

Annual Financial Report

2021



City of Aztec
Year Ended June 30, 2021



**State of New Mexico
City of Aztec**

**Financial Statements and
Supplementary Information**

For the Year Ended June 30, 2021

THIS PAGE INTENTIONALLY LEFT BLANK

Introductory Section

State of New Mexico
City of Aztec
Table of Contents
June 30, 2021

INTRODUCTORY SECTION

Table of Contents	4-6
Official Roster	7

FINANCIAL SECTION

Independent Auditors' Report	10-12
------------------------------	-------

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements	
Statement of Net Position	14-15
Statement of Activities	16-17
Fund Financial Statements	
Balance Sheet - Governmental Funds	18-19
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	21
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	22-23
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	25
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Budgetary Basis) and Actual	
General Fund	26
Intergovernmental Grants Fund	27
Statement of Net Position - Proprietary Funds	28-29
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	31
Statement of Cash Flows - Proprietary Funds	32-33
Statement of Fiduciary Net Position - Fiduciary Funds	34
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	35
Notes to the Financial Statements	36-81

REQUIRED SUPPLEMENTARY INFORMATION

GASB Required Pension Schedules - Public Employees Retirement Association (PERA) Plan:	
Schedule of Proportionate Share of the Net Pension Liability - PERA	84-85
Schedule of Contributions - PERA	86-87

**State of New Mexico
City of Aztec
Table of Contents
June 30, 2021**

REQUIRED SUPPLEMENTARY INFORMATION (Continued)

GASB Required Other Post-Employment Benefit Schedules - New Mexico Retiree Health

Care Authority (NMRHCA) Plan	
Schedule of Proportionate Share of the Net OPEB Liability	88-89
Schedule of Contributions	90-91
Notes to Required Supplementary Information	92

SUPPLEMENTARY INFORMATION

Combining Financial Statements:

Nonmajor Governmental Fund Descriptions	95
Combining Balance Sheet - Nonmajor Governmental Funds	96-99
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	100-103

SUPPORTING SCHEDULES

Schedule of Deposit and Investment Accounts	106-107
Schedule of Collateral Pledged by Depository for Public Funds	109
Schedule of Special, Deficiency, Specific and Capital Outlay Appropriations	110-111
Schedule of Joint Powers Agreements	112-113

STATISTICAL SECTION

Net Position by Component	114-115
Changes in Net Position	116-119
Fund Balances, Governmental Funds	120-121
Changes in Fund Balances, Governmental Funds	122-123
Electric Kilowatt Sales and Revenue	124-125
Electric Rates by Customer Type	127
Electric Principal Revenue Payers	128-129
Tax Revenues by Source, Governmental Funds	131
Taxable Gross Receipts by Industry	132-133
Direct and Overlapping Gross Receipts Tax Rates	135
Taxable Gross Receipts Payers by Industry	136-137
Assessed Value and Estimated Actual Value of Taxable Property	138-139
Property Tax Rates - Direct and Overlapping Governments	140-141

**State of New Mexico
City of Aztec
Table of Contents
June 30, 2021**

STATISTICAL SECTION (Continued)

Principal Property Tax Payers 142-143

COMPLIANCE SECTION

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	146-147
Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance	148-149
Schedule of Expenditures of Federal Awards	150-151
Notes to Schedule of Expenditures of Federal Awards	153
Schedule of Findings and Questioned Costs	154-157
Other Disclosures	158

**State of New Mexico
City of Aztec
Official Roster
June 30, 2021**

<u>Name</u>	<u>Title</u>
City Commission	
Victor C. Snover	Mayor
Rosalyn A. Fry	Mayor Pro-tem
Austin R. Randall	Commissioner
Michael A. Padilla, Sr.	Commissioner
Mark E. Lewis	Commissioner
Carlton P. Gray	Municipal Judge
Administration	
Paul Eckert	City Manager
Karla Sayler	City Clerk & Personnel Administrator
Anthony Bolling	Finance Director

THIS PAGE INTENTIONALLY LEFT BLANK

Financial Section

INDEPENDENT AUDITORS' REPORT

Brian S. Colón, Esq.
New Mexico State Auditor
The City Commission
City of Aztec
Aztec, New Mexico

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison for the general and intergovernmental grants funds of the City of Aztec, New Mexico (the "City"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements 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.

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison for the general and intergovernmental grants funds of the City, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As described in Note 2 to the financial statements, the prior year statements have been restated in the amount of \$7,593 in the fiduciary funds related to the implementation of GASB Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Management has omitted the *management's discussion and analysis* that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the GASB required pension schedules on pages 82 through 85, the GASB required other post-employment benefit schedules on pages 86 through 89, and the notes to the required supplementary information on page 90 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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

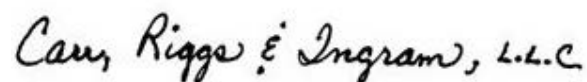
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining nonmajor fund financial statements, the supporting schedules, as listed in the table of contents, statistical section, the schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and other disclosures are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements, the supporting schedules, as listed in the table of contents, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements, the supporting schedules, as listed in the table of contents, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory section, statistical section and other disclosures have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 21, 2022, 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 solely 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 effectiveness of the City's 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.



Carr, Riggs & Ingram, LLC
Albuquerque, New Mexico
January 21, 2022

Basic Financial Statements

State of New Mexico
City of Aztec
Statement of Net Position

June 30, 2021	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 6,368,507	\$ 5,023,318	\$ 11,391,825
Investments	2,548,995	12,827,935	15,376,930
Receivables			
Taxes	1,705,073	14,478	1,719,551
Utility receivables, net	-	1,077,720	1,077,720
Intergovernmental	247,176	-	247,176
Interest	-	3,433	3,433
Other	31,208	23,657	54,865
Inventory	-	1,687,235	1,687,235
Prepaid expenses	11,537	441,535	453,072
Internal balances	(135,000)	135,000	-
Total current assets	10,777,496	21,234,311	32,011,807
Noncurrent assets			
Investment	-	76,882	76,882
Restricted cash and cash equivalents	219,778	-	219,778
Restricted investments	322,132	-	322,132
Capital assets, not being depreciated	1,349,209	1,251,840	2,601,049
Capital assets, being depreciated	43,862,325	54,498,439	98,360,764
Less accumulated depreciation	(24,684,337)	(28,547,697)	(53,232,034)
Total noncurrent assets	21,069,107	27,279,464	48,348,571
Total assets	31,846,603	48,513,775	80,360,378
Deferred outflows of resources			
Deferred outflows related to net pension liability	2,111,477	698,830	2,810,307
Deferred outflows related to net OPEB liability	636,622	275,774	912,396
Total deferred outflows of resources	2,748,099	974,604	3,722,703
Total assets and deferred outflows of resources	\$ 34,594,702	\$ 49,488,379	\$ 84,083,081

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

June 30, 2021	Primary Government		
	Governmental Activities	Business-type Activities	Total
Liabilities			
Current liabilities			
Accounts payable	\$ 154,303	\$ 504,330	\$ 658,633
Accrued payroll	224,435	108,171	332,606
Other accrued liabilities	47	102,314	102,361
Customer deposits payable	4,105	478,214	482,319
Unearned revenue	2,740	-	2,740
Accrued interest	-	18,129	18,129
Long-term liabilities, current	549,608	453,602	1,003,210
Total current liabilities	935,238	1,664,760	2,599,998
Noncurrent liabilities			
Long-term liabilities, net of current portion	2,551,469	4,965,262	7,516,731
Net pension liability	6,710,386	2,917,645	9,628,031
Net other post-employment benefit liability	2,738,727	1,010,058	3,748,785
Total noncurrent liabilities	12,000,582	8,892,965	20,893,547
Total liabilities	12,935,820	10,557,725	23,493,545
Deferred inflows of resources			
Deferred inflows related to net pension liability	256,272	80,803	337,075
Deferred inflows related to net OPEB liability	1,175,796	460,999	1,636,795
Total deferred inflows of resources	1,432,068	541,802	1,973,870
Net position			
Net investment in capital assets	17,990,190	21,967,837	39,958,027
Restricted for			
Debt service	317,616	496,156	813,772
Capital projects	1,169,944	-	1,169,944
Special revenue	3,186,934	-	3,186,934
Repair and replacement	-	442,000	442,000
Unrestricted (deficit)	(2,437,870)	15,482,859	13,044,989
Total net position	20,226,814	38,388,852	58,615,666
Total liabilities, deferred inflows of resources and net position	\$ 34,594,702	\$ 49,488,379	\$ 84,083,081

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

**State of New Mexico
City of Aztec
Statement of Activities**

For the Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 2,661,448	\$ 963,607	\$ 1,046,281	\$ -
Public safety	1,996,972	367,353	268,629	-
Public works	1,278,109	60,718	164,186	148,305
Culture and recreation	1,512,075	4,882	193,204	-
Health and welfare	1,055,342	457,639	118,990	-
Interest on long-term debt	128,980	-	-	-
Total governmental activities	8,632,926	1,854,199	1,791,290	148,305
Business-type Activities				
Joint Utility-Water	2,160,628	2,019,657	-	-
Joint Utility-Wastewater	2,107,776	1,646,280	-	-
Joint Utility-Electricity	4,445,627	5,253,510	-	-
Solid Waste	1,062,365	1,101,497	-	-
Irrigation Assessment	9,108	-	-	-
Total business-type activities	9,785,504	10,020,944	-	-
Total primary government	\$ 18,418,430	\$ 11,875,143	\$ 1,791,290	\$ 148,305

General revenues, transfers and special item

Taxes

Property taxes, levied for general purposes

Gross receipts taxes

Gasoline and motor vehicle taxes

Other taxes

Payment in lieu of tax

Investment income

Miscellaneous

Gain on disposition of assets

Internal balance transfers

Total general revenues, transfers and special item

Change in net position

Net position, beginning

Net position, ending

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

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (651,560)	\$ -	\$ (651,560)
(1,360,990)	-	(1,360,990)
(904,900)	-	(904,900)
(1,313,989)	-	(1,313,989)
(478,713)	-	(478,713)
(128,980)	-	(128,980)
(4,839,132)	-	(4,839,132)
-	(140,971)	(140,971)
-	(461,496)	(461,496)
-	807,883	807,883
-	39,132	39,132
-	(9,108)	(9,108)
-	235,440	235,440
(4,839,132)	235,440	(4,603,692)
704,786	-	704,786
4,255,580	79,487	4,335,067
305,914	-	305,914
112,302	-	112,302
441,354	-	441,354
28,578	53,443	82,021
102,390	49,266	151,656
1,567	-	1,567
(16,691)	16,691	-
5,935,780	198,887	6,134,667
1,096,648	434,327	1,530,975
19,130,166	37,954,525	57,084,691
\$ 20,226,814	\$ 38,388,852	\$ 58,615,666

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

**State of New Mexico
City of Aztec
Balance Sheet
Governmental Funds**

June 30, 2021	General Fund	Intergovernmental Grants Fund	Nonmajor Governmental Funds
Assets			
Cash and cash equivalents	\$ 3,774,019	\$ 15,546	\$ 2,798,720
Investments	1,420,127	19,244	1,431,756
Receivables			
Taxes	1,460,574	-	-
Intergovernmental	10,907	31,154	216,022
Other	260,097	-	4,703
Prepaid expenses	-	-	11,537
Due from other funds	-	418	-
Total assets	\$ 6,925,724	\$ 66,362	\$ 4,462,738
Liabilities, deferred inflows of resources, and fund balances			
Liabilities			
Accounts payable	\$ 118,505	\$ 416	\$ 35,382
Accrued payroll	222,328	2,107	-
Other accrued liabilities	47	-	-
Customer deposits	4,105	-	-
Unearned revenue	940	-	1,800
Due to other funds	135,418	-	-
Total liabilities	481,343	2,523	37,182
Deferred inflows of resources			
Unavailable revenue - property taxes	779,880	-	-
Total deferred inflows of resources	779,880	-	-
Fund balances			
Nonspendable	-	-	11,537
Spendable			
Restricted	-	63,839	4,291,937
Committed	2,461,799	-	122,082
Unassigned (deficit)	3,202,702	-	-
Total fund balances	5,664,501	63,839	4,425,556
Total liabilities, deferred inflows of resources, and fund balances	\$ 6,925,724	\$ 66,362	\$ 4,462,738

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

**Total
Governmental
Funds**

\$ 6,588,285
2,871,127

1,460,574
258,083
264,800
11,537
418

\$ 11,454,824

\$ 154,303
224,435
47
4,105
2,740
135,418

521,048

779,880

779,880

11,537

4,355,776
2,583,881
3,202,702

10,153,896

\$ 11,454,824

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

THIS PAGE INTENTIONALLY LEFT BLANK

State of New Mexico
City of Aztec
Reconciliation of the Governmental Funds Balance Sheet to
the Statement of Net Position

June 30, 2021

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

Fund balances - total governmental funds	\$	10,153,896
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		20,527,197
Delinquent property taxes not collected within sixty days after year end are considered "available" revenues and are considered to be unavailable revenue in the fund financial statements, but are considered revenue in the statement of activities		779,880
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and therefore, are not reported in funds		
Deferred outflows of resources - related to net pension liability		2,111,477
Deferred outflows of resources - related to net OPEB liability		636,622
Deferred inflows of resources - related to net pension liability		(256,272)
Deferred inflows of resources - related to net OPEB liability		(1,175,796)
Some liabilities, including notes payable, accrued compensated absences, net pension liability and net OPEB liability are not due and payable in the current period and, therefore, are not reported in the funds		
Accrued compensated absences		(564,070)
Notes payable		(2,537,007)
Net pension liability		(6,710,386)
Net OPEB liability		(2,738,727)
Total net position of governmental activities	\$	20,226,814

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

State of New Mexico
City of Aztec
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds

For the Year Ended June 30, 2021	General Fund	Intergovernmental Fund	Nonmajor Governmental Funds
Revenues			
Taxes			
Property	\$ 704,786	\$ -	\$ -
Gross receipts	3,619,718	-	635,862
Gasoline and motor vehicle	36,923	-	268,991
Other	81,103	-	31,199
Payment in lieu of tax	441,354	-	-
Intergovernmental			
Federal operating grants	-	882,547	164,186
Federal capital grants	-	-	12,837
State operating grants	224,976	75,246	261,511
State capital grants	-	135,468	-
Local grants	159,000	23,824	-
Charges for services	976,982	18,100	56,761
Licences and fees	757,366	-	44,990
Investment income	13,398	48	15,132
Miscellaneous	102,374	-	16
Total revenues	7,117,980	1,135,233	1,491,485
Expenditures			
Current			
General government	2,090,780	662,101	11,775
Public safety	1,874,605	-	163,979
Public works	328,712	-	273,253
Culture and recreation	700,353	163,860	31,942
Health and welfare	942,780	129,253	-
Capital outlay	12,845	135,468	194,055
Debt service			
Principal	1,831	-	187,409
Interest	-	-	126,670
Total expenditures	5,951,906	1,090,682	989,083
Excess (deficiency) of revenues over expenditures	1,166,074	44,551	502,402
Other financing sources (uses)			
Proceeds from sale of capital assets	1,567	-	-
Transfers in	18,324	6,961	-
Transfers (out)	(6,961)	(35,015)	-
Total other financing sources (uses)	12,930	(28,054)	-
Net change in fund balance	1,179,004	16,497	502,402
Fund balance - beginning of year	4,485,497	47,342	3,923,154
Fund balance - end of year	\$ 5,664,501	\$ 63,839	\$ 4,425,556

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

**Total
Governmental
Funds**

\$ 704,786
4,255,580
305,914
112,302
441,354

1,046,733
12,837
561,733
135,468
182,824
1,051,843
802,356
28,578
102,390

9,744,698

2,764,656
2,038,584
601,965
896,155
1,072,033
342,368

189,240
126,670

8,031,671

1,713,027

1,567
25,285
(41,976)

(15,124)

1,697,903
8,455,993

\$ 10,153,896

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

THIS PAGE INTENTIONALLY LEFT BLANK

State of New Mexico
City of Aztec
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities

For the Year Ended June 30, 2021

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

Net change in fund balances - total governmental funds	\$ 1,697,903
--	--------------

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.

Capital expenditures recorded in capital outlay	457,017
Depreciation expense	(1,677,666)

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

City pension contributions	330,978
Pension expense	(123,521)
City OPEB contributions	62,373
OPEB benefit	152,508

The expenses reported in the statement of activities that do not involve the receipt and use of current financial resources and; therefore, are not reported as other financing sources or expenditures in the governmental funds.

Decreases in accrued compensated absences	11,957
Principal payments on loans payable	185,099

Change in net position of governmental activities	\$ 1,096,648
---	--------------

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

State of New Mexico
City of Aztec
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Budgetary Basis) and Actual - General Fund

For the Year Ended June 30, 2021	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues				
Taxes				
Property	\$ 690,919	\$ 690,919	\$ 704,786	\$ 13,867
Gross receipts	2,441,172	2,481,172	3,619,718	1,138,546
Gasoline and motor vehicle	30,000	30,000	36,923	6,923
Other	94,100	94,100	81,103	(12,997)
Payment in lieu of tax	424,842	424,842	441,354	16,512
Intergovernmental				
State operating grants	111,400	91,500	224,976	133,476
Local grants	-	59,000	159,000	100,000
Charges for services	976,909	976,909	976,982	73
Licenses and fees	697,998	697,998	757,366	59,368
Investment income	35,000	35,000	13,398	(21,602)
Miscellaneous	60,100	60,100	102,374	42,274
Total revenues	5,562,440	5,641,540	7,117,980	1,476,440
Expenditures				
Current				
General government	2,792,627	2,881,573	2,090,780	790,793
Public safety	2,036,692	2,140,405	1,874,605	265,800
Public works	701,371	701,371	328,712	372,659
Culture and recreation	942,237	942,237	700,353	241,884
Health and welfare	1,125,968	1,178,197	942,780	235,417
Capital outlay	104,000	128,845	12,845	116,000
Debt Service				
Principal	3,515	3,515	1,831	1,684
Total expenditures	7,706,410	7,976,143	5,951,906	2,024,237
Excess (deficiency) of revenues over expenditures	(2,143,970)	(2,334,603)	1,166,074	3,500,677
Other financing sources (uses)				
Required fund balance (budgeted increase)	2,143,970	2,334,603	-	(2,334,603)
Proceeds from sale of capital assets	-	-	1,567	1,567
Transfers in	-	-	18,324	18,324
Transfers (out)	-	-	(6,961)	(6,961)
Total other financing sources (uses)	2,143,970	2,334,603	12,930	(2,321,673)
Net change in fund balance	-	-	1,179,004	1,179,004
Fund balance - beginning of year	-	-	4,485,497	4,485,497
Fund balance - end of year	\$ -	\$ -	\$ 5,664,501	\$ 5,664,501

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

State of New Mexico
City of Aztec
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Budgetary Basis) and Actual - Intergovernmental Grants Fund

For the Year Ended June 30, 2021	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues				
Intergovernmental				
Federal operating grants	152,142	1,569,345	882,547	(686,798)
State operating grants	71,728	207,357	75,246	(132,111)
State capital grants	102,109	155,909	135,468	(20,441)
Local grants	-	6,500	23,824	17,324
Charges for services	25,000	20,000	18,100	(1,900)
Investment income	500	500	48	(452)
Total revenues	351,479	1,959,611	1,135,233	(824,378)
Expenditures				
Current				
General government	-	1,151,305	662,101	489,204
Culture and recreation	71,728	484,223	163,860	320,363
Health and welfare	176,142	210,555	129,253	81,302
Capital outlay	102,109	155,909	135,468	20,441
Total expenditures	349,979	2,001,992	1,090,682	911,310
Excess (deficiency) of revenues over expenditures	1,500	(42,381)	44,551	86,932
Other financing sources (uses)				
Required fund balance (budgeted increase)	(1,500)	42,381	-	(42,381)
Transfers in	-	-	6,961	6,961
Transfers (out)	-	-	(35,015)	(35,015)
Total other financing sources (uses)	(1,500)	42,381	(28,054)	(70,435)
Net change in fund balance	-	-	16,497	16,497
Fund balance - beginning of year	-	-	47,342	47,342
Fund balance - end of year	\$ -	\$ -	\$ 63,839	\$ 63,839

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

State of New Mexico
City of Aztec
Statement of Net Position
Proprietary Funds

June 30, 2021	Enterprise Funds			
	Joint Utility	Solid Waste	Nonmajor Enterprise Fund (Irrigation Assessment)	Total Enterprise Funds
Assets				
Current assets				
Cash and cash equivalents	\$ 4,841,841	\$ 111,498	\$ 69,979	\$ 5,023,318
Investments	12,758,864	42,437	26,634	12,827,935
Receivables				
Taxes	14,478	-	-	14,478
Utility receivables, net	997,966	79,754	-	1,077,720
Interest	3,433	-	-	3,433
Other	23,657	-	-	23,657
Inventory	1,687,235	-	-	1,687,235
Prepaid expenses	441,535	-	-	441,535
Due from other funds	135,000	-	-	135,000
Total current assets	20,904,009	233,689	96,613	21,234,311
Noncurrent assets				
Investments	76,882	-	-	76,882
Capital assets, not being depreciated	1,251,840	-	-	1,251,840
Capital assets, being depreciated	54,244,007	50,407	204,025	54,498,439
Less accumulated depreciation	(28,369,080)	(50,407)	(128,210)	(28,547,697)
Total noncurrent assets	27,203,649	-	75,815	27,279,464
Total assets	48,107,658	233,689	172,428	48,513,775
Deferred outflows of resources				
Deferred outflow related to net pension liability	698,830	-	-	698,830
Deferred outflow related to net OPEB liability	275,774	-	-	275,774
Total deferred outflows of resources	974,604	-	-	974,604
Total assets and deferred outflows of resources	\$ 49,082,262	\$ 233,689	\$ 172,428	\$ 49,488,379

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

June 30, 2021	Enterprise Funds			
	Joint Utility	Solid Waste	Nonmajor Enterprise Fund (Irrigation Assessment)	Total Enterprise Funds
Liabilities				
Current liabilities				
Accounts payable	\$ 416,264	\$ 88,066	\$ -	\$ 504,330
Accrued payroll	108,171	-	-	108,171
Other accrued liabilities	97,273	5,041	-	102,314
Customer deposits payable	478,203	11	-	478,214
Accrued interest	18,129	-	-	18,129
Long-term liabilities, current	453,602	-	-	453,602
Total current liabilities	1,571,642	93,118	-	1,664,760
Noncurrent liabilities				
Long-term liabilities, net of current portion	4,965,262	-	-	4,965,262
Net pension liability	2,917,645	-	-	2,917,645
Net OPEB liability	1,010,058	-	-	1,010,058
Total noncurrent liabilities	8,892,965	-	-	8,892,965
Total liabilities	10,464,607	93,118	-	10,557,725
Deferred inflows of resources				
Deferred inflows related to net pension liability	80,803	-	-	80,803
Deferred inflows related to net OPEB liability	460,999	-	-	460,999
Total deferred inflows of resources	541,802	-	-	541,802
Net position				
Net investment in capital assets	21,892,022	-	75,815	21,967,837
Restricted				
Debt service	496,156	-	-	496,156
Repair and replacement	442,000	-	-	442,000
Unrestricted	15,245,675	140,571	96,613	15,482,859
Total net position	38,075,853	140,571	172,428	38,388,852
Total liabilities, deferred inflows of resources, and net position	\$ 49,082,262	\$ 233,689	\$ 172,428	\$ 49,488,379

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

THIS PAGE INTENTIONALLY LEFT BLANK

State of New Mexico
City of Aztec
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds

For the Year Ended June 30, 2021	Enterprise Funds			
	Joint Utility	Solid Waste	Nonmajor Enterprise Fund (Irrigation Assessment)	Total Enterprise Funds
Operating revenues				
Charges for services	\$ 8,919,447	\$ 1,101,497	\$ -	\$ 10,020,944
Total operating revenues	8,919,447	1,101,497	-	10,020,944
Operating expenses				
Personnel services	1,234,263	-	-	1,234,263
Utilities	1,482,224	-	-	1,482,224
Contractual Services	56,196	1,053,285	-	1,109,481
Supplies and purchased power	2,383,728	-	1,837	2,385,565
Other costs	1,360,914	9,080	-	1,369,994
Miscellaneous	185,680	-	-	185,680
Depreciation expense	1,918,819	-	7,271	1,926,090
Insurance expense	25,112	-	-	25,112
Total operating expenses	8,646,936	1,062,365	9,108	9,718,409
Operating income (loss)	272,511	39,132	(9,108)	302,535
Non-operating revenues (expenses)				
Gross receipts taxes	79,487	-	-	79,487
Interest expense	(67,095)	-	-	(67,095)
Investment income	52,725	401	317	53,443
Miscellaneous income	48,831	435	-	49,266
Total non-operating revenues (expenses)	113,948	836	317	115,101
Income (loss) before contributions and transfers	386,459	39,968	(8,791)	417,636
Transfers in	16,691	-	-	16,691
Change in net position	403,150	39,968	(8,791)	434,327
Net position, beginning	37,672,703	100,603	181,219	37,954,525
Net position, ending	\$ 38,075,853	\$ 140,571	\$ 172,428	\$ 38,388,852

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

State of New Mexico
City of Aztec
Statement of Cash Flows
Proprietary Funds

	Enterprise Funds			
	Joint Utility	Solid Waste	Nonmajor Enterprise Fund (Irrigation Assessment)	Total Enterprise Funds
For the Year Ended June 30, 2021				
Cash flows from operating activities				
Cash received from user charges and others	\$ 9,043,398	\$ 1,107,039	\$ -	\$ 10,150,437
Cash payments to employees for services	(1,386,145)	-	-	(1,386,145)
Cash payments to suppliers for goods and services	(4,881,819)	(1,057,874)	(1,837)	(5,941,530)
Net cash provided (used) by operating activities	2,775,434	49,165	(1,837)	2,822,762
Cash flows from noncapital financing activities				
Gross receipts taxes	79,487	-	-	79,487
Miscellaneous income	61,119	435	-	61,554
Transfers and interfund activity	16,691	-	-	16,691
Net cash provided by noncapital financing activities	157,297	435	-	157,732
Cash flows from investing activities				
(Purchase) sale of investments	1,222,504	28,661	40,497	1,291,662
Investment income	52,725	401	317	53,443
Net cash provided by investing activities	1,275,229	29,062	40,814	1,345,105
Cash flows from capital and related financing activities				
Acquisition of capital assets	(773,139)	-	-	(773,139)
Interest paid	(67,095)	-	-	(67,095)
Principal payments on bonds, loans, and notes payable	(356,492)	-	-	(356,492)
Net cash (used) by capital and related financing activities	(1,196,726)	-	-	(1,196,726)
Net increase in cash and cash equivalents	3,011,234	78,662	38,977	3,128,873
Cash and cash equivalents - beginning of year	1,830,607	32,836	31,002	1,894,445
Cash and cash equivalents - end of year	\$ 4,841,841	\$ 111,498	\$ 69,979	\$ 5,023,318

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

	Enterprise Funds			
	Joint Utility	Solid Waste	Nonmajor Enterprise Fund (Irrigation Assessment)	Total Enterprise Funds
For the Year Ended June 30, 2021				
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income (loss)	\$ 272,511	\$ 39,132	\$ (9,108)	\$ 302,535
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation	1,918,819	-	7,271	1,926,090
Noncash pension expense (benefit)	(86,940)	-	-	(86,940)
Noncash OPEB expense (benefit)	(94,444)	-	-	(94,444)
Changes in assets, liabilities and deferred outflows of resources				
Utilities receivables, net	113,645	5,542	-	119,187
Inventory	24,838	-	-	24,838
Prepaid expenses	473,402	-	-	473,402
Deferred outflows - subsequent contributions - pension	1,342	-	-	1,342
Deferred outflows - subsequent contributions - OPEB	664	-	-	664
Accounts payable	58,690	4,012	-	62,702
Accrued payroll	10,951	-	-	10,951
Accrued compensated absences	16,545	-	-	16,545
Other accrued liabilities	55,105	479	-	55,584
Meter deposits payable	10,306	-	-	10,306
Net cash provided (used) by operating activities	\$ 2,775,434	\$ 49,165	\$ (1,837)	\$ 2,822,762

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

**State of New Mexico
City of Aztec
Statement of Fiduciary Net Position
Fiduciary Funds**

June 30, 2021	Custodial Fund
Assets	
Cash and cash equivalents	\$ 12,236
Total assets	\$ 12,236
Net position	
Restricted for Employee Association	\$ 12,236
Total net position	12,236
Total liabilities and net position	\$ 12,236

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

State of New Mexico
City of Aztec
Statement of Changes in Fiduciary Net Position
Fiduciary Funds

For the Year Ended June 30, 2021	Custodial Fund
Additions	
Contribution revenue	\$ 4,082
Donation revenue	6,944
Total additions	11,026
Deductions	
Food and beverage	5,370
Miscellaneous parties	758
Floral arrangements	255
Total deductions	6,383
Net (decrease) in fiduciary net position	4,643
Net position - beginning of year, as originally stated	-
Net position - restatement (note 2)	7,593
Net position - beginning of year, as restated	7,593
Net position - end of year	\$ 12,236

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

State of New Mexico
City of Aztec
Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Aztec (the "City"), which was incorporated in 1905, 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 of Aztec is a body politic and corporate under the name and form of government selected by its qualified electors. The City may:

1. Sue or be sued;
2. Enter into contracts and leases;
3. Acquire and hold property, both real and personal;
4. Have common seal, which may be altered at pleasure;
5. Exercise such other privileges that are incident to corporations of like character or degree that are not inconsistent with the laws of New Mexico;
6. Protect generally the property of its municipality and its inhabitants;
7. Preserve peace and order within the municipality; and
8. Establish rates for services provided by municipal utilities and revenue-producing projects, including amounts which the governing body determines to be reasonable in the operation of similar facilities.

This summary of significant accounting policies of the City is presented to assist in the understanding of City's financial statements. The financial statements and notes are the representation of City's management, who is responsible for their integrity and objectivity. The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government entities.

This summary of significant accounting policies of the City is presented to assist in the understanding of the City's financial statements. The financial statements and notes are the representation of the City's management who is responsible for their integrity and objectivity.

Reporting Entity

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

State of New Mexico
City of Aztec
Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reporting Entity (Continued)

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statement No. 14, as amended by GASB Statement No. 39, GASB Statement No. 61, GASB Statement No. 80, and GASB Statement No. 90. Blended component units, although legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

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

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

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

Based upon the application of these criteria, the City has no component units required to be reported under GASB Statements No. 14, No. 39, No. 61, No. 80 or No. 90.

Government-wide and Fund Financial Statements

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

State of New Mexico
City of Aztec
Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide and Fund Financial Statements (Continued)

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes, net of estimated refunds, 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.

The 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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital lease are reported as other financing sources.

State of New Mexico
City of Aztec
Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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, subject to the availability criterion. Gross receipts, taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and are subject to the availability criterion. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. The business-type activities column incorporates data from proprietary funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

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 various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

The fund financial statements provide information about the City's funds, including its fiduciary funds. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and major proprietary funds, each displayed in a separate column on their respective financial statements. All remaining governmental and proprietary funds are aggregated and reported as nonmajor funds in their respective financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Under the requirements of GASB Statement No. 34, the City is required to present certain of its governmental and proprietary funds as major based upon certain criteria.

The City 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.

State of New Mexico
City of Aztec
Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The *Intergovernmental Grants Fund* is used to account for intergovernmental grants previously included in the General Fund. This fund was established per DFA requirement in Resolution 2018-1093.

The City reports the following proprietary fund as major funds:

The *Joint Utility Fund* accounts for activities of the City's water, wastewater, and electric utility.

The *Solid Waste Fund* accounts for the activities of the City's solid waste services.

The City reports the following non-major proprietary fund:

The *Irrigation Assessment Fund* accounts for the activities of the City's irrigation assessment activities.

Additionally, the government reports the following fund types:

Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes other than capital projects.

Debt service funds are used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.

Capital projects funds account for the acquisition and construction of the City's major capital facilities, other than those financed by proprietary funds.

Fiduciary funds are purely custodial (assets equal liabilities) and do not involve measurement of results of operations.

The fiduciary fund is the *Employee Association Trust Fund* accounts for employee contributions to a custodial fund used for special occasions, such as sending flowers, etc.

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 Certificates of Deposit, obligations of the U.S. Government, and the State Treasurer's Local Government Investment Pool (LGIP).

State of New Mexico
City of Aztec
Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Investments for the City are reported at fair value. The LGIP operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

All cash and investments of the proprietary fund types are pooled with the City's pooled cash and investments.

Receivables and Payables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible (allowance for doubtful accounts). In the government-wide and governmental fund financial statements, delinquent property taxes are recorded when levied. Accounts receivable in excess of 120 days are subject to being considered as uncollectible. Property taxes are considered to be 100% collectible.

An amount for unbilled revenue is recorded in the Joint Utility fund for services rendered, but not yet billed as of the end of the fiscal year. The receivable is derived from the cycle billings generated subsequent to fiscal year end and prorated for usage before year end.

Property taxes are levied on January 1 based on the assessed value of property as assessed on the same date and are due in two payments by November 10th and April 10th. Property taxes uncollected after November 10th and April 10th are considered delinquent and the City may assess penalties and interest. The taxes attach as an enforceable lien on property thirty (30) days thereafter, at which time they become delinquent. Property taxes are collected by San Juan County and remitted monthly to the City.

Interfund Activities and Transactions

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

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

State of New Mexico
City of Aztec
Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Inventory

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

Prepaid Expenses

The City has entered into a contract to purchase power at an established rate over the period covering fiscal years 2017 through fiscal year 2023. The amount amortized each year of the contract is the net savings by month, which is based upon the kilowatt hours purchased.

Restricted Assets

Certain assets of the City are classified as restricted assets on the statement of net position because their use is limited by law through constitutional provisions or enabling legislation; or by restrictions imposed externally by creditors, grantors, contributors or laws or regulations of other governments. Special restricted asset accounts have been established to account for the sources and uses of these limited use assets as follows:

Customer deposit accounts – Deposited in non-interest bearing accounts and refunded upon termination of service with the City and satisfaction of all obligations due.

Loan debt service accounts – Includes certain proceeds from issuance of revenue bonds, as well as certain resources set aside for the repayment of bonds or capital lease obligations.

State of New Mexico
City of Aztec
Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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 government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1979) are included as part of the governmental capital assets reported in the government wide statements. Information Technology Equipment including software is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.20.1.9 C (5). Donated capital assets are recorded at acquisition value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. There was no interest expense capitalized by the City during the current fiscal year. No interest was included as part of the cost of capital assets under construction.

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

<u>Assets</u>	<u>Years</u>
Buildings	10-45
Buildings and Systems	10-45
Improvements	10-50
Machinery and Equipment	5-30
Infrastructure	5-50

State of New Mexico
City of Aztec
Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Deferred Outflows of Resources

In addition to assets, the balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a use of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until that time. The City has several types of items that qualify for reporting in this category in both the governmental and business-type activities. These items include five which arise from GASB Statement No. 68 and four that arise from GASB Statement No. 75, \$2,810,307 and \$912,396, respectively. See details of these items at Note 11 and Note 12. Accordingly, the items are reported on the statement of net position. These amounts will be deferred and recognized as outflows of resources the appropriate subsequent periods.

Deferred Inflows of Resources

In addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element 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. Revenue must be susceptible to accrual (measureable and available to finance expenditures of the current fiscal period) to be recognized. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for deferred inflows of resources. The City has one item, which arises under the modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, unavailable revenue – property taxes, is reported only in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available. The City has recorded \$779,880 related to property taxes considered “unavailable”.

These items include three which arise from GASB Statement No. 68 and three that arise from GASB Statement No. 75, \$337,075 and \$1,636,795, respectively. See details of these items at Note 11 and Note 12. Accordingly, the items are reported on the statement of net position. These amounts are deferred and recognized as inflows of resources in the period that the amounts become available.

Accrued Expenses

Accrued payroll is comprised of the payroll expenditures based on amounts earned by the employees through June 30, 2021, along with applicable FICA, Medicare, PERA, retiree health care, and other benefit expenses.

Other accrued liabilities are comprised of the gross receipts taxes payable to the State of New Mexico at June 30, 2021.

State of New Mexico
City of Aztec
Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. After 15 years of service, 1/3 of sick leave is paid upon termination. All vacation pay is accrued when incurred in the government-wide and proprietary financial statements. A liability for those amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirement. A compensated absence is expensed in the related fund of the employee that earned the compensated absences.

Unearned Revenues

Unearned revenues are comprised of payments made in advance by customers for various services (i.e., prepaid utilities, etc.) provided by the City as of June 30, 2021.

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 position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. For fund financial reporting, bond premiums and discounts, as well as issuance costs are recognized in the period the bonds are issued. Bond proceeds are reported as another financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

Pensions

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

State of New Mexico
City of Aztec
Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the New Mexico Retiree Health Care Authority (NMRHCA) and additions to and deductions from NMRHCA's fiduciary net position have been determined on the same basis as they are reported by NMRHCA. For this purpose, NMRHCA recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Fund Balance Classification Policies and Procedures

Fund Balances

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

Nonspendable – At June 30, 2021, the City had nonspendable fund balance categorized in the governmental funds balance sheet in the amount of \$11,537 as detailed on in Note 17.

Restricted and Committed Fund Balance – At June 30, 2021 the City has presented restricted fund balance on the governmental funds balance sheet in the amount of \$4,355,776 for various City operations as restricted by enabling legislation. The City has also presented committed fund balance on the governmental funds balance sheet in the amount of \$2,583,881 of which \$1,965,807 is for the City's self-imposed reserve related to subsequent expenditures. The details of these fund balance items are located on the governmental funds balance sheet as detailed in Note 17.

Minimum Fund Balance Policy – The City's policy for maintaining a minimum amount of fund balance for operations is to minimize any sudden and unplanned discontinuity to programs and operations and for unforeseen contingencies. At a minimum, the budget shall ensure that the City holds cash reserves (as approved in the subsequent year's preliminary budget) of 1/12th the General Fund budgetary basis expenditures of \$495,992 for the year ended June 30, 2021. As this amount is an accumulation of resources and not a true restriction or commitment of expenditures, they are reflected within the unassigned fund balance of the general fund.

Assigned – This classification includes amounts that are constrained by the City's *intent* to be used for specific purposes, but are neither restricted nor committed and should be reported as assigned fund balance. The City has not established a policy regarding the assignment of funds. The City has no assigned fund balances at June 30, 2021.

State of New Mexico
City of Aztec
Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Unassigned – This classification is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. The City has \$3,202,702 in unassigned fund balances at June 30, 2021.

Net Position

Equity is classified as net position and displayed in three components:

Net investment in capital asset – Net position invested in capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position – Consist of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. Descriptions for the related restrictions for net position restricted for “special revenue, debt service, and capital projects” are described on pages 39, 40, and 93.

Unrestricted net position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

Revenues and Expenditures/Expenses

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

The City reports all direct expenses by function in the statement of activities. Direct expenses are those that are clearly identifiable with a function. The City does not currently employ indirect cost allocation systems. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the statement of activities.

State of New Mexico
City of Aztec
Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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

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

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. Significant estimates in the City's financial statements include the fair value of investments, allowance for uncollectible accounts in the enterprise funds, expected useful lives of capital assets, net pension liability and associated deferred outflows and deferred inflows, net OPEB liability and associated deferred outflows and deferred inflows, and the current portion of accrued compensated absences.

Encumbrance Accounting

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary control in the general fund and the special revenue funds. Encumbrances not recorded as vouchers payable at year end lapse.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, January 21, 2022 and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these F/S.

Recently Issued and Implemented Accounting Pronouncements

The City has implemented GASB Statement No. 84, *Fiduciary Activities*. The implementation of this statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on 1) whether a government is controlling the assets of the fiduciary activity and 2) the beneficiaries with whom a fiduciary relationship exists. The City has evaluated these criteria and determined that some funds previously reported as fiduciary funds should now be classified as governmental funds. Additional information can be found in Note 2.

State of New Mexico
City of Aztec
Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (Continued)

The City also implemented GASB issued Statement No. 90, Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government’s holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. The implementation of this Statement had no impact on the City’s reporting in the current fiscal year.

The City further implemented GASB Statement No. 98, The Annual Comprehensive Financial Report. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. This new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The implementation of this Statement had no impact on the City’s reporting in the current fiscal year.

The Governmental Accounting Standards Board has issued statements that will become effective in future years. These statements are as follows:

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. (This new effective date reflects the implementation of GASB Statement No. 95.)

State of New Mexico
City of Aztec
Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (Continued)

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. (This new effective date reflects the implementation of GASB Statement No. 95.) The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. (This new effective date reflects the immediate implementation of GASB Statement No. 95.) The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. (This new effective date reflects the implementation of GASB Statement No. 95.)

In January 2020, GASB Statement No. 92, *Omnibus 2020*, was issued. The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. More comparable reporting will improve the usefulness of information for users of state and local government financial statements. The requirements of this statement are effective periods beginning after June 15, 2021. (This new effective date reflects the immediate implementation of GASB Statement No. 95.) Earlier application is encouraged and is permitted by topic.

State of New Mexico
City of Aztec
Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (Continued)

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The exceptions to the existing provisions for hedge accounting termination and lease modifications in this Statement will reduce the cost of the accounting and financial reporting ramifications of replacing IBORs with other reference rates. The reliability and relevance of reported information will be maintained by requiring that agreements that effectively maintain an existing hedging arrangement continue to be accounted for in the same manner as before the replacement of a reference rate. As a result, this Statement will preserve the consistency and comparability of reporting hedging derivative instruments and leases after governments amend or replace agreements to replace an IBOR. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. (This new effective date reflects the implementation of GASB Statement No. 95.)

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The requirements of this Statement will improve financial reporting by establishing the definitions of PPPs and APAs and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. That uniform guidance will provide more relevant and reliable information for financial statement users and create greater consistency in practice. This Statement will enhance the decision usefulness of a government's financial statements by requiring governments to report assets and liabilities related to PPPs consistently and disclose important information about PPP transactions. The required disclosures will allow users to understand the scale and important aspects of a government's PPPs and evaluate a government's future obligations and assets resulting from PPPs. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The requirements of this Statement will provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this Statement are effective for reporting periods beginning after June 14, 2022. Earlier application is encouraged.

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, an amendment of GASB Statements No. 14 and 84, and a supersession of GASB Statement No. 32. The requirements of this Statement will exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately. The requirements of this Statement are effective for fiscal years beginning after June 15, 2021. Earlier application is encouraged.

State of New Mexico
City of Aztec
Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (Continued)

The City is evaluating the requirements of the above statements and the impact on reporting.

NOTE 2: CHANGE IN ACCOUNTING PRINCIPLE

During fiscal year 2021, the City implemented GASB Statement No. 84, *Fiduciary Activities*. The City was required to reclassify liabilities reported as fiduciary in the prior fiscal year to net position in the current fiscal year in the amount of \$7,593.

NOTE 3: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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 beginning cash balances to be appropriated in the budget of the subsequent 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 the City Commission resolution with approval by the Department of Finance and Administration. City department heads may make transfers or appropriations within a fund. The legal level of budgetary control 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 Department of Finance and Administration approves the final budget.

State of New Mexico
City of Aztec
Notes to the Financial Statements

NOTE 3: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

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 fund types of the City.

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

NOTE 4: DEPOSITS AND INVESTMENTS

Section 22-8-40, NMSA 1978 authorizes the investment of City funds in a wide variety of instruments including certificates of deposit and other similar obligations, the state investment pool, money market accounts, and United States Government obligations. All invested funds of the City properly followed State investment requirements as of June 30, 2021.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the City. Deposits may be made to the extent that they are insured by an agency of the United States or collateralized by the financial institution as required by statute. The financial institution must provide pledged collateral for 50% of the deposit amount in excess of the deposit insurance.

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

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

All of the City's accounts are at an insured depository institution, including all noninterest-bearing transaction accounts, will be insured by the FDIC up to the standard maximum deposit insurance amount of \$250,000 for all deposits out-of-state and up to \$250,000 for all time and saving accounts plus up to \$250,000 for all demand deposit accounts held at a single institution in-state.

State of New Mexico
City of Aztec
Notes to the Financial Statements

NOTE 4: DEPOSITS AND INVESTMENTS (Continued)

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. The City does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2021, \$13,306,822 of the City’s bank balance of \$14,133,725 was subject to custodial credit risk. \$13,897,354 was uninsured but collateralized by collateral held by the pledging bank’s trust department, but not in the City’s name, and \$1,849,195 of the City’s deposits was uninsured and uncollateralized at June 30, 2021.

	Citizens Bank	Four Corners Community Bank	High Desert Credit Union
Amount of deposits	\$ 12,806,822	\$ 1,250,000	\$ 76,902
FDIC coverage	(500,000)	(250,000)	(76,902)
Total uninsured public funds	12,306,822	1,000,000	-
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the City's name	10,457,627	3,439,727	-
Uninsured and uncollateralized	\$ 1,849,195	\$ -	\$ -
Collateral requirement (50%)	\$ 6,153,411	\$ 500,000	\$ -
Pledged securities	10,457,627	3,439,727	-
Over (under) collateralized	\$ 4,304,216	\$ 2,939,727	\$ -

	Vectra Bank	Total
Amount of deposits	\$ 1	\$ 14,133,725
FDIC coverage	(1)	(826,903)
Total uninsured public funds	-	13,306,822
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the City's name	-	13,897,354
Uninsured and uncollateralized	\$ -	\$ 1,849,195
Collateral requirement (50%)	\$ -	\$ 6,653,411
Pledged securities	-	13,897,354
Over (under) collateralized	\$ -	\$ 7,243,943

**State of New Mexico
City of Aztec
Notes to the Financial Statements**

NOTE 4: DEPOSITS AND INVESTMENTS (Continued)

The collateral pledged is listed on schedule of collateral pledged by depository for public funds of this report. The types of collateral allowed are limited to direct obligations of the United States Government, all bonds issued by any agency, District or political subdivision of the State of New Mexico, securities, including student loans, that are guaranteed by the United States or the State of New Mexico, revenue bonds that are underwritten by a member of the financial industry regulatory authority, known as FINRA, and are rated BAA or above by a nationally recognized bond rating service, or letter of credit issued by a federal home loan bank.

Reconciliation to the Statement of Net Position

The carrying amount of deposits shown above are included in the City's statement of net position as follows:

Cash and cash equivalents, statement of net position	\$ 11,391,825
Investments, statement of net position	15,453,812
Restricted cash and cash equivalents, statement of net position	219,778
Restricted investments, statement of net position	322,132
Custodial funds cash and cash equivalents, statement of fiduciary net position	12,236
Total cash and cash equivalents and investments	27,399,783
Plus: outstanding checks	164,083
Less: outstanding deposits	(36,476)
Less: cash and investments with NMFA	(514,515)
Less: New MexiGROW LGIP	(12,876,930)
Less: petty cash	(2,220)
Bank balance of deposits	\$ 14,133,725

Investments

The New MexiGROW Local Government Investment Pool's (LGIP) investments are valued at amortized cost. The LGIP is not SEC registered. The New Mexico State Treasurer is authorized to invest the short-term investment funds, with the advice and consent of the State Board of Finance, in accordance with Sections 6-10-10(I) through 6-10-10(P) and Sections 6-10-10.1(A) and (E), NMSA 1978. The pool does not have unit shares. Per Section 6-10-10(F), 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 fund amounts were invested. Participation in the LGIP is voluntary.

**State of New Mexico
City of Aztec
Notes to the Financial Statements**

NOTE 4: DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

In addition, the City has investments, which are considered restricted held in U.S. Treasury Money Market Funds at the Bank of Albuquerque in connection with New Mexico Finance Authority (NMFA) loans.

The City's investments at June 30, 2021 were as follows:

Investment Type	Weighted Average Maturities	Fair Value	Rating**
	48 day WAM (R)		
New MexiGROW LGIP	78 day WAM (F)	\$ 12,876,930	AAAm
U.S. Treasury Money Market Funds	>365	322,132	AA+
		\$ 13,199,062	

** Based on Standard & Poor's rating

In addition, to the investments noted above, there are \$2,500,000 of certificates of deposits that are greater than 90 days and therefore are considered investments in the statement of net position. Further, the City has a certificate of deposit that matures in more than a year in the amount of \$76,882.

Credit Risk-Investments. With respect to credit risk, the LGIP is rated AAAm by Standard & Poor's. Therefore, the LGIP reports AAAm for credit risk. Public funds are not required to disclose custodial credit risk for external investment pools. Therefore, the LGIP is exempt from this requirement.

Concentration Risk-Investments. GASB Statement No. 40 defines concentration of credit risk as investments of more than 5% in any one issuer. External investment pools, such as LGIP, are excluded from the requirement of disclosing concentration of credit risk. Therefore, the LGIP is exempt from this disclosure.

Foreign Currency Risk-Investments. GASB Statement No. 40 defines foreign currency risk as the potential that changes in exchange rates may adversely affect the fair value of an investment or deposit. The LGIP does not have foreign currency risk as all investments are denominated in US dollars.

Interest Rate Risk-Investments. GASB Statement No. 40 defines interest rate risk as the potential that interest rate changes may adversely affect the fair value of an investment.

State of New Mexico
City of Aztec
Notes to the Financial Statements

NOTE 4: DEPOSITS AND INVESTMENTS (Continued)

Fair Value Measurement

The fair value framework uses a hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. See above for discussion of valuation methodologies used to measure fair value of investments.

U.S. Treasury Money Market Mutual Funds are valued at the daily closing price as reported by the fund. These investments held by the City are open-end funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the City are deemed to be actively traded.

The City's investment of \$12,876,867 with the *New MexiGROW LGIP* is valued at amortized cost. In addition, the investment of \$2,500,000 in certificates of deposit are valued at cost.

**State of New Mexico
City of Aztec
Notes to the Financial Statements**

NOTE 4: DEPOSITS AND INVESTMENTS (Continued)

Fair Value Measurement (Continued)

The valuation methodologies described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the City believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The City maintained a balance of \$322,132 in investments at June 30, 2021, which required fair value disclosure. The following table sets forth by level within the fair value hierarchy, the City's assets at fair value as of June 30, 2021:

	Total	Fair Value Measurement Inputs		
		Level 1	Level 2	Level 3
U.S. Treasury Money Market Mutual Funds	\$ 322,132	\$ 322,132	\$ -	\$ -
Total investments	\$ 322,132	\$ 322,132	\$ -	\$ -

NOTE 5: RECEIVABLES

Governmental receivables as of June 30, 2021, are as follows:

	General Fund	Intergovernmental Grants Funds	Nonmajor Governmental Funds	Total Governmental Funds
Taxes				
Property	\$ 796,943	\$ -	\$ -	\$ 796,943
Gross receipts	663,631	-	-	663,631
Intergovernmental				
State	10,907	-	-	10,907
Federal	-	31,154	216,022	247,176
Other				
Miscellaneous	26,505	-	4,703	31,208
Charges for services	233,592	-	-	233,592
Totals	\$ 1,731,578	\$ 31,154	\$ 220,725	\$ 1,983,457

The above receivables are expected to be 100% collectable.

State of New Mexico
City of Aztec
Notes to the Financial Statements

NOTE 5: RECEIVABLES (Continued)

Governmental funds report *unavailable revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities in the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. Unavailable revenue related to property taxes receivable was \$779,880, for the City for the year ended June 30, 2021.

Proprietary fund receivables as of June 30, 2021, are as follows:

	Joint Utility Fund	Solid Waste Fund	Nonmajor Enterprise Fund	Total Enterprise Funds
Utility receivables				
Charges for services	\$ 1,257,440	\$ 112,526	\$ -	\$ 1,369,966
Less Allowances	(259,474)	(32,772)	-	(292,246)
Taxes				
Gross receipts	14,478	-	-	14,478
Interest				
Investment income	3,433	-	-	3,433
Other				
Miscellaneous income	23,657	-	-	23,657
Totals	\$ 1,039,534	\$ 79,754	\$ -	\$ 1,119,288

NOTE 6: TRANSFERS AND INTERFUND RECEIVABLES

Operating transfers were made to supplement other funding sources, as follows:

Transfers In	Transfers Out		
Intergovernmental Grants Fund	General Fund	\$	6,961
General Fund	Intergovernmental Grants Fund		18,324
Joint Utility Fund	Intergovernmental Grants Fund		16,691
		\$	41,976

State of New Mexico
City of Aztec
Notes to the Financial Statements

NOTE 6: TRANSFERS AND INTERFUND RECEIVABLES (Continued)

The City records temporary interfund receivables and payables to enable the funds to operate until monies are received. The composition of interfund balances during the year ended June 30, 2021 is as follows:

Due From	Due To	
Intergovernmental Grants Fund	General Fund	\$ 418
Joint Utility Fund	General Fund	135,000
		\$ 135,418

The City purchased land and a building with money that was borrowed from the Joint Utility Fund. The City is still in the process of determining when repayment will occur.

State of New Mexico
City of Aztec
Notes to the Financial Statements

NOTE 7: CAPITAL ASSETS

Governmental Activities

A summary of capital assets and changes occurring during the year ended June 30, 2021 follows. Land and construction in progress are not subject to depreciation.

	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021
Capital assets not being depreciated				
Land	\$ 831,338	\$ 146,291	\$ -	\$ 977,629
Construction in progress	247,370	124,210	-	371,580
<hr/>				
Total capital assets not being depreciated	1,078,708	270,501	-	1,349,209
<hr/>				
Capital assets being depreciated				
Buildings	9,578,223	56,063	-	9,634,286
Improvements	4,088,377	-	-	4,088,377
Machinery and equipment	6,291,297	124,270	-	6,415,567
Infrastructure	23,717,912	6,183	-	23,724,095
<hr/>				
Total capital assets being depreciated	43,675,809	186,516	-	43,862,325
<hr/>				
Total capital assets	44,754,517	457,017	-	45,211,534
<hr/>				
Accumulated depreciation				
Buildings	(4,673,663)	(348,713)	-	(5,022,376)
Improvements	(2,773,220)	(248,621)	-	(3,021,841)
Machinery and equipment	(4,612,087)	(300,505)	-	(4,912,592)
Infrastructure	(10,947,701)	(779,827)	-	(11,727,528)
<hr/>				
Total accumulated depreciation	(23,006,671)	(1,677,666)	-	(24,684,337)
<hr/>				
Net capital assets	\$ 21,747,846	\$ (1,220,649)	\$ -	\$ 20,527,197

**State of New Mexico
City of Aztec
Notes to the Financial Statements**

NOTE 7: CAPITAL ASSETS (Continued)

Governmental Activities (Continued)

Depreciation expense for the year ended June 30, 2021 was charged to governmental activities as follows:

General government	\$	99,984
Public safety		200,381
Public works		692,604
Public health and welfare		30,907
Culture and recreation		653,790
Total	\$	1,677,666

During the current year, the City had capital assets that were purchased in the prior fiscal year; however, they were capitalized during fiscal year 2021. See below for a reconciliation of current year additions to capital outlay.

Capital outlay per Governmental Activities Capital Assets	\$	457,017
Land acquired in prior year		(105,049)
Asset acquired in prior year		(9,600)
Capital outlay per Statement of Revenues, Expenses, and Changes in Fund Balance- Governmental Funds	\$	342,368

**State of New Mexico
City of Aztec
Notes to the Financial Statements**

NOTE 7: CAPITAL ASSETS (Continued)

Business-Type Activities

	Balance June 30, 2020	Additions	Deletions	Transfers	Balance June 30, 2021
Capital assets not being depreciated					
Land & Water Rights	\$ 866,444	\$ 289,609	\$ -	\$ -	\$ 1,156,053
Construction in progress	188,571	-	5,055	(87,729)	95,787
Total capital assets not being depreciated	1,055,015	289,609	5,055	(87,729)	1,251,840
Capital assets being depreciated:					
Building and systems	48,316,846	455,980	-	87,729	48,860,555
Machinery and equipment	5,605,279	32,605	-	-	5,637,884
Total capital assets being depreciated	53,922,125	488,585	-	87,729	54,498,439
Total capital assets	54,977,140	778,194	5,055	-	55,750,279
Accumulated depreciation					
Building and systems	(22,902,850)	(1,638,790)	-	-	(24,541,640)
Machinery and equipment	(3,718,757)	(287,300)	-	-	(4,006,057)
Total accumulated depreciation	(26,621,607)	(1,926,090)	-	-	(28,547,697)
Net capital assets	\$ 28,355,533	\$ (1,147,896)	\$ 5,055	\$ -	\$ 27,202,582

Depreciation expense for the year ended June 30, 2021 was charged to business-type activities as follows:

Joint Utility	\$ 1,918,819
Irrigation assessment	7,271
Total	\$ 1,926,090

**State of New Mexico
City of Aztec
Notes to the Financial Statements**

NOTE 8: LONG-TERM LIABILITIES

Governmental Activities

During the year ended June 30, 2021, the following changes occurred in the liabilities reported in the statement of net position:

	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021	Due Within One Year
Long-term liabilities					
NMFA Capital					
Improvements	\$ 2,722,106	\$ -	\$ 185,099	\$ 2,537,007	\$ 198,956
Compensated Absences	576,027	338,694	350,651	564,070	350,652
Total Long-term liabilities	\$ 3,298,133	\$ 338,694	\$ 535,750	\$ 3,101,077	\$ 549,608

Notes outstanding for governmental activities at June 30, 2021 consisted of the following loans.

Description	Date of Issue	Maturity Date	Interest Rate	Original Amount of Issue	Balance June 30, 2021	Pledged Revenues
NMFA - PP 2192 Loan	10/24/08	05/01/31	2.03% - 4.89%	\$ 3,367,380	\$ 2,537,007	Gross receipts taxes

The annual requirements to amortize the notes payable for governmental activities as of June 30, 2021, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2022	\$ 198,956	\$ 119,932	\$ 318,888
2023	207,162	111,058	318,220
2024	215,213	101,674	316,887
2025	230,999	91,796	322,795
2026	239,572	81,054	320,626
2027-2031	1,445,105	217,520	1,662,625
Total	\$ 2,537,007	\$ 723,034	\$ 3,260,041

**State of New Mexico
City of Aztec
Notes to the Financial Statements**

NOTE 8: LONG-TERM LIABILITIES (Continued)

Compensated Absences

Employees of the City are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year June 30, 2021, compensated absences decreased by \$11,957 from the prior year accrual. Compensated absences are liquidated by the respective funds in which they are accrued.

Business-Type Activities

During the year ended June 30, 2021, the following changes occurred in the liabilities reported in the proprietary funds' statement of net position:

	Balance			Balance	Due Within
	June 30, 2020	Additions	Deletions	June 30, 2021	One Year
Notes payable					
NMED CWSRF 009R	\$ 2,453,005	\$ -	\$ 261,523	\$ 2,191,482	\$ 264,662
NMED CWSRF 021	3,138,231	-	94,968	3,043,263	96,107
Total Notes payable	5,591,236	-	356,491	5,234,745	360,769
Compensated					
Absences	167,574	109,376	92,831	184,119	92,833
Total Long-term liabilities	\$ 5,758,810	\$ 109,376	\$ 449,322	\$ 5,418,864	\$ 453,602

The City entered into a refinance long-term agreement with the New Mexico Environment Department (CWSRF009R) in the original amount of \$3,233,765 dated March 23, 2018. The loan is payable in annual payments of \$290,959, including interest at 1.2 percent, through June 2029. The Joint Utility Fund reports the outstanding principal.

The City finalized the long-term agreement with the New Mexico Environment Department (CWSRF021) in the amount of \$3,324,802 on February 27, 2018. The loan is payable in annual payments of \$132,626, including interest at 1.2 percent, through January 2048. The Joint Utility Fund reports the outstanding principal.

Notes outstanding for business-type activities at June 30, 2021 consisted of the following loans:

**State of New Mexico
City of Aztec
Notes to the Financial Statements**

NOTE 8: LONG-TERM LIABILITIES (Continued)

Business-Type Activities (Continued)

Description	Date of Issue	Maturity Date	Interest Rate	Original Amount of Issue	Balance June 30, 2021	Pledged Revenues
CWSRF 009R Loan	02/03/10	06/30/29	1.200%	\$ 3,233,765	\$ 2,191,482	Net Joint Utility Fund Revenues
CWSRF 021 Loan	2/27/2018	01/28/48	1.200%	3,324,802	3,043,263	Net Joint Utility Fund Revenues

The annual requirements to amortize the notes payable for business-type activities as of June 30, 2021, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2022	\$ 360,769	\$ 52,780	\$ 413,549
2023	365,098	49,663	414,761
2024	369,479	46,508	415,987
2025	373,913	43,316	417,229
2026	378,400	40,085	418,485
2027-2031	1,358,489	153,005	1,511,494
2032-2036	554,567	108,565	663,132
2037-2041	588,650	74,483	663,133
2042-2046	624,826	38,306	663,132
2047-2048	260,554	4,699	265,253
Total	\$ 5,234,745	\$ 611,410	\$ 5,846,155

Compensated Absences

Employees of the City are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year June 30, 2021, compensated absences increased by \$16,545 from the prior year accrual. Compensated absences are liquidated by the respective funds in which they are accrued.

State of New Mexico
City of Aztec
Notes to the Financial Statements

NOTE 9: RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of property, errors and omissions and natural disasters. The City participates in the New Mexico Self-Insurers' Fund risk pool. The New Mexico Self-Insurer's Fund risk pool operates as a common risk management and insurance program for workers compensation and property and casualty coverage.

The City has not filed any claims for which the settlement amount exceeded the insurance coverage during the past three years. However, should a claim be filed against the City which exceeds the insurance coverage, the City would be responsible for a loss in excess of the coverage amounts. As claims are filed, the New Mexico Self-Insurers' Fund assesses and estimates the potential for loss and handles all aspects of the claim.

At June 30, 2021, no unpaid claims have been filed which exceed the policy limits and to the best of management's knowledge and belief all known and unknown claims will be covered by insurance.

NOTE 10: OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

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

- A. Deficit fund balance of individual funds. There were no funds with deficit fund balance as June 30, 2021.
- B. Actual expenditures in excess of amount budgeted at the budgetary authority level. Budgetary legal level of control is at the fund level. There were no funds that exceeded approved budgetary authority for the year ended June 30, 2021.
- C. Designated cash appropriations in excess of available balances: The Local Government Correction Fund, Airport Special Revenue Fund, and the Joint Utility Operation and Maintenance Fund exceeded budgeted designated cash appropriations for the year ended June 30, 2021.

State of New Mexico
City of Aztec
Notes to the Financial Statements

NOTE 11: PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

General Information about the Pension Plan

Plan description. The *Public Employees Retirement Fund* (PERA Fund) is a cost-sharing, multiple employer defined benefit pension plan. This fund has six divisions of members, including State General, State Police/Adult Correction Officer, Municipal General, Municipal Police/Detention Officers, Municipal Fire, and State Legislative Divisions, and offers 24 different types of coverage within the PERA plan. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the PERA Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978), the Judicial Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C-1 to 10-12C-18, NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), and the provisions of Sections 29-4-1 through 29-4-11, NMSA 1978 governing the State Police Pension Fund, each employee and elected official of every affiliated public employer is required to be a member in the PERA Fund, unless specifically excluded.

Benefits provided. *TIER I.* Benefits are generally available at age 65 with five or more years of service or after 25 years of service regardless of age for TIER I members. Provisions also exist for retirement between ages 60 and 65, with varying amounts of service required. Certain police and fire members may retire at any age with 20 or more years of service for Tier I members. Generally, the amount of retirement pension is based on final average salary, which is defined under Tier I as the average of salary for the 36 consecutive months of credited service producing the largest average; credited service; and the pension factor of the applicable coverage plan. Monthly benefits vary depending upon the plan under which the member qualifies, ranging from 2% to 3.5% of the member's final average salary per year of service. The maximum benefit that can be paid to a retiree may not exceed a range of 60% to 90% of the final average salary, depending on the division. Benefits for duty and non-duty death and disability and for postretirement survivors' annuities are also available.

TIER II. The retirement age and service credit requirements for normal retirement for PERA state and municipal general members hired increased effective July 1, 2013 with the passage of Senate Bill 27 in the 2013 Legislative Session. Under the new requirements (Tier II), general members are eligible to retire at any age if the member has at least eight years of service credit and the sum of the member's age and service credit equals at least 85 or at age 67 with 8 or more years of service credit. General members hired on or before June 30, 2013 (Tier I) remain eligible to retire at any age with 25 or more years of service credit. Under Tier II, police and firefighters in Plans 3, 4 and 5 are eligible to retire at any age with 25 or more years of service credit. State police and adult correctional officers, peace officers and municipal juvenile detention officers will remain in 25-year retirement plans, however, service credit will no longer be enhanced by 20%. All public safety members in Tier II may retire at age 60 with 6 or more years of service credit. Generally, under Tier II pension factors were reduced by .5%, employee contribution increased 1.5 percent and effective July 1, 2014 employer contributions were raised .05 percent. The computation of final average salary increased as the average of salary for 60 consecutive months.

**State of New Mexico
City of Aztec
Notes to the Financial Statements**

NOTE 11: PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (Continued)

Contributions. See PERA’s Comprehensive Annual Financial Report for contribution descriptions at <http://www.nmpera.org/financial-overview/comprehensive-annual-financial-report>. The PERA coverage options that apply to the County are the Municipal General Division, Municipal Police Division, and Municipal Fire Division.

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, 2019. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2020, using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date June 30, 2020. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2020.

For PERA Fund Municipal General Division, at June 30, 2021, the City reported a liability of \$6,851,306 for its proportionate share of the net pension liability. At June 30, 2020, the City’s proportion was 0.3384 percent, which was an increase of 0.0243 percent from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the City recognized PERA Fund Municipal General Division pension expense of \$327,946. At June 30, 2021, the City reported PERA Fund Municipal General Division deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	\$ 60,618	\$ 158,649
Differences between expected and actual experience	189,867	-
Net difference between projected and actual earnings on pension plan investments	1,252,898	-
Changes of assumption	126,763	-
Contributions subsequent to the measurement date	314,454	-
Total	\$ 1,944,600	\$ 158,649

**State of New Mexico
City of Aztec
Notes to the Financial Statements**

NOTE 11: PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (Continued)

For Municipal General, \$327,946 was reported as deferred outflows of resources related to pensions resulting from the City’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2021	\$ 441,361
2022	357,394
2023	365,320
2024	307,422
Thereafter	-
Total	\$ 1,471,497

For PERA Fund Municipal Police Division, at June 30, 2021, the City reported a liability of \$2,776,725 for its proportionate share of the net pension liability. At June 30, 2020, the City’s proportion was 0.3233 percent, which was a decrease of 0.0328 percent from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the City recognized PERA Fund Municipal Police Division pension expense of \$168,942. At June 30, 2021, the City reported PERA Fund Municipal Police Division deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	\$ -	\$ 178,426
Differences between expected and actual experience	161,358	-
Net difference between projected and actual earnings on pension plan investments	476,603	-
Changes of assumption	65,755	-
Contributions subsequent to the measurement date	161,991	-
Total	\$ 865,707	\$ 178,426

**State of New Mexico
City of Aztec
Notes to the Financial Statements**

NOTE 11: PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (Continued)

\$168,942 was reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2021	\$ 165,949
2022	129,539
2023	112,792
2024	117,010
Thereafter	-
Total	\$ 525,290

Actuarial assumptions. The total pension liability in the June 30, 2019 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement date.

Actuarial valuation date	June 30, 2019
Actuarial cost method	Entry Age Normal
Amortization period	Level Percentage of Pay
Asset valuation method	Solved for based on statutory rates
Actuarial Assumptions	
Investment rate of return, net of investment expense	7.25% annual rate, net of investment expense
Projected benefit payment	100 years
Payroll growth	3.00%
Projected salary increases	3.25% to 13.50% annual rate
Includes inflation at	2.5%
	2.75% all other years
Mortality assumptions	The mortality assumptions are based on the RPH-2014 Blue Collar mortality table with female ages set forward one year. Future improvement in mortality rates is assumed using 60% of the MP-2017 projection scale generational. For non-public safety groups, 25% of in-service deaths are assumed to be duty related and 35% are assumed to be duty-related for public safety groups.
Experience Study Dates	July 1, 2008 to June 30, 2017 (demographic) and July 1, 2010 through June 30, 2017 (economic)

**State of New Mexico
City of Aztec
Notes to the Financial Statements**

NOTE 11: PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (Continued)

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2019. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2020. These assumptions were adopted by the PERA Board for use in the June 30, 2019 actuarial valuation.

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

All Funds - Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	35.50%	5.90%
Risk Reduction & Mitigation	19.50%	1.00%
Credit Oriented Fixed Income	15.00%	4.20%
Real Assets to include Real Estate Equity	20.00%	6.00%
Multi-Risk Allocation	10.00%	6.40%
Total	100.00%	

Discount Rate. A single discount rate of 7.25% was used to measure the total pension liability as of June 30, 2020. This single discount rate was based on a long-term expected rate of return on pension plan investments of 7.25%, compounded annually, net of expense. Based on the stated assumptions and the projection of cash flows, the plan’s fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability. The projections of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels.

Sensitivity of the City’s proportionate share of the net pension liability to changes in the discount rate. The following table presents the City’s proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the City’s proportionate share of the net pension liability would be if it were calculated at discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point- higher (8.25 percent) than the current rate.

**State of New Mexico
City of Aztec
Notes to the Financial Statements**

NOTE 11: PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (Continued)

PERA Fund Municipal General Division

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
City of Aztec's proportionate share of the net pension liability	\$ 9,809,288	\$ 6,851,306	\$ 4,398,543

PERA Fund Municipal Police Division

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
City of Aztec's proportionate share of the net pension liability	\$ 3,984,868	\$ 2,776,725	\$ 1,787,925

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued FY20 PERA financial report. The report is available at <http://www.pera.state.nm.us/publications.html>.

Payables to the pension plan. At June 30, 2021 there were no contributions due and payable to PERA for the City. Contractually required contributions are remitted to PERA monthly.

NOTE 12: POST-EMPLOYMENT BENEFIT – STATE RETIREE HEALTH CARE PLAN

General Information about the OPEB

Plan description. Employees of the City are provided with OPEB through the Retiree Health Care Fund (the Fund)—a cost-sharing multiple-employer defined benefit OPEB plan administered by the New Mexico Retiree Health Care Authority (NMRHCA). NMRHCA was formed February 13, 1990, under the New Mexico Retiree Health Care Act (the Act) of New Mexico Statutes Annotated, as amended (NMSA 1978), to administer the Fund under Section 10-7C-1-19 NMSA 1978. The Fund was created to provide comprehensive group health insurance coverage for individuals (and their spouses, dependents and surviving spouses) who have retired or will retire from public service in New Mexico.

NMRHCA is an independent agency of the State of New Mexico. The funds administered by NMRHCA are considered part of the State of New Mexico financial reporting entity and are OPEB trust funds of the State of New Mexico. NMRHCA’s financial information is included with the financial presentation of the State of New Mexico.

**State of New Mexico
City of Aztec
Notes to the Financial Statements**

NOTE 12: POST-EMPLOYMENT BENEFIT – STATE RETIREE HEALTH CARE PLAN (Continued)

Benefits provided. The Fund is a multiple employer cost sharing defined benefit healthcare plan that provides eligible retirees (including terminated employees who have accumulated benefits but are not yet receiving them), their spouses, dependents and surviving spouses and dependents with health insurance and prescription drug benefits consisting of a plan, or optional plans of benefits, that can be contributions to the Fund and by co-payments or out-of-pocket payments of eligible retirees.

Employees covered by benefit terms. At June 30, 2020, the Fund’s measurement date, the following employees were covered by the benefit terms:

Plan Membership	
Current retirees and surviving spouses	52,179
Inactive and eligible for deferred benefit	10,916
Current active members	91,082
	91,082
	154,177
 Active Membership	
State general	17,097
State police and corrections	1,830
Municipal general	17,538
Municipal police	3,159
Municipal FTRE	1,966
Educational Retirement Board	49,492
	91,082
	91,082

Contributions. Employer and employee contributions to the Fund total 3% for non-enhanced retirement plans and 3.75% of enhanced retirement plans of each participating employee’s salary as required by Section 10-7C-15 NMSA 1978. The contributions are established by statute and are not based on an actuarial calculation. All employer and employee contributions are non-refundable under any circumstance, including termination of the employer’s participation in the Fund. Contributions to the Fund from the City were \$85,763 for the year ended June 30, 2021.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2021, the City reported a liability of \$3,748,785 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019 and rolled forward to June 30, 2020. The City’s proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2020. At June 30, 2020, the City’s proportion was 0.09527 percent.

State of New Mexico
City of Aztec
Notes to the Financial Statements

NOTE 12: POST-EMPLOYMENT BENEFIT – STATE RETIREE HEALTH CARE PLAN (Continued)

For the year ended June 30, 2021, the City recognized OPEB benefit of \$235,230. At June 30, 2021 the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 735,913	\$ 665,759
Net difference between projected and actual earnings on OPEB plan investments	20,443	-
Changes in proportion and differences between contributions and proportionate share of contributions	70,277	305,352
Differences between expected and actual experience	-	665,684
City's contributions subsequent to the measurement date	85,763	-
Total	\$ 912,396	\$ 1,636,795

Deferred outflows of resources totaling \$65,320 represent City's contributions to the Fund made subsequent to the measurement date and will be recognized as a reduction of net OPEB liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year ended June 30:		
2021	\$	(374,224)
2022		(316,179)
2023		(155,973)
2024		(36,173)
2025		72,387
Total	\$	(810,162)

**State of New Mexico
City of Aztec
Notes to the Financial Statements**

NOTE 12: POST-EMPLOYMENT BENEFIT – STATE RETIREE HEALTH CARE PLAN (Continued)

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2019 and rolled forward to June 30, 2020, using the following actuarial assumptions:

Actuarial cost method	Entry age normal, level percent of pay, calculated on individual employee basis
Asset valuation method	Market value of assets
Actuarial assumptions	
Inflation	2.50% for ERB members; 2.50% for PERA members
Projected payroll increases	3.25% to 13.50%, based on years of service, including inflation
Investment rate of return	7.25%, net of OPEB plan investment expense and margin for adverse deviation including inflation
Health care cost trend rate	8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs and 7.5% graded down to 4.5% over 12 years for Medicare medical plan costs
Mortality	ERB members: RP-2000 Combined Healthy Mortality Table with White Collar Adjustment (males) and GRS Southwest Region Teacher Mortality Table (females) PERA members: RP-2014 Combined Healthy Mortality

Rate of Return. The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which the expected future real rates of return (net of investment fees and inflation) are developed for each major asset class. These returns 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, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, are used in the derivation of the long-term expected investment rate of return assumptions.

**State of New Mexico
City of Aztec
Notes to the Financial Statements**

NOTE 12: POST-EMPLOYMENT BENEFIT – STATE RETIREE HEALTH CARE PLAN (Continued)

The best estimates for the long-term expected rate of return is summarized as follows:

<u>Asset Class</u>	<u>Long-Term Rate of Return</u>
U.S. core fixed income	2.1%
U.S. equity - large cap	7.1%
Non U.S. - emerging markets	10.2%
Non U.S. - developed equities	7.8%
Private equity	11.8%
Credit and structured finance	5.3%
Real estate	4.9%
Absolute return	4.1%
U.S. equity - small/mid cap	7.1%

Discount Rate. The discount rate used to measure the Fund’s total OPEB liability is 2.86% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the actuary determined contribution rates. For this purpose, employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the Fund’s fiduciary net position was projected to be available to make all projected future benefit payments for current plan members through the fiscal year ending June 30, 2039. Thus, the 7.25% discount rate was used to calculate the net OPEB liability through 2040. The index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher was used beyond 2040, resulting in a blended discount rate of 2.86%.

Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates. The following presents the net OPEB liability of the City, as well as what the City’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.86 percent) or 1-percentage-point higher (3.86 percent) than the current discount rate:

1% Decrease (1.86%)	Current Discount Rate (2.86%)	1% Increase (3.86%)
\$ 4,659,755	\$ 3,748,785	\$ 3,044,699

**State of New Mexico
City of Aztec
Notes to the Financial Statements**

NOTE 12: POST-EMPLOYMENT BENEFIT – STATE RETIREE HEALTH CARE PLAN (Continued)

The following presents the net OPEB liability of the City, as well as what the City’s net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

1% Decrease	Current Trend Rates	1% Increase
\$ 3,077,051	\$ 3,748,785	\$ 4,258,313

OPEB plan fiduciary net position. Detailed information about the OPEB plan’s fiduciary net position is available in NMRHCA’s audited financial statements for the year ended June 30, 2020.

Payable Changes in the Net OPEB Liability. At June 30, 2021, the City reported no outstanding contributions payable to NMRHCA for the year ended June 30, 2021.

NOTE 13: CONTINGENT LIABILITIES

The City is party to various claims and lawsuits arising in the normal course of business. The City is insured through the New Mexico Self Insurers Fund. In the opinion of management, the outcome of these matters will not have a material effect on the financial position of the City.

NOTE 14: COMMITMENTS

The City has various construction and purchase commitments as of June 30, 2021. The funding to cover the various commitments was grant funding, bond and/or note proceeds, including bonds, grants, and cash reserves.

The City’s outstanding commitments for the governmental activities at June 30, 2021 were:

Description	Total Contract	Remaining Commitment
N. Main	\$ 2,870,247	\$ 2,746,237
Runway Lighting Improvements	161,399	36,080
Total	\$ 3,031,646	\$ 2,782,317

**State of New Mexico
City of Aztec
Notes to the Financial Statements**

NOTE 14: COMMITMENTS (Continued)

The City's outstanding commitments for the business-type activities at June 30, 2021 were:

Description	Total Contract	Remaining Commitment
NM 173 Waterline Replacement	\$ 187,478	\$ 150,000
Auto Meter Reading Improvements	480,712	255,000
Crystal River Ranch	12,000	8,345
Fiberoptic Improvements	90,765	68,000
Total	\$ 770,955	\$ 481,345

Operating Lease Commitments. The City leases certain equipment under numerous operating leases. Rental expense for the year ended June 30, 2021, was \$17,521.

The following is a schedule by years of future minimum lease payments required under operating leases that have initial or remaining noncancelable terms in excess of one year as of June 30, 2021.

Fiscal Year Ending June 30,	Principal
2022	\$ 13,940
2023	12,054
2024	2,742
Total	\$ 28,736

NOTE 15: FEDERAL AND STATE GRANTS

In the normal course of operations, the City receives grant funds from various federal and state agencies. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as a result of these audits is not believed to be material.

State of New Mexico
City of Aztec
Notes to the Financial Statements

NOTE 16: RESTRICTED NET POSITION

The government-wide statement of net position reports \$4,674,494 of restricted net position for governmental activities, all of which is restricted by enabling legislation or debt reserves. In addition, the statement of net position reports \$938,156 of restricted net position for business-type activities, all of which is restricted for debt service and repair and replacement costs. See pages 39, 40, and 93 for descriptions of the related restrictions for special revenue, debt service and capital projects funds.

NOTE 17: FUND BALANCES

Fund balances on the modified accrual basis was classified as follows at June 30, 2021:

	Nonspendable	Restricted	Committed	Unassigned
General Fund				
Prepaid expenses	\$ -	\$ -	\$ -	\$ -
Minimum fund balance policy	-	-	495,992	-
Subsequent year's expenditures	-	-	1,965,807	-
Unassigned	-	-	-	3,202,702
Total General Fund	-	-	2,461,799	3,202,702
Intergovernmental Grants Fund				
Culture and recreation	-	63,839	-	-
Total Intergovernmental Grants Fund	-	63,839	-	-
All Other Governmental Funds				
Prepaid expenses	11,537	-	-	-
Capital projects	-	1,405,509	-	-
Debt service	-	-	-	-
Public safety	-	649,336	-	-
Public works	-	2,151,022	-	-
Culture and recreation	-	86,070	2,776	-
Economic development	-	-	119,306	-
Total All Other Governmental Funds	11,537	4,291,937	122,082	-
Total fund balances	\$ 11,537	\$ 4,355,776	\$ 2,583,881	\$ 3,202,702

State of New Mexico
City of Aztec
Notes to the Financial Statements

NOTE 18: TAX ABATEMENTS

The City had no tax abatements during the year ended June 30, 2021. The City is not subject to any tax abatement agreements entered into by other government entities.

NOTE 19: CONCENTRATIONS

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

NOTE 20: UNCERTAINTIES

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the City. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.

THIS PAGE INTENTIONALLY LEFT BLANK

Required Supplementary Information

State of New Mexico
City of Aztec
Schedule of Proportionate Share of
the Net Pension Liability
Public Employees Retirement Association (PERA) Plan
Last 10 Fiscal Years*

	June 30,		
Fiscal Year	2021	2020	2019
Measurement Date	2020	2019	2018
City of Aztec's proportion of the net pension liability (asset)			
Municipal General	0.3388%	0.3384%	0.3627%
Municipal Police	0.3233%	0.3561%	0.3584%
City of Aztec's proportionate share of the net pension liability (asset)			
Municipal General	\$ 6,851,306	\$ 5,858,041	\$ 5,782,780
Municipal Police	2,776,725	2,630,400	2,445,379
Total	<u>\$ 9,628,031</u>	<u>\$ 8,488,441</u>	<u>\$ 8,228,159</u>
City of Aztec's covered payroll			
Municipal General	\$ 3,507,738	\$ 2,933,539	\$ 3,059,120
Municipal Police	774,937	967,238	757,143
Total	<u>\$ 4,282,675</u>	<u>\$ 3,900,777</u>	<u>\$ 3,816,263</u>
City of Aztec's proportionate share of the net liability (asset) as a percentage of its covered payroll			
Municipal General	195.32%	199.69%	189.03%
Municipal Police	358.32%	271.95%	322.97%
Plan fiduciary net position as a percentage of the total pension liability			
Municipal General	66.36%	70.52%	71.13%
Municipal Police	66.36%	70.52%	71.13%

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

See notes to required supplementary information.

June 30,			
2018	2017	2016	2015
2017	2016	2015	2014
0.3446%	0.3697%	0.3587%	0.3579%
0.3645%	0.3639%	0.4481%	0.4526%
\$ 4,735,096	\$ 5,906,562	\$ 3,657,257	\$ 2,792,004
2,025,036	2,684,962	1,786,380	1,339,815
\$ 6,760,132	\$ 8,591,524	\$ 5,443,637	\$ 4,131,819
\$ 3,026,775	\$ 3,182,789	\$ 2,984,716	\$ 8,370,704
751,270	723,725	604,078	2,789,369
\$ 3,778,045	\$ 3,906,514	\$ 3,588,794	\$ 11,806,349
156.44%	185.58%	122.53%	33.35%
269.55%	370.99%	295.72%	48.03%
73.74%	69.18%	76.99%	81.29%
73.74%	69.18%	76.90%	81.29%

See notes to required supplementary information.

State of New Mexico
City of Aztec
Schedule of Contributions
Public Employees Retirement Association (PERA) Plan
Last 10 Fiscal Years*

For the Year Ended June 30,	2021	2020	2019
Contractually required contribution			
Municipal General	\$ 257,959	\$ 334,989	\$ 280,153
Municipal Police	132,888	146,463	182,808
Total	\$ 390,847	\$ 481,452	\$ 462,961
Contributions in relation to the contractually required contribution			
Municipal General	\$ (257,959)	\$ (334,989)	\$ (280,153)
Municipal Police	(132,888)	(146,463)	(182,808)
Total	\$ (390,847)	\$ (481,452)	\$ (462,961)
Contribution deficiency (excess)			
Municipal General	\$ -	\$ -	\$ -
Municipal Police	-	-	-
Total	\$ -	\$ -	\$ -
City of Aztec's covered payroll			
Municipal General	\$ 2,701,141	\$ 3,507,738	\$ 2,933,539
Municipal Police	703,111	774,937	967,238
	\$ 3,404,252	\$ 4,282,675	\$ 3,900,777
Contributions as a percentage of covered payroll			
Municipal General	9.55%	9.55%	9.55%
Municipal Police	18.90%	18.90%	18.90%

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

See notes to required supplementary information.

2018	2017	2016	2015
\$ 292,146	\$ 289,057	\$ 302,365	\$ 283,548
143,100	141,990	136,784	137,609
<u>\$ 435,246</u>	<u>\$ 431,047</u>	<u>\$ 439,149</u>	<u>\$ 421,157</u>
\$ (292,146)	\$ (289,057)	\$ (302,365)	\$ (283,548)
(143,100)	(141,990)	(136,784)	(137,609)
<u>\$ (435,246)</u>	<u>\$ (431,047)</u>	<u>\$ (439,149)</u>	<u>\$ (421,157)</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,059,120	\$ 3,026,775	\$ 3,182,789	\$ 2,984,716
757,143	751,270	723,725	604,078
<u>\$ 3,816,263</u>	<u>\$ 3,778,045</u>	<u>\$ 3,906,514</u>	<u>\$ 3,588,794</u>
9.55%	9.55%	9.50%	9.50%
18.90%	18.90%	18.90%	22.78%

See notes to required supplementary information.

State of New Mexico
City of Aztec
Schedule of Proportionate Share of the Net OPEB Liability
New Mexico Retiree Health Care Authority (NMRHCA) Plan
Last 10 Fiscal Years*

Fiscal Year	June 30,	
	2021	2020
Measurement Date	2020	2019
City of Aztec's proportion of the net OPEB liability	0.08928%	0.09527%
City of Aztec's proportionate share of the net OPEB liability	\$ 3,748,785	\$ 3,089,023
City of Aztec's covered-employee payroll	\$ 4,090,569	\$ 4,217,800
City of Aztec's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	91.64%	73.24%
Plan fiduciary net position as a percentage of the total OPEB liability	16.50%	18.92%

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

See notes to required supplementary information.

June 30,			
2019		2018	
2018		2017	
	0.09328%		0.09514%
\$	4,056,144	\$	4,311,434
\$	3,963,197	\$	3,775,735
	102.35%		114.19%
	13.14%		11.34%

See notes to required supplementary information.

State of New Mexico
City of Aztec
Schedule of Contributions
New Mexico Retiree Health Care Authority (NMRHCA) Plan
Last 10 Fiscal Years*

As of and for the Year Ended June 30,	2021	2020
Contractually required contributions	\$ 85,763	\$ 87,950
Contributions in relation to the contractually required contribution	(85,763)	(87,950)
Contribution deficiency (excess)	\$ -	\$ -
City of Aztec's covered-employee payroll	\$ 4,051,645	\$ 4,090,569
Contributions as a percentage of covered-employee payroll	2.00%	2.00%

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

See notes to required supplementary information.

<u>2019</u>	<u>2018</u>
\$ 84,356	\$ 79,661
<u>(84,356)</u>	<u>(79,661)</u>
<u>\$ -</u>	<u>\$ -</u>
\$ 4,217,800	\$ 3,963,197
2.00%	2.00%

See notes to required supplementary information.

State of New Mexico
City of Aztec
Notes to Required Supplementary Information

Public Employees Retirement Association (PERA) Plan

Changes of benefit terms. The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA CAFR available at <https://www.saonm.org>.

Changes of assumptions. The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 2019 report is available at <http://www.nmpera.org/>

New Mexico Retiree Health Care Authority

Changes of benefit terms. The NMRHCA eligibility benefits changes in recent years are described in Note 1 of the NMRHCA audit available at <http://nmrhca.org/financial-documents>.

Changes of assumptions. The New Mexico Retiree Healthcare Authority (NMRHCA) Actuarial Valuation as of June 30, 2020 report is available at <http://nmrhca.org/financial-documents>. See the notes to the financial statements beginning on page 12 which summarizes actuarial assumptions and methods effective with the June 30, 2020 valuation.

In the June 30, 2020 actuarial valuation rolled forward to the measurement date of June 30, 2020, changes in assumptions and differences between expected and actual experience include adjustments resulting from an decrease in the discount rate from 4.16% to 2.86%, changes in medical carrier election assumptions based on recent enrollment, and updated Medicare Advantage trends to reflect 2020 and 2021 premiums.

Supplementary Information

THIS PAGE INTENTIONALLY LEFT BLANK

State of New Mexico
City of Aztec
Nonmajor Governmental Fund Descriptions

SPECIAL REVENUE FUNDS

Municipal Road Fund: This fund was established to account for gasoline tax monies received pursuant to Section 7-1-6.9 NMSA 1978.

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.

Impact 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.

Airport Fund: This fund accounts for the activities of the City's airport operations and accounts for operating and capital grants. This fund was established by the City Commission.

CAPITAL PROJECTS FUNDS

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.

Community Development Block Grant Fund: City management established this fund to account for federal grant monies received for water, sewer, and street capital expenditures.

**State of New Mexico
City of Aztec
Combining Balance Sheet
Nonmajor Governmental Funds**

June 30, 2021	Special Revenue		
	Municipal Road Fund	Law Enforcement Protection Fund	Local Government Correction Fund
Assets			
Cash and cash equivalents	\$ 1,506,789	\$ 54	\$ 10,144
Investments	573,485	20	3,861
Receivables			
Taxes	70,748	-	-
Intergovernmental	-	-	-
Other	-	-	-
Prepaid expenses	-	-	-
Total assets	\$ 2,151,022	\$ 74	\$ 14,005
Liabilities			
Accounts payable	\$ -	\$ -	\$ 3,168
Unearned revenue	-	-	-
Total liabilities	-	-	3,168
Fund balances			
Nonspendable	-	-	-
Restricted	2,151,022	74	10,837
Committed	-	-	-
Total fund balances	2,151,022	74	10,837
Total liabilities, deferred inflows of resources, and fund balances	\$ 2,151,022	\$ 74	\$ 14,005

Economic Development Fund	Impact Fees Fund	Lodgers' Tax Fund	State Fire Fund
\$ -	\$ 2,011	\$ 59,115	\$ 462,549
119,306	765	22,499	176,046
-	-	4,456	-
-	-	-	-
-	-	-	-
-	-	1,421	7,151
\$ 119,306	\$ 2,776	\$ 87,491	\$ 645,746
\$ -	\$ -	\$ -	\$ 170
-	-	-	-
-	-	-	170
-	-	1,421	7,151
-	-	86,070	638,425
119,306	2,776	-	-
119,306	2,776	87,491	645,576
\$ 119,306	\$ 2,776	\$ 87,491	\$ 645,746

(Continued)

**State of New Mexico
City of Aztec
Combining Balance Sheet
Nonmajor Governmental Funds**

June 30, 2021	Special Revenue	Capital Projects	
	Airport Fund	Capital Projects Fund	Community Development Block Grant Fund
Assets			
Cash and cash equivalents	\$ 75,765	\$ 677,948	\$ 4,345
Investments	28,836	506,938	-
Receivables			
Taxes	-	-	-
Intergovernmental	-	145,274	-
Other	247	-	-
Prepaid expenses	2,965	-	-
Total assets	\$ 107,813	\$ 1,330,160	\$ 4,345
Liabilities			
Accounts payable	\$ -	\$ 32,044	\$ -
Unearned revenue	1,800	-	-
Total liabilities	1,800	32,044	-
Fund balances			
Nonspendable	2,965	-	-
Restricted	103,048	1,298,116	4,345
Committed	-	-	-
Total fund balances	106,013	1,298,116	4,345
Total liabilities, deferred inflows of resources, and fund balances	\$ 107,813	\$ 1,330,160	\$ 4,345

**Total Nonmajor
Governmental
Funds**

\$ 2,798,720
1,431,756

75,204
145,274
247
11,537

\$ 4,462,738

\$ 35,382
1,800

37,182

11,537
4,291,937
122,082

4,425,556

\$ 4,462,738

-

State of New Mexico
City of Aztec
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds

For the Year Ended June 30, 2020	Special Revenue		
	Municipal Road Fund	Law Enforcement Protection Fund	Local Government Correction Fund
Revenues			
Taxes			
Gross receipts	\$ 158,986	\$ -	\$ -
Gasoline and motor vehicle	268,991	-	-
Other	-	-	-
Intergovernmental			
Federal operating grants	-	-	-
Federal capital grants	-	-	-
State operating grants	-	28,400	-
Charges for services	-	-	-
Licenses and fees	-	-	43,490
Investment income	5,941	70	-
Other	-	-	-
Total revenues	433,918	28,470	43,490
Expenditures			
Current			
General government	-	-	-
Public safety	-	32,719	44,779
Public works	3,926	-	-
Culture and recreation	-	-	-
Capital outlay	41,244	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
Total expenditures	45,170	32,719	44,779
Excess (deficiency) of revenues over expenditures	388,748	(4,249)	(1,289)
Net change in fund balances	388,748	(4,249)	(1,289)
Fund balances - beginning of year	1,762,274	4,323	12,126
Fund balances - end of year	\$ 2,151,022	\$ 74	\$ 10,837

Special Revenue

Economic Development Fund	Impact Fees Fund	Lodgers' Tax Fund	State Fire Fund
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	31,199	-
-	-	-	-
-	-	-	-
-	-	-	233,111
-	-	-	-
-	1,500	-	-
384	8	285	1,880
-	-	-	-
384	1,508	31,484	234,991
-	-	-	-
-	-	-	86,481
-	-	-	-
-	-	31,942	-
-	-	-	6,183
-	-	-	-
-	-	-	-
-	-	31,942	92,664
384	1,508	(458)	142,327
384	1,508	(458)	142,327
118,922	1,268	87,949	503,249
\$ 119,306	\$ 2,776	\$ 87,491	\$ 645,576

(Continued)

State of New Mexico
City of Aztec
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds

For the Year Ended June 30, 2020	<u>Special Revenue</u>	<u>Capital Projects</u>	
	Airport Fund	Capital Projects Fund	Community Development Block Grant Fund
Revenues			
Taxes			
Gross receipts	\$ -	\$ 476,876	\$ -
Gasoline and motor vehicle	-	-	-
Other	-	-	-
Intergovernmental			
Federal operating grants	164,186	-	-
Federal capital grants	12,837	-	-
State operating grants	-	-	-
Charges for services	56,761	-	-
Licenses and fees	-	-	-
Investment income	234	6,330	-
Other	16	-	-
Total revenues	234,034	483,206	-
Expenditures			
Current			
General government	-	11,775	-
Public safety	-	-	-
Public works	269,327	-	-
Culture and recreation	-	-	-
Capital outlay	200	146,428	-
Debt service			
Principal	-	187,409	-
Interest	-	126,670	-
Total expenditures	269,527	472,282	-
Excess (deficiency) of revenues over expenditures	(35,493)	10,924	-
Net change in fund balances	(35,493)	10,924	-
Fund balances - beginning of year	141,506	1,287,192	4,345
Fund balances - end of year	\$ 106,013	\$ 1,298,116	\$ 4,345

**Total Nonmajor
Governmental
Funds**

\$	635,862
	268,991
	31,199
	164,186
	12,837
	261,511
	56,761
	44,990
	15,132
	16
	<hr/>
	1,491,485
	<hr/>

	11,775
	163,979
	273,253
	31,942
	194,055
	187,409
	126,670
	<hr/>
	989,083
	<hr/>

	502,402
	<hr/>
	502,402
	3,923,154
	<hr/>
\$	4,425,556
	<hr/>

THIS PAGE INTENTIONALLY LEFT BLANK

Supporting Schedules

State of New Mexico
City of Aztec
Schedule of Deposit and Investment Accounts
June 30, 2021

Bank Account Type/Name	Citizens Bank	Four Corners Community Bank	High Desert Credit Union
CB MVD Account - Demand	\$ 6,206	\$ -	\$ -
Municipal Court Bond Account - Demand	23,287	-	-
CDBG Project Account - Demand	4,245	-	-
Employee Association Account - Demand	12,236	-	-
ST&POL Interest Checking - Demand	11,510,848	-	-
Regular Share Account	-	-	20
Certificates of Deposit - Interest Bearing	1,250,000	1,250,000	76,882
New MexiGROW-LGIP	-	-	-
NMFA Cash	-	-	-
NMFA Reserve Account	-	-	-
Total	12,806,822	1,250,000	76,902
Reconciling items	(127,544)	-	-
Reconciled balance	\$ 12,679,278	\$ 1,250,000	\$ 76,902
Plus petty cash			
Less restricted cash and cash equivalents per statement of net position			
Less custodial cash and cash equivalents per statement of fiduciary net position			
Less investments per statement of net position			
Less restricted investments per statement of net position			
<hr/>			
Cash and cash equivalents per statement of net position			
<hr/>			

***This amount represents \$322,132 of investments and \$12,199 of cash in the NMFA Reserve Account.

Vectra Bank	State Treasurer LGIP	NMFA Accounts	Totals
\$ -	\$ -	\$ -	\$ 6,206
-	-	-	23,287
-	-	-	4,245
-	-	-	12,236
-	-	-	11,510,848
-	-	-	20
1	-	-	2,576,883
-	12,876,867	-	12,876,867
-	-	180,184	180,184
-	-	334,331	334,331 ***
1	12,876,867	514,515	27,525,107
-	-	-	(127,544)
<u>\$ 1</u>	<u>\$ 12,876,867</u>	<u>\$ 514,515</u>	<u>27,397,563</u>
			2,220
			(219,778)
			(12,236)
			(15,453,812)
			(322,132)
			<u>\$ 11,391,825</u>

THIS PAGE INTENTIONALLY LEFT BLANK

State of New Mexico
City of Aztec
Schedule of Collateral Pledged By Depository for Public Funds
June 30, 2021

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number	Value June 30, 2021
Citizens Bank				
	Federal Home Loan Bank	3/20/2041	38377U2A5	\$ 2,841,933
	Federal Home Loan Bank	9/15/2031	3137AFP22	7,615,694
Total Citizens Bank				10,457,627
Name and location of safekeeper for above pledged collateral: Federal Home Loan Bank (FHLB) Dallas, TX				
Four Corners Community Bank				
	Artesia NM Gross Rec	6/1/2024	043053CB1	224,618
	Artesia NM Gross Rec	6/1/2023	043053CC9	330,420
	Alamogordo NM	8/15/2029	011446GT2	216,367
	S Wstrn or Cmnth Clg	5/1/2043	845680MT1	365,121
	Custer Cnty Co Sch Di	12/1/2037	231734BJ2	381,440
	Northmore OH Local SC	8/15/2036	66860KBK0	357,684
	Northwoods Rd Dist Tex No 1	11/1/2036	666603BK0	241,417
	Ravenna MI Pub Schs	5/1/2035	754254EQ9	327,513
	San Pasqual Vy Unif	8/1/2041	799186AR2	382,596
	Sthrn Worcester Cnty	6/1/2039	844138EH6	612,550
Total Four Corners Community Bank				3,439,727
Name and location of safekeeper for above pledged collateral: The Independent BankersBank (TIB) Dallas, TX				
Total pledged collateral				\$ 13,897,354

State of New Mexico
City of Aztec
Schedule of Special, Deficiency, Specific and Capital Outlay Appropriations
For the Year Ended June 30, 2021

Description	SHARE Identifier #	Original Appropriation
Special, Deficiency, Specific and Capital Outlay Appropriations		
Aztec Senior Community Center-Meals Equip	A5060	\$ 7,600
Aztec Senior Community Center-Renovate	A5061	53,100
Aztec Senior Community Center-Vehicles	A5062	133,000
Reauth-East Aztec Arterial Route, Ret	C4096	3,525,703
Aztec Senior Center - Code Comply	D2049	53,800
E Aztec Arterial Route Construct San Juan Co	D3387	3,158,000
N Main Ave Extend Aztec	D3388	2,500,000
Reauth-East Aztec Arterial Route Construction-	D4075	1,190,413
NM HWY 173 Water Line Relocation Aztec	E2180	1,500,000
Aztec Outdoor Recreation Mft & Retain Facility	E2678	500,000
Total Special, Deficiency, Specific and Capital Outlay Appropriations		\$ 12,621,616

Appropriation Period	Expenditures To Date	Outstanding Encumbrances	Unencumbered Balances
8/1/2017-6/30/2021	\$ 7,600	\$ -	\$ -
8/1/2017-6/30/2021	45,706	-	7,394
8/1/2017-6/30/2021	132,713	-	287
2018-11/30/2020	-	-	3,525,703
2019-6/30/2023	33,646	-	20,154
2019-6/30/2023	-	-	3,158,000
2019-6/30/2023	-	-	2,500,000
2019-8/31/2021	-	-	1,190,413
6/29/2020-6/30/2024	-	-	1,500,000
10/27/2020-6/30/2024	-	-	500,000
	\$ 219,665	\$ -	\$ 12,401,951

**State of New Mexico
City of Aztec
Schedule of Joint Powers Agreements
For the Year Ended June 30, 2021**

Joint Power Agreement	Participants (including City of Aztec)	Responsible Party	Description
Communications	Cities of Bloomfield & Farmington: San Juan County	San Juan County Communications Authority	Communications
County jail operations	San Juan County	San Juan County	County jail operations
Police Training	Cities of Bloomfield & Farmington: San Juan County	San Juan County Criminal Justice Training Authority	Police Training
Water rights protection/acquisition/distribution	Cities of Bloomfield & Farmington; San Juan County; rural water associations	San Juan Water Commission	Water rights protection/acquisition / distribution
<u>Municipal Planning Organization</u>	Cities of Bloomfield & Farmington and San Juan County	City of Farmington	<u>Municipal Planning Organization</u>

Total Project	Total Estimated Project Amount and Amount Applicable to Party	Amount contributed By City During Current Fiscal Year	Audit Responsibility
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
variable	\$86.45/day/prisoner through 6/30/21; rate recalculated July 1 in subsequent years	46,193	San Juan County
variable	pro-rata share of costs	9,000	San Juan County Criminal Justice Training Authority
variable	.5% of mill levy assessed on property taxes	-	San Juan Water Commission
variable	pro-rata share (10%) of costs of MPO (operational and special projects)	3,330	City of Farmington

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

	FISCAL YEAR		
	2012	2013	2014
Governmental activities			
Net investment in capital assets	\$ 16,106,487	\$ 16,357,638	\$ 18,187,236
Restricted	3,983,424	3,806,581	2,528,759
Unrestricted	5,187,030	4,075,048	3,909,535
Total governmental activities net position	\$ 25,276,941	\$ 24,239,267	\$ 24,625,530
Business-type activities			
Net investment in capital assets	\$ 23,814,365	\$ 25,110,714	\$ 25,384,751
Restricted	250,000	555,000	555,000
Unrestricted	12,547,460	11,615,482	12,124,521
Total business-type activities net position	\$ 36,611,825	\$ 37,281,196	\$ 38,064,272
Primary government			
Net investment in capital assets	\$ 39,920,852	\$ 41,468,352	\$ 43,571,987
Restricted	4,233,424	4,361,581	3,083,759
Unrestricted	17,734,490	15,690,530	16,034,056
Total primary government net position	\$ 61,888,766	\$ 61,520,463	\$ 62,689,802

Source: City of Aztec Annual Financial Reports

Note: FY2017 restated is a result of GASB 75 implementation

FISCAL YEAR

2015	2016	2017 Restated	2018	2019	2020	2021
\$17,883,982	\$19,890,658	\$21,879,431	\$20,945,993	\$20,159,700	\$19,025,740	\$17,990,190
2,877,803	2,483,331	2,327,719	2,761,172	3,559,649	4,030,085	4,674,494
(920,431)	(73,648)	(4,270,412)	(4,105,484)	(4,232,486)	(3,925,659)	(2,437,870)
\$19,841,354	\$22,300,341	\$19,936,738	\$19,601,681	\$19,486,863	\$19,130,166	\$20,226,814
\$25,066,433	\$25,303,796	\$24,402,177	\$24,153,572	\$23,493,974	\$22,764,296	\$21,967,837
555,000	555,000	938,156	938,156	938,156	938,156	938,156
12,198,095	11,904,056	11,445,701	11,703,628	12,975,916	14,252,073	15,482,859
\$37,819,528	\$37,762,852	\$36,786,034	\$36,795,356	\$37,408,046	\$37,954,525	\$38,388,852
\$42,950,415	\$45,194,454	\$46,281,608	\$45,099,565	\$43,653,674	\$41,790,036	\$39,958,027
3,432,803	3,038,331	3,265,875	3,699,328	4,497,805	4,968,241	5,612,650
11,277,664	11,830,408	7,175,289	7,598,144	8,743,430	10,326,414	13,044,989
\$57,660,882	\$60,063,193	\$56,722,772	\$56,397,037	\$56,894,909	\$57,084,691	\$58,615,666

City of Aztec, New Mexico
Changes in Net Position
Last Ten Fiscal Years

(accrual basis of accounting)

	FISCAL YEAR			
	2012	2013	2014	2015
Expenses				
Governmental Activities				
General Government	\$ 1,961,789	\$ 2,246,743	\$ 1,964,074	\$ 2,326,401
Public Safety	1,915,374	2,114,730	2,165,969	1,997,270
Public Works	2,196,404	1,888,341	1,681,645	1,290,631
Health & Welfare	675,436	636,508	900,447	665,443
Culture and Recreation	1,442,998	1,862,384	1,638,610	1,647,198
Interest on Long Term Debt	189,666	184,288	179,861	173,822
Total Governmental Activities	8,381,667	8,932,994	8,530,606	8,100,765
Business Type Activities				
Joint Utility	8,549,579	9,165,391	9,392,921	9,037,980
Joint Utility-Water	-	-	-	-
Joint Utility-Wastewater	-	-	-	-
Joint Utility-Electricity	-	-	-	-
Solid Waste	693,121	691,877	729,951	706,207
Irrigation	14,492	12,199	7,759	8,259
Golf Course	-	-	-	128,158
Total Business Type Activities	9,257,192	9,869,467	10,130,631	9,880,604
Total Expenses	17,638,859	18,802,461	18,661,237	17,981,369
Program Revenues				
Governmental activities				
Charges for services				
General Government	284,305	744,822	730,086	747,857
Public Safety	390,107	231,869	85,887	83,521
Public Works	28,919	395	-	-
Health & Welfare	27,640	44,568	-	-
Culture and Recreation	49,401	32,032	5,500	4,000
Operating grants and contributions	756,548	451,773	793,464	511,129
Capital grants and contributions	943,526	16,524	900,000	-
Total Governmental Activities	2,480,446	1,521,983	2,514,937	1,346,507
Business-type activities				
Charges for services				
Joint Utility	9,465,404	9,596,002	9,817,481	9,748,818
Joint Utility-Water	-	-	-	-
Joint Utility-Wastewater	-	-	-	-
Joint Utility-Electricity	-	-	-	-
Solid Waste	687,382	680,822	683,547	672,228
Irrigation	13,159	13,159	13,159	13,159
Golf Course	-	-	-	62,326
Operating grants and contributions	-	-	-	-
Capital grants and contributions	96,640	114,652	70,915	25,401
Total Business-Type Activities	10,262,585	10,404,635	10,585,102	10,521,932
Total Program Revenues	\$12,743,031	\$11,926,618	\$13,100,039	\$11,868,439
Net (Expenses)/Revenues				
Governmental activities	\$ (5,901,221)	\$ (7,411,011)	\$ (6,015,669)	\$ (6,754,258)
Business-type activities	1,005,393	535,168	454,471	641,328
Total Net Expenses	\$ (4,895,828)	\$ (6,875,843)	\$ (5,561,198)	\$ (6,112,930)

FISCAL YEAR					
2016	2017	2018	2019	2020	2021
\$ 1,568,493	\$ 1,770,834	\$ 1,865,539	\$ 2,801,603	\$ 2,488,067	\$ 2,661,448
1,971,740	2,174,181	2,290,949	2,317,450	2,538,259	1,996,972
1,667,557	1,519,726	1,320,015	1,242,683	1,308,639	1,278,109
452,399	890,773	952,236	998,855	1,094,702	1,055,342
1,477,217	1,822,992	1,697,288	1,623,131	1,624,141	1,512,075
166,988	160,028	157,804	149,080	129,474	128,980
<u>7,304,394</u>	<u>8,338,534</u>	<u>8,283,831</u>	<u>9,132,802</u>	<u>9,183,282</u>	<u>8,632,926</u>
10,013,305	8,869,976	8,959,614	8,787,148	-	-
-	-	-	-	2,167,730	2,160,628
-	-	-	-	2,096,229	2,107,776
-	-	-	-	4,717,783	4,445,627
715,993	722,332	747,453	849,205	997,876	1,062,365
9,679	8,088	7,480	8,309	7,491	9,108
466,443	-	-	-	-	-
<u>11,205,420</u>	<u>9,600,396</u>	<u>9,714,547</u>	<u>9,644,662</u>	<u>9,987,109</u>	<u>9,785,504</u>
<u>18,509,814</u>	<u>17,938,930</u>	<u>17,998,378</u>	<u>18,777,464</u>	<u>19,170,391</u>	<u>18,418,430</u>
796,156	48,816	86,961	927,364	961,717	963,607
83,017	573,001	592,718	577,386	483,975	367,353
-	9,888	74,512	69,645	66,403	60,718
-	459,357	407,988	404,558	430,767	457,639
2,601	7,429	17,307	20,791	9,978	4,882
777,635	509,528	504,194	761,194	854,558	1,791,290
2,262,442	2,726,499	98,903	44,066	161,251	148,305
<u>3,921,851</u>	<u>4,334,518</u>	<u>1,782,583</u>	<u>2,805,004</u>	<u>2,968,649</u>	<u>3,793,794</u>
9,714,773	8,660,578	9,164,051	9,045,940	-	-
-	-	-	-	2,028,612	2,019,657
-	-	-	-	1,644,750	1,646,280
-	-	-	-	5,387,152	5,253,510
665,087	671,389	753,981	812,783	1,040,190	1,101,497
13,159	-	-	-	-	-
117,335	-	-	-	-	-
552	-	-	-	-	-
138,155	401,735	150,615	-	-	-
<u>10,649,061</u>	<u>9,733,702</u>	<u>10,068,647</u>	<u>9,858,723</u>	<u>10,100,704</u>	<u>10,020,944</u>
<u>\$14,570,912</u>	<u>\$14,068,220</u>	<u>\$11,851,230</u>	<u>\$12,663,727</u>	<u>\$13,069,353</u>	<u>\$13,814,738</u>
\$ (3,382,543)	\$ (4,004,016)	\$ (6,501,248)	\$ (6,327,798)	\$ (6,214,633)	\$ (4,839,132)
(556,359)	133,306	354,100	214,061	113,595	235,440
<u>\$ (3,938,902)</u>	<u>\$ (3,870,710)</u>	<u>\$ (6,147,148)</u>	<u>\$ (6,113,737)</u>	<u>\$ (6,101,038)</u>	<u>\$ (4,603,692)</u>

City of Aztec, New Mexico
Changes in Net Position
Last Ten Fiscal Years

(accrual basis of accounting)

	FISCAL YEAR			
	2012	2013	2014	2015
General Revenues and Other Changes in Net Position				
Governmental Activities				
Taxes				
Gross receipts taxes	\$ 5,029,168	\$ 4,816,122	\$ 4,761,159	\$ 4,646,288
Property taxes	588,699	592,685	631,249	617,819
Gasoline and motor vehicle taxes	-	-	-	-
Franchise taxes	552,008	564,375	588,965	577,449
Other taxes	180,947	183,573	206,771	239,237
Payment in lieu of tax	-	-	-	-
Miscellaneous	378,685	199,082	202,254	202,075
Unrestricted investment earnings	23,867	20,984	12,751	11,784
Donation of capital assets	-	-	-	-
Gain/(Loss) on disposition	(13,277)	(3,484)	(1,217)	(2,222)
Special item - loan forgiveness	-	-	-	-
Transfers	-	-	-	(35,000)
Total general revenues and transfers	6,740,097	6,373,337	6,401,932	6,257,430
Business-type Activities				
Environmental taxes	102,074	100,623	99,433	96,873
Unrestricted investment earnings	42,153	33,580	13,088	24,155
Miscellaneous	-	-	216,084	300,654
Loss on disposition	-	-	-	(3,517)
Transfers	-	-	-	35,000
Total Business-type activities	144,227	134,203	328,605	453,165
Total primary government	\$ 6,884,324	\$ 6,507,540	\$ 6,730,537	\$ 6,710,595
Change in Net Position				
Governmental activities	\$ 6,740,097	\$ 6,373,337	\$ 6,401,932	\$ 6,257,430
Business-type activities	144,227	134,203	328,605	453,165
Total Change in Net Position	\$ 6,884,324	\$ 6,507,540	\$ 6,730,537	\$ 6,710,595

Source: City of Aztec Annual Financial Report

FISCAL YEAR					
2016	2017	2018	2019	2020	2021
\$ 3,888,208	\$ 3,499,512	\$ 3,800,288	\$ 4,027,832	\$ 4,054,219	\$ 4,255,580
649,691	723,750	577,672	705,016	703,349	704,786
-	225,259	207,870	215,323	223,652	305,914
572,951	-	-	-	-	-
233,832	152,467	156,919	139,654	127,187	112,302
-	421,205	448,016	442,297	443,960	441,354
589,539	353,405	273,048	123,730	189,595	102,390
15,711	21,750	52,378	110,917	97,529	28,578
-	69,356	-	433,211	-	-
(13,602)	-	-	-	18,588	1,567
-	-	-	-	73,503	-
(95,000)	(120,027)	650,000	-	(58,646)	(16,691)
<u>5,841,330</u>	<u>5,346,677</u>	<u>6,166,191</u>	<u>6,197,980</u>	<u>5,872,936</u>	<u>5,935,780</u>
81,333	73,203	79,437	80,795	76,307	79,487
39,529	69,799	143,144	261,554	220,647	53,443
316,019	41,877	82,639	56,280	77,284	49,266
(32,198)	-	-	-	-	-
95,000	120,027	(650,000)	-	58,646	16,691
<u>499,683</u>	<u>304,906</u>	<u>(344,780)</u>	<u>398,629</u>	<u>432,884</u>	<u>198,887</u>
<u>\$ 6,341,013</u>	<u>\$ 5,651,583</u>	<u>\$ 5,821,411</u>	<u>\$ 6,596,609</u>	<u>\$ 6,305,820</u>	<u>\$ 6,134,667</u>
\$ 2,458,787	\$ 1,342,661	\$ (335,057)	\$ (129,818)	\$ (341,697)	\$ 1,096,648
(56,676)	438,212	9,320	612,690	546,479	434,327
<u>\$ 2,402,111</u>	<u>\$ 1,780,873</u>	<u>\$ (325,737)</u>	<u>\$ 482,872</u>	<u>\$ 204,782</u>	<u>\$ 1,530,975</u>

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

	FISCAL YEAR		
	2012	2013	2014
General Fund			
Reserved	\$ 701,366	\$ -	\$ -
Nonspendable	700	4,445	1,976
Restricted	-	702,138	741,721
Committed	-	-	-
Unassigned	4,774,649	3,708,584	2,901,221
Total general fund	\$ 5,476,715	\$ 4,415,167	\$ 3,644,918
All other governmental funds			
Nonspendable	\$ 1,413	\$ 4,436	\$ 4,110
Restricted	3,282,058	3,104,443	2,374,508
Committed	138,983	144,362	150,141
Unassigned	-	-	-
Total all other governmental funds	\$ 3,422,454	\$ 3,253,241	\$ 2,528,759

Source: City of Aztec Annual Financial Report

FISCAL YEAR

2015	2016	2017	2018	2019	2020	2021
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5,536	10,288	13,491	20,444	26,645	13,250	-
713,702	634,194	-	-	-	-	-
-	-	495,662	584,696	2,599,060	2,178,970	2,461,799
2,202,285	2,385,755	2,644,262	3,017,947	3,373,157	2,293,277	3,202,702
<u>\$ 2,921,523</u>	<u>\$ 3,030,237</u>	<u>\$ 3,153,415</u>	<u>\$ 3,623,087</u>	<u>\$ 5,998,862</u>	<u>\$ 4,485,497</u>	<u>\$ 5,664,501</u>
\$ 5,113	\$ 4,993	\$ -	\$ 4,565	\$ 11,231	\$ 7,411	\$ 11,537
2,718,264	2,363,202	2,028,470	2,477,369	3,073,897	3,842,895	4,355,776
154,426	120,129	119,694	122,986	126,490	120,190	122,082
-	-	-	(29,696)	-	-	-
<u>\$ 2,877,803</u>	<u>\$ 2,488,324</u>	<u>\$ 2,148,164</u>	<u>\$ 2,575,224</u>	<u>\$ 3,211,618</u>	<u>\$ 3,970,496</u>	<u>\$ 4,489,395</u>

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

	FISCAL YEAR		
	2012	2013	2014
Revenues			
Taxes	\$ 6,329,548	\$ 6,143,275	\$ 6,188,144
Licenses and permits	62,258	64,651	76,768
Intergovernmental	1,700,074	689,376	1,693,464
Charges for services	328,007	359,333	332,955
Fines	390,107	408,623	411,750
Investment earnings	23,867	20,984	12,751
Miscellaneous	378,685	199,082	202,254
Total Revenues	9,212,546	7,885,324	8,918,086
Expenditures			
Current			
General Government	1,886,575	2,034,603	1,933,642
Public Safety	1,783,255	1,978,046	1,943,569
Public Works	1,531,750	1,205,751	1,110,026
Health & Welfare	633,678	595,731	852,462
Culture and Recreation	1,081,789	1,275,462	990,588
Debt			
Principal	149,400	153,943	158,826
Interest	190,551	185,236	179,861
Capital Outlay	2,424,940	1,687,313	3,243,843
Total expenditures	9,681,938	9,116,085	10,412,817
Excess of revenues over (under) expenditures	(469,392)	(1,230,761)	(1,494,731)
Other Financing Sources (Uses)			
Operating transfers in	233,975	209,000	434,469
Operating transfers out	(233,975)	(209,000)	(434,469)
Proceeds from sale of capital assets	-	-	-
Total other financing sources and uses	-	-	-
Net change in fund balances	\$ (469,392)	\$ (1,230,761)	\$ (1,494,731)
Debt service as a percentage of noncapital expenditures	5%	4%	4%

Source: City of Aztec Annual Financial Report

FISCAL YEAR

2015	2016	2017	2018	2019	2020	2021
\$ 6,080,793	\$ 5,341,878	\$ 4,536,978	\$ 4,725,557	\$ 5,056,784	\$ 5,091,291	\$ 5,819,936
68,161	74,761	1,012,707	996,411	977,464	903,324	802,356
511,129	3,040,077	3,236,027	603,097	805,260	1,015,809	1,939,595
374,904	439,632	85,784	183,076	1,022,280	1,049,516	1,051,843
392,313	367,381	-	-	-	-	-
11,784	15,711	21,750	52,378	110,917	97,529	28,578
202,075	589,539	774,610	691,063	566,027	633,555	102,390
7,641,159	9,868,979	9,667,856	7,251,582	8,538,732	8,791,024	9,744,698
2,286,838	1,874,668	1,574,053	1,666,673	2,553,242	2,263,737	2,764,656
1,887,636	1,823,867	1,791,894	1,940,078	1,984,151	2,098,292	2,038,584
784,922	1,115,638	736,972	558,414	518,004	563,190	601,965
629,950	542,776	819,179	898,586	942,660	1,020,241	1,072,033
1,059,608	1,027,602	1,146,768	980,515	847,994	919,456	896,155
165,939	173,708	179,555	203,846	351,749	74,148	189,240
173,822	166,800	160,028	157,804	149,080	129,474	126,670
991,795	3,329,685	3,490,113	628,934	235,254	439,989	342,368
7,980,510	10,054,744	9,898,562	7,034,850	7,582,134	7,508,527	8,031,671
(339,351)	(185,765)	(230,706)	216,732	956,598	1,282,497	1,713,027
422,000	88,000	81,823	705,000	245,274	49,800	25,285
(457,000)	(183,000)	(68,099)	(55,000)	(245,274)	(49,800)	(41,976)
-	-	-	30,000	-	18,587	1,567
(35,000)	(95,000)	13,724	680,000	-	18,587	(15,124)
\$ (374,351)	\$ (280,765)	\$ (216,982)	\$ 896,732	\$ 956,598	\$ 1,301,084	\$ 1,697,903
5%	5%	5%	6%	7%	3%	4%

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

Fiscal Year	Commercial		Residential	
	kWh	Revenue	kWh	Revenue
2021	23,408,453	\$ 2,865,411	16,943,626	\$ 2,268,886
2020	25,156,244	3,036,766	16,130,212	2,153,122
2019	25,633,855	3,081,487	16,106,111	2,114,704
2018	26,788,951	3,131,193	16,080,566	2,086,782
2017	26,817,595	3,120,566	16,042,645	2,121,981
2016	27,061,582	3,592,765	16,371,181	2,376,165
2015	27,853,954	3,673,266	16,329,646	2,377,477
2014	28,412,734	3,685,410	16,878,943	2,452,343
2013	27,229,673	3,559,886	17,033,678	2,472,746
2012	26,674,939	3,536,290	17,173,811	2,490,411
Change				
2012-2021	-12.25%	-18.97%	-1.34%	-8.90%

Source: City of Aztec Electric Utility

Street and Yard Lights		Total	
kWh	Revenue	kWh	Revenue
650,043	\$ 76,928	41,002,122	\$ 5,211,225
655,568	77,582	41,942,024	5,267,470
652,736	77,244	42,392,702	5,273,434
638,004	78,618	43,507,521	5,296,593
629,952	87,689	43,490,192	5,330,236
632,522	88,284	44,065,285	6,057,213
639,428	88,384	44,823,028	6,139,127
614,904	85,353	45,906,581	6,223,106
553,797	78,057	44,817,148	6,110,689
552,344	77,761	44,401,094	6,104,463
17.69%	-1.07%	-7.66%	-12.31%

THIS PAGE INTENTIONALLY LEFT BLANK

**City of Aztec, New Mexico
Electric Rates by Customer Type
as of June 30, 2021**

Type of Customer

Commercial

Power Supply

\$0.055 per kWh

Small Commercial <50kW

\$50.0000 per month

\$0.0560 per kWh

Large Commercial 50k - 150 kW

\$100.0000 per month

\$0.0550 per kWh

Residential

Power Supply

\$0.055 per kWh

User Cost:

\$30.0000 per month 0 -100 kWh

\$0.0300 per kWh 101 - 500 kWh

\$0.0300 per kWh 501 and above

Solar Rates

Residential - Limited to 200 amp or less

Power Supply

\$0.055 per kWh

User Cost:

\$38.0000 0-100 kWh

0.03 100-500 kWh

0.03 Over 500 kWh

0.0425 Purchase Excess Customer Generation (per kWh)

Solar Rates

Commercial - Limited to 50 kW

Power Supply

\$0.055 per kWh

User Cost:

\$50.0000 per month

\$0.0560 Usage Charge (per kWh)

\$0.0425 Purchase Excess

Customer Generation
(all kWh)

Commercial - 50 kWh to 150 kWh

User Cost

\$100.0000 per month

\$0.0550 Usage Charge (per kWh)

\$0.0425 Purchase Excess

Customer Generation
(all kWh)

Street and Yard Lighting

\$7.50 100 or 150 watt HPS

\$14.00 250 watt HPS

\$25.00 400 watt HPS

Source: City of Aztec Municipal Code, Chapter 16, Article IV

City of Aztec, New Mexico
Electric Principal Revenue Payers
Current Year and Nine Years Ago

	Fiscal Year 2021		
	Revenue	Rank	Percentage of Revenue
AZTEC MUNICIPAL SCHOOLS	\$ 328,823	1	26.27%
SAN JUAN COUNTY	288,357	2	23.04%
SAFEWAY	204,175	3	16.31%
HILLCORP	108,140	4	8.64%
CONOCOPHILLIPS			
WESTERN REFINING	49,297	7	3.94%
AZTEC WELL SERVICE	90,782	5	7.25%
AZTEC HEALTH CARE	66,522	6	5.31%
MCDONALD'S OF AZTEC	40,733	8	3.25%
CENTURYLINK, INC	40,398	9	3.23%
PEPSI BOTTLING			
FEDEX GROUND PACKAGE	34,577	10	2.76%
Total	\$ 1,251,804		100.00%

Source: City of Aztec Electric Utility System

Fiscal Year 2012

Revenue	Rank	Percentage of Revenue
\$ 608,164	1	32.53%
427,157	2	22.85%
277,341	3	14.84%
		0.00%
103,813	6	5.55%
121,809	4	6.52%
104,317	5	5.58%
85,267	7	4.56%
52,655	8	2.82%
49,273	9	2.64%
39,671	10	2.12%
		0.00%
\$ 1,869,465		100.00%

THIS PAGE INTENTIONALLY LEFT BLANK

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

Fiscal Year	Gross Receipts			Gasoline and Motor Vehicle		Total Taxes
	Tax	Property Tax	Franchise Tax	Taxes	Other Taxes	
2021	\$ 4,255,580	\$ 704,786	\$ -	\$ 305,914	\$ 112,302	\$ 5,378,582
2020	4,054,219	703,349	-	223,652	127,187	5,108,407
2019	4,027,832	705,016	-	215,323	139,654	5,087,825
2018	3,800,288	577,672	-	207,870	156,919	4,742,749
2017	3,499,512	723,750	-	225,259	152,467	4,600,988
2016	3,888,208	649,691	572,951	-	233,832	5,344,682
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	592,685	564,375	-	183,573	6,156,755
2012	5,029,168	588,699	552,008	-	180,947	6,350,822
Change 2012-2021	-15%	20%	-100%	N/A	-38%	-15%

Source: City of Aztec Annual Financial Report

City of Aztec, New Mexico
Taxable Gross Receipts by Industry
Last Ten Fiscal Years

Ending June 30,	FISCAL YEAR			
	2012	2013	2014	2015
Agriculture	\$ 386	\$ 825	\$ 221	\$ 12,548
Mining	21,172,800	19,852,855	20,192,110	10,126,077
Utilities	3,103,283	3,143,834	3,654,621	2,891,595
Construction	31,681,821	13,292,359	19,570,979	11,938,201
Manufacturing	9,480,883	17,029,297	10,426,483	6,019,867
Wholesale Trade	23,766,014	18,176,166	18,777,600	8,161,651
Retail Trade	35,412,028	38,133,131	35,888,110	20,552,737
Transportation	3,274,041	1,919,283	3,176,828	2,424,693
Information and Cutlural	16,325,683	17,571,531	17,465,490	9,673,272
Finance and Insurance	526,014	1,036,083	1,028,359	211,079
Real Estate	5,615,172	7,552,828	7,164,855	6,114,118
Professional, Scientific, Technical Svcs	11,916,579	7,637,572	10,817,766	7,718,100
Management	9,159	-	(4,855)	-
Administrative & Support	1,224,552	1,189,407	1,036,219	1,342,644
Educational Services	72,607	130,759	93,903	4,860
Health Care	6,295,117	12,103,614	12,350,566	8,059,103
Arts	668,414	809,766	843,752	459,162
Accomodation and Food Services	20,716,855	21,590,290	21,137,269	14,900,495
Other Services	25,814,290	37,417,600	41,935,669	29,107,132
Public Administration	1,815,007	3,480,221	2,051,366	376,657
Food Distribution (c)	47,914,152	42,859,200	30,137,103	27,510,731
Medical Distribution (c)	3,575,834	4,449,545	4,347,034	4,748,745
Unclassified/Undisclosed (a)	5,281,766	4,103,890	6,206,455	2,125,736
Total	\$275,662,455	\$273,480,056	\$268,297,903	\$174,479,204
City Direct Sales Tax Rate	1.8125%	1.8125%	1.8125%	1.8125%
City Direct Sales Tax Rate (d)				

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%.

(d) City Ordinance 2018-482 imposed 1/4% an increased in municipal gross receipts tax rate, adopted by governing body September 11, 2018, enacted January 1, 2019.

FISCAL YEAR					
2016	2017	2018	2019	2020	2021
\$ 12,518	\$ 1,626	\$ 59,750	\$ 122,607	\$ 26,989	\$ 43,549
3,104,953	3,432,780	3,873,440	3,022,616	505,757	602,235
1,647,533	1,731,836	1,674,817	1,667,419	1,475,564	1,837,695
9,062,824	8,557,402	8,040,602	5,252,080	5,012,893	8,503,078
7,751,923	6,245,851	6,167,960	7,269,719	8,465,571	6,747,014
5,259,936	3,258,746	2,532,727	2,298,306	2,252,822	4,017,270
19,863,623	19,363,541	22,874,447	31,783,470	30,369,149	23,975,393
1,790,784	1,954,983	138,665	148,229	95,726	74,753
9,303,559	9,123,399	8,733,757	8,522,511	8,185,644	4,230,676
210,686	173,951	222,142	787,994	294,045	405,678
2,694,583	3,055,383	3,414,485	5,170,766	2,953,203	3,587,086
4,580,248	7,034,194	7,015,673	7,956,871	8,346,478	6,915,982
-	-	-	-	-	2,604
598,170	771,795	938,074	1,219,675	1,089,060	1,259,751
12,582	130,112	150,775	49,415	31,928	84,695
6,907,380	4,235,502	9,362,974	5,345,207	6,395,510	12,128,194
396,033	379,272	307,979	361,890	393,221	180,459
12,059,854	12,129,034	12,449,792	13,106,511	12,865,592	14,540,902
13,988,728	12,423,033	13,048,219	11,223,164	9,577,780	9,098,906
1,118,355	677,042	987,392	759,401	1,198,033	355,762
19,665,197	16,772,650	19,087,953	17,042,816	17,712,529	20,187,447
3,129,131	2,433,004	2,352,905	2,216,662	2,297,794	2,310,094
396,085	435,388	281,483	652,474	519,843	644,775
\$123,554,685	\$114,320,525	\$123,716,010	\$125,979,803	\$120,065,132	\$121,733,998
1.8125%	1.8125%	1.8125%	1.8125%	1.8125%	1.8125%
			2.0625%	2.0625%	2.0625%

THIS PAGE INTENTIONALLY LEFT BLANK

City of Aztec, New Mexico
Direct and Overlapping Gross Receipts Tax Rates
Last Ten Fiscal Years

Fiscal Year	State GRT Rate	City Share of State GRT Rate	City Direct Rate	San Juan County Rate	Total City GRT Rate
2021	3.9000%	1.2250%	2.0625%	1.1875%	8.3750%
2020	3.9000%	1.2250%	2.0625%	1.0625%	8.2500%
2019 (c)	3.9000%	1.2250%	2.0625%	1.0625%	8.2500%
2018	3.9000%	1.2250%	1.8125%	1.0625%	8.0000%
2017	3.9000%	1.2250%	1.8125%	1.0625%	8.0000%
2016	3.9000%	1.2250%	1.8125%	1.0625%	8.0000%
2015 (b)	3.9000%	1.2250%	1.8125%	1.0625%	8.0000%
2014 (a)	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%

Source: State of New Mexico Taxation and Revenue Department

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

(b) San Juan County imposed 3/16%, adopted by government board, enacted January 1, 2015

(c) City Ordinance 2018-482 imposed 1/4% an increased in municipal gross receipts tax rate, adopted by governing body September 11, 2018, enacted January 1, 2019

City of Aztec, New Mexico
Taxable Gross Receipts Payers by Industry
Current Year and One Year Ago

Ending June 30,	Fiscal Year 2021			
	Number of Filers (12 Mo. Avg.)	Percentage of Total Filers	Taxable Gross Receipts	Percentage of Total Gross Receipts
Agriculture	1	0.08%	\$ 43,549	0.04%
Mining	5	0.57%	602,235	0.49%
Utilities	6	0.78%	1,837,695	1.51%
Construction	51	6.25%	8,503,078	6.98%
Manufacturing	45	5.52%	6,747,014	5.54%
Wholesale Trade	59	7.27%	4,017,270	3.30%
Retail Trade	234	28.79%	23,975,393	19.69%
Transportation	8	0.96%	74,753	0.06%
Information and Cutlural	89	10.96%	4,230,676	3.48%
Finance and Insurance	7	0.88%	405,678	0.33%
Real Estate	38	4.63%	3,587,086	2.95%
Professional, Scientific, Technical Svcs	74	9.15%	6,915,982	5.68%
Management		0.00%	2,604	0.00%
Administrative & Support	31	3.86%	1,259,751	1.03%
Educational Services	5	0.67%	84,695	0.07%
Health Care	19	2.36%	12,128,194	9.96%
Arts	3	0.41%	180,459	0.15%
Accomodation and Food Services	20	2.48%	14,540,902	11.94%
Other Services	96	11.79%	9,098,906	7.47%
Public Administration	1	0.09%	355,762	0.29%
Food Distribution (a) (c)		0.00%	20,187,447	16.58%
Medical Distribution (a) (c)		0.00%	2,310,094	1.90%
Unclassified/Undisclosed (a)	20	2.49%	644,775	0.53%
Total	812.25	100.00%	\$ 121,733,998	100.00%

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%.

Fiscal Year 2020

Number of Filers (12 Mo. Avg.)	Percentage of Total Filers	Taxable Gross Receipts	Percentage of Total Gross Receipts
0	0.06%	\$ 26,989	0.02%
5	1.01%	505,757	0.42%
6	1.09%	1,475,564	1.23%
38	7.32%	5,012,893	4.18%
20	3.91%	8,465,571	7.05%
36	6.88%	2,252,822	1.88%
135	25.84%	30,369,149	25.29%
5	0.93%	95,726	0.08%
61	11.62%	8,185,644	6.82%
6	1.22%	294,045	0.24%
28	5.33%	2,953,203	2.46%
37	7.12%	8,346,478	6.95%
0	0.00%	-	0.00%
17	3.33%	1,089,060	0.91%
4	0.80%	31,928	0.03%
16	3.04%	6,395,510	5.33%
3	0.50%	393,221	0.33%
15	2.91%	12,865,592	10.72%
77	14.84%	9,577,780	7.98%
1	0.11%	1,198,033	1.00%
	0.00%	17,712,529	14.75%
	0.00%	2,297,794	1.91%
11	2.15%	519,843	0.43%
521	100.00%	\$ 120,065,132	100.00%

City of Aztec, New Mexico
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Residential Property	Nonresidential Property	Oil & Gas (Prod & Equip)	Less Tax Exempt Property	Total Taxable Assessed Value
2021	\$ 92,267,473	\$ 39,080,650	\$ 549,216	\$ 40,388,712	\$ 91,508,627
2020	90,439,032	40,695,032	1,120,333	39,480,488	92,773,909
2019	92,420,547	76,957,862	1,337,924	39,690,324	131,026,009
2018	92,711,566	73,055,297	961,893	38,977,957	127,750,799
2017 (a)	91,021,342	73,565,652	783,998	38,771,523	126,599,469
2016 (a)	89,059,828	73,279,324	893,795	38,478,931	124,754,016
2015 (a)	86,997,132	73,551,505	1,840,330	38,171,923	124,217,044
2014 (a)	84,700,152	73,364,127	1,568,658	39,788,615	119,844,322
2013 (a)	81,726,608	68,244,297	1,465,076	37,664,240	113,771,741
2012 (a)	79,015,509	65,560,274	2,167,166	33,966,265	112,776,684

Source: San Juan County Assessor

(a) Amounts restated based on San Juan County Assessor Abstract and New Mexico Department of Finance and Administration Local Government Final Valuations; previously stated values were based on San Juan County Assessor Certificate of Property Tax Rates

Total Direct Residential Tax Rate	Total Direct Non Residential Tax Rate	Total Direct Oil & Gas Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
4.7010%	6.8730%	6.8730%	\$ 274,800,682	33.3%
4.6960%	6.8280%	6.8730%	278,600,327	33.3%
4.6730%	6.6000%	6.8730%	393,471,498	33.3%
4.4750%	6.8730%	6.8730%	383,636,033	33.3%
4.3910%	6.8730%	6.8730%	380,178,586	33.3%
4.3850%	6.8730%	6.8730%	374,636,685	33.3%
4.4440%	6.8680%	6.8730%	373,024,156	33.3%
4.4810%	6.8730%	6.8730%	359,892,859	33.3%
4.5710%	6.8730%	6.8730%	341,656,880	33.3%
4.5870%	6.5090%	6.8730%	338,668,721	33.3%

City of Aztec, New Mexico
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years

Fiscal Year	City of Aztec		Overlapping Rates			
	Operating Millage	Total Direct Rate	State Debt Service	San Juan County Operational	Water Reserve	
2021						
	Residential	4.701%	4.701%	1.360%	6.533%	0.500%
	Commercial	6.873%	6.873%	1.360%	8.000%	0.500%
2020						
	Residential	6.490%	6.490%	1.360%	6.490%	0.500%
	Commercial	8.000%	8.000%	1.360%	8.000%	0.500%
2019						
	Residential	4.673%	4.673%	1.360%	6.436%	0.500%
	Commercial	6.600%	6.600%	1.360%	8.000%	0.500%
2018						
	Residential	4.475%	4.475%	1.360%	6.200%	0.500%
	Commercial	6.873%	6.873%	1.360%	8.000%	0.500%
2017						
	Residential	4.391%	4.391%	1.360%	6.045%	0.500%
	Commercial	6.873%	6.873%	1.360%	8.000%	0.500%
2016						
	Residential	4.385%	4.385%	1.360%	6.029%	0.500%
	Commercial	6.873%	6.873%	1.360%	8.000%	0.500%
2015						
	Residential	4.444%	4.444%	1.360%	5.729%	0.500%
	Commercial	6.868%	6.868%	1.360%	8.000%	0.500%
2014						
	Residential	4.481%	4.481%	1.360%	5.731%	0.500%
	Commercial	6.873%	6.873%	1.360%	8.000%	0.500%
2013						
	Residential	4.571%	4.571%	1.360%	5.810%	0.500%
	Commercial	6.873%	6.873%	1.360%	8.000%	0.500%
2012						
	Residential	4.587%	4.587%	1.360%	5.826%	0.500%
	Commercial	6.509%	6.509%	1.360%	8.000%	0.500%

Source: San Juan County Assessor

Overlapping Rates

Aztec Municipal District				San Juan College				Total Direct and Overlapping
Total County	Operational	Debt Service	Capital Imp	Total School District	Operational	Debt Service	Total College	
7.033%	0.274%	8.325%	1.886%	10.485%	3.561%	0.600%	4.161%	27.740%
8.500%	0.500%	8.325%	1.886%	10.711%	4.500%	0.600%	5.100%	32.544%
6.990%	0.273%	8.325%	1.886%	10.484%	3.539%	0.600%	4.139%	29.463%
8.500%	0.500%	8.325%	1.886%	10.711%	4.500%	0.600%	5.100%	33.671%
6.936%	0.271%	10.227%	1.886%	12.384%	3.512%	0.600%	4.112%	29.465%
8.500%	0.500%	10.227%	1.886%	12.613%	4.500%	0.600%	5.100%	34.173%
6.700%	0.261%	10.192%	1.871%	12.324%	3.392%	0.600%	3.992%	28.851%
8.500%	0.500%	10.192%	2.000%	12.692%	4.500%	0.600%	5.100%	34.525%
6.545%	0.255%	10.227%	1.830%	12.312%	3.314%	0.600%	3.914%	28.522%
8.500%	0.500%	10.227%	2.000%	12.727%	4.500%	0.600%	5.100%	34.560%
6.529%	0.255%	10.764%	1.827%	12.846%	3.263%	0.600%	3.863%	28.983%
8.500%	0.500%	10.764%	2.000%	13.264%	4.500%	0.600%	5.100%	35.097%
6.229%	0.258%	8.393%	1.849%	10.500%	3.113%	0.600%	3.713%	26.246%
8.500%	0.500%	8.393%	2.000%	10.893%	4.500%	0.600%	5.100%	32.721%
6.231%	0.260%	6.676%	1.862%	8.798%	3.114%	0.600%	3.714%	24.584%
8.500%	0.500%	6.676%	2.000%	9.176%	4.500%	0.600%	5.100%	31.009%
6.310%	0.263%	8.448%	1.886%	10.597%	3.154%	0.600%	3.754%	26.592%
8.500%	0.500%	8.448%	2.000%	10.948%	4.500%	0.600%	5.100%	32.781%
6.326%	0.263%	6.517%	1.886%	8.666%	3.162%	0.420%	3.582%	24.521%
8.500%	0.500%	6.517%	2.000%	9.017%	4.500%	0.420%	4.920%	30.306%

**City of Aztec, New Mexico
Principal Property Tax Payers
Current Year and Nine Years Ago**

	Fiscal Year 2021		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
AZTEC WELL SERVICING CO	\$ 2,512,443	1	0.64%
CRANE SERVICE INC	2,142,716	2	0.54%
BOTTLING GROUP LLC	1,503,752	4	0.38%
PRESIDENTIAL HOSPITALITY LLC	847,764	9	0.22%
NEW MEXICO GAS COMPANY	1,637,652	3	0.42%
SAFEWAY STORES 46 INC	1,237,225	5	0.31%
FEDERAL EXPRESS	1,153,812	6	0.29%
NORTH STAR DWC AND MSW COOP INC	961,166	8	0.24%
COMCAST OF NEW MEXICO INC	1,130,709	7	0.29%
HIGH TECH RENTAL TOOLS LLC			
QWEST CORPORATION			
WPX ENERGY INC			
UNITED FOOD STORE NO 3 INC	747,709	10	0.19%
WILLIAM FOUR CORNERS LLC			
Total	\$ 13,874,948		3.53%

Source: San Juan County Assessor's Office

Fiscal Year 2012

Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
\$ 2,286,744	1	21.71%
1,506,909	2	14.31%
734,993	9	6.98%
1,059,075	4	10.05%
946,196	5	8.98%
1,084,724	3	10.30%
743,442	7	7.06%
739,743	8	7.02%
655,530	10	6.22%
775,464	6	7.36%
\$ 10,532,820		100.00%

THIS PAGE INTENTIONALLY LEFT BLANK

Compliance Section

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

INDEPENDENT AUDITORS' REPORT

Brian S. Colón, Esq.
New Mexico State Auditor
The City Commission
City of Aztec
Aztec, New Mexico

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 and the budgetary comparison of the general fund and the intergovernmental grants fund of the City of Aztec, New Mexico (the "City") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 21, 2022.

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) as a basis for designing 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 have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a material weakness.

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 financial statements. 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted a certain matter that is required to be reported pursuant to Section 12-6-5 NMSA 1978, which is described in the accompanying schedule of findings and questioned costs under Section 12-6-5 NMSA 1978 as item 2021-002.

City's Response 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 on them.

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

Carr, Riggs & Ingram, L.L.C.

Carr, Riggs & Ingram, LLC
Albuquerque, New Mexico
January 21, 2022

REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

INDEPENDENT AUDITORS' REPORT

Brian S. Colón, Esq.
New Mexico State Auditor and
The Office of Management and Budget
The City Commission
City of Aztec
Aztec, New Mexico

Report on Compliance for the Major Federal Program

We have audited the City of Aztec, New Mexico's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended June 30, 2021. The City's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for 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 the 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 the major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on the Major Federal Program

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 its major federal program for the year ended June 30, 2021.

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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Carr, Riggs & Ingram, L.L.C.

Carr, Riggs & Ingram, LLC
Albuquerque, New Mexico
January 21, 2022

**State of New Mexico
City of Aztec
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021**

Federal Grantor or Pass- Through Grantor / Program Title	Grant/Pass Thru Number
U.S. Department of Treasury	
<i>Passed through the New Mexico Department of Finance and Administration</i>	
COVID-19 - Coronavirus Relief Fund	CARES-BUS-16001-CAZ
COVID-19 - Coronavirus Relief Fund	CARES-16001-CAZ
<hr/>	
Subtotal - Coronavirus Relief Fund	
<hr/>	
Total U.S. Department of Treasury	
<hr/>	
U.S. Department of Health and Human Services	
<i>Passed through the City of Farmington</i>	
Aging Cluster	
COVID-19 - Special Programs for the Aging, Title III, Part C	2020-21-68057
COVID-19 - Nutrition Services Incentive Program (NSIP)	2020-21-68057
<hr/>	
Subtotal - Aging Cluster	
<hr/>	
Total U.S. Department of Health and Human Services	
<hr/>	
U.S. Department of Transportation	
<i>Direct programs</i>	
COVID-19 - Airport Improvement Program	3-35-0056-006-2020
Airport Improvement Program	3-35-0056-007-2020
<hr/>	
Subtotal - Airport Improvement Program	
<hr/>	
Total U.S. Department of Transportation	
<hr/>	
Total Federal Financial Assistance	
<hr/> <hr/>	

See accompanying notes to schedule of expenditures of federal awards.

Assistance Listing Number	Federal Expenditures	Funds Provided to Subrecipients	Noncash Assistance
21.019	\$ 305,264	\$ -	\$ -
21.019	532,249	-	-
	837,513	-	-
	837,513	-	-
93.045	3,024	-	-
93.053	94,282	-	-
	97,306	-	-
	97,306	-	-
20.106	168,463	-	-
20.106	16,965	-	-
	185,428	-	-
	185,428	-	-
	\$ 1,120,247	\$ -	\$ -

See accompanying notes to schedule of expenditures of federal awards.

THIS PAGE INTENTIONALLY LEFT BLANK

State of New Mexico
City of Aztec
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Notes to Schedule of Expenditures of Federal Awards

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the City of Aztec (the "City") and is presented on the modified accrual basis of accounting, which is the same basis as was used to prepare the fund financial statements. The information in this Schedule is presented in accordance with the requirements of Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, our used in the preparation of, the financial statements.

2. Loans

The City did not expend federal awards related to loans or loan guarantees during the year.

3. 10% de minimus Indirect Cost Rate

The City did not elect to use the allowed 10% indirect cost rate.

4. Federally Funded Insurance

The City has no federally funded insurance.

Reconciliation of Schedule of Expenditures of Federal Awards to Financial Statements:

Total federal awards expended per schedule of expenditures of federal awards	\$ 1,120,247
Total expenditures funded by other sources	6,911,424
<hr/>	
Total expenditures	\$ 8,031,671
<hr/>	

See independent auditors' report.

**State of New Mexico
City of Aztec
Schedule of Findings and Questioned Costs
June 30, 2021**

SECTION I: SUMMARY OF AUDITORS' RESULTS

Financial Statements:

- | | |
|--|------------|
| 1. Type of auditors' report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | Yes |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| c. Noncompliance material to the financial statements? | No |

Federal Awards:

- | | | | | | | | |
|---|-----------------------------------|------------------------|--------|-----------------------------------|--------|--|--|
| 1. Type of auditors' report issued on compliance for major programs | Unmodified | | | | | | |
| 2. Internal control over major programs: | | | | | | | |
| a. Material weaknesses identified? | No | | | | | | |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted | | | | | | |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516 (a)? | No | | | | | | |
| 4. Identification of major programs: | | | | | | | |
| <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center; width: 50%;"><u>Assistance Listing</u></td> <td style="text-align: center; width: 50%;"><u>Federal Program</u></td> </tr> <tr> <td style="text-align: center;">Number</td> <td style="text-align: center;">COVID-19: Coronavirus Relief Fund</td> </tr> <tr> <td style="text-align: center;">21.019</td> <td></td> </tr> </table> | <u>Assistance Listing</u> | <u>Federal Program</u> | Number | COVID-19: Coronavirus Relief Fund | 21.019 | | |
| <u>Assistance Listing</u> | <u>Federal Program</u> | | | | | | |
| Number | COVID-19: Coronavirus Relief Fund | | | | | | |
| 21.019 | | | | | | | |
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 | | | | | | |
| 6. Auditee qualified as low-risk auditee? | No | | | | | | |

State of New Mexico
City of Aztec
Schedule of Findings and Questioned Costs
June 30, 2021

SECTION II: FINANCIAL STATEMENT FINDINGS

2021-001 (2020-001) — Capital Assets (Material Weakness) Modified and Repeated

Condition – During our testwork over capital assets, the following items were noted:

- The governmental activities capital asset listing did not include \$208,014 of items that should have been capitalized during the fiscal year. This includes ancillary charges such as taxes, freight, closing costs, etc. An audit adjustment was necessary to properly state capital assets.
- The business-type activities capital asset listing did not include \$773,139 of items that should have been capitalized during the fiscal year. An audit adjustment was necessary to properly state capital assets.
- Further, an adjustment out of construction in progress related to business-type activities in the amount of \$87,729 was necessary to properly include the transfers in building and systems category.

During fiscal year 2021, the City did not make progress with regards to this audit finding.

Criteria – The COSO 2013 Internal Control Integrated Framework provides guidelines for designing and implementing a system of internal controls that incorporates five necessary components of internal controls. These five components consist of the control environment, risk assessment, control activities, information and communication, and monitoring. Good accounting practices require the City to implement and follow sound accounting and internal control policies and procedures. Proper internal controls include adequate segregation of duties and review by someone independent of the performance task. While the City does have an internal system of review in place over the expenditure process, it has not resulted in the proper recognition of capital assets for governmental activities and capital assets for business-type activities, associated accumulated depreciation, depreciation expense, and capital outlay balances.

Effect – Failure to properly record capital assets, net of accumulated depreciation, depreciation expense, and capital outlay resulted in an understatement of current year capital assets for the governmental and business-type activities.

Cause – The City had turnover in key management positions and does not have proper procedures over reconciling capital outlay expenditures or expenses at year end to ensure that capital asset balances for governmental activities and business-type activities are properly recorded at fiscal year-end.

Auditors' Recommendation – CRI recommends that the City perform procedures at fiscal year-end to ensure that capital assets are accurately maintained and the subledgers are appropriately updated. After all adjustments have been made, an individual outside of the preparation should review it to ensure that capital outlay or expenses have been properly capitalized and they are recorded in the correct capital asset classification.

State of New Mexico
City of Aztec
Schedule of Findings and Questioned Costs
June 30, 2021

SECTION II: FINANCIAL STATEMENT FINDINGS (Continued)

2021-001 (2020-001) — Capital Assets (Material Weakness) Modified and Repeated (Continued)

Views of Responsible Officials and Planned Corrective Action – The City agrees with this finding, due to significant staffing changes, and a lack of critical positions in the Finance Department significant challenges were encountered in preparing and maintaining the detailed schedules for capital assets and construction in progress. Finance Department staff will start the preparation and associated review of the detailed capital asset and construction in progress schedules well ahead of the start of the subsequent year audit. The City will provide training to staff. Policies and procedures will be developed and implemented requiring timely reconciliation. Finally, to monitor compliance over the reconciliations, bi-annual internal audits will be conducted in this area.

Responsible Official – Finance Director

Timeline and Estimated Completion Date – March 15, 2022

SECTION III: FEDERAL AWARD FINDINGS

None noted.

SECTION IV: SECTION 12-6-5 NMSA 1978 FINDINGS

2021-002 – Late Audit Report — Other Noncompliance

Condition – The required submission date of the audit report for the fiscal year ended June 30, 2021, to the New Mexico State Auditor was December 15, 2021. The audit report was not submitted by the specified due date.

Criteria – 2.2.2.9(A) NMAC establishes a due date of December 15 for submission of this audit report to the Office of the State Auditor.

Effect – The City’s audit report was filed late.

Cause – The City was involved with significant staffing changes during the audit, and were still ensuring that all critical positions were filled during the current fiscal year, which ultimately caused the audit report to be late.

Auditors’ Recommendation – We recommend the City submit future audit reports timely and create a time schedule that will enable the City to become compliant with the Office of the State Auditor’s deadlines.

State of New Mexico
City of Aztec
Schedule of Findings and Questioned Costs
June 30, 2021

SECTION IV: SECTION 12-6-5 NMSA 1978 FINDINGS

2021-002 – Late Audit Report – Other Noncompliance

Views of Responsible Officials and Planned Corrective Action – The City agrees with this finding, due to significant staffing changes, and a lack of critical positions in the Finance Department which impacted the City’s ability to adhere to a timely year end close. The City will adhere to a quarter-end close checklists and procedures with additional staff. This will help the Finance Department improve results from accurate financial reporting, and makes the City’s Finance Department audit-ready earlier thereby reducing the risk of a late audit. The City will provide training to Finance Department personnel in completing the quarter-end close checklist. In addition, to monitor compliance over the timely and accurate completion of the quarter-end close checklists and procedures the City and its Finance Department are committed in meeting the fiscal year 2022 audit deadlines.

Responsible Official – Finance Director

Timeline and Estimated Completion Date – March 14, 2022

SECTION V: SUMMARY OF PRIOR YEAR FINDINGS

2020-001 Capital Assets – (Other Matter) Modified and Repeated.

**State of New Mexico
City of Aztec
Other Disclosures
June 30, 2021**

EXIT CONFERENCE

An exit conference was held on January 19, 2022 telephonically, as approved by the Office of the State Auditor. In attendance were the following:

Representing the City of Aztec:

Michael Padilla, Sr.
Paul Eckert
Anthony Bolling

Mayor
City Manager
Finance Director

Representing Carr, Riggs & Ingram, LLC:

Robert Lemmon
Sara Specht, CFE, CGFM

Partner
Supervising Senior

AUDITOR PREPARED FINANCIAL STATEMENTS

Carr, Riggs & Ingram, LLC prepared the GAAP-basis financial statements and footnotes of the City of Aztec from the original books and records provided to them by the management of the City. The responsibility for the financial statements remains with the City.