$ 1,086</b>	<b>23,603</b>	<b>113,329</b>

Special Revenue Funds (Continued)

Development Fees	Lodgers Tax	State Fire	Recreation	Airport	Total Special Revenue
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	56,638	-	-	-	56,638
3,334	-	-	-	-	3,334
-	-	-	-	-	-
-	-	194,633	-	246,466	468,899
-	-	-	-	-	-
-	2,601	-	-	31,472	117,090
-	-	-	-	-	-
49	154	1,950	-	104	2,638
-	-	6,888	-	21,674	28,562
3,383	59,393	203,471	-	299,716	677,161
-	-	-	-	81,296	81,296
-	-	33,273	-	-	120,825
-	-	-	-	-	-
-	-	-	-	-	-
-	45,485	-	-	-	45,485
-	-	-	-	289,695	289,695
-	-	-	-	-	-
-	-	-	-	-	-
-	45,485	33,273	-	370,991	537,301
3,383	13,908	170,198	-	(71,275)	139,860
-	-	-	-	50,000	50,000
(38,000)	-	-	-	-	(38,000)
(38,000)	-	-	-	50,000	12,000
(34,617)	13,908	170,198	-	(21,275)	151,860
38,106	63,992	515,934	3,311	55,316	791,031
3,489	77,900	686,132	3,311	34,041	942,891

**STATE OF NEW MEXICO  
CITY OF AZTEC  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS (CONTINUED)  
June 30, 2016**

	Capital Projects			Total Nonmajor Governmental Funds
	Community Development Block Grant	Capital Projects Fund	Total Capital Projects	
Revenues				
Taxes:				
Property	\$ -	-	-	-
Gross receipts	-	488,062	488,062	488,062
Franchise	-	-	-	-
Other	-	-	-	56,638
Licenses and permits	-	-	-	3,334
Intergovernmental - federal	-	-	-	-
Intergovernmental - state	-	-	-	468,899
Intergovernmental - other	-	-	-	-
Charges for services	-	-	-	117,090
Fines	-	-	-	-
Investment earnings	-	6,065	6,065	8,703
Miscellaneous	-	-	-	28,562
<b>Total revenues</b>	-	494,127	494,127	1,171,288
Expenditures				
Current				
General government	-	15,862	15,862	97,158
Public safety	-	-	-	120,825
Public works	-	-	-	-
Public health and welfare	-	-	-	-
Culture and recreation	-	82,123	82,123	127,608
Capital outlay	-	173,296	173,296	462,991
Debt service				
Principal	-	173,708	173,708	173,708
Interest	-	166,800	166,800	166,800
<b>Total expenditures</b>	-	611,789	611,789	1,149,090
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	-	(117,662)	(117,662)	22,198
Other Financing Sources (Uses)				
Transfers, in	-	38,000	38,000	88,000
Transfers, out	-	-	-	(38,000)
<b>Total other financing sources (uses)</b>	-	38,000	38,000	50,000
<b>Net change in fund balances</b>	-	(79,662)	(79,662)	72,198
Fund balances, beginning of year	4,345	989,595	993,940	1,784,971
<b>Fund balances, end of year</b>	\$ 4,345	909,933	914,278	1,857,169

**STATE OF NEW MEXICO  
CITY OF AZTEC  
STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN NET POSITION -  
MAJOR ENTERPRISE FUNDS - BUDGET AND ACTUAL (NON-GAAP BASIS)  
June 30, 2016**

	Joint Utility			
	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Charges for services	\$ 9,647,350	9,647,350	9,714,773	67,423
Intergovernmental	350,000	350,000	138,155	(211,845)
Proceeds from debt issuance	-	-	-	-
Miscellaneous	205,200	205,200	196,929	(8,271)
Total revenues	<u>10,202,550</u>	<u>10,202,550</u>	<u>10,049,857</u>	<u>(152,693)</u>
<b>Expenses</b>				
Salaries and fringe benefits	1,616,630	1,649,140	2,196,809	(547,669)
Purchased power, fuel and chemicals	3,840,000	3,843,500	3,708,692	134,808
Other operating expenses	3,339,524	3,066,022	1,878,254	1,187,768
Payment in lieu of taxes	469,350	469,350	471,605	(2,255)
Debt principal payments	478,746	483,396	231,746	251,650
Capital outlay	7,966,000	8,203,478	1,615,360	6,588,118
Total expenses	<u>17,710,250</u>	<u>17,714,886</u>	<u>10,102,466</u>	<u>7,612,420</u>
<b>Other financing sources</b>				
Investment earnings	17,600	17,600	38,840	21,240
Gross receipts tax	91,930	91,930	81,333	(10,597)
Operating transfers in	1,312,139	1,312,139	953,996	(358,143)
Operating transfers (out)	(1,312,139)	(1,347,139)	(988,996)	358,143
Interest expense	(74,039)	(69,403)	(74,038)	(4,635)
	<u>35,491</u>	<u>5,127</u>	<u>11,135</u>	<u>6,008</u>
Change in net position	(7,472,209)	(7,507,209)	(41,474)	7,465,735
Net position, beginning of year	-	-	37,488,475	-
Net position, end of year	\$ <u>(7,472,209)</u>	<u>(7,507,209)</u>	<u>37,447,001</u>	<u>7,465,735</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Add capital outlay			1,615,360	
Add loss on disposition of assets			(32,198)	
Less depreciation expense			(1,683,907)	
Add debt principal payments			<u>231,746</u>	
GAAP basis net position			<u>\$ 37,578,002</u>	

**STATE OF NEW MEXICO  
CITY OF AZTEC  
STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN NET POSITION -  
MAJOR ENTERPRISE FUNDS - BUDGET AND ACTUAL (NON-GAAP BASIS)  
June 30, 2016**

	Solid Waste			
	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Charges for services	\$ 664,200	664,200	665,087	887
Intergovernmental	-	-	-	-
Miscellaneous	-	-	818	818
Total revenues	<u>664,200</u>	<u>664,200</u>	<u>665,905</u>	<u>1,705</u>
<b>Expenses</b>				
Salaries and fringe benefits	25,016	27,213	34,331	(7,118)
Purchased power, fuel and chemicals	-	-	-	-
Other operating expenses	722,205	720,008	680,873	39,135
Payment in lieu of taxes	-	-	-	-
Debt principal payments	-	-	-	-
Capital outlay	-	-	-	-
Total expenses	<u>747,221</u>	<u>747,221</u>	<u>715,204</u>	<u>32,017</u>
<b>Other financing sources</b>				
Investment earnings	350	350	431	81
Gross receipts tax	-	-	-	-
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
Interest expense	-	-	-	-
	<u>350</u>	<u>350</u>	<u>431</u>	<u>81</u>
Change in net position	(82,671)	(82,671)	(48,868)	33,803
Net position, beginning of year	<u>146,602</u>	<u>146,602</u>	<u>146,602</u>	-
Net position, end of year	\$ <u><u>63,931</u></u>	<u><u>63,931</u></u>	<u>97,734</u>	<u><u>33,803</u></u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Add capital outlay			-	
Less depreciation expense			(789)	
Add debt principal payments			-	
GAAP basis net position			<u>\$ 96,945</u>	

**STATE OF NEW MEXICO  
CITY OF AZTEC  
STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN NET POSITION -  
MAJOR ENTERPRISE FUNDS - BUDGET AND ACTUAL (NON-GAAP BASIS)  
June 30, 2016**

	Irrigation Assessment			
	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Charges for services	\$ 13,159	13,159	13,159	-
Intergovernmental	-	-	-	-
Proceeds from debt issuance	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>13,159</u>	<u>13,159</u>	<u>13,159</u>	<u>-</u>
<b>Expenses</b>				
Salaries and fringe benefits	-	-	-	-
Purchased power, fuel and chemicals	-	-	-	-
Other operating expenses	21,635	21,635	2,740	18,895
Payment in lieu of taxes	-	-	-	-
Debt principal payments	-	-	-	-
Capital outlay	-	-	-	-
Total expenses	<u>21,635</u>	<u>21,635</u>	<u>2,740</u>	<u>18,895</u>
<b>Other financing sources</b>				
Investment earnings	50	50	254	204
Gross receipts tax	-	-	-	-
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
Interest expense	-	-	-	-
	<u>50</u>	<u>50</u>	<u>254</u>	<u>204</u>
Change in net position	(8,426)	(8,426)	10,673	19,099
Net position, beginning of year	-	-	204,198	-
Net position, end of year	<u>\$ (8,426)</u>	<u>(8,426)</u>	214,871	<u>19,099</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Add capital outlay			-	
Less depreciation expense			(6,939)	
Add debt principal payments			-	
GAAP basis net position			<u>\$ 207,932</u>	

**STATE OF NEW MEXICO  
CITY OF AZTEC  
STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN NET POSITION -  
MAJOR ENTERPRISE FUNDS - BUDGET AND ACTUAL (NON-GAAP BASIS)  
June 30, 2016**

	Golf Course			
	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Charges for services	\$ 440,500	440,500	205,173	(235,327)
Intergovernmental	-	-	552	552
Proceeds from debt issuance	-	-	-	-
Miscellaneous	7,500	7,500	30,434	22,934
Total revenues	<u>448,000</u>	<u>448,000</u>	<u>236,159</u>	<u>(211,841)</u>
<b>Expenses</b>				
Salaries and fringe benefits	168,009	146,309	220,891	(74,582)
Purchased power, fuel and chemicals	-	-	-	-
Other operating expenses	277,641	299,341	203,557	95,784
Payment in lieu of taxes	-	-	-	-
Debt principal payments	-	-	-	-
Capital outlay	-	-	-	-
Total expenses	<u>445,650</u>	<u>445,650</u>	<u>424,448</u>	<u>21,202</u>
<b>Other financing sources</b>				
Investment earnings	-	-	4	4
Gross receipts tax	-	-	-	-
Operating transfers in	30,000	130,000	130,000	-
Operating transfers (out)	-	-	-	-
Interest expense	-	-	-	-
	<u>30,000</u>	<u>130,000</u>	<u>130,004</u>	<u>4</u>
Change in net position	32,350	132,350	(58,285)	(190,635)
Net position, beginning of year	-	-	(19,747)	-
Net position, end of year	<u>\$ 32,350</u>	<u>132,350</u>	<u>(78,032)</u>	<u>(190,635)</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Add capital outlay			-	
Less depreciation expense			(41,995)	
Add debt principal payments			-	
GAAP basis net position			<u>\$ (120,027)</u>	

**STATE OF NEW MEXICO**  
**CITY OF AZTEC**  
**STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL (GAAP BASIS)**  
**LAW ENFORCEMENT PROTECTION**  
**June 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ -	-	-	-
Intergovernmental	26,000	27,800	27,800	-
Charges for services	-	-	-	-
Investment earnings	-	-	61	61
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<u>26,000</u>	<u>27,800</u>	<u>27,861</u>	<u>61</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	26,000	28,280	27,256	1,024
Public works	-	-	-	-
Public health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<u>26,000</u>	<u>28,280</u>	<u>27,256</u>	<u>1,024</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>-</u>	<u>(480)</u>	<u>605</u>	<u>1,085</u>
Other Financing Sources (Uses)				
Transfers, in	-	-	-	-
Transfers, out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>-</u>	<u>(480)</u>	<u>605</u>	<u>1,085</u>
Fund balances, beginning of year	<u>4,897</u>	<u>4,897</u>	<u>481</u>	<u>(4,416)</u>
<b>Fund balances, end of year</b>	<u><u>\$ 4,897</u></u>	<u><u>4,417</u></u>	<u><u>1,086</u></u>	<u><u>(3,331)</u></u>



**STATE OF NEW MEXICO**  
**CITY OF AZTEC**  
**STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL (GAAP BASIS)**  
**LOCAL GOVERNMENT CORRECTION**  
**June 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ -	-	-	-
Intergovernmental	-	-	-	-
Charges for services	84,000	84,000	83,017	(983)
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<u>84,000</u>	<u>84,000</u>	<u>83,017</u>	<u>(983)</u>
<b>Expenditures</b>				
Current				
General government	-	-	-	-
Public safety	119,000	119,000	60,296	58,704
Public works	-	-	-	-
Public health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<u>119,000</u>	<u>119,000</u>	<u>60,296</u>	<u>58,704</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>(35,000)</u>	<u>(35,000)</u>	<u>22,721</u>	<u>57,721</u>
<b>Other Financing Sources (Uses)</b>				
Transfers, in	35,000	35,000	-	(35,000)
Transfers, out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>35,000</u>	<u>35,000</u>	<u>-</u>	<u>(35,000)</u>
<b>Net change in fund balances</b>	-	-	22,721	22,721
Fund balances, beginning of year	<u>4,563</u>	<u>4,563</u>	<u>882</u>	<u>(3,681)</u>
<b>Fund balances, end of year</b>	<u>\$ 4,563</u>	<u>4,563</u>	<u>23,603</u>	<u>19,040</u>

**STATE OF NEW MEXICO  
CITY OF AZTEC  
STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL (GAAP BASIS)  
ECONOMIC DEVELOPMENT  
June 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ -	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Investment earnings	200	200	320	120
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<u>200</u>	<u>200</u>	<u>320</u>	<u>120</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Public health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>200</u>	<u>200</u>	<u>320</u>	<u>120</u>
Other Financing Sources (Uses)				
Transfers, in	-	-	-	-
Transfers, out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	200	200	320	120
Fund balances, beginning of year	<u>112,793</u>	<u>112,793</u>	<u>113,009</u>	<u>216</u>
<b>Fund balances, end of year</b>	<u>\$ <u>112,993</u></u>	<u><u>112,993</u></u>	<u><u>113,329</u></u>	<u><u>336</u></u>

**STATE OF NEW MEXICO**  
**CITY OF AZTEC**  
**STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL (GAAP BASIS)**  
**DEVELOPMENT FEES**  
**June 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ -	-	-	-
Intergovernmental	-	-	-	-
Licenses and permits	-	-	3,334	3,334
Investment earnings	100	100	49	(51)
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<u>100</u>	<u>100</u>	<u>3,383</u>	<u>3,283</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Public health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>100</u>	<u>100</u>	<u>3,383</u>	<u>3,283</u>
Other Financing Sources (Uses)				
Transfers, in	-	-	-	-
Transfers, out	<u>(38,000)</u>	<u>(38,000)</u>	<u>(38,000)</u>	<u>-</u>
<b>Total other financing sources (uses)</b>	<u>(38,000)</u>	<u>(38,000)</u>	<u>(38,000)</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>(37,900)</u>	<u>(37,900)</u>	<u>(34,617)</u>	<u>3,283</u>
Fund balances, beginning of year	<u>38,106</u>	<u>38,106</u>	<u>38,106</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 206</u>	<u>206</u>	<u>3,489</u>	<u>3,283</u>

**STATE OF NEW MEXICO**  
**CITY OF AZTEC**  
**STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL (GAAP BASIS)**  
**LODGERS TAX**  
**June 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 35,000	35,000	56,638	21,638
Intergovernmental	-	-	-	-
Charges for services	-	-	2,601	2,601
Investment earnings	75	75	154	79
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<u>35,075</u>	<u>35,075</u>	<u>59,393</u>	<u>24,318</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Public health and welfare	-	-	-	-
Culture and recreation	51,635	51,635	45,485	6,150
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<u>51,635</u>	<u>51,635</u>	<u>45,485</u>	<u>6,150</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>(16,560)</u>	<u>(16,560)</u>	<u>13,908</u>	<u>30,468</u>
Other Financing Sources (Uses)				
Transfers, in	-	-	-	-
Transfers, out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>(16,560)</u>	<u>(16,560)</u>	<u>13,908</u>	<u>30,468</u>
Fund balances, beginning of year	<u>40,916</u>	<u>40,916</u>	<u>63,992</u>	<u>23,076</u>
<b>Fund balances, end of year</b>	<u>\$ 24,356</u>	<u>24,356</u>	<u>77,900</u>	<u>53,544</u>

**STATE OF NEW MEXICO**  
**CITY OF AZTEC**  
**STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL (GAAP BASIS)**  
**STATE FIRE**  
**June 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ -	-	-	-
Intergovernmental	154,169	194,633	194,633	-
Charges for services	-	-	-	-
Investment earnings	1,000	1,000	1,950	950
Miscellaneous	-	5,500	6,888	1,388
<b>Total revenues</b>	<b>155,169</b>	<b>201,133</b>	<b>203,471</b>	<b>2,338</b>
Expenditures				
Current				
General government	-	-	-	-
Public safety	120,169	90,983	33,273	57,710
Public works	-	-	-	-
Public health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	548,198	623,348	-	623,348
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>668,367</b>	<b>714,331</b>	<b>33,273</b>	<b>681,058</b>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	(513,198)	(513,198)	170,198	683,396
Other Financing Sources (Uses)				
Transfers, in	-	-	-	-
Transfers, out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(513,198)</b>	<b>(513,198)</b>	<b>170,198</b>	<b>683,396</b>
Fund balances, beginning of year	359,152	359,152	515,934	156,782
<b>Fund balances, end of year</b>	<b>\$ (154,046)</b>	<b>(154,046)</b>	<b>686,132</b>	<b>840,178</b>

**STATE OF NEW MEXICO**  
**CITY OF AZTEC**  
**STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL (GAAP BASIS)**  
**RECREATION**  
**June 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ -	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Public health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers, in	-	-	-	-
Transfers, out	-	-	-	-
<b>Total other financing     sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	-	-	-	-
Fund balances, beginning of year	<u>3,311</u>	<u>3,311</u>	<u>3,311</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u><u>\$ 3,311</u></u>	<u><u>3,311</u></u>	<u><u>3,311</u></u>	<u><u>-</u></u>

**STATE OF NEW MEXICO  
CITY OF AZTEC  
STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL (GAAP BASIS)  
AIRPORT  
June 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ -	-	-	-
Intergovernmental	289,000	279,000	246,466	(32,534)
Charges for services	75,000	85,000	31,472	(53,528)
Investment earnings	100	100	104	4
Miscellaneous	18,000	18,000	21,674	3,674
<b>Total revenues</b>	<b>382,100</b>	<b>382,100</b>	<b>299,716</b>	<b>(82,384)</b>
<b>Expenditures</b>				
<b>Current</b>				
General government	86,700	86,700	81,296	5,404
Public safety	-	-	-	-
Public works	-	-	-	-
Public health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	300,000	320,000	289,695	30,305
<b>Debt service</b>				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>386,700</b>	<b>406,700</b>	<b>370,991</b>	<b>35,709</b>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	(4,600)	(24,600)	(71,275)	(46,675)
<b>Other Financing Sources (Uses)</b>				
Transfers, in	30,000	50,000	50,000	-
Transfers, out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>30,000</b>	<b>50,000</b>	<b>50,000</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>25,400</b>	<b>25,400</b>	<b>(21,275)</b>	<b>(46,675)</b>
Fund balances, beginning of year	41,881	41,881	55,316	13,435
<b>Fund balances, end of year</b>	<b>\$ 67,281</b>	<b>67,281</b>	<b>34,041</b>	<b>(33,240)</b>

**STATE OF NEW MEXICO**  
**CITY OF AZTEC**  
**STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL (GAAP BASIS)**  
**COMMUNITY DEVELOPMENT BLOCK GRANT**  
**June 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ -	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Public health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers, in	-	-	-	-
Transfers, out	-	-	-	-
<b>Total other financing     sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	-	-	-	-
Fund balances, beginning of year	<u>4,345</u>	<u>4,345</u>	<u>4,345</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u><u>\$ 4,345</u></u>	<u><u>4,345</u></u>	<u><u>4,345</u></u>	<u><u>-</u></u>



**STATE OF NEW MEXICO**  
**CITY OF AZTEC**  
**STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL (GAAP BASIS)**  
**CAPITAL PROJECTS**  
**June 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 551,569	551,569	488,062	(63,507)
Intergovernmental	319,900	319,900	-	(319,900)
Charges for services	-	-	-	-
Investment earnings	2,500	2,500	6,065	3,565
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<b>873,969</b>	<b>873,969</b>	<b>494,127</b>	<b>(379,842)</b>
Expenditures				
Current				
General government	20,000	20,000	15,862	4,138
Public safety	-	-	-	-
Public works	-	-	-	-
Public health and welfare	-	-	-	-
Culture and recreation	-	78,100	82,123	(4,023)
Capital outlay	749,000	765,374	173,296	592,078
Debt service				
Principal	174,000	174,000	173,708	292
Interest	169,650	169,650	166,800	2,850
<b>Total expenditures</b>	<b>1,112,650</b>	<b>1,207,124</b>	<b>611,789</b>	<b>595,335</b>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	(238,681)	(333,155)	(117,662)	215,493
Other Financing Sources (Uses)				
Transfers, in	38,000	38,000	38,000	-
Transfers, out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>38,000</b>	<b>38,000</b>	<b>38,000</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(200,681)</b>	<b>(295,155)</b>	<b>(79,662)</b>	<b>215,493</b>
Fund balances, beginning of year	991,679	991,679	989,595	(2,084)
<b>Fund balances, end of year</b>	<b>\$ 790,998</b>	<b>696,524</b>	<b>909,933</b>	<b>213,409</b>

**STATE OF NEW MEXICO**  
**CITY OF AZTEC**  
**COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS**  
**Year Ended June 30, 2016**  
**Employee Association Trust Fund**

	<u>Balance</u>			<u>Balance</u>
	<u>June 30, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2016</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 6,030	8,087	(5,868)	8,249
Total Assets	<u>\$ 6,030</u>	<u>8,087</u>	<u>(5,868)</u>	<u>8,249</u>
<b>LIABILITIES</b>				
Deposits held for others	\$ 6,030	8,087	(5,868)	8,249
Total Liabilities	<u>\$ 6,030</u>	<u>8,087</u>	<u>(5,868)</u>	<u>8,249</u>

## **Other Supplemental Schedules**

**STATE OF NEW MEXICO  
CITY OF AZTEC  
SCHEDULE OF PLEDGED COLLATERAL  
Year Ended June 30, 2016**

	Wells Fargo	Citizens Bank of Farmington	Vectra Bank	Total
<b>Deposits in Bank or Savings and Loan</b>				
Demand deposits	\$ 539	3,015,791	-	3,016,330
Certificates of deposit	-	4,825,019	1,000,503	5,825,522
	539	7,840,810	1,000,503	8,841,852
Less: FDIC insurance	539	250,000	250,000	500,539
<b>Total uninsured public funds</b>	\$ -	7,590,810	750,503	8,341,313
<b>Collateral requirement @ 50%</b>	\$ -	3,795,405	375,252	4,170,657
<b>Pledges and securities</b>				
GNMA II POOL #AE8321 04/20/2044	\$ -	-	857,519	857,519
FHLB DALLAS 3137AFP22 9/15/2031	-	5,759,500	-	5,759,500
Total pledged securities	-	5,759,500	857,519	6,617,019
Excess (deficiency)	\$ -	1,964,095	482,268	2,446,363

**STATE OF NEW MEXICO  
CITY OF AZTEC  
SCHEDULE OF CASH AND INVESTMENT ACCOUNTS  
Year Ended June 30, 2016**

	Wells Fargo	Citizens Bank of Farmington	Vectra Bank	Total
<b>Deposits in Bank</b>				
Demand deposits	\$ 539	3,015,791	-	3,016,330
Certificates of deposit	-	4,825,019	1,000,503	5,825,522
Total bank balance	<u>539</u>	<u>7,840,810</u>	<u>1,000,503</u>	<u>8,841,852</u>
<b>Reconciling items</b>				
Outstanding checks	-	(179,217)	-	(179,217)
Deposits in transit	-	20,170	-	20,170
Total adjustments	<u>-</u>	<u>(159,047)</u>	<u>-</u>	<u>(159,047)</u>
Total book balance	<u>\$ 539</u>	<u>7,681,763</u>	<u>1,000,503</u>	8,682,805
NM Treasurer Investment Pool			\$	8,376,867
Cash with fiscal agent				514,200
Cash on hand				<u>2,500</u>
Total per financial statements			\$	<u><u>17,576,372</u></u>

**Financial Statements:**

<b>Cash, investments and cash equivalents</b>				
Governmental funds			\$	3,167,932
Business-type funds				13,885,991
Agency funds				8,249
<b>Cash with fiscal agent</b>				
Governmental funds				514,200
Business-type funds				<u>-</u>
Total per financial statements			\$	<u><u>17,576,372</u></u>

**CITY OF AZTEC, NEW MEXICO  
SCHEDULE OF JOINT POWER AGREEMENTS  
FOR THE YEAR ENDING JUNE 30, 2016**

<b>Participants (including City of Aztec)</b>	<b>Responsible Party</b>	<b>Description</b>	<b>Dates of Agreement</b>	<b>Total Project</b>	<b>City Share</b>	<b>FY16 Amount</b>	<b>Audit Responsibility</b>
San Juan County	San Juan County	County jail operations	b. 10/05/04 t. none	variable	\$60.66/day/prisoner through 6/30/16; rate recalculated July 1 in subsequent years	\$ 60,296	San Juan County
Cities of Bloomfield & Farmington, San Juan County, San Juan County Crimestoppers, Inc.	San Juan County Crimestoppers, Inc.	Crime prevention program	b. 9/16/96 t. None	variable	pro-rata share of costs	\$ 7,744	San Juan County Crimestoppers, Inc.
Cities of Bloomfield & Farmington: San Juan County	San Juan County Criminal Justice Training Authority	Police Training	b. 8/07/96 t. none	variable	pro-rata share of costs	\$ 9,000	San Juan County Criminal Justice Training Authority
Cities of Bloomfield & Farmington: San Juan County	San Juan County Communications Authority		b. 5/24/92 t. none	variable	Once maximum Capital Equipment Replacement Fund balance reached, pro-rata share will be assessed to maintain CERF balance; Aztec share 6%		San Juan County Communications Authority
Cities of Bloomfield & Farmington; San Juan County; rural water associations	San Juan Water Commission	Water rights protection/acquisition/distribution	b. 3/28/86 t. none	variable	.5% of mill levy assessed on property taxes		San Juan Water Commission
Cities of Bloomfield & Farmington and San Juan County	City of Farmington	<u>Municipal Planning Organization</u>	b. 10/12 t. 9/2015	variable	pro-rata share (10%) of costs of MPO (operational and special projects)	\$ 4,422	City of Farmington

**ADDITONAL OTHER SUPPLEMENTARY SCHEDULES**

**CITY OF AZTEC, NEW MEXICO**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule by Source**  
**June 30, 2016**

	<b>2016</b>
<b>Governmental Funds Capital Assets:</b>	
Land	\$ 669,435
Buildings & Structures	8,933,894
Improvements Other than Buildings	4,061,556
Equipment & Machinery	6,246,861
Infrastructure	18,522,572
Construction (Projects) in Process	2,440,491
Total Governmental Funds Capital Assets	\$ 40,874,809
 <b>Investment in Governmental Funds Capital Assets by Source:</b>	
General Fund	\$ 14,409,326
Special revenue funds	15,616,227
Capital projects funds	9,794,293
Donations	1,054,963
Total Governmental Funds Capital Assets	\$ 40,874,808



**CITY OF AZTEC, NEW MEXICO**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule by Function and Activity**  
**For the Year Ended June 30, 2016**

FUNCTION AND ACTIVITY	Land	Improvements			Infrastructure	Construction in Progress	Total
		Buildings & Improvements	Other than Buildings	Machinery and Equipment			
<b>General Government:</b>							
Legislative	\$ -	12,398	1,865	2,018	-	-	16,281
Judicial	-	40,046	-	40,045	-	-	80,091
Executive	63,587	189,933	1,605	85,718	-	-	340,843
Finance Administration	-	402,118	-	106,136	-	-	508,254
Motor Vehicle	-	448,102	-	17,460	-	-	465,562
Community Development	-	-	-	87,774	-	-	87,774
Information Systems	-	2,412	-	230,693	-	-	233,105
Municipal Building Maint	-	180,161	28,037	27,589	5,225	-	241,012
Project Management	-	-	7,933	32,587	-	-	40,520
<b>Total General Government</b>	<b>63,587</b>	<b>1,275,170</b>	<b>39,440</b>	<b>630,020</b>	<b>5,225</b>	<b>-</b>	<b>2,013,442</b>
<b>Public Safety:</b>							
Police	-	657,246	8,750	1,036,677	-	-	1,702,673
Fire	35,051	411,471	31,523	2,379,947	-	-	2,857,992
Animal Control	-	968,373	39,720	145,100	-	-	1,153,193
<b>Total Public Safety</b>	<b>35,051</b>	<b>2,037,090</b>	<b>79,993</b>	<b>3,561,724</b>	<b>-</b>	<b>-</b>	<b>5,713,858</b>
<b>Public Works:</b>							
Streets	134,153	268,045	252,151	975,313	16,169,701	2,150,795	19,950,158
Water	-	-	-	19,842	-	-	19,842
Electric	-	-	-	-	18,646	-	18,646
<b>Total Public Works</b>	<b>134,153</b>	<b>268,045</b>	<b>252,151</b>	<b>995,155</b>	<b>16,188,347</b>	<b>2,150,795</b>	<b>19,988,646</b>
<b>Culture and Recreation:</b>							
Parks & Recreation	426,644	1,303,073	3,652,175	730,970	238,273	-	6,351,135
Library	-	1,947,936	6,499	93,751	-	-	2,048,186
Airport	10,000	42,010	11,238	61,856	2,090,727	289,696	2,505,527
<b>Total Culture and Recreation</b>	<b>436,644</b>	<b>3,293,019</b>	<b>3,669,912</b>	<b>886,577</b>	<b>2,329,000</b>	<b>289,696</b>	<b>10,904,848</b>
<b>Health and Welfare:</b>							
Community Center	-	325,272	20,060	173,385	-	-	518,717
NESJC Family Center	-	1,735,298	-	-	-	-	1,735,298
<b>Total Health and Welfare</b>	<b>-</b>	<b>2,060,570</b>	<b>20,060</b>	<b>173,385</b>	<b>-</b>	<b>-</b>	<b>2,254,015</b>
<b>Total Capital Assets</b>	<b>\$ 669,435</b>	<b>8,933,894</b>	<b>4,061,556</b>	<b>6,246,861</b>	<b>18,522,572</b>	<b>2,440,491</b>	<b>40,874,809</b>

**CITY OF AZTEC, NEW MEXICO**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule of Changes by Function and Activity**  
**For the Year Ended June 30, 2016**

FUNCTION AND ACTIVITY	<u>Capital Assets June 30, 2015</u>	<u>Additions</u>	<u>Reclassified</u>	<u>Transfers</u>	<u>Deductions</u>	<u>Capital Assets June 30, 2016</u>
<b>GENERAL GOVERNMENT:</b>						
Legislative	\$ 16,281				-	16,281
Judicial	56,734	30,513	-	-	(7,155)	80,092
Executive	340,842	-	-	-	-	340,842
Finance Administration	511,849	-	-	-	(3,595)	508,254
Motor Vehicle	465,562	-	-	-	-	465,562
Community Development	87,774	-	-	-	-	87,774
Information Systems	233,104	-	-	-	-	233,104
Municipal Building Maint	241,013	-	-	-	-	241,013
Project Management	40,520	-	-	-	-	40,520
Total General Government	<u>1,993,679</u>	<u>30,513</u>	<u>-</u>	<u>-</u>	<u>(10,750)</u>	<u>2,013,442</u>
<b>PUBLIC SAFETY:</b>						
Police	1,648,213	81,466	-	(27,007)	-	1,702,672
Fire	2,857,993	-	-	-	-	2,857,993
Animal Control	1,167,344	-	-	-	(14,150)	1,153,194
Total Public Safety	<u>5,673,550</u>	<u>81,466</u>	<u>-</u>	<u>(27,007)</u>	<u>(14,150)</u>	<u>5,713,859</u>
<b>PUBLIC WORKS:</b>						
Streets	17,537,739	2,850,191	-	-	(437,770)	19,950,160
Water	19,842	-	-	-	-	19,842
Electric	18,646	-	-	-	-	18,646
Total Public Works	<u>17,576,227</u>	<u>2,850,191</u>	<u>-</u>	<u>-</u>	<u>(437,770)</u>	<u>19,988,648</u>
<b>CULTURE AND RECREATION:</b>						
Parks & Recreation	6,285,436	65,700	-	-	-	6,351,136
Airport	2,188,821	289,696	-	27,007	-	2,505,524
Library	2,048,186	-	-	-	-	2,048,186
Total Culture and Recreation	<u>10,522,442</u>	<u>355,396</u>	<u>-</u>	<u>27,007</u>	<u>-</u>	<u>10,904,845</u>
<b>HEALTH AND WELFARE:</b>						
Community Center	506,596	12,120	-	-	-	518,716
NESJC Family Center	1,735,299	-	-	-	-	1,735,299
Total Health and Welfare	<u>2,241,895</u>	<u>12,120</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,254,015</u>
<b>Total Capital Assets</b>	<u>\$ 38,007,793</u>	<u>3,329,686</u>	<u>-</u>	<u>-</u>	<u>(462,670)</u>	<u>40,874,809</u>
<b>ACCUMULATED DEPRECIATION</b>	<u>\$ 16,470,064</u>	<u>1,482,927</u>	<u>-</u>	<u>-</u>	<u>(449,070)</u>	<u>17,503,921</u>

**City of Aztec**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*

Schedule 1

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Governmental activities</b>										
Net investment in capital assets	\$ 11,583,291	11,517,852	15,048,147	12,817,692	15,877,838	16,106,487	16,357,638	18,187,236	17,883,982	19,890,658
Restricted	857,582	907,377	857,112	739,306	4,553,662	3,983,424	3,806,581	2,528,759	2,877,803	2,483,331
Unrestricted	7,918,899	9,971,284	8,620,444	7,802,526	4,006,565	5,187,030	4,075,048	3,909,535	(920,431)	(73,648)
Total governmental activities net position	<u>\$ 20,359,772</u>	<u>22,396,513</u>	<u>24,525,703</u>	<u>21,359,524</u>	<u>24,438,065</u>	<u>25,276,941</u>	<u>24,239,267</u>	<u>24,625,530</u>	<u>19,841,354</u>	<u>22,300,341</u>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 14,387,194	14,951,711	16,940,492	21,749,963	21,481,586	23,814,365	25,110,714	25,384,751	25,066,433	25,303,796
Restricted	50,157	54,261	92,465	69,135	443,456	250,000	555,000	555,000	555,000	555,000
Unrestricted	7,992,084	9,442,598	10,533,764	12,369,283	13,537,163	12,547,460	11,615,482	12,124,521	12,198,095	11,904,056
Total business-type activities net position	<u>\$ 22,429,435</u>	<u>24,448,570</u>	<u>27,566,721</u>	<u>34,188,381</u>	<u>35,462,205</u>	<u>36,611,825</u>	<u>37,281,196</u>	<u>38,064,272</u>	<u>37,819,528</u>	<u>37,762,852</u>
<b>Primary government</b>										
Net investment in capital assets	\$ 25,970,485	26,469,563	31,988,639	34,567,655	37,359,424	39,920,852	41,468,352	43,571,987	42,950,415	45,194,454
Restricted	907,739	961,638	949,577	808,441	4,997,118	4,233,424	4,361,581	3,083,759	3,432,803	3,038,331
Unrestricted	15,910,983	19,413,882	19,154,208	20,171,809	17,543,728	17,734,490	15,690,530	16,034,056	11,277,664	11,830,408
Total primary government net position	<u>\$ 42,789,207</u>	<u>46,845,083</u>	<u>52,092,424</u>	<u>55,547,905</u>	<u>59,900,270</u>	<u>61,888,766</u>	<u>61,520,463</u>	<u>62,689,802</u>	<u>57,660,882</u>	<u>60,063,193</u>

Source: City of Aztec Annual Financial Reports

Note: The city began reporting accrual information with the implementation of GASB Statement 34 in fiscal year 2003

**City of Aztec**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*

Schedule 2

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Expenses</b>										
Governmental Activities										
General Government	\$ 1,815,671	2,110,680	1,983,249	2,257,458	2,199,348	1,961,789	2,246,743	1,964,074	2,326,401	1,568,493
Public Safety	2,229,695	2,733,897	2,862,497	3,755,435	1,891,687	1,915,374	2,114,730	2,165,969	1,997,270	1,971,740
Public Works	3,532,321	2,084,200	1,921,141	3,887,767	1,370,015	2,196,404	1,888,341	1,681,645	1,290,631	1,667,557
Health & Welfare					620,409	675,436	636,508	900,447	665,443	452,399
Culture and Recreation	1,055,677	1,285,597	1,414,843	2,289,542	1,317,231	1,442,998	1,862,384	1,638,610	1,647,198	1,477,217
Interest on Long Term Debt						189,666	184,288	179,861	173,822	166,988
Total Governmental Activities	<u>8,633,364</u>	<u>8,214,374</u>	<u>8,181,730</u>	<u>12,190,202</u>	<u>7,398,690</u>	<u>8,381,667</u>	<u>8,932,994</u>	<u>8,530,606</u>	<u>8,100,765</u>	<u>7,304,394</u>
Business Type Activities										
Joint Utility	7,841,078	8,177,753	7,995,060	9,367,458	8,610,592	8,549,579	9,165,391	9,392,921	9,037,980	10,013,305
Solid Waste	588,533	610,138	649,266	660,642	672,493	693,121	691,877	729,951	706,207	715,993
Irrigation	6,812	7,008	7,159	8,016	9,309	14,492	12,199	7,759	8,259	9,679
Golf Course	-	-	-	-	-	-	-	-	128,158	466,443
Total Business Type Activities	<u>8,436,423</u>	<u>8,794,899</u>	<u>8,651,485</u>	<u>10,036,116</u>	<u>9,292,394</u>	<u>9,257,192</u>	<u>9,869,467</u>	<u>10,130,631</u>	<u>9,880,604</u>	<u>11,205,420</u>
Total Expenses	<u>\$ 17,069,787</u>	<u>17,009,273</u>	<u>16,833,215</u>	<u>22,226,318</u>	<u>16,691,084</u>	<u>17,638,859</u>	<u>18,802,461</u>	<u>18,661,237</u>	<u>17,981,369</u>	<u>18,509,814</u>
<b>Program Revenues</b>										
Governmental activities										
Charges for services										
General Government	\$ 748,151	887,570	168,223	150,871	234,996	284,305	744,822	730,086	747,857	796,156
Public Safety	72,413	85,907	676,813	512,697	444,413	390,107	231,869	85,887	83,521	83,017
Public Works	85,366	101,274	94,643	84,884	28,480	28,919	395	-	-	-
Health & Welfare					25,531	27,640	44,568	-	-	-
Culture and Recreation	16,244	19,272	82,711	74,042	49,566	49,401	32,032	5,500	4,000	2,601
Operating grants and contributions	1,296,919	1,063,924	429,943	437,993	269,709	756,548	451,773	793,464	511,129	777,635
Capital grants and contributions	1,893,140	865,010	2,692,365	2,742,777	3,578,843	943,526	16,524	900,000	-	2,262,442
Total Governmental Activities	<u>4,112,233</u>	<u>3,022,957</u>	<u>4,144,698</u>	<u>4,003,264</u>	<u>4,631,538</u>	<u>2,480,446</u>	<u>1,521,983</u>	<u>2,514,937</u>	<u>1,346,507</u>	<u>3,921,851</u>
Business-type activities										
Charges for services										
Joint Utility	8,695,555	9,549,963	9,806,660	9,569,623	9,534,607	9,465,404	9,596,002	9,817,481	9,748,818	9,714,773
Solid Waste	579,151	592,309	659,621	678,640	691,561	687,382	680,822	683,547	672,228	665,087
Irrigation	13,159	13,159	13,159	13,159	13,159	13,159	13,159	13,159	13,159	13,159
Golf Course	-	-	-	-	-	-	-	-	62,326	117,335
Operating grants and contributions					-	-	-	-	-	552
Capital grants and contributions	224,236	266,056	308,650	5,689,497	172,931	96,640	114,652	70,915	25,401	138,155
Total Business-Type Activities	<u>9,512,101</u>	<u>10,421,487</u>	<u>10,788,090</u>	<u>15,950,919</u>	<u>10,412,258</u>	<u>10,262,585</u>	<u>10,404,635</u>	<u>10,585,102</u>	<u>10,521,932</u>	<u>10,649,061</u>
Total Program Revenues	<u>\$ 13,624,334</u>	<u>13,444,444</u>	<u>14,932,788</u>	<u>19,954,183</u>	<u>15,043,796</u>	<u>12,743,031</u>	<u>11,926,618</u>	<u>13,100,039</u>	<u>11,868,439</u>	<u>14,570,912</u>

Source: City of Aztec CAFRS

Note: The city began reporting accrual information with the implementation of GASB Statement 34 in fiscal year 2003

**City of Aztec**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*

Schedule 2

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Net (Expenses)/Revenues</b>										
Governmental activities	\$ (4,521,131)	(5,191,417)	(4,037,032)	(8,186,938)	(2,767,152)	(5,901,221)	(7,411,011)	(6,015,669)	(6,754,258)	(3,382,543)
Business-type activities	1,075,678	1,626,588	2,136,605	5,914,803	1,119,864	1,005,393	535,168	454,471	641,328	(556,359)
Total Net Expenses	\$ (3,445,453)	(3,564,829)	(1,900,427)	(2,272,135)	(1,647,288)	(4,895,828)	(6,875,843)	(5,561,198)	(6,112,930)	(3,938,902)
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental Activities										
Taxes										
Gross receipts taxes	\$ 4,582,503	5,478,504	5,384,771	4,090,147	4,255,156	5,029,168	4,816,122	4,761,159	4,646,288	3,888,208
Property taxes	424,940	479,294	537,994	522,553	571,668	588,699	592,685	631,249	617,819	649,891
Franchise taxes	534,301	523,744	478,811	474,311	544,923	552,008	564,375	588,965	577,449	572,951
Other taxes	224,579	253,673	193,978	237,649	187,401	180,947	183,573	206,771	239,237	233,832
Miscellaneous	116,688	107,739	102,597	176,437	247,095	378,685	199,082	202,254	202,075	589,539
Unrestricted investment earnings	343,285	333,053	164,524	58,916	40,310	23,867	20,984	12,751	11,784	15,711
Loss on disposition						(13,277)	(3,484)	(1,217)	(2,222)	(13,602)
Transfers	5,351	52,151	(696,453)	(539,254)	(860)	-	-	-	(35,000)	(95,000)
Total general revenues and transfers	6,231,647	7,228,158	6,166,222	5,020,759	5,845,693	6,740,097	6,373,337	6,401,932	6,257,430	5,841,530
Business-type Activities										
Environmental taxes	96,021	114,872	112,593	85,308	88,721	102,074	100,623	99,433	96,873	81,333
Unrestricted investment earnings	351,984	329,826	172,500	82,295	64,379	42,153	33,580	13,088	24,155	39,529
Miscellaneous						-	-	216,084	300,654	316,019
Loss on disposition						-	-	-	(3,517)	(32,198)
Transfers	(5,351)	(52,151)	696,453	539,254	860	-	-	-	35,000	95,000
Total Business-type activities	442,654	392,547	981,546	706,857	153,960	144,227	134,203	328,605	453,165	499,683
Total primary government	\$ 6,674,301	7,620,705	7,147,768	5,727,616	5,999,653	6,884,324	6,507,540	6,730,537	6,710,595	6,341,213
<b>Change in Net Position</b>										
Governmental activities	\$ 1,710,516	2,036,741	2,129,190	(3,166,179)	3,078,541	838,876	(1,037,674)	386,263	(496,828)	2,458,987
Business-type activities	1,518,332	2,019,135	3,118,151	6,621,660	1,273,824	1,149,620	669,371	783,076	1,094,493	(56,676)
Total Change in Net Position	\$ 3,228,848	4,055,876	5,247,341	3,455,481	4,352,365	1,988,496	(368,303)	1,169,339	597,665	2,402,311

Source: City of Aztec CAFRs

Note: The city began reporting accrual information with the implementation of GASB Statement 34 in fiscal year 2003

**City of Aztec**  
**Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

Schedule 3

	Fiscal Year									
	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016
General Fund										
Reserved	\$ 697,196	741,181	706,187	588,192	658,710	701,366				
Unreserved	3,751,236	4,612,717	4,677,120	4,617,847						
Nonspendable					991,707	700	4,445	1,976	5,536	10,288
Restricted							702,138	741,721	713,702	634,194
Committed										
Assigned										
Unassigned					3,660,757	4,774,649	3,708,584	2,901,221	2,202,285	2,385,755
Total general fund	<u>\$ 4,448,432</u>	<u>5,353,898</u>	<u>5,383,307</u>	<u>5,206,039</u>	<u>5,311,174</u>	<u>5,476,715</u>	<u>4,415,167</u>	<u>3,644,918</u>	<u>2,921,523</u>	<u>3,030,237</u>
All other governmental funds										
Reserved	\$ 160,386	166,196	150,925	151,114	3,280					
Unreserved	4,058,982	5,235,656	7,113,428	4,545,704						
Nonspendable						1,413	4,436	4,110	5,113	4,993
Restricted					3,894,952	3,282,058	3,104,443	2,374,508	2,718,264	2,363,202
Committed					159,155	138,983	144,362	150,141	154,426	120,129
Assigned										
Unassigned										
Total all other governmental funds	<u>\$ 4,219,368</u>	<u>5,401,852</u>	<u>7,264,353</u>	<u>4,696,818</u>	<u>4,057,387</u>	<u>3,422,454</u>	<u>3,253,241</u>	<u>2,528,759</u>	<u>2,877,803</u>	<u>2,488,324</u>

Source: City of Aztec CAFRs

Note: The city began reporting accrual information with the implementation of GASB Statement 34 in fiscal year 2003

**City of Aztec**  
**Changes in Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

Schedule 4

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Revenues</b>										
Taxes	\$ 5,726,747	6,690,398	6,532,742	5,311,666	5,523,540	6,329,548	6,143,275	6,188,144	6,080,793	5,341,878
Licenses and permits	109,720	162,575	57,827	62,683	63,336	62,258	64,651	76,768	68,161	74,761
Intergovernmental	3,190,059	1,928,934	3,122,308	3,180,770	3,848,552	1,700,074	689,376	1,693,464	511,129	3,040,077
Charges for services	336,988	380,726	398,851	324,776	356,739	328,007	359,333	332,955	374,904	439,632
Fines	475,466	550,722	565,712	435,035	362,911	390,107	408,623	411,750	392,313	367,381
Investment earnings	343,285	333,053	164,524	58,916	40,310	23,867	20,984	12,751	11,784	15,711
Miscellaneous	116,688	107,739	102,597	176,437	247,095	378,685	199,082	202,254	202,075	589,539
<b>Total Revenues</b>	<b>10,298,953</b>	<b>10,154,147</b>	<b>10,944,561</b>	<b>9,550,283</b>	<b>10,442,483</b>	<b>9,212,546</b>	<b>7,885,324</b>	<b>8,918,086</b>	<b>7,641,159</b>	<b>9,868,979</b>
<b>Expenditures</b>										
Current										
General Government	1,632,016	1,665,357	1,833,036	1,763,356	1,804,289	1,886,575	2,034,603	1,933,642	2,286,838	1,874,668
Public Safety	1,967,451	2,421,134	2,651,381	2,409,157	1,728,707	1,783,255	1,978,046	1,943,569	1,887,636	1,823,867
Public Works	3,123,766	1,651,035	1,625,807	1,413,715	970,391	1,531,750	1,205,751	1,110,026	784,922	1,115,638
Health & Welfare					553,191	633,678	595,731	852,462	629,950	542,776
Culture and Recreation	910,885	1,068,047	1,205,663	1,143,772	1,087,033	1,081,789	1,275,462	990,588	1,059,608	1,027,602
Debt										
Principal	107,571	111,177	196,093	156,847	144,353	149,400	153,943	158,826	165,939	173,708
Interest	64,694	61,092	159,915	201,088	195,574	190,551	185,236	179,861	173,822	166,800
Capital Outlay	1,893,140	1,140,506	4,051,683	4,667,897	4,492,381	2,424,940	1,687,313	3,243,843	991,795	3,329,685
<b>Total expenditures</b>	<b>9,699,523</b>	<b>8,118,348</b>	<b>11,723,578</b>	<b>11,755,832</b>	<b>10,975,919</b>	<b>9,681,938</b>	<b>9,116,085</b>	<b>10,412,817</b>	<b>7,980,510</b>	<b>10,054,744</b>
Excess of revenues over (under) expenditures	599,430	2,035,799	(779,017)	(2,205,549)	(533,436)	(469,392)	(1,230,761)	(1,494,731)	(339,351)	(185,765)
<b>Other Financing Sources (Uses)</b>										
Operating transfers in	1,556,488	719,713	866,218	680,999	189,763	233,975	209,000	434,469	422,000	88,000
Operating transfers out	(1,551,137)	(667,562)	(1,562,671)	(1,220,253)	(190,623)	(233,975)	(209,000)	(434,469)	(457,000)	(183,000)
Proceeds from long-term debt, net										
Proceeds from sale of capital assets										
Bonds Issued			3,367,380							
<b>Total other financing sources and uses</b>	<b>5,351</b>	<b>52,151</b>	<b>2,670,927</b>	<b>(539,254)</b>	<b>(860)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(35,000)</b>	<b>(95,000)</b>
Net change in fund balances	\$ 604,781	2,087,950	1,891,910	(2,744,803)	(534,296)	(469,392)	(1,230,761)	(1,494,731)	(374,351)	(280,765)
Debt service as a percentage of noncapital expenditures	2%	2%	4%	4%	5%	5%	4%	4%	5%	5%

Source: City of Aztec CAFRs

Note: The city began reporting accrual information with the implementation of GASB Statement 34 in fiscal year 2003

**City of Aztec  
Electric Kilowatt Sales and Revenue  
Last Ten Fiscal Years**

Schedule 5

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Fiscal Year	Commercial		Residential		Street and Yard Lights		Total	
	kWh	Revenue	kWh	Revenue	kWh	Revenue	kWh	Revenue
2016	27,061,582	\$ 3,592,765	16,371,181	2,376,165	632,522	88,284	44,065,285	6,057,213
2015	27,853,954	3,673,266	16,329,646	2,377,477	639,428	88,384	44,823,028	6,139,127
2014	28,412,734	3,685,410	16,878,943	2,452,343	614,904	85,353	45,906,581	6,223,106
2013	27,229,673	3,559,886	17,033,678	2,472,746	553,797	78,057	44,817,148	6,110,689
2012	26,674,939	3,536,290	17,173,811	2,490,411	552,344	77,761	44,401,094	6,104,463
2011	26,285,044	3,496,998	17,110,914	2,484,012	540,961	76,858	43,936,919	6,057,867
2010	25,676,747	3,617,655	17,322,982	2,512,129	522,124	75,091	43,521,853	6,204,875
2009	26,362,110	3,583,043	16,691,038	2,356,362	465,054	67,739	43,518,202	6,007,144
2008	27,011,560	2,615,431	16,745,614	1,708,955	353,699	63,174	44,110,873	4,387,560
2007	25,704,846	2,479,176	16,103,389	1,647,458	449,201	64,759	42,257,436	4,191,392
Change								
2007-2016	5.28%	44.92%	1.66%	44.23%	40.81%	36.33%	4.28%	44.52%

Source: City of Aztec Electric Utility



**City of Aztec  
Electric Rates by Customer Type  
As of June 30, 2016**

Schedule 6

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**Type of Customer**

**Commercial**

Single Phase under 200 amps (50kW)

\$16.11 Customer Charge  
\$0.01401 per kWh

Single Phase over 200 amps (50kW)

\$26.85 Customer Charge  
\$0.13700 per kWh

Three Phase under 200 amps (50kW)

\$26.85 Customer Charge  
\$0.1401 per kWh

Three Phase over 200 amps (50kW)

\$53.71 Customer Charge  
\$0.1360 per kWh 0 - 35,000 kWh  
\$0.1267 per kWh over 35,000 kWh

**Residential**

\$6.44 Customer Charge  
\$0.1329 per kWh 0 - 1,000 kWh  
\$0.1370 per kWh 1,001 - 1,500 kWh  
\$0.1401 per kWh 1,501 - 2,500 kWh  
\$0.1411 per kWh 2,501 and above

**Street and Yard Lighting**

\$10.74 175 W mercury vapor, existing pole  
\$10.74 100 W sodium, existing pole  
\$13.96 150 W sodium, existing pole  
\$16.11 250 W sodium, existing pole

**Source:** City of Aztec Electric Utility

**City of Aztec  
Electric Principal Revenue Payers  
Current Year and Nine Years Ago**

Schedule 7

	<u>Fiscal Year 2016</u>			<u>Fiscal Year 2007</u>		
	<u>Revenue</u>	<u>Rank</u>	<u>Percentage of Revenue</u>	<u>Revenue</u>	<u>Rank</u>	<u>Percentage of Revenue</u>
AZTEC MUNICIPAL SCHOOLS	\$ 558,230	1	9.33%	388,595	1	9.44%
SAN JUAN COUNTY	372,849	2	6.23%	253,250	2	6.15%
SAFEWAY	277,918	3	4.64%	187,092	3	4.55%
CONOCOPHILLIPS	202,755	4	3.39%	-	-	-
WESTERN REFINING	125,898	5	2.10%	102,152	5	2.48%
AZTEC WELL SERVICE	111,171	6	1.86%			
FOUR CORNERS GOOD SAM	92,283	7	1.54%	67,575	6	1.64%
MCDONALD'S OF AZTEC	58,957	8	0.99%	32,001	8	0.78%
CENTURYLINK, INC	51,362	9	0.86%	33,047	7	0.80%
MICROTEL	47,732	10	0.80%	-	-	-
THE SCHWAN FOOD CO-SWU	-	-	-	-	-	-
HIWAY LOUNGE	-	-	-	-	-	-
WENDY'S OF CO SPRINGS	-	-	-	22,010	9	0.53%
MCELVAIN ENERGY	-	-	-	123,745	4	3.01%
RUINS RD RV PARK	-	-	-	-	-	-
HYDRO PURE TECHNOLOGY	-	-	-	-	-	-
PEPSI BOTTLING	-	-	-	-	-	-
DAIRY QUEEN	-	-	-	21,819	10	0.53%
HI-COUNTRY CHEVROLET	-	-	-			
Total	<u>\$ 1,899,156</u>		<u>31.73%</u>	<u>1,231,287</u>		<u>29.91%</u>

Source: Aztec Electric Utility System

**City of Aztec  
Tax Revenues by Source, Governmental Funds  
Last Ten Fiscal Years**

**Schedule 8**

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<b>Fiscal Year</b>	<b>Gross Receipts Tax</b>	<b>Property Tax</b>	<b>Franchise Tax</b>	<b>Other Taxes</b>	<b>Total Taxes</b>
2016	\$ 3,888,208	646,887	572,951	233,832	5,341,878
2015	4,646,288	617,819	577,449	239,237	6,080,793
2014	4,761,159	631,249	588,965	206,771	6,188,144
2013	4,816,122	579,205	564,375	183,573	6,143,275
2012	5,029,168	588,699	552,008	180,947	6,350,822
2011	4,255,156	571,668	544,923	187,401	5,559,148
2010	4,090,147	522,553	474,311	237,649	5,324,660
2009	5,384,771	537,994	478,811	193,978	6,595,554
2008	5,478,504	479,294	523,744	253,673	6,735,215
2007	4,582,503	424,940	534,301	224,579	5,766,323

**City of Aztec  
Taxable Gross Receipts by Industry  
Last Ten Fiscal Years**

Schedule 9

Ending 6/30	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Agriculture	\$ 14,510	\$ 66,648	\$ 32,000	\$ 34,759	13,186	386	825	221	12,548	12,518
Mining	\$ 47,421,297	\$ 40,943,503	\$ 47,218,262	26,321,710	17,689,324	21,172,800	19,852,855	20,192,110	10,126,077	3,104,953
Utilities	\$ 4,073,931	\$ 6,154,097	\$ 3,621,352	3,370,924	3,233,545	3,103,283	3,143,834	3,654,621	2,891,595	1,647,533
Construction	\$ 19,573,186	\$ 26,635,255	\$ 49,389,628	35,834,152	26,175,393	31,681,821	13,292,359	19,570,979	11,938,201	9,062,824
Manufacturing	\$ 6,998,952	\$ 8,128,772	\$ 11,806,566	8,157,517	9,220,855	9,480,883	17,029,297	10,426,483	6,019,867	7,751,923
Wholesale Trade	\$ 6,704,276	\$ 38,967,614	\$ 24,848,993	13,832,221	18,843,145	23,766,014	18,176,166	18,777,600	8,161,651	5,259,936
Retail Trade	\$ 40,674,759	\$ 42,089,379	\$ 38,004,248	35,622,179	34,872,717	35,412,028	38,133,131	35,888,110	20,552,737	19,863,623
Transportation	\$ 583,779	\$ 138,152	\$ 338,041	451,200	583,062	3,274,041	1,919,283	3,176,828	2,424,693	1,790,784
Information and Cultural	\$ 7,101,186	\$ 8,407,172	\$ 9,492,745	12,584,386	14,493,738	16,325,683	17,571,531	17,465,490	9,673,272	9,303,559
Finance and Insurance	\$ 720,166	\$ 995,476	\$ 808,828	704,552	462,510	526,014	1,036,083	1,028,359	211,079	210,686
Real Estate	\$ 10,999,724	\$ 8,102,786	\$ 9,713,103	5,212,524	4,508,303	5,615,172	7,552,828	7,164,855	6,114,118	2,694,583
Professional, Scientific, Technical Services	\$ 7,376,772	\$ 6,075,255	\$ 8,177,986	5,464,276	5,990,621	11,916,579	7,637,572	10,817,766	7,718,100	4,580,248
Management	\$ -	\$ -	\$ -	-	-	9,159	(4,855)	-	-	-
Administrative & Support	\$ 655,834	\$ 492,193	\$ 801,766	1,258,041	666,814	1,224,552	1,189,407	1,036,219	1,342,644	598,170
Educational Services	\$ 2,428	\$ 14,786	\$ 54,731	30,014	166,731	72,607	130,759	93,903	4,860	12,582
Health Care	\$ 3,592,717	\$ 3,684,910	\$ 4,070,566	5,158,455	5,332,469	6,295,117	12,103,614	12,350,566	8,059,103	6,907,380
Arts	\$ 107,807	\$ 42,869	\$ 343,503	340,469	422,510	668,414	809,766	843,752	459,162	396,033
Accommodation and Food Services	\$ 19,887,503	\$ 21,466,593	\$ 22,760,552	21,165,241	19,218,703	20,716,855	21,590,290	21,137,269	14,900,495	12,059,854
Other Services	\$ 36,618,593	\$ 37,903,945	\$ 40,499,807	26,511,890	24,334,400	25,814,290	37,417,600	41,935,669	29,107,132	13,988,728
Public Administration	\$ 1,513,710	\$ 2,546,538	\$ 552,166	1,288,441	3,301,903	1,815,007	3,480,221	2,051,366	376,657	1,118,355
Food Distribution (c)	\$ 25,078,400	\$ 31,883,476	\$ 27,880,221	25,456,717	30,064,276	47,914,152	42,859,200	30,137,103	27,510,731	19,665,197
Medical Distribution (c)	\$ 1,861,241	\$ 2,144,497	\$ 2,333,903	2,657,490	2,972,524	3,575,834	4,449,545	4,347,034	4,748,745	3,129,131
Unclassified/Undisclosed (a)	\$ 5,816,276	\$ 11,683,310	\$ 7,223,669	6,620,966	6,907,697	5,281,766	4,103,890	6,206,455	2,125,736	396,085
<b>Total</b>	<b>\$ 247,377,048</b>	<b>\$ 298,567,228</b>	<b>\$ 309,972,634</b>	<b>\$ 238,078,124</b>	<b>229,474,428</b>	<b>275,662,455</b>	<b>273,480,056</b>	<b>268,297,903</b>	<b>174,479,204</b>	<b>123,554,685</b>
City Direct Sales Tax Rate	1.8125%	1.8125%	1.8125%	1.8125%	1.8125%	1.8125%	1.8125%	1.8125%	1.8125%	1.8125%

Source: State of New Mexico Department of Taxation & Revenue monthly distribution reports

(a) Data has been suppressed for purposes of taxpayer confidentiality. Information is suppressed when too few taxpayers are included in a category.

(b) Although the figures in the table have been derived from "NM\_FR003-500 Local Gov't Distribution Summary" issued monthly by the State, the State suppresses revenue information in certain categories, if release of the information would compromise the confidentiality of an individual taxpayer. Accordingly, the "Taxable Gross Receipts Tax" totals in this table will differ from those in other tables.

(c) Effective January 2005, state legislation removed the state and local options gross receipts tax (GRT) from the sales of food and most health care services, by allowing retail food outlets and medical service providers to deduct qualifying food and health services from gross receipts reported to the NM Taxation and Revenue Department. However, municipalities and counties are "held harmless" and are reimbursed the local option GRT on these nontaxable items from the State of New Mexico. The financing of this reimbursement is provided by an increase State GRT of .5%.

**City of Aztec  
Direct and Overlapping Gross Receipts Tax Rates  
Last Ten Fiscal Years**

Schedule 10

<b>Fiscal Year</b>	<b>State GRT Rate</b>	<b>City Share of State GRT Rate</b>	<b>City Direct Rate</b>	<b>San Juan County Rate</b>	<b>Total City GRT Rate</b>
2016	3.9000%	1.2250%	1.8125%	1.0625%	8.0000%
2015 (d)	3.9000%	1.2250%	1.8125%	1.0625%	8.0000%
2014 (c)	3.9000%	1.2250%	1.8125%	0.8750%	7.8125%
2013	3.9000%	1.2250%	1.8125%	0.8125%	7.7500%
2012	3.9000%	1.2250%	1.8125%	0.8125%	7.7500%
2011	3.9000%	1.2250%	1.8125%	0.8125%	7.7500%
2010	3.7750%	1.2250%	1.8125%	0.8125%	7.6250%
2009	3.7750%	1.2250%	1.8125%	0.8125%	7.6250%
2008	3.7750%	1.2250%	1.8125%	0.8125%	7.6250%
2007	3.7750%	1.2250%	1.8125%	0.8125%	7.6250%

**Source:** State of New Mexico Taxation and Revenue Department

(a) City Ordinance 2003-305 imposed 1/4% capital project gross receipts tax rate, adopted by governing body November 4, 2003, approved by voters during special municipal election January 13, 2004, enacted July 1, 2004

(b) City Ordinance 2003-304 imposed 1/8% infrastructure project gross receipts tax rate, adopted by governing body November 4, 2003, approved by voters during special municipal election January 13, 2004, enacted July 1, 2004

(c) San Juan County imposed 1/16%, adopted by government board, enacted January 1, 2014

**City of Aztec**  
**Taxable Gross Receipts Payers by Industry**  
**Current Year and One Year Ago**

Schedule 11

	Fiscal Year 2016				Fiscal Year 2015			
	Number of Filers (12 Mo. Avg.)	Percentage of Total Filers	Taxable Gross Receipts	Percentage of Total Gross Receipts	Number of Filers (12 Mo. Avg.)	Percentage of Total Filers	Taxable Gross Receipts	Percentage of Total Gross Receipts
Ending 6/30								
Agriculture	1	0.20%	\$ 12,518	0.01%	1	0.17%	12,548	0.01%
Mining	9	1.76%	\$ 3,104,953	2.51%	13	2.20%	10,126,077	5.80%
Utilities	5	0.98%	\$ 1,647,533	1.33%	4	0.68%	2,891,595	1.66%
Construction	45	8.81%	\$ 9,062,824	7.34%	52	8.81%	11,938,201	6.84%
Manufacturing	19	3.72%	\$ 7,751,923	6.27%	21	3.56%	6,019,867	3.45%
Wholesale Trade	32	6.26%	\$ 5,259,936	4.26%	39	6.61%	8,161,651	4.68%
Retail Trade	131	25.64%	\$ 19,863,623	16.08%	144	24.41%	20,552,737	11.78%
Transportation	4	0.78%	\$ 1,790,784	1.45%	4	0.68%	2,424,693	1.39%
Information and Cultural	52	10.18%	\$ 9,303,559	7.53%	59	10.00%	9,673,272	5.54%
Finance and Insurance	8	1.57%	\$ 210,686	0.17%	6	1.02%	211,079	0.12%
Real Estate	25	4.89%	\$ 2,694,583	2.18%	27	4.58%	6,114,118	3.50%
Professional, Scientific, Technical Services	38	7.44%	\$ 4,580,248	3.71%	49	8.31%	7,718,100	4.42%
Management		0.00%	\$ -	0.00%		0.00%		0.00%
Administrative & Support	19	3.72%	\$ 598,170	0.48%	20	3.39%	1,342,644	0.77%
Educational Services		0.00%	\$ 12,582	0.01%		0.00%	4,860	0.00%
Health Care	18	3.52%	\$ 6,907,380	5.59%	26	4.41%	8,059,103	4.62%
Arts	4	0.78%	\$ 396,003	0.32%	4	0.68%	459,162	0.26%
Accommodation and Food Services	19	3.72%	\$ 12,059,854	9.76%	23	3.90%	14,900,495	8.54%
Other Services	80	15.66%	\$ 13,988,728	11.32%	97	16.44%	29,107,132	16.68%
Public Administration	2	0.39%	\$ 1,118,355	0.91%	1	0.17%	376,657	0.22%
Food Distribution (a) (c)		0.00%	\$ 19,665,197	15.92%		0.00%	27,510,731	15.77%
Medical Distribution (a) (c)		0.00%	\$ 3,129,131	2.53%		0.00%	4,748,745	2.72%
Unclassified/Undisclosed (a)		0.00%	\$ 396,085	0.32%		0.00%	2,125,736	1.22%
<b>Total</b>	<b>511</b>	<b>100.00%</b>	<b>\$ 123,554,655</b>	<b>100.00%</b>	<b>590</b>	<b>100.00%</b>	<b>174,479,203</b>	<b>100.00%</b>

Source: State of New Mexico Department of Taxation & Revenue monthly distribution reports

(a) Data has been suppressed for purposes of taxpayer confidentiality. Information is suppressed when too few taxpayers are included in a category.

(b) Although the figures in the table have been derived from "NM\_FR003-500 Local Gov't Distribution Summary" issued monthly by the State, the State suppresses revenue information in certain categories, if release of the information would compromise the confidentiality of an individual taxpayer. Accordingly, the "Taxable Gross Receipts Tax" totals in this table will differ from those in other tables.

**City of Aztec**  
**Taxable Gross Receipts Payers by Industry**  
**Current Year and One Year Ago**

Schedule 11

	Fiscal Year 2016				Fiscal Year 2015			
	Number of Filers (12 Mo. Avg.)	Percentage of Total Filers	Taxable Gross Receipts	Percentage of Total Gross Receipts	Number of Filers (12 Mo. Avg.)	Percentage of Total Filers	Taxable Gross Receipts	Percentage of Total Gross Receipts
Ending 6/30								

(c) Effective January 2005, state legislation removed the state and local options gross receipts tax (GRT) from the sales of food and most health care services, by allowing retail food outlets and medical service providers to deduct qualifying food and health services from gross receipts reported to the NM Taxation and Revenue Department. However, municipalities and counties are "held harmless" and are reimbursed the local option GRT on these nontaxable items from the State of New Mexico. The financing of this reimbursement is provided by an increase State GRT of .5%.

**City of Aztec  
Assessed Value and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years**

Schedule 12

<u>Fiscal Year</u>	<u>Residential Property</u>	<u>Nonresidential Property</u>	<u>Oil &amp; Gas (Prod &amp; Equip)</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Residential Tax Rate</u>	<u>Total Direct Non Residential Tax Rate</u>	<u>Total Direct Oil &amp; Gas Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Taxable Assessed Value as a Percentage of Actual Taxable Value</u>
2016	85,771,774	37,823,046	893,795	124,488,615	4.3850%	6.8730%	6.8730%	373,839,685	33.3%
2015	83,787,655	38,131,301	1,840,330	123,759,286	4.4440%	6.8680%	6.8730%	371,649,508	33.3%
2014	81,451,079	36,856,143	1,568,658	119,875,880	4.4810%	6.8730%	6.8730%	359,987,628	33.3%
2013	78,283,196	33,790,179	1,465,076	113,538,451	4.5710%	6.8730%	6.8730%	340,956,309	33.3%
2012	75,666,954	34,518,953	2,167,166	112,353,073	4.5870%	6.5090%	6.8730%	337,396,616	33.3%
2011	72,851,328	36,302,117	2,289,210	111,442,655	4.5550%	5.9410%	6.8730%	334,662,628	33.3%
2010	68,396,249	33,286,746	5,050,153	106,733,148	4.5700%	5.8730%	6.8730%	320,519,964	33.3%
2009	59,593,553	24,888,226	4,736,814	89,218,593	4.8600%	6.3240%	6.8730%	267,923,703	33.3%
2008	55,126,388	23,414,222	4,325,928	82,866,538	4.8020%	6.0090%	6.8730%	248,848,462	33.3%
2007	47,114,418	19,811,144	3,710,377	70,635,939	5.0880%	6.3120%	6.8730%	212,119,937	33.3%

Source: San Juan County Assessor



**City of Aztec  
Property Tax Rates  
Direct and Overlapping Governments  
Last Ten Fiscal Years**

Schedule 13

Overlapping Rates															
Fiscal Year	City of Aztec			San Juan County			Aztec Municipal District				San Juan College			Total Direct and Overlapping	
	Operating Millage	Total Direct Rate	State Debt Service	Operational	Water Reserve	Total County	Operational	Debt Service	Capital Imp	Total School District	Operational	Debt Service	Total College		
2016															
Residential	4.385%	4.385%	1.360%	6.029%	0.500%	6.529%	0.255%	10.764%	1.827%	12.846%	3.263%	0.600%	3.863%	28.983%	
Commercial	6.873%	6.873%	1.360%	8.000%	0.500%	8.500%	0.500%	10.764%	2.000%	13.264%	4.500%	0.600%	5.100%	35.097%	
2015															
Residential	4.444%	4.444%	1.360%	5.729%	0.500%	6.229%	0.258%	8.393%	1.849%	10.500%	3.113%	0.600%	3.713%	26.246%	
Commercial	6.868%	6.868%	1.360%	8.000%	0.500%	8.500%	0.500%	8.393%	2.000%	10.893%	4.500%	0.600%	5.100%	32.721%	
2014															
Residential	4.481%	4.481%	1.360%	5.731%	0.500%	6.231%	0.260%	6.676%	1.862%	8.798%	3.114%	0.600%	3.714%	24.584%	
Commercial	6.873%	6.873%	1.360%	8.000%	0.500%	8.500%	0.500%	6.676%	2.000%	9.176%	4.500%	0.600%	5.100%	31.009%	
2013															
Residential	4.571%	4.571%	1.360%	5.810%	0.500%	6.310%	0.263%	8.448%	1.886%	10.597%	3.154%	0.600%	3.754%	26.592%	
Commercial	6.873%	6.873%	1.360%	8.000%	0.500%	8.500%	0.500%	8.448%	2.000%	10.948%	4.500%	0.600%	5.100%	32.781%	
2012															
Residential	4.587%	4.587%	1.360%	5.826%	0.500%	6.326%	0.263%	6.517%	1.886%	8.666%	3.162%	0.420%	3.582%	24.521%	
Commercial	6.509%	6.509%	1.360%	8.000%	0.500%	8.500%	0.500%	6.517%	2.000%	9.017%	4.500%	0.420%	4.920%	30.306%	
2011															
Residential	4.555%	4.555%	1.362%	5.767%	0.500%	6.267%	2.131%	4.567%	1.870%	8.568%	3.133%	0.600%	3.733%	24.485%	
Commercial	5.941%	5.941%	1.362%	8.000%	0.500%	8.500%	0.500%	4.567%	2.000%	7.067%	4.500%	0.600%	5.100%	27.970%	
2010															
Residential	4.663%	4.663%	1.530%	5.925%	0.500%	6.425%	2.185%	4.640%	1.917%	8.742%	3.212%	0.600%	3.812%	25.172%	
Commercial	5.817%	5.817%	1.530%	8.000%	0.500%	8.500%	0.499%	4.640%	1.996%	7.135%	4.500%	0.600%	5.100%	28.082%	
2009															
Residential	4.570%	4.570%	1.150%	5.812%	0.500%	6.312%	2.133%	5.497%	1.871%	9.501%	3.156%	0.600%	3.756%	25.289%	
Commercial	5.873%	5.873%	1.150%	8.000%	0.500%	8.500%	0.500%	5.497%	2.000%	7.997%	4.500%	0.600%	5.100%	28.620%	
2008															
Residential	4.860%	4.860%	1.250%	6.567%		6.567%	2.280%	2.997%		5.277%	3.283%	0.600%	3.883%	21.837%	
Commercial		0.000%				0.000%				0.000%			0.000%	0.000%	
2007															
Residential	4.802%	4.802%	1.221%	6.451%		6.451%	2.276%	2.967%		5.243%	3.228%	0.600%	3.828%	21.545%	
Commercial		0.000%				0.000%				0.000%			0.000%	0.000%	
2006															
Residential	5.088%	5.088%	1.291%	0.674%		0.674%	2.287%	2.366%		4.653%	3.371%	0.600%	3.971%	15.677%	
Commercial		0.000%				0.000%				0.000%			0.000%	0.000%	
2005															
Residential	5.031%	5.031%	1.234%	6.627%		6.627%	2.281%	2.375%		4.656%	3.316%	0.600%	3.916%	21.464%	
Commercial		0.000%				0.000%				0.000%			0.000%	0.000%	

STATE OF NEW MEXICO  
CITY OF AZTEC  
SCHEDULE OF VENDOR INFORMATION for Purchases Exceeding \$60,000 (excluding GRT)  
For the Year Ended June 30, 2016  
Prepared by Agency Staff Name: Kathy Lamb, Director of Finance Date: 12/04/2016

Agency Number	Agency Name	Agency Type	RFB#/RFP# (if applicable)	Type of Procurement	Vendor Name	Did Vendor Win Contract?	\$ Amount of Awarded Contract	\$ Amount of Amended Contract	Physical address of vendor (City, State)	Did the Vendor provide documentation of eligibility for in-state preference?	Did the Vendor provide documentation of eligibility for veterans' preference?	Brief Description of the Scope of Work	If the procurement is attributable to a Component Unit, Name of Component Unit
6008	Aztec City of	Municipalities	2015-464	Competitive (RFP or RFB)	Blueline Construction, Inc.	Loser	\$0.00		Santa Fe, NM	Yes	No	Aztec Arterial Ph1B Sewerline Construction	
6008	Aztec City of	Municipalities	2015-464	Competitive (RFP or RFB)	Consolidated Constructors	Loser	\$0.00		Farmington, NM	Yes	No	Aztec Arterial Ph1B Sewerline Construction	
6008	Aztec City of	Municipalities	2015-464	Competitive (RFP or RFB)	Total Contracting Services, Inc.	Loser	\$0.00		Albuquerque, NM	Yes	No	Aztec Arterial Ph1B Sewerline Construction	
6008	Aztec City of	Municipalities	2015-464	Competitive (RFP or RFB)	TRC Construction, Inc.	Winner	\$222,580.00		Flora Vista, NM	Yes	No	Aztec Arterial Ph1B Sewerline Construction	
6008	Aztec City of	Municipalities	2016-516	Competitive (RFP or RFB)	D&H United Fueling Solutions Inc	Loser	\$0.00		Albuquerque, NM	Yes	No	Aviation Gas Fuel Facility - Equipment and Installation; Award FY2016, project completed FY2017	
6008	Aztec City of	Municipalities	2016-516	Competitive (RFP or RFB)	Eaton Sales & Service LLC	Winner	\$222,600.00		Albuquerque, NM	Yes	No	Aviation Gas Fuel Facility - Equipment and Installation; Award FY2016, project completed FY2017	
6008	Aztec City of	Municipalities	2016-516	Competitive (RFP or RFB)	PetroWest Inc	Loser	\$0.00		George, UT	No	No	Aviation Gas Fuel Facility - Equipment and Installation; Award FY2016, project completed FY2017	
6008	Aztec City of	Municipalities	2016-517	Competitive (RFP or RFB)	J&D Contracting Co., Inc.	Loser	\$0.00		Albuquerque, NM	Yes	No	Sewerline replacement - East Blanco	
6008	Aztec City of	Municipalities	2016-517	Competitive (RFP or RFB)	Maranatha Enterprises LLC	Loser	\$0.00		Albuquerque, NM	Yes	No	Sewerline replacement - East Blanco	
6008	Aztec City of	Municipalities	2016-517	Competitive (RFP or RFB)	TRC Construction Inc	Winner	\$71,628.00		Flora Vista, NM	Yes	No	Sewerline replacement - East Blanco	
6008	Aztec City of	Municipalities	2016-526	Competitive (RFP or RFB)	Oldcastle SW Group Inc	Winner	\$ 106,037		Farmington, NM	Yes	No	Road Reconstruction - South Church	
6008	Aztec City of	Municipalities	2016-529	Competitive (RFP or RFB)	DKG & Associates, Inc	Winner	\$ 162,226		Albuquerque, NM	Yes	No	Roof Replacement - Municipal Buildings	
6008	Aztec City of	Municipalities	2016-529	Competitive (RFP or RFB)	J3 Systems LLC	Loser	\$ -		Bosque Farms, NM	Yes	No	Roof Replacement - Municipal Buildings	
6008	Aztec City of	Municipalities	2016-529	Competitive (RFP or RFB)	National Roofing Company, Inc.	Loser	\$ -		Albuquerque, NM	Yes	No	Roof Replacement - Municipal Buildings	
6008	Aztec City of	Municipalities	2016-529	Competitive (RFP or RFB)	Whittle Inc dba TL Roofing	Loser	\$ -		Durango, CO	No	No	Roof Replacement - Municipal Buildings	
6008	Aztec City of	Municipalities	2016-534	Competitive (RFP or RFB)	Tamerrel Excavation Inc	Winner	\$ 99,584	\$ 101,584	Parachute, CO	No	No	Road Construction - N Main	

STATE OF NEW MEXICO  
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For the Year Ended June 30, 2016  
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Agency Number	Agency Name	Agency Type	RFB#/RFP# (if applicable)	Type of Procurement	Vendor Name	Did Vendor Win Contract?	\$ Amount of Awarded Contract	\$ Amount of Amended Contract	Physical address of vendor (City, State)	Did the Vendor provide documentation of eligibility for in-state preference?	Did the Vendor provide documentation of eligibility for veterans' preference?	Brief Description of the Scope of Work	If the procurement is attributable to a Component Unit, Name of Component Unit
6008	City of Aztec	Municipalities	2016-536	Competitive (RFP or RFB)	AECom Inc.	Winner	\$ 107,524		Albuquerque, NM	Yes	No	Drainage Study & Improvement Alternatives - Blanco Arroyo; Award FY2016, completed FY2017	
6008	City of Aztec	Municipalities	2016-536	Competitive (RFP or RFB)	JE Fuller/Hydrology & Geomorphology Inc	Loser	\$ -		Silver City, NM	Yes	No	Drainage Study & Improvement Alternatives - Blanco Arroyo; Award FY2016, completed FY2017	
6008	City of Aztec	Municipalities	2016-536	Competitive (RFP or RFB)	Larkin Group NM Inc	Loser	\$ -		Albuquerque, NM	Yes	No	Drainage Study & Improvement Alternatives - Blanco Arroyo; Award FY2016, completed FY2017	
6008	City of Aztec	Municipalities	2016-536	Competitive (RFP or RFB)	Souder, Miller & Associates	Loser	\$ -		Farmington, NM	Yes	No	Drainage Study & Improvement Alternatives - Blanco Arroyo; Award FY2016, completed FY2017	
6008	City of Aztec	Municipalities	2016-536	Competitive (RFP or RFB)	Wilson & Co	Loser	\$ -		Albuquerque, NM	Yes	No	Drainage Study & Improvement Alternatives - Blanco Arroyo; Award FY2016, completed FY2017	
6008	City of Aztec	Municipalities	2016-537	Competitive (RFP or RFB)	AECom Inc.	Winner	\$ 87,680	\$ 87,680	Albuquerque, NM	Yes	No	Kokopelli Subdivision and Hampton Arroyo Drainage Study & Improvement Alternatives	
6008	City of Aztec	Municipalities	2016-537	Competitive (RFP or RFB)	Souder, Miller & Associates	Loser	\$ -		Farmington, NM	Yes	No	Kokopelli Subdivision and Hampton Arroyo Drainage Study & Improvement Alternatives	
6008	City of Aztec	Municipalities	2016-537	Competitive (RFP or RFB)	Wilson & Co	Loser	\$ -		Albuquerque, NM	Yes	No	Kokopelli Subdivision and Hampton Arroyo Drainage Study & Improvement Alternatives	
6008	City of Aztec	Municipalities	2016-538	Competitive (RFP or RFB)	Caseco Truck Body	Loser	\$ -		Claremore, OK	No	No	Insultated Aerial Lift/Bucket Truck	

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CITY OF AZTEC  
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Agency Number	Agency Name	Agency Type	RFB#/RFP# (if applicable)	Type of Procurement	Vendor Name	Did Vendor Win Contract?	\$ Amount of Awarded Contract	\$ Amount of Amended Contract	Physical address of vendor (City, State)	Did the Vendor provide documentation of eligibility for in-state preference?	Did the Vendor provide documentation of eligibility for veterans' preference?	Brief Description of the Scope of Work	If the procurement is attributable to a Component Unit, Name of Component Unit
6008	Aztec City of	Municipalities	2016-538	Competitive (RFP or RFB)	Don Chalmers Ford	Loser	\$ -		Rio Rancho, NM	Yes	No	Insultated Aerial Lift/Bucket Truck	
6008	Aztec City of	Municipalities	2016-538	Competitive (RFP or RFB)	Dur-a-Lift , Inc.	Loser	\$ -		George, UT	No	No	Insultated Aerial Lift/Bucket Truck	
6008	Aztec City of	Municipalities	2016-538	Competitive (RFP or RFB)	MISCO Municipal & Industrial Supply Co	Winner	\$ 138,669		Milan, NM	Yes	No	Insultated Aerial Lift/Bucket Truck	
6008	Aztec City of	Municipalities	2016-546	Competitive (RFP or RFB)	KIMO Constructors Meridian Contracting	Winner	\$ 103,029	\$ 105,123	Bosque Farms, NM	Yes	No	Animas River Headgate Replacement	
6008	Aztec City of	Municipalities	2016-546	Competitive (RFP or RFB)	Inc	Loser	\$ -		Albuquerque, NM	Yes	No	Animas River Headgate Replacement	
6008	Aztec City of	Municipalities	2016-546	Competitive (RFP or RFB)	Strategic Construction Solutions Inc	Loser	\$ -		Mesa, AZ	No	No	Animas River Headgate Replacement	
6008	Aztec City of	Municipalities	2016-546	Competitive (RFP or RFB)	TRC Construction Inc	Loser	\$ -		Flora Vista, NM	Yes	No	Animas River Headgate Replacement	
6008	Aztec City of	Municipalities	2016-548	Competitive (RFP or RFB)	HO Construction	Winner	\$ 84,000		Albuquerque, NM	Yes	No	Lovers Lane Box Culvert Replacement	
6008	Aztec City of	Municipalities	2016-548	Competitive (RFP or RFB)	Carreon Construction LLC	Loser	\$ -		Rio Rancho, NM	Yes	No	Lovers Lane Box Culvert Replacement	
6008	Aztec City of	Municipalities	2016-548	Competitive (RFP or RFB)	Century Club Construction	Loser	\$ -		Albuquerque, NM	Yes	No	Lovers Lane Box Culvert Replacement	
6008	Aztec City of	Municipalities	2016-548	Competitive (RFP or RFB)	Halo Services Inc	Loser	\$ -		Bloomfield, NM	Yes	No	Lovers Lane Box Culvert Replacement	
6008	Aztec City of	Municipalities	2016-548	Competitive (RFP or RFB)	Hasse Contracting Co Inc	Loser	\$ -		Albuquerque, NM	Yes	No	Lovers Lane Box Culvert Replacement	
6008	Aztec City of	Municipalities	2016-548	Competitive (RFP or RFB)	KAVE Construction LLC	Loser	\$ -		Flora Vista, NM	Yes	No	Lovers Lane Box Culvert Replacement	
6008	Aztec City of	Municipalities	2016-548	Competitive (RFP or RFB)	KIMO Constructors Meridian Contracting	Loser	\$ -		Bosque Farms, NM	Yes	No	Lovers Lane Box Culvert Replacement	
6008	Aztec City of	Municipalities	2016-548	Competitive (RFP or RFB)	Inc	Loser	\$ -		Albuquerque, NM	Yes	No	Lovers Lane Box Culvert Replacement	
6008	Aztec City of	Municipalities	2016-548	Competitive (RFP or RFB)	Tamerrel Excavation Inc	Loser	\$ -		Parachute, CO	No	No	Lovers Lane Box Culvert Replacement	
6008	Aztec City of	Municipalities	2016-548	Competitive (RFP or RFB)	TRC Construction Inc	Loser	\$ -		Flora Vista, NM	Yes	No	Lovers Lane Box Culvert Replacement	
6008	Aztec City of	Municipalities	FS12-15 Code ( Exempt		SVI Trucks	Winner	\$ 202,900		Collins, CO	No	No	Fire Rescue Unit, ordered FY2016, delivered FY2017	
6008	Aztec City of	Municipalities	2014-406	Competitive (RFP or RFB)	Oldcastle SW Group Inc	Winner	\$ 3,806,884	\$ 3,875,937	Farmington, NM	Yes	No	East Aztec Arterial Phase 1B - Road Construction; Awarded in FY2016, Project began in FY2016, completed in FY2017	

STATE OF NEW MEXICO  
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Agency Number	Agency Name	Agency Type	RFB#/RFP# (if applicable)	Type of Procurement	Vendor Name	Did Vendor Win Contract?	\$ Amount of Awarded Contract	\$ Amount of Amended Contract	Physical address of vendor (City, State)	Did the Vendor provide documentation of eligibility for in-state preference?	Did the Vendor provide documentation of eligibility for veterans' preference?	Brief Description of the Scope of Work	If the procurement is attributable to a Component Unit, Name of Component Unit
6008	City of Aztec	Municipalities	2014-406	Competitive (RFP or RFB)	Crossfire LLC	Loser	\$ -		Durango, CO	No	No	East Aztec Arterial Phase 1B - Road Construction; Awarded in FY2016, Project began in FY2016, completed in FY2017	
6008	City of Aztec	Municipalities	2015-481	Competitive (RFP or RFB)	ACE Development	Winner	\$ 173,250		Aztec, NM	Yes	No	East Aztec Arterial Ph1B Material - Awarded FY2015; Project began in FY2016, completed in FY2017	
6008	City of Aztec	Municipalities	2015-481	Competitive (RFP or RFB)	Four Corners Mechanical	Loser	\$ -		Farmington, NM	Yes	No	East Aztec Arterial Ph1B Material - Awarded FY2015; Project began in FY2016, completed in FY2017	
6008	City of Aztec	Municipalities	FS12-15 Code HC06	Exempt	Petes Equipment	Winner	\$ 514,922		Albuquerque, NM	Yes	No	E-One RM Pumper Fire Truck, ordered FY2016, delivered FY2017	
6008	City of Aztec	Municipalities	2015-448	Competitive (RFP or RFB)	Airport Development Group	Loser	\$ -		Denver, CO	No	No	Municipal Airport Engineering Services, Master Agreement awarded FY2015 Airport Apron Design, Task Order 1, Contract approved FY2016, design complete FY2017	
6008	City of Aztec	Municipalities	2015-448	Competitive (RFP or RFB)	Armstrong Consultants	Loser	\$ -		Albuquerque, NM	Yes	No	Municipal Airport Engineering Services, Master Agreement awarded FY2015 Airport Apron Design, Task Order 1, Contract a	
6008	City of Aztec	Municipalities	2015-448	Competitive (RFP or RFB)	Delta Airport Consultants	Loser	\$ -		Albuquerque, NM	Yes	No	Municipal Airport Engineering Services, Master Agreement awarded FY2015 Airport Apron Design, Task Order 1, Contract a	

STATE OF NEW MEXICO  
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<i>Agency Number</i>	<i>Agency Name</i>	<i>Agency Type</i>	<i>RFB#/RFP# (if applicable)</i>	<i>Type of Procurement</i>	<i>Vendor Name</i>	<i>Did Vendor Win Contract?</i>	<i>\$ Amount of Awarded Contract</i>	<i>\$ Amount of Amended Contract</i>	<i>Physical address of vendor (City, State)</i>	<i>Did the Vendor provide documentation of eligibility for in-state preference?</i>	<i>Did the Vendor provide documentation of eligibility for veterans' preference?</i>	<i>Brief Description of the Scope of Work</i>	<i>If the procurement is attributable to a Component Unit, Name of Component Unit</i>
6008	City of Aztec	Municipalities	2015-448	Competitive (RFP or RFB)	WHPacific Inc	Winner	\$ 66,282	\$ 66,282	Albuquerque, NM	Yes	No	Municipal Airport Engineering Services, Master Agreement awarded FY2015	
6008	City of Aztec	Municipalities	13-14-20	Exempt	Western Refining	Winner	\$ 106,327		Tempe, AZ	No	No	Airport Apron Design, Task Order 1, Contract a Cardlock Facilities and Bulk Fuel Purchases	

## **OTHER DISCLOSURES**

**INDEPENDENT AUDITOR’S 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**

To the City Commission  
and Mr. Timothy Keller, New Mexico State Auditor  
City of Aztec

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds, of the City of Aztec (“the City”) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and the combining and individual funds and related budgetary comparisons of the City, presented as supplemental information, and have issued our report thereon dated December 9, 2016.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City’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 City’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control.

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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a 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. 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.

Our consideration of internal control was for the limited purpose described in the first 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.



### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from 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 instance on 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 questioned costs as item 2016-001.

### **The City's Responses to Findings**

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

### **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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The logo for Axiom, featuring the word "Axiom" in a blue, cursive script font.

Axiom CPAs and Business Advisors, LLC  
Albuquerque, New Mexico  
December 9, 2016

## **COMPLIANCE SECTION**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE**

To the City Commission  
and Mr. Timothy Keller, New Mexico State Auditor  
City of Aztec

**Report on Compliance for Each Major Federal Program**

We have audited the City of Aztec ("the City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have direct and material effect on the City's major federal program for the year ended June 30, 2016. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance of the City's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

**Opinion on Each of the Major Federal Programs**

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

## Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

The logo for Axiom, featuring the word "Axiom" in a blue, cursive script font.

Axiom CPAs and Business Advisors, LLC  
Albuquerque, New Mexico  
December 9, 2016

STATE OF NEW MEXICO  
 CITY OF AZTEC  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the year ended June 30, 2016

<u>Federal Agency / Pass-Through Agency</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Expenditures</u>
<b>U.S. Department of Transportation</b>				
Pass-Through Programs From:				
New Mexico Department of Transportation				
Small Urban Areas	20.205		\$ -	<u>1,759,166</u>
<b>U.S. Department of Justice</b>				
Bullet Proof Vest Program	16.607		-	<u>750</u>
<b>Total Federal Expenditures</b>			<u>\$ -</u>	<u>1,759,916</u>

**STATE OF NEW MEXICO  
CITY OF AZTEC  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2016**

**NOTE 1 - BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes federal grant activity of the City of Aztec ("City") under programs of the federal government for the year ended June 30, 2016. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principals, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principals contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The City has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE 3 - NON-CASH ASSISTANCE**

The City did not receive any federal non-cash assistance during the year ended June 30, 2016.

**NOTE 4 - SUBRECIPIENTS**

Of the federal expenditures presented in the Schedule, the City did not provide federal awards to sub-recipients.

**NOTE 5 - RECONCILIATION TO FINANCIAL STATEMENTS**

Federal Revenues and Contracts - Governmental Funds:	\$	1,759,916
Total Federal Revenues:		<u>1,759,916</u>
Expenditures per SEFA Schedule:		<u>1,759,916</u>
Difference:	\$	<u><u>-</u></u>

**STATE OF NEW MEXICO  
CITY OF AZTEC  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2016**

**A. SUMMARY OF AUDITORS' RESULTS**

***Financial Statements***

Type of auditors' report issued Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ Yes \_\_\_\_\_ X No
- Significant deficiency identified that are not considered to be material weakness(es)? \_\_\_\_\_ Yes \_\_\_\_\_ X None Reported

Non-compliance material to financial statements noted? \_\_\_\_\_ Yes \_\_\_\_\_ X No

***Federal Awards***

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ Yes \_\_\_\_\_ X No
- Significant deficiency identified that are not considered to be material weakness(es) \_\_\_\_\_ Yes \_\_\_\_\_ X None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of the Uniform Guidance? \_\_\_\_\_ Yes \_\_\_\_\_ X No

Identification of Major Program

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
20.205	Small Urban Areas

Dollar threshold used to distinguish between type A and type B programs \$ 750,000

Auditee qualified as low-risk auditee? \_\_\_\_\_ Yes \_\_\_\_\_ X No

**STATE OF NEW MEXICO  
CITY OF AZTEC  
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)  
Year Ended June 30, 2016**

**B. FINANCIAL STATEMENT FINDINGS**

No financial statement findings were identified.

**C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No federal award findings were identified.

**D. COMMENTS INCLUDED IN ACCORDANCE WITH NEW MEXICO STATE AUDITOR  
RULE**

**2016-001 Unallowable Use of Utility Revenue (Noncompliance and Other Matters)**

CONDITION: During our testing of transfers it was noted we noted that a transfer totaling \$35,000 was made from the Joint Utility Fund to the Golf Course Fund. All transfers from municipal utility funds are required to be made to the General Fund.

CRITERIA: Section 3-23-4 NMSA 1978, *Municipal Utility Use of Revenue*, authorizes revenues derived from municipally owned and operated public utilities to be transferred to the city's general fund when all the conditions included this section have been met.

EFFECT: Transfers to the Joint Utility fund were inappropriately performed.

CAUSE: The City Commission requested a transfer from the Joint Utility Fund as a means to address the Golf Course deficit fund balance. In the prior year, the City reported a deficit net position of \$19,747 in the Golf Course enterprise fund. The City attempted to address the deficit and believed the transfer was the appropriate solution. The City was unaware that transfers from the Joint Utility Fund have to be made to the General Fund.

MANAGEMENT'S RESPONSE: In January 2017, the Finance Director will record a journal entry to establish a Due to Joint Utility Fund in the Golf Course Fund in the amount of \$35,000 and a corresponding Due from Golf Course Fund in the Joint Utility Fund.

In April 2017, the Finance Director will present a Special Budget Resolution to the City Commission to transfer \$35,000 from the General Fund to the Golf Course Fund which will provide sufficient funds for the Golf Course Fund to repay the Joint Utility Fund.



**STATE OF NEW MEXICO  
CITY OF AZTEC  
STATUS OF PRIOR YEAR FINDINGS  
Year Ended June 30, 2016**

**STATUS OF PRIOR YEAR FINDINGS**

<u>Description</u>	<u>Status</u>
2014-001 Segregation of Duties in IT Access Controls and Payroll and Cash Disbursement Control Cycles	Resolved

**STATE OF NEW MEXICO  
CITY OF AZTEC EXIT CONFERENCE  
Year Ended June 30, 2016**

The contents of this report were discussed in the exit conference held on December 13, 2016, with the following in attendance:

**Representing the City of Aztec:**

Sally Burbridge	Mayor
Joshua Ray	City Manager
Kathy Lamb	Finance Director

**Representing Axiom:**

Chris Garner, CPA	Partner
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The financial statements were prepared with the assistance of Axiom Certified Public Accountants & Business Advisors, LLC from the books and records of the City of Aztec.