

# ***CITY OF AZTEC ANNUAL FINANCIAL REPORT 2019***



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## **Introductory Section**

**City of Aztec, New Mexico**  
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**June 30, 2019**

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**City of Aztec, New Mexico  
Official Roster  
June 30, 2019**

<u>Name</u>	<u>City Commission</u>	<u>Title</u>
Victor C. Snover		Mayor
Rosalyn A. Fry		Mayor ProTem
Mark E. Lewis		Commissioner
Austin R. Randall		Commissioner
Sherri A. Sipe		Commissioner
Carlton P. Gray		Municipal Judge

**Administration**

Steve Mueller		Acting City Manager
Karla H. Saylor		City Clerk
Kathy Lamb		Finance Director

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## **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 fund of the City of Aztec, New Mexico (the "City"), as of and for the year ended June 30, 2019, 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 fund of the City, as of June 30, 2019, 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.

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 13 through 26, the GASB required pension schedules on pages 86 through 93, the GASB required other post-employment benefit schedules on pages 94 through 95, and the notes to the required supplementary information on page 96 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 required by section 2.2.2 NMAC, as listed in the table of contents, the statistical section, 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 and the supporting schedules required by section 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements, and the supporting schedules required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory section, the 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 December 16, 2019, 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, L.L.C.*

Carr, Riggs & Ingram, LLC  
Albuquerque, New Mexico  
December 16, 2019

**City of Aztec, New Mexico**  
**Management's Discussion and Analysis**  
**June 30, 2019**

As management of the City of Aztec, New Mexico (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2019.

**Financial Highlights**

The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of June 30, 2019 by \$56,879,909 (net position) which represents a 0.86% increase from FY 2018. Of this amount, \$8,703,525 (unrestricted net position) may be used to meet the City's ongoing obligations to its citizens and creditors.

As of June 30, 2019, the City's governmental funds reported combined ending fund balances of \$7,154,909, an increase of \$956,598 in comparison with the prior year. Approximately 46.73% of this total fund balance amount, \$1,317,586, is available for spending at the City's discretion (unassigned fund balance).

At the end of the current fiscal year, unassigned fund balance for the general fund was \$1,317,586, or approximately 20.20% of total general fund expenditures.

The City's total net debt decreased by \$699,836, or 7.36% during the current fiscal year.

**Overview of Financial Statements**

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

Government-wide financial statements. The government-wide financial statements (statement of net position and statement of activities) are designed to provide readers with a broad overview of the City's financial condition, in a manner similar to a private-sector business. In addition, they report the City's net position and how it has changed during the fiscal year.

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

**City of Aztec, New Mexico**  
**Management's Discussion and Analysis**  
**June 30, 2019**

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements are divided into two categories:

Governmental Activities – These activities are principally supported by taxes and intergovernmental revenues (*federal and state grants*). Most of the City's basic services are reported here, including general government, law enforcement, fire protection, animal care and control, transportation, libraries, parks and recreation, senior/community center, and planning and community development.

Business-type Activities - The City charges fees to customers to support the cost of certain services it provides. The business-type activities of the City include a joint utility fund comprised of electric, water, and wastewater utilities, solid waste operations, and irrigation operations.

The government-wide financial statements can be found on pages 28-31 of this report.

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

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

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

**City of Aztec, New Mexico**  
**Management's Discussion and Analysis**  
**June 30, 2019**

The City maintains thirteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund which is considered to be a major fund. Data from the other twelve governmental funds are combined into a single, aggregated presentation. Individual fund data for these nonmajor governmental funds is provided in the form of combining statements following the notes to the financial statements (pages 100-107).

The City adopts an annual appropriated budget for all of its governmental funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 32-35 of this report.

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

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

The basic proprietary fund financial statements can be found on pages 38-43 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reported in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City's fiduciary fund is the agency fund, which holds the assets for the City's Employee Association Trust Fund, which accounts for employee contributions to an the fund used for special occasions, such as sending flowers, etc.

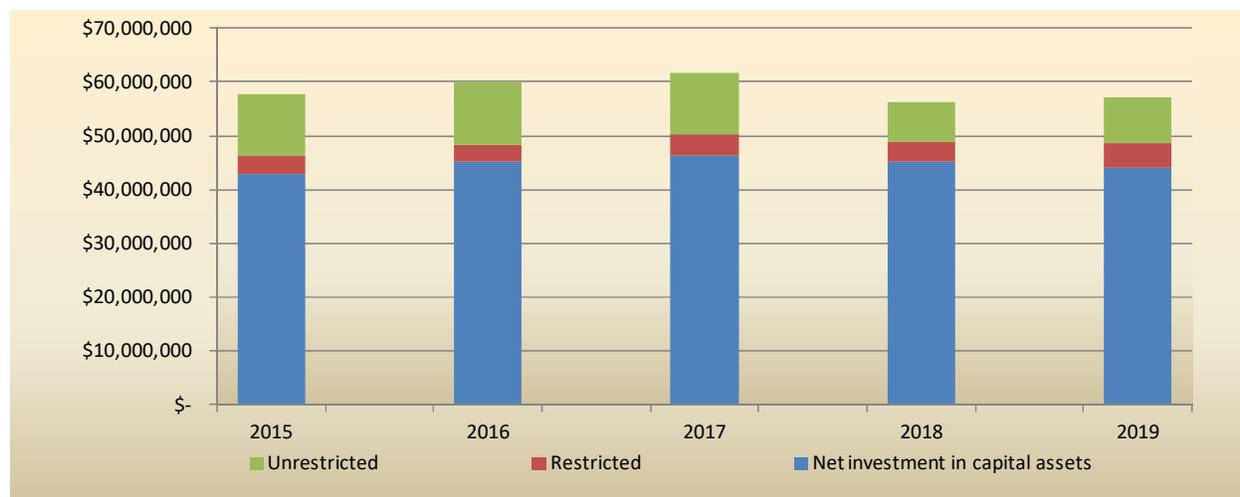
The fiduciary fund statement can be found on page 45 of this report.

Notes to the financial statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 46-84 of this report.

**City of Aztec, New Mexico**  
**Management's Discussion and Analysis**  
**June 30, 2019**

**Government-wide Overall Financial Analysis**

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$56,879,909 at the close of the most recent fiscal year. Below is a chart indicating the net position changes over the last five fiscal years:



The largest portion of the City's net position (\$43,653,674 or 77%) reflects its investment in capital assets (e.g. land, buildings, machinery, equipment, and infrastructure), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Another portion of the City's net position (\$4,522,710 or 7.90%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$8,703,525 (15.21%) is unrestricted and may be used to meet government's ongoing obligations to its citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all categories of net position for the government as a whole. Governmental activities report positive balances in two of the three categories of net position.

**City of Aztec, New Mexico**  
**Management's Discussion and Analysis**  
**June 30, 2019**

**CITY OF AZTEC Net Position**

	Governmental Activities		Business-type Activities		Total	
	FY 2019	FY 2018	FY 2019	FY 2018	FY 2019	FY 2018
Current and other assets	\$ 8,388,567	\$ 7,597,739	\$ 18,911,990	\$ 17,773,857	\$ 27,300,557	\$ 25,371,596
Capital assets	23,027,457	24,165,499	29,437,474	30,445,159	52,464,931	54,610,658
<b>Total assets</b>	<b>31,416,024</b>	<b>31,763,238</b>	<b>48,349,464</b>	<b>48,219,016</b>	<b>79,765,488</b>	<b>79,982,254</b>
Deferred outflows of resources	1,834,683	1,344,387	599,715	433,011	2,434,398	1,777,398
Long-term liabilities outstanding	11,669,326	10,738,473	9,294,372	9,349,157	20,963,698	20,087,630
Other liabilities	832,053	1,317,384	1,764,047	1,973,501	2,596,100	3,290,885
<b>Total liabilities</b>	<b>12,501,379</b>	<b>12,055,857</b>	<b>11,058,419</b>	<b>11,322,658</b>	<b>23,559,798</b>	<b>23,378,515</b>
Deferred inflows of resources	1,277,465	1,450,087	482,714	534,013	1,760,179	1,984,100
Net position:						
Investment in capital assets	20,159,700	20,945,993	23,493,974	24,153,572	43,653,674	45,099,565
Restricted	3,584,554	2,761,172	938,156	938,156	4,522,710	3,699,328
Unrestricted	(4,272,391)	(4,105,484)	12,975,916	11,703,628	8,703,525	7,598,144
<b>Total net position</b>	<b>\$ 19,471,863</b>	<b>\$ 19,601,681</b>	<b>\$ 37,408,046</b>	<b>\$ 36,795,356</b>	<b>\$ 56,879,909</b>	<b>\$ 56,397,037</b>

**CITY OF AZTEC's Change in Net Position**

	Governmental Activities		Business-Type Activities		Total	
	FY 2019	FY 2018	FY 2019	FY 2018	FY 2019	FY 2018
Revenues						
Program Revenues:						
Charges for Services	\$ 1,999,744	\$ 1,179,486	\$ 9,858,723	\$ 9,918,032	\$ 11,858,467	\$ 11,097,518
Operating Grants and contributions	761,194	504,194	-	-	761,194	504,194
Capital Grants and contributions	44,066	98,903	-	150,615	44,066	249,518
General Revenues:						
Property Taxes	705,016	577,672	-	-	705,016	577,672
GRT Taxes	4,027,832	3,800,288	80,795	79,437	4,108,627	3,879,725
Other Taxes	797,274	812,805	-	-	797,274	812,805
Other	667,858	325,426	317,834	225,783	985,692	551,209
<b>Total Revenues</b>	<b>9,002,984</b>	<b>7,298,774</b>	<b>10,257,352</b>	<b>10,373,867</b>	<b>19,260,336</b>	<b>17,672,641</b>
Expenses						
General Government	2,801,603	1,865,539	-	-	2,801,603	1,865,539
Public Safety	2,317,450	2,290,949	-	-	2,317,450	2,290,949
Public Works	1,242,683	1,320,015	-	-	1,242,683	1,320,015
Public Health & Welfare	998,855	952,236	-	-	998,855	952,236
Culture & Recreation	1,623,131	1,697,288	-	-	1,623,131	1,697,288
Interest, Long Term Debt	149,080	157,804	-	-	149,080	157,804
Joint Utility	-	-	8,787,148	8,959,614	8,787,148	8,959,614
Solid Waste	-	-	849,205	747,453	849,205	747,453
Irrigation	-	-	8,309	7,480	8,309	7,480
<b>Total Expenses</b>	<b>9,132,802</b>	<b>8,283,831</b>	<b>9,644,662</b>	<b>9,714,547</b>	<b>18,777,464</b>	<b>17,998,378</b>
Increase (decrease) in net position before transfers	(129,818)	(985,057)	612,690	659,320	482,872	(325,737)
Transfers	-	650,000	-	(650,000)	-	-
Increase (decrease) in net position	(129,818)	(335,057)	612,690	9,320	482,872	(325,737)
Net position – July 1	19,601,681	23,643,003	36,795,356	38,201,064	56,397,037	61,844,067
Restatement –GASB 75	-	(3,706,265)	-	(1,415,028)	-	(5,121,293)
<b>Net position – July 1, as restated</b>	<b>19,601,681</b>	<b>19,936,738</b>	<b>36,795,356</b>	<b>36,786,036</b>	<b>56,397,037</b>	<b>56,722,774</b>
<b>Net position – June 30</b>	<b>\$ 19,471,863</b>	<b>\$ 19,601,681</b>	<b>\$ 37,408,046</b>	<b>\$ 36,795,356</b>	<b>\$ 56,879,909</b>	<b>\$ 56,397,037</b>

Governmental activities. During the current fiscal year, net position for governmental activities decreased by \$129,818 from the prior fiscal year for an ending balance of \$19,471,863.

**City of Aztec, New Mexico**  
**Management's Discussion and Analysis**  
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Revenues: Governmental revenues in FY 2019 increased from FY 2018 by 23%.

- Gross receipts tax increased by \$227,544 or 5.6%. An estimated \$128,000 is the result of .25% increase of the City's gross receipt tax. Retail and manufacturing sectors continue to demonstrate growth.
- Property Tax receipts increased by \$127,344 or 22%. This change is the result of a timing issue of the collections and the availability to the City.
- Charges for Services increased by \$820,258 or 69.5% due to a change in the recognition of administrative fees from the Joint Utility Fund. Prior to FY 2019, the administrative fees had been recorded as a reduction of expenditures in the General Fund.
- Other revenues increased by \$342,432 by 105%, the result of donated capital assets in the amount of \$433,211.

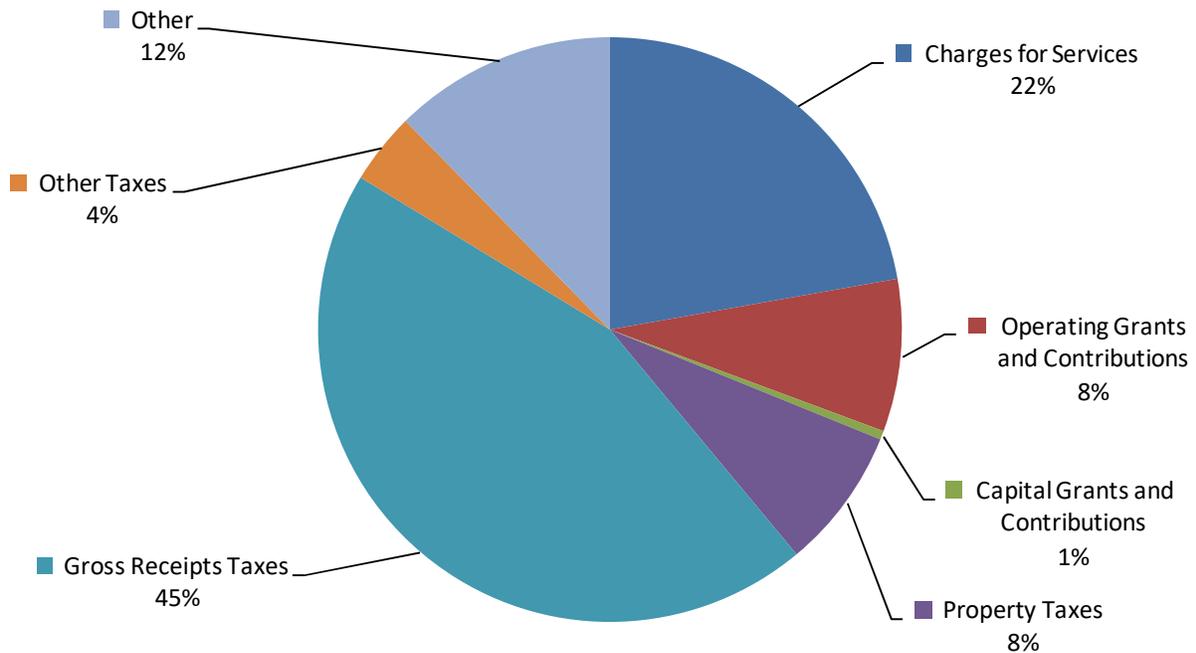
Expenditures: Governmental expenditures increased \$848,971 or 10.2% from the prior fiscal year.

- Expenditures increased by \$820,258 due to a change in the recognition of administrative fees from the Joint Utility Fund. Prior to FY 2019, the administrative fees had been recorded as a reduction of expenditures in the General Fund.
- The City considers its employees to be its most valuable resource in providing service to the citizens of the City. The City reviews annually its pay plan and benefit package in an effort to remain competitive with local employers. During FY 2019, the City provided a 2.1% COLA increase to most positions, not included were elected officials and seasonal positions. The City also reviews all vacant positions and may delay the filling of those positions. Net increase \$91,737
- Health insurance premiums increased by 4%; workers comp modifier decreased from 1.03 to .97. The net result was no impact to governmental activities net position.

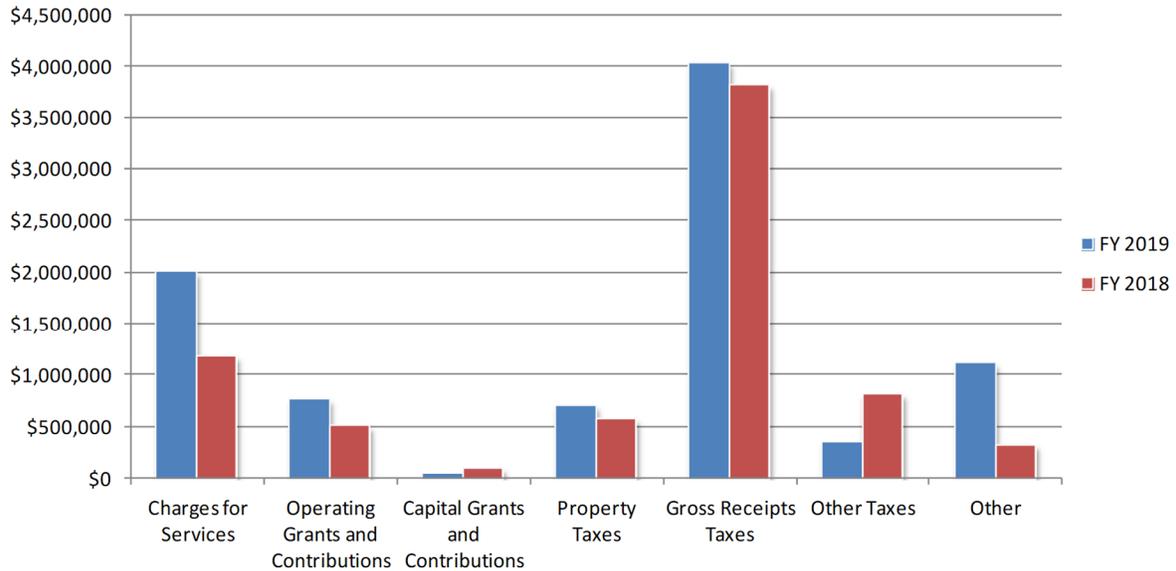
**City of Aztec, New Mexico**  
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The following chart shows the governmental activities by source. Gross receipts taxes provide 45% of the total revenues of the governmental activities. Program revenues including charges for services and grant and contributions provide 31% of the revenues in governmental revenues. Property taxes provided 8% of the revenues for governmental activities.

**Revenues by Sources - Governmental Activities**  
**June 30, 2019**

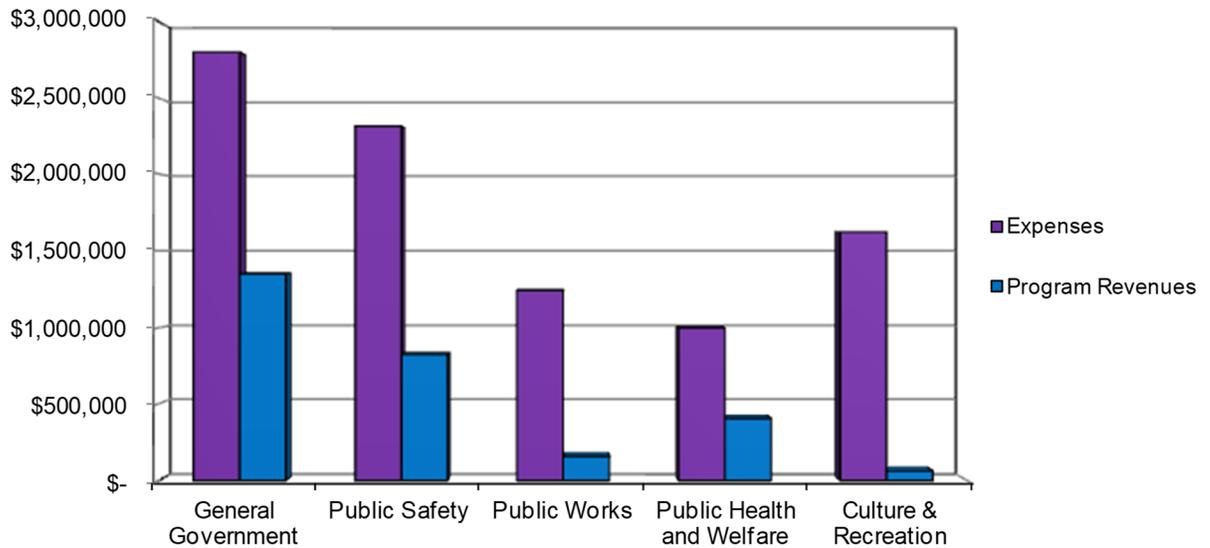


### Revenues by Sources - Governmental Activities June 30, 2018 and 2019



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

### Expenses and Program Revenues Governmental Activities



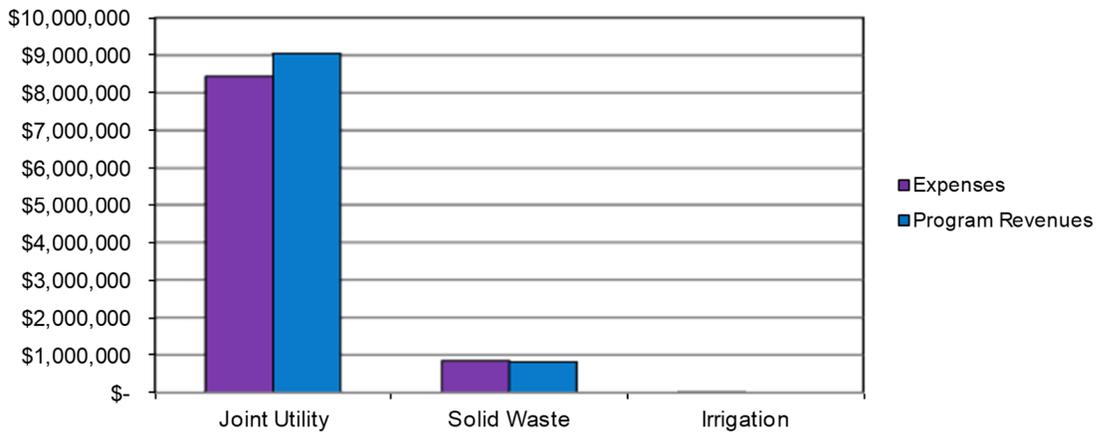
Note: This chart does not include tax revenues, which are the primary source for most governmental activities.

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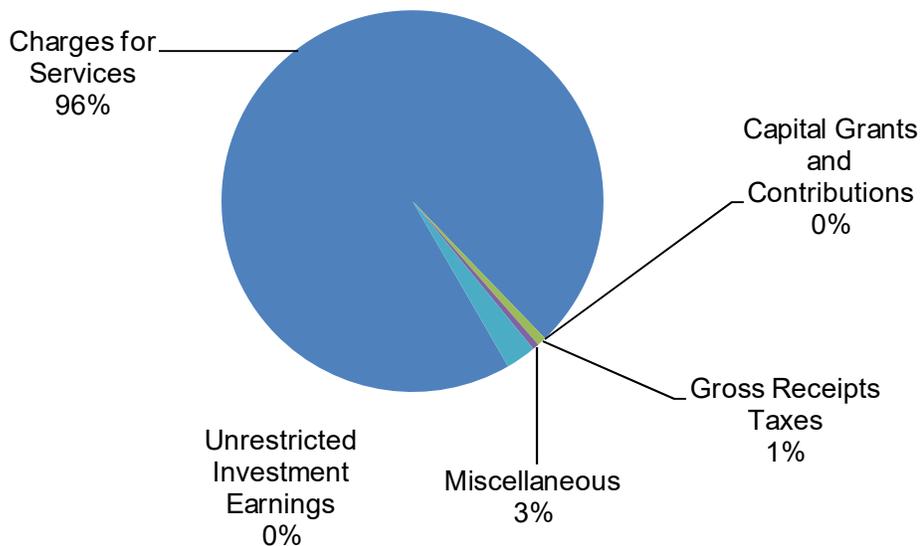
**Business-type activities.** For the City's business-type activities, the net position ending balance is \$37,408,046 and is an increase of \$612,690 or 1.6%. Key financial elements of the past year are as follows:

Operating expenses are 90.6 percent of revenues, resulting in a \$612,690 in operating gain.

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



**Revenues by Source - Business Type Activities**



**City of Aztec, New Mexico**  
**Management's Discussion and Analysis**  
**June 30, 2019**

**Financial Analysis of the Government's Funds**

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

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

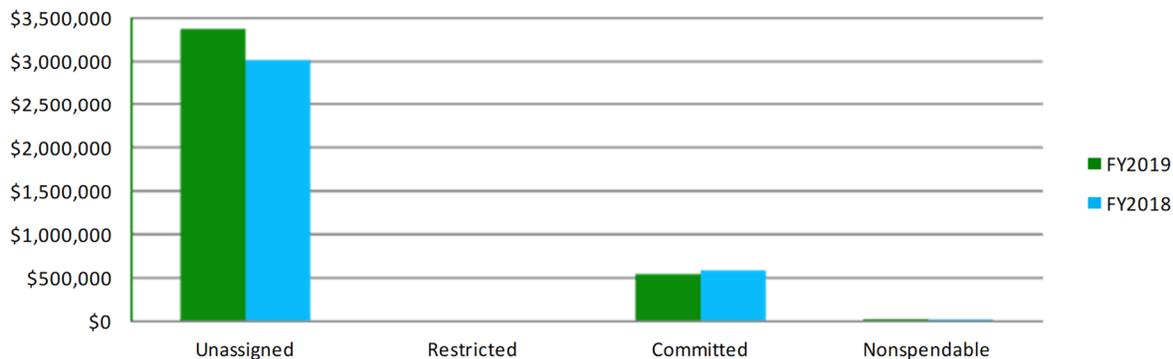
As of the June 30, 2019, the City's governmental funds reported combined fund balances of \$7,154,909, an increase of \$956,598 in comparison with the prior year. Approximately 18.42% of this total amount or \$1,317,586 constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is either *nonspendable, restricted, committed, or assigned* to indicate that it is 1) not in spendable form (\$37,876), 2) restricted for particular purposes (\$3,103,593) or 3) committed for a particular purpose (\$2,725,550).

General Fund. The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$3,373,157, while total fund balance increased to \$3,943,291. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 51.8% of total fund expenditures, while total fund balance represents 60.5% of the same amount.

The fund balance of the City's general fund increased \$320,204 or 8.8% during the current fiscal year. General Fund revenue increased by \$1,106,338 or 18.5%. Of this amount, an increase of \$820,258 is due to a change in the recognition of administrative fees from the Joint Utility Fund. Prior to FY 2019, the administrative fees had been recorded as a reduction of expenditures in the General Fund.

General Fund expenditures for FY2019 increased \$385,806 (6.3%), compared to FY2018. Contributing to this increase is the change in the recognition of administrative fees from the Joint Utility Fund.

### General Fund Components of Fund Balance June 30, 2018 and 2019



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

Unrestricted net position of the joint utility fund at the end of the year amounted to \$12,881,164, for solid waste (\$2,222), and irrigation \$96,974. The total increase in net position for the joint utility fund was \$1,001,771. The net position for solid waste fund decreased \$34,455 and the irrigation fund decreased by \$6,539.

#### General Fund Budgetary Highlights

Original budget compared to final budget. During the fiscal year, the City Commission approved multiple adjustments to the City's general fund budget including:

Funds for the purchase of law enforcement vehicles in the amount of \$80,000 which included an increase in the gross receipts revenue budget of \$80,000 recognizing increased receipts.

Increase in donations to Animal Care and Control of \$15,000 and related expenditure increase of \$15,000.

An operating transfer to the Airport Fund in the amount of \$100,000 and Intergovernmental Grant Fund in the amount of \$45,000 to eliminate negative cash balances due to the timing of revenue receipts and cash disbursements.

**City of Aztec, New Mexico**  
**Management's Discussion and Analysis**  
**June 30, 2019**

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

Revenue Source	Estimated Revenues	Actual Revenues	Difference
Taxes	\$ 4,286,600	\$ 4,634,784	\$ 348,184
Intergovernmental	498,783	410,786	(87,997)
Licenses, Fees, Fines	1,753,821	1,871,726	117,905
Miscellaneous	107,850	165,284	57,434
	<u>\$ 6,647,054</u>	<u>\$ 7,082,580</u>	<u>\$ 435,526</u>

Investment earnings exceeded the revenue estimate by \$48,519 (585%), due to increased cash reserves and increasing interest rates.

A review of actual expenditures compared to the appropriations in the final budget yields a positive variance of \$1,322,373, the result of managements continuing efforts in monitoring daily governmental operations.

**Capital Asset and Debt Administration**

Capital assets. The City's investment in capital assets for its governmental and business type activities as of June 30, 2019, amounts to \$52,464,931 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, utility systems, machinery and equipment, park facilities, roads, and bridges. The total decrease in capital assets for the current fiscal year was 4%. The primary cause of this reduction was due to current year depreciation exceeded the value of new assets added.

City of Aztec's Capital Assets  
(net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	FY2019	FY2018	FY2019	FY2018	FY2019	FY2018
Land	\$ 831,338	\$ 768,366	\$ 866,444	\$ 866,444	\$ 1,697,782	\$ 1,634,810
Buildings & System Improvements	5,140,303	5,110,821	26,875,787	27,950,845	32,016,090	33,061,666
Machinery & Equipment	1,557,039	1,814,366	-	-	1,557,039	1,814,366
Infrastructure	1,806,716	2,077,490	1,581,723	1,492,653	3,388,439	3,570,143
Construction in Progress	13,567,664	14,392,406	-	-	13,567,664	14,392,406
	124,397	2,050	113,520	135,217	237,917	137,267
<b>Total</b>	<b>\$ 23,027,457</b>	<b>\$ 24,165,499</b>	<b>\$ 29,437,474</b>	<b>\$ 30,445,159</b>	<b>\$ 52,464,931</b>	<b>\$ 54,610,658</b>

**City of Aztec, New Mexico**  
**Management’s Discussion and Analysis**  
**June 30, 2019**

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

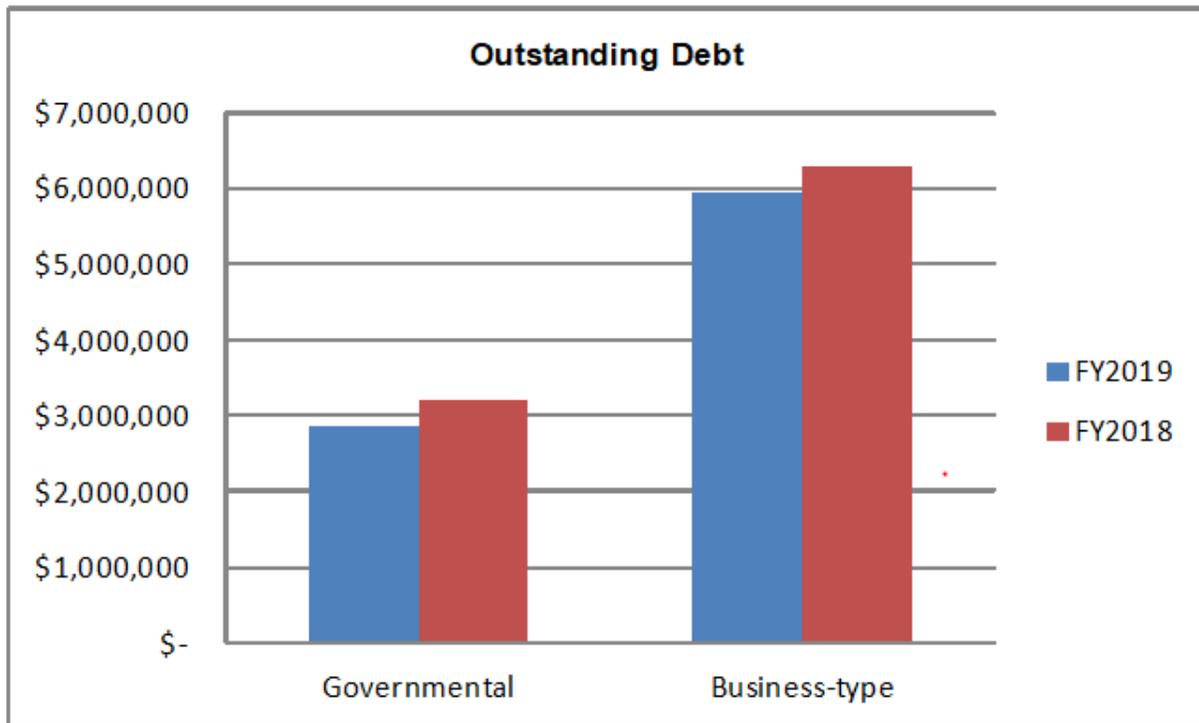
- Building donation – 107 Simonds
- Land donations – multiple parcels
- Electric Inventory Warehouse – complete
- Waterplant #4 Underdrain Replacement – complete
- Church Street Sewer Replacement – complete
- White Avenue Sewer Replacement - complete

Additional information on the City’s capital assets can be found in note 6 on pages 65-66 of this report.

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

City of Aztec Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	FY2019	FY2018	FY2019	FY2018	FY2019	FY2018
Yamaha Lease	\$86,062	\$104,780	-	-	\$ 86,062	\$ 104,780
NMED Loans	-	-	5,943,500	6,291,587	5,943,500	6,291,587
NMFA Loans	2,781,695	3,114,726	-	-	2,781,695	3,114,726
<b>Total</b>	<b>\$ 2,867,757</b>	<b>\$ 3,219,506</b>	<b>\$ 5,943,500</b>	<b>\$ 6,291,587</b>	<b>\$ 8,811,257</b>	<b>\$ 9,511,093</b>



Additional information on the City’s long-term debt can be found in note 7 on pages 67-70 of this report.

**City of Aztec, New Mexico**  
**Management's Discussion and Analysis**  
**June 30, 2019**

Debt limitation. Article IX, Section 13 of the State Constitution limits the powers of the City to incur general obligation debt in an aggregate amount, including existing indebtedness, not to exceed four percent of the value of the taxable property in the City as shown by the last preceding general assessments. The City may, however, contract debt in excess of such limitation for the construction or purchase of a system for supplying water or a sewer system for the City. Based on the 2019 assessed valuation of \$131,026,009, the City's general obligation debt limit is \$5,141,040. The City presently has no general obligation bonds outstanding.

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

The following economic factors currently affect the City and were considered in developing the 2019-2020 fiscal year budget:

- Continued low activity in the oil & gas sector in the region impacting gross receipts tax and property tax revenues in multiple sectors. This will continue to result in conservative tax revenue estimates government wide.
- Interest rates are expected to remain at low levels throughout fiscal year 2019-2020.
- Personnel expenditures will include a COLA increase.

During the current fiscal year, the unassigned fund balance in the general fund was \$3,373,157. The City has appropriated \$2,055,571 of this amount for spending in the 2019-2020 fiscal year budget. This action was taken as an additional measure to mitigate the impact of the negative pressures on the local economy.

**Requests for Information**

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

## **Basic Financial Statements**

**City of Aztec, New Mexico**  
**Statement of Net Position**  
**June 30, 2019**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 1,918,104	\$ 813,180	\$ 2,731,284
Investments	4,329,554	12,457,432	16,786,986
Receivables			
Taxes	1,761,418	-	1,761,418
Utility receivables, net	-	1,032,703	1,032,703
Due from other governments	29,962	14,243	44,205
Other	55,367	69,082	124,449
Inventory	-	1,676,388	1,676,388
Prepaid expenses	37,876	1,316,454	1,354,330
Internal balances	(134,367)	134,367	-
<b>Total current assets</b>	<b>7,997,914</b>	<b>17,513,849</b>	<b>25,511,763</b>
Noncurrent assets			
Restricted cash and cash equivalents	114,665	956,141	1,070,806
Restricted investments	275,988	442,000	717,988
Capital assets, not being depreciated	955,735	979,964	1,935,699
Capital assets, being depreciated	43,620,563	53,194,165	96,814,728
Less: accumulated depreciation	(21,548,841)	(24,736,655)	(46,285,496)
<b>Total noncurrent assets</b>	<b>23,418,110</b>	<b>30,835,615</b>	<b>54,253,725</b>
<b>Total assets</b>	<b>31,416,024</b>	<b>48,349,464</b>	<b>79,765,488</b>
Deferred outflows of resources			
Deferred outflows related to pension liability	1,773,569	576,293	2,349,862
Deferred outflows related to OPEB liability	61,114	23,422	84,536
<b>Total deferred outflows of resources</b>	<b>1,834,683</b>	<b>599,715</b>	<b>2,434,398</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 33,250,707</b>	<b>\$ 48,949,179</b>	<b>\$ 82,199,886</b>

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

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Liabilities</b>			
Current liabilities			
Accounts payable	\$ 218,135	\$ 545,374	\$ 763,509
Accrued payroll	180,470	82,353	262,823
Accrued compensated absences	215,238	167,237	382,475
Other accrued liabilities	60,620	138,274	198,894
Customer deposits payable	2,510	459,985	462,495
Unearned revenue	9,159	-	9,159
Accrued interest	-	18,560	18,560
Current portion of capital leases	86,062	-	86,062
Current portion of long-term debt	59,859	352,264	412,123
<b>Total current liabilities</b>	<b>832,053</b>	<b>1,764,047</b>	<b>2,596,100</b>
Noncurrent liabilities			
Accrued compensated absences	366,323	-	366,323
Long-term debt	2,721,836	5,591,236	8,313,072
Net pension liability	5,642,421	2,585,738	8,228,159
Net OPEB liability	2,938,746	1,117,398	4,056,144
<b>Total noncurrent liabilities</b>	<b>11,669,326</b>	<b>9,294,372</b>	<b>20,963,698</b>
<b>Total liabilities</b>	<b>12,501,379</b>	<b>11,058,419</b>	<b>23,559,798</b>
Deferred inflows of resources			
Deferred inflows related to pension liability	459,197	167,565	626,762
Deferred inflows related to OPEB liability	818,268	315,149	1,133,417
<b>Total deferred inflows of resources</b>	<b>1,277,465</b>	<b>482,714</b>	<b>1,760,179</b>
Net position			
Net investment in capital assets	20,159,700	23,493,974	43,653,674
Restricted for:			
Debt service	317,616	496,156	813,772
Capital projects	1,168,595	-	1,168,595
Special revenue	2,058,438	-	2,058,438
Repair and replacement	-	442,000	442,000
Unrestricted	(4,232,486)	12,975,916	8,743,430
<b>Total net position</b>	<b>19,471,863</b>	<b>37,408,046</b>	<b>56,879,909</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 33,250,707</b>	<b>\$ 48,949,179</b>	<b>\$ 82,199,886</b>

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

**City of Aztec, New Mexico**  
**Statement of Activities**  
**For the Year Ended June 30, 2019**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
General government	\$ 2,659,649	\$ 927,364	\$ 424,504	\$ -
Public safety	2,418,871	577,386	250,139	-
Public works	1,242,683	69,645	39,356	49,181
Culture and recreation	1,663,664	20,791	42,080	-
Health and welfare	998,855	404,558	-	-
Interest on long-term debt	149,080	-	-	-
Total governmental activities	9,132,802	1,999,744	756,079	49,181
<b>Business-type Activities:</b>				
Joint Utility-Water	2,099,808	1,926,368	-	-
Joint Utility-Wastewater	2,072,957	1,698,256	-	-
Joint Utility-Electricity	4,614,383	5,421,316	-	-
Solid Waste	849,205	812,783	-	-
Irrigation Assessment	8,309	-	-	-
Total business-type activities	9,644,662	9,858,723	-	-
Total primary government	\$ 18,777,464	\$ 11,858,467	\$ 756,079	\$ 49,181

**General revenues:**

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

Donation of capital assets

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Total general revenues

Change in net position

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Net position, beginning

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Net position, ending

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

<b>Net (Expense) Revenue and Changes in Net Position</b>		
<b>Primary Government</b>		
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (1,307,781)	\$ -	\$ (1,307,781)
(1,591,346)	-	(1,591,346)
(1,084,501)	-	(1,084,501)
(1,600,793)	-	(1,600,793)
(594,297)	-	(594,297)
(149,080)	-	(149,080)
(6,327,798)	-	(6,327,798)
-	(173,440)	(173,440)
-	(374,701)	(374,701)
-	806,933	806,933
-	(36,422)	(36,422)
-	(8,309)	(8,309)
-	214,061	214,061
(6,327,798)	214,061	(6,113,737)
705,016	-	705,016
4,027,832	80,795	4,108,627
215,323	-	215,323
139,654	-	139,654
442,297	-	442,297
110,917	261,554	372,471
123,730	56,280	180,010
433,211	-	433,211
6,197,980	398,629	6,596,609
(129,818)	612,690	482,872
19,601,681	36,795,356	56,397,037
\$ 19,471,863	\$ 37,408,046	\$ 56,879,909

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

**City of Aztec, New Mexico**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2019**

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 1,106,964	\$ 925,805	\$ 2,032,769
Investments	2,448,115	2,157,427	4,605,542
Receivables:			
Taxes	1,612,912	148,506	1,761,418
Due from other governments	-	29,962	29,962
Other receivables	48,883	6,484	55,367
Prepaid assets	26,645	11,231	37,876
Due from other funds	744	-	744
<b>Total assets</b>	<b>\$ 5,244,263</b>	<b>\$ 3,279,415</b>	<b>\$ 8,523,678</b>
<b>Liabilities, deferred inflows of resources, and fund balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 165,936	\$ 52,199	\$ 218,135
Accrued payroll	172,447	8,023	180,470
Other accrued liabilities	60,620	-	60,620
Customer deposits	2,510	-	2,510
Unearned revenue	1,695	7,464	9,159
Due to other funds	135,000	111	135,111
<b>Total liabilities</b>	<b>538,208</b>	<b>67,797</b>	<b>606,005</b>
<b>Deferred inflows of resources</b>			
Unavailable revenue - property taxes	762,764	-	762,764
<b>Total deferred inflows of resources</b>	<b>762,764</b>	<b>-</b>	<b>762,764</b>
<b>Fund balances</b>			
<b>Nonspendable:</b>			
Prepaid assets	26,645	11,231	37,876
<b>Restricted for:</b>			
Capital projects	-	846,686	846,686
Debt Service	-	317,616	317,616
Public safety	-	369,441	369,441
Public works	-	1,403,190	1,403,190
Culture and recreation	-	136,964	136,964
<b>Committed to:</b>			
Economic development	-	117,254	117,254
Culture and Recreation	-	9,236	9,236
Minimum fund balance	543,489	-	543,489
Subsequent year's expenditures	2,055,571	-	2,055,571
Unassigned (deficit)	1,317,586	-	1,317,586
<b>Total fund balances</b>	<b>3,943,291</b>	<b>3,211,618</b>	<b>7,154,909</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 5,244,263</b>	<b>\$ 3,279,415</b>	<b>\$ 8,523,678</b>

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

**City of Aztec, New Mexico**  
**Reconciliation of the Governmental Funds Balance Sheet to**  
**the Statement of Net Position**  
**June 30, 2019**

Amounts reported for governmental activities in the Statement of Net Position are different because:

Fund balances - total governmental funds	\$	7,154,909
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		23,027,457
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Delinquent property taxes collected within sixty days after year end are not considered "available" revenues and are considered to be unavailable revenue in the fund financial statements, but are considered revenue in the statement of activities		762,764
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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		1,773,569
Deferred outflows of resources - related to net OPEB liability		61,114
Deferred inflows of resources - related to net pension liability		(459,197)
Deferred inflows of resources - related to net OPEB liability		(818,268)

Some liabilities, including notes payable, capital leases, 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		(581,561)
Capital leases payable		(86,062)
Notes payable		(2,781,695)
Net pension liability		(5,642,421)
Net OPEB liability		(2,938,746)

Total net position of governmental activities	\$	19,471,863
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*The accompanying notes are an integral part of these financial statements.*

**City of Aztec, New Mexico**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2019**

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
Taxes:			
Property	\$ 673,975	\$ -	\$ 673,975
Gross receipts	3,381,355	646,477	4,027,832
Gasoline and motor vehicle	37,829	177,494	215,323
Other taxes	99,328	40,326	139,654
Payment in lieu of tax	442,297	-	442,297
Intergovernmental:			
Federal operating grants	1,278	-	1,278
State operating grants	409,508	345,293	754,801
State capital grants	-	49,181	49,181
Charges for services	959,375	62,905	1,022,280
Licences and Fees	912,351	65,113	977,464
Investment income	58,513	52,404	110,917
Miscellaneous	106,771	16,959	123,730
<b>Total revenues</b>	<b>7,082,580</b>	<b>1,456,152</b>	<b>8,538,732</b>
<b>Expenditures</b>			
Current:			
General government	2,395,494	15,794	2,411,288
Public safety	1,899,681	185,891	2,085,572
Public works	401,108	116,896	518,004
Culture and recreation	784,281	104,246	888,527
Health and welfare	942,660	-	942,660
Capital outlay	68,412	166,842	235,254
Debt service:			
Principal	18,718	333,031	351,749
Interest	7,022	142,058	149,080
<b>Total expenditures</b>	<b>6,517,376</b>	<b>1,064,758</b>	<b>7,582,134</b>
Excess (deficiency) of revenues over expenditures	565,204	391,394	956,598
Other financing sources (uses)			
Transfers in	-	245,274	245,274
Transfers out	(245,000)	(274)	(245,274)
<b>Total other financing sources (uses)</b>	<b>(245,000)</b>	<b>245,000</b>	<b>-</b>
Net change in fund balance	320,204	636,394	956,598
Fund balance - beginning of year	3,623,087	2,575,224	6,198,311
<b>Fund balance - end of year</b>	<b>\$ 3,943,291</b>	<b>\$ 3,211,618</b>	<b>\$ 7,154,909</b>

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

**City of Aztec, New Mexico**

**Reconciliation of the Statement of Revenues, Expenditures, and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2019**

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

Net change in fund balances - total governmental funds	\$	956,598
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital expenditures recorded in capital outlay		235,254
Donated capital assets		433,211
Depreciation expense		(1,804,959)

Governmental funds do not report losses on dispositions. However, in the statement of activities, these items are reported as revenues and expenses, respectively:

Loss of disposition of capital assets		(1,548)
---------------------------------------	--	---------

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds:

Increase in unavailable revenue related to property taxes receivable		31,041
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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		318,603
Pension expense		(674,051)
City OPEB contributions		61,114
OPEB benefit		42,743

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

Increase in accrued compensated absences		(79,573)
Principal payments on capital lease payable		18,718
Principal payments on loans payable		333,031

Change in net position of governmental activities	\$	(129,818)
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*The accompanying notes are an integral part of these financial statements.*

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**City of Aztec, New Mexico**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP Budgetary Basis) and Actual - General Fund**  
**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable)
				Final to Actual
Revenues				
Taxes:				
Property	\$ 677,104	\$ 677,104	\$ 673,975	\$ (3,129)
Gross receipts	2,954,296	3,034,296	3,381,355	347,059
Gasoline and motor vehicle	34,200	34,200	37,829	3,629
Other	96,000	96,000	99,328	3,328
Payment in lieu of tax	445,000	445,000	442,297	(2,703)
Intergovernmental income:				
Federal operating grant	950	950	1,278	328
State operating grant	186,517	250,097	409,508	159,411
State capital grant	193,700	247,736	-	(247,736)
Charges for services	936,061	936,061	959,375	23,314
Licenses and fees	787,760	817,760	912,351	94,591
Investment income	10,000	10,000	58,513	48,513
Miscellaneous	98,800	97,850	106,771	8,921
<b>Total revenues</b>	<b>6,420,388</b>	<b>6,647,054</b>	<b>7,082,580</b>	<b>435,526</b>
Expenditures				
Current:				
General government	2,199,471	2,171,220	2,395,494	(224,274)
Public safety	2,079,450	2,038,015	1,899,681	138,334
Public works	792,211	795,170	401,108	394,062
Culture and recreation	1,062,683	1,082,133	784,281	297,852
Health and welfare	979,864	997,445	942,660	54,785
Capital outlay	243,700	720,822	68,412	652,410
Debt Service:				
Principal	35,001	30,740	18,718	12,022
Interest	4,204	4,204	7,022	(2,818)
<b>Total expenditures</b>	<b>7,396,584</b>	<b>7,839,749</b>	<b>6,517,376</b>	<b>1,322,373</b>
Excess (deficiency) of revenues over expenditures	(976,196)	(1,192,695)	565,204	1,757,899
Other financing sources (uses)				
Required fund balance (budgeted increase)	299,196	515,695	-	(515,695)
Transfers in	750,000	930,000	-	(930,000)
Transfers out	(73,000)	(253,000)	(245,000)	8,000
<b>Total other financing sources (uses)</b>	<b>976,196</b>	<b>1,192,695</b>	<b>(245,000)</b>	<b>(1,437,695)</b>
Net change in fund balance	-	-	320,204	320,204
Fund balance - beginning of year	-	-	3,623,087	3,623,087
<b>Fund balance - end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,943,291</b>	<b>\$ 3,943,291</b>

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

**City of Aztec, New Mexico**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2019**

	Enterprise Funds		Total
	Joint Utility	Non-Major Enterprise Funds	
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 760,701	\$ 52,479	\$ 813,180
Investments	12,344,411	113,021	12,457,432
Receivables			
Utility receivables, net	970,669	62,034	1,032,703
Due from other governments	14,243	-	14,243
Other	69,082	-	69,082
Inventory	1,676,388	-	1,676,388
Prepaid expenses	1,316,454	-	1,316,454
Due from other funds	135,000	-	135,000
<b>Total current assets</b>	<b>17,286,948</b>	<b>227,534</b>	<b>17,514,482</b>
Noncurrent assets			
Restricted cash and cash equivalents	956,130	11	956,141
Restricted investments	442,000	-	442,000
Capital assets, not being depreciated	979,964	-	979,964
Capital assets, being depreciated	52,939,733	254,432	53,194,165
Less: accumulated depreciation	(24,572,579)	(164,076)	(24,736,655)
<b>Total noncurrent assets</b>	<b>30,745,248</b>	<b>90,367</b>	<b>30,835,615</b>
<b>Total assets</b>	<b>48,032,196</b>	<b>317,901</b>	<b>48,350,097</b>
Deferred outflows of resources			
Deferred outflow related to pension liability	567,805	8,488	576,293
Deferred outflow related to OPEB liability	23,036	386	23,422
<b>Total deferred outflows of resources</b>	<b>590,841</b>	<b>8,874</b>	<b>599,715</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 48,623,037</b>	<b>\$ 326,775</b>	<b>\$ 48,949,812</b>

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

	<b>Enterprise Funds</b>		
	<b>Joint Utility</b>	<b>Non-Major Enterprise Funds</b>	<b>Total</b>
<b>Liabilities</b>			
Current liabilities			
Accounts payable	\$ 479,371	\$ 66,003	\$ 545,374
Accrued payroll	81,315	1,038	82,353
Accrued compensated absences	164,745	2,492	167,237
Other accrued liabilities	134,304	3,970	138,274
Meter deposits payable	459,974	11	459,985
Due to other funds	-	633	633
Accrued interest	18,560	-	18,560
Current portion of notes payable	352,264	-	352,264
<b>Total current liabilities</b>	<b>1,690,533</b>	<b>74,147</b>	<b>1,764,680</b>
Noncurrent liabilities			
Notes payable	5,591,236	-	5,591,236
Net pension liability	2,545,062	40,676	2,585,738
Net OPEB liability	1,098,716	18,682	1,117,398
<b>Total noncurrent liabilities</b>	<b>9,235,014</b>	<b>59,358</b>	<b>9,294,372</b>
<b>Total liabilities</b>	<b>10,925,547</b>	<b>133,505</b>	<b>11,059,052</b>
Deferred inflows of resources			
Deferred inflows related to pension liability	164,561	3,004	167,565
Deferred inflows related to OPEB liability	309,991	5,158	315,149
<b>Total deferred inflows of resources</b>	<b>474,552</b>	<b>8,162</b>	<b>482,714</b>
Net position			
Net investment in capital assets	23,403,618	90,356	23,493,974
Restricted for:			
Debt service	496,156	-	496,156
Repair and replacement	442,000	-	442,000
Unrestricted	12,881,164	94,752	12,975,916
<b>Total net position</b>	<b>37,222,938</b>	<b>185,108</b>	<b>37,408,046</b>
<b>Total liabilities, deferred inflows of resources, and net position</b>	<b>\$ 48,623,037</b>	<b>\$ 326,775</b>	<b>\$ 48,949,812</b>

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

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**City of Aztec, New Mexico**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2019**

	Enterprise Funds		Total
	Joint Utility	Non-Major Enterprise Funds	
Operating revenues			
Charges for services	\$ 9,045,940	\$ 812,783	\$ 9,858,723
<b>Total operating revenues</b>	<b>9,045,940</b>	<b>812,783</b>	<b>9,858,723</b>
Operating expenses			
Personnel services	1,823,134	28,675	1,851,809
Utilities	361,776	-	361,776
Contractual Services	195,575	777,938	973,513
Supplies and purchased power	2,579,065	1,412	2,580,477
Other costs	1,670,501	40,986	1,711,487
Miscellaneous	203,159	-	203,159
Depreciation expense	1,873,253	7,996	1,881,249
Insurance expense	41,315	507	41,822
<b>Total operating expenses</b>	<b>8,747,778</b>	<b>857,514</b>	<b>9,605,292</b>
<b>Operating income (loss)</b>	<b>298,162</b>	<b>(44,731)</b>	<b>253,431</b>
Non-operating revenues (expenses)			
Gross receipts taxes	80,795	-	80,795
Interest expense	(39,370)	-	(39,370)
Investment income	258,050	3,504	261,554
Miscellaneous income	56,047	233	56,280
<b>Total non-operating revenues (expenses)</b>	<b>355,522</b>	<b>3,737</b>	<b>359,259</b>
<b>Income (loss) before contributions and transfers</b>	<b>653,684</b>	<b>(40,994)</b>	<b>612,690</b>
<b>Change in net position</b>	<b>653,684</b>	<b>(40,994)</b>	<b>612,690</b>
<b>Net position, beginning</b>	<b>36,569,254</b>	<b>226,102</b>	<b>36,795,356</b>
<b>Net position, ending</b>	<b>\$ 37,222,938</b>	<b>\$ 185,108</b>	<b>\$ 37,408,046</b>

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

**City of Aztec, New Mexico**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2019**

	<b>Enterprise Funds</b>		
	<b>Joint Utility</b>	<b>Non-Major Enterprise Funds</b>	<b>Total</b>
<b>Cash flows from operating activities</b>			
Cash received from user charges and others	\$ 9,190,846	\$ 809,612	\$ 10,000,458
Cash payments to employees for services	(1,730,750)	(25,904)	(1,756,654)
Cash payments to suppliers for goods and services	(5,224,780)	(817,467)	(6,042,247)
<b>Net cash provided by operating activities</b>	<b>2,235,316</b>	<b>(33,759)</b>	<b>2,201,557</b>
<b>Cash flows from noncapital financing activities</b>			
Gross receipts taxes	80,795	-	80,795
Miscellaneous income	28,503	233	28,736
Transfers and interfund activity	-	633	633
<b>Net cash provided by noncapital financing activities</b>	<b>109,298</b>	<b>866</b>	<b>110,164</b>
<b>Cash flows from investing activities</b>			
(Purchase) sale of investments	(1,803,849)	(1,423)	(1,805,272)
Interest on investments	258,050	3,504	261,554
<b>Net cash provided (used) by investing activities</b>	<b>(1,545,799)</b>	<b>2,081</b>	<b>(1,543,718)</b>
<b>Cash flows from capital and related financing activities</b>			
Acquisition of capital assets	(873,564)	-	(873,564)
Interest paid	(39,897)	-	(39,897)
Proceeds from issuance of long-term debt	-	-	-
Principal payments on bonds, loans, and notes payable	(348,087)	-	(348,087)
<b>Net cash (used) by capital and related financing activities</b>	<b>(1,261,548)</b>	<b>-</b>	<b>(1,261,548)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(462,733)</b>	<b>(30,812)</b>	<b>(493,545)</b>
<b>Cash and cash equivalents - beginning of year</b>	<b>2,179,564</b>	<b>83,302</b>	<b>2,262,866</b>
<b>Cash and cash equivalents - end of year</b>	<b>\$ 1,716,831</b>	<b>\$ 52,490</b>	<b>\$ 1,769,321</b>

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

	Joint Utility	Enterprise Funds Non-Major Enterprise Funds	Total
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ 298,162	\$ (44,731)	\$ 253,431
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	1,873,253	7,996	1,881,249
Noncash pension expense	116,944	1,726	118,670
Noncash OPEB benefit	(30,798)	(443)	(31,241)
Changes in assets, liabilities and deferred outflows of resources:			
Utilities receivables, net	139,493	(3,171)	136,322
Inventory	(249,783)	-	(249,783)
Prepaid expenses	313,937	29	313,966
Deferred outflows - subsequent contributions - pension	(7,057)	-	(7,057)
Deferred outflows - subsequent contributions - OPEB	(21)	(104)	(125)
Accounts payable	(237,543)	(21)	(237,564)
Accrued payroll	(3,712)	2,686	(1,026)
Accrued compensated absences	17,028	134	17,162
Other accrued liabilities	-	1,479	1,479
Unearned revenue	-	661	661
Meter deposits payable	5,413	-	5,413
<b>Net cash provided by operating activities</b>	<b>\$ 2,235,316</b>	<b>\$ (33,759)</b>	<b>\$ 2,201,557</b>

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

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**City of Aztec, New Mexico**  
**Statement of Fiduciary Assets and Liabilities**  
**Agency Fund**  
**June 30, 2019**

Assets		
Cash	\$	6,515
<hr/>		
Total assets	\$	6,515
<hr/> <hr/>		
Liabilities		
Deposits held for others	\$	6,515
<hr/>		
Total liabilities	\$	6,515
<hr/> <hr/>		

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

**City of Aztec, New Mexico**  
**Notes to the Financial Statements**  
**June 30, 2019**

**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 units.

During the year ended June 30, 2019, the City adopted GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, and GASB Statement No. 83, *Certain Capital Asset Retirement Obligations*. These statements are required to be implemented as of June 30, 2019, if applicable. The City has evaluated these statements and has determined that they do not have a material effect on the financial statements.

*A. Financial Reporting Entity*

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

**City of Aztec, New Mexico**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*A. Financial 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, and GASB Statement No. 80. 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, or No. 80.

*B. Government-wide and Fund Financial Statements*

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

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

**City of Aztec, New Mexico**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*B. Government-wide and Fund Financial Statements (Continued)*

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

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

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

*C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation*

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

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.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*C. 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. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met, subject to the availability criterion. 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.

The City reports the following major governmental fund:

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

The City reports the following proprietary fund as a major fund:

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

Additionally, the government reports the following fund type:

The Agency Fund is purely custodial (assets equal liabilities) and does not involve measurement of results of operations. The fiduciary fund is the *Employee Association Trust Fund* accounts for employee contributions to an agency fund used for special occasions, such as sending flowers, etc.

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

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.

**City of Aztec, New Mexico**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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.

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.

**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 Investment Pool.

**Fair Value Measurements:** 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). As of June 30, 2019, the City's money that is with the New Mexico Finance Authority is subject to valuation.

**Receivables and Payables:** Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting 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.

**City of Aztec, New Mexico**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity*

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

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 10<sup>th</sup> and April 10<sup>th</sup> 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. The City had no tax abatements requiring separate disclosure under GASB Statement No. 77.

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

**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.

**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.

**City of Aztec, New Mexico**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)*

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
Improvements	10-50
Machinery and Equipment	5-30
Infrastructure	5-50

**Prepaid expense:** 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.

**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 one that arise from GASB Statement No. 75, \$2,349,862 and \$84,536, respectively. See details of these items at Note 12 and Note 13. 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.

**City of Aztec, New Mexico**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)*

**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 \$762,764 related to property taxes considered “unavailable”. In addition, 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 three which arise from GASB Statement No. 68 and four that arise from GASB Statement No. 75, \$626,762 and \$1,133,417, respectively. See details of these items at Note 12 and Note 13. 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.

**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.

**City of Aztec, New Mexico**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (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.

**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.

**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.

**Fund Balance Classification Policies and Procedures:** In the governmental fund financial statements, fund balance is reported in five classifications:

**Nonspendable** – This classification includes amounts that cannot be spent because they are either (a) not in spendable form; for example, inventories, prepaid amounts, long term amount of loans and note receivable or (b) legally or contractually required to be maintained intact; for example, debt service reserves. The City has \$37,876 in nonspendable fund balance at June 30, 2019.

**Restricted** – This classification includes amounts that are restricted to a specific purpose. Fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors (such as debt covenants) grantors, contributors, or laws or regulations of other governments; (b) enabling legislation, as the term is used authorizes the City to assess, levy, charge, or otherwise mandate payment of resources and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. The City has \$3,103,593 in restricted fund balances at June 30, 2019.

**City of Aztec, New Mexico**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)*

**Committed** – This classification includes amounts that can only be used for specific purposes to constraints imposed by formal action of the City Council, the City’s highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the City Commission removes or changes the specific use by taking the same type of action (for example, resolution or ordinance) it employed to previously commit those amounts. The City holds cash reserves of 1/12th of the General Fund expenditures as required by the DFA – LGD. At June 30, 2019, the City reported \$543,489 in minimum fund balance and \$2,055,571 for subsequent year’s expenditures in the general fund. The City also has committed fund balances for economic development and culture and recreation in the amount of \$117,254 and \$9,236 respectively.

**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, 2019.

**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 \$1,317,586 in unassigned fund balances at June 30, 2019.

**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 of 1/12th the General Fund expenditures. The City had minimum fund balance of \$543,489 at June 30, 2019.

When expenditures are incurred for purposes for which amounts in any of the spendable fund balance classifications could be used, it is the City’s policy to use committed amounts first, followed by assigned amounts and then unassigned amounts.

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

**City of Aztec, New Mexico**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)*

**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 49, 99, and 109.

**Unrestricted Net Position** – All other net position that do not meet the definition of “restricted” or “Net Investment in Capital Assets.”

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

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

**Estimates:** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates in the City’s financial statements include the allowance for uncollectible accounts in the enterprise funds, depreciation on 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.

**NOTE 2: 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.
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.

**City of Aztec, New Mexico**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 3: 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, 2019.

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 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.

*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, 2019, \$7,691,896 of the City's bank balance of \$8,266,896 was subject to custodial credit risk. \$5,307,615 was uninsured and collateralized by collateral held by the pledging bank's trust department, not in the City's name and \$2,384,281 of the City's deposits was uninsured and uncollateralized at June 30, 2019.

**City of Aztec, New Mexico**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 3: DEPOSITS AND INVESTMENTS (Continued)**

	<b>Citizens Bank</b>	<b>Vectra Bank</b>	<b>Total</b>
Amount of deposits	\$ 8,191,896	\$ 75,000	\$ 8,266,896
FDIC coverage	(500,000)	(75,000)	(575,000)
<b>Total uninsured public funds</b>	<b>7,691,896</b>	<b>-</b>	<b>7,691,896</b>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the City's name	5,307,615	-	5,307,615
<b>Uninsured and uncollateralized</b>	<b>\$ 2,384,281</b>	<b>\$ -</b>	<b>\$ 2,384,281</b>
Collateral requirement (50%)	\$ 3,845,948	\$ -	\$ 3,845,948
Pledged securities	5,307,615	-	5,307,615
<b>Over (under) collateralized</b>	<b>\$ 1,461,667</b>	<b>\$ -</b>	<b>\$ 1,461,667</b>

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.

**City of Aztec, New Mexico**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 3: DEPOSITS AND INVESTMENTS (Continued)**

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	\$ 2,758,405
Investments, Statement of Net Position	16,759,865
Restricted cash and cash equivalents, Statement of Net Position	1,070,806
Restricted investments, Statement of Net Position	717,988
Agency funds cash and cash equivalents, Statement of Fiduciary Assets and Liabilities	6,515
<hr/>	
Total cash and cash equivalents and investments	21,313,579
Plus: outstanding checks	218,223
Less: outstanding deposits	(7,732)
Less: cash and investments with NMFA	(378,107)
Less: New MexiGROW LGIP	(12,876,867)
Less: petty cash	(2,200)
<hr/>	
Bank balance of deposits	\$ 8,266,896
<hr/>	

**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.

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

**City of Aztec, New Mexico**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 3: DEPOSITS AND INVESTMENTS (Continued)**

The City's investments at June 30, 2019 were as follows:

Investment Type	Weighted Average Maturities	Fair Value	Rating**
	35 day WAM (R)		
New MexiGROW LGIP	112 day WAM (F)	\$ 12,876,867	AAAm
U.S. Treasury Notes	>365	378,107	AA+
		<b>\$ 13,254,974</b>	

\*\* Based on Standard & Poor's rating

In addition, to the investments noted above, there are \$4,250,000 of certificates of deposits that are greater than 90 days and therefore are considered investments in the Statement of Net Position.

*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.

*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.

**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.

**City of Aztec, New Mexico**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 3: DEPOSITS AND INVESTMENTS (Continued)**

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.

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 \$378,107 in investments at June 30, 2019, 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, 2019:

	Total	Fair Value Measurement Inputs		
		Level 1	Level 2	Level 3
U.S. Treasury Money Market Mutual Fund	\$ 378,107	\$ 378,107	\$ -	\$ -
Total investments	\$ 378,107	\$ 378,107	\$ -	\$ -

**City of Aztec, New Mexico**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 4: RECEIVABLES**

Governmental receivables as of June 30, 2019, are as follows:

	<b>General Fund</b>	<b>Non-Major Governmental Funds</b>	<b>Total</b>
Property taxes	\$ 1,612,912	\$ -	\$ 1,612,912
Gross receipts taxes	-	142,637	142,637
Other taxes	-	5,869	5,869
Miscellaneous	48,883	6,484	55,367
Intergovernmental-grants:			
Federal	-	29,962	29,962
<b>Totals</b>	<b>\$ 1,661,795</b>	<b>\$ 184,952</b>	<b>\$ 1,846,747</b>

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 \$762,764 for the City for the year ended June 30, 2019.

Proprietary fund receivables as of June 30, 2019, are as follows:

	<b>Joint Utility Fund</b>	<b>Non-Major Enterprise Funds</b>	<b>Total</b>
Utility receivables	\$ 1,184,769	\$ 91,389	\$ 1,276,158
Less: Allowances	(214,100)	(29,355)	(243,455)
Intergovernmental-grants:			
State	14,243		14,243
Other receivables:			
Interest Receivables	40,694	-	40,694
Miscellaneous	28,388	-	28,388
<b>Totals</b>	<b>\$ 1,053,994</b>	<b>\$ 62,034</b>	<b>\$ 1,116,028</b>

**City of Aztec, New Mexico**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 5: TRANSFERS AND INTERFUND RECEIVABLES**

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

<b>Transfers In</b>	<b>Transfers Out</b>	
Local Government Correction	General Fund	\$ 40,000
Intergovernmental Grants Fund	General Fund	45,000
Intergovernmental Grants Fund	Recreation Fund	274
Airport Fund	General Fund	160,000
		<u>\$ 245,274</u>

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, 2019 is as follows:

<b>Due From</b>	<b>Due To</b>	
State Fire Fund	General Fund	\$ 111
Solid Waste Fund	General Fund	633
General Fund	Joint Utility Fund	135,000
		<u>\$ 135,744</u>

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.

**City of Aztec, New Mexico**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 6: CAPITAL ASSETS**

A summary of capital assets and changes occurring during the year ended June 30, 2019 follows. Land and construction in progress are not subject to depreciation.

	Balance June 30, 2018	Additions	Deletions	Transfers	Balance June 30, 2019
Capital assets not being depreciated:					
Land	\$ 768,366	\$ 62,972	\$ -	\$ -	\$ 831,338
Construction in progress	2,050	124,397	-	(2,050)	124,397
<b>Total capital assets not being depreciated</b>	<b>770,416</b>	<b>187,369</b>	<b>-</b>	<b>(2,050)</b>	<b>955,735</b>
Capital assets being depreciated:					
Buildings	9,097,433	370,239	-	-	9,467,672
Improvements	4,073,773	-	-	-	4,073,773
Machinery and equipment	6,563,030	58,555	(260,379)	-	6,361,206
Infrastructure	23,663,560	52,302	-	2,050	23,717,912
<b>Total capital assets being depreciated</b>	<b>43,397,796</b>	<b>481,096</b>	<b>(260,379)</b>	<b>2,050</b>	<b>43,620,563</b>
<b>Total capital assets</b>	<b>44,168,212</b>	<b>668,465</b>	<b>(260,379)</b>	<b>-</b>	<b>44,576,298</b>
Accumulated depreciation:					
Buildings	(3,986,612)	(340,757)	-	-	(4,327,369)
Improvements	(2,259,407)	(257,327)	-	-	(2,516,734)
Machinery and equipment	(4,485,540)	(327,781)	258,831	-	(4,554,490)
Infrastructure	(9,271,154)	(879,094)	-	-	(10,150,248)
<b>Total accumulated depreciation</b>	<b>(20,002,713)</b>	<b>(1,804,959)</b>	<b>258,831</b>	<b>-</b>	<b>(21,548,841)</b>
<b>Net capital assets</b>	<b>\$ 24,165,499</b>	<b>\$ (1,136,494)</b>	<b>\$ (1,548)</b>	<b>\$ -</b>	<b>\$ 23,027,457</b>

Depreciation expense for the year ended June 30, 2019 was charged to governmental activities as follows:

General government	\$ 97,670
Public safety	197,668
Public works	717,424
Public health and welfare	34,186
Culture and recreation	758,011
<b>Total</b>	<b>\$ 1,804,959</b>

**City of Aztec, New Mexico**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 6: CAPITAL ASSETS (Continued)**

**Business-Type Activities:**

	Balance June 30, 2018	Additions	Deletions	Adjustments/ Reclassification	Balance June 30, 2019
Capital assets not being depreciated:					
Land & Water Rights	\$ 866,444	\$ -	\$ -	\$ -	\$ 866,444
Construction in progress	135,217	9,701	-	(31,398)	113,520
<b>Total capital assets not being depreciated</b>	<b>1,001,661</b>	<b>9,701</b>	<b>-</b>	<b>(31,398)</b>	<b>979,964</b>
Capital assets being depreciated:					
Building and systems	47,577,777	531,746	-	25,369	48,134,892
Machinery and equipment	4,721,127	332,117	-	6,029	5,059,273
<b>Total capital assets being depreciated</b>	<b>52,298,904</b>	<b>863,863</b>	<b>-</b>	<b>31,398</b>	<b>53,194,165</b>
<b>Total capital assets</b>	<b>53,300,565</b>	<b>873,564</b>	<b>-</b>	<b>-</b>	<b>54,174,129</b>
Accumulated depreciation:					
Building and systems	(19,626,932)	(1,632,173)	-	-	(21,259,105)
Machinery and equipment	(3,228,474)	(249,076)	-	-	(3,477,550)
<b>Total accumulated depreciation</b>	<b>(22,855,406)</b>	<b>(1,881,249)</b>	<b>-</b>	<b>-</b>	<b>(24,736,655)</b>
<b>Net capital assets</b>	<b>\$ 30,445,159</b>	<b>\$ (1,007,685)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 29,437,474</b>

Depreciation expense for the year ended June 30, 2019 was charged to business-type activities as follows:

Joint Utility	\$ 1,873,253
Solid Waste	726
Irrigation assessment	7,270
<b>Total</b>	<b>\$ 1,881,249</b>

**City of Aztec, New Mexico**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 7: LONG-TERM LIABILITIES**

**Governmental Activities**

During the year ended June 30, 2019, the following changes occurred in the liabilities reported in the Statement of Net Position:

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019	Due Within One Year
<b>Notes Payable:</b>					
NMFA Public					
Library	\$ 274,746	\$ -	\$ 274,746	\$ -	\$ -
NMFA Capital					
Improvements	2,839,980	-	58,285	2,781,695	59,859
Capital Leases	104,780	-	18,718	86,062	86,062
<b>Total Notes Payable</b>	<b>3,219,506</b>	<b>-</b>	<b>351,749</b>	<b>2,867,757</b>	<b>145,921</b>
Compensated					
Absences	501,988	445,896	366,323	581,561	215,238
<b>Total Long-term liabilities</b>	<b>\$ 3,721,494</b>	<b>\$ 445,896</b>	<b>\$ 718,072</b>	<b>\$ 3,449,318</b>	<b>\$ 361,159</b>

Notes outstanding for governmental activities at June 30, 2019 consisted of the following loans.

Description	Date of Issue	Maturity Date	Interest Rate	Original Amount of Issue	Balance June 30, 2019	Pledged Revenues
NMFA - PP 2192						
Loan	10/24/08	05/01/31	2.03% - 4.89%	3,367,380	2,781,695	Gross receipts taxes

The annual requirements to amortize the notes payable for governmental activities as of June 30, 2019, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2020	\$ 59,859	\$ 130,559	\$ 190,418
2021	185,099	128,021	313,120
2022	198,956	119,932	318,888
2023	207,162	111,058	318,220
2024	215,213	101,674	316,887
2025-2029	1,295,113	344,616	1,639,729
2030-2031	620,293	45,754	666,047
<b>Total</b>	<b>\$ 2,781,695</b>	<b>\$ 981,614</b>	<b>\$ 3,763,309</b>

**City of Aztec, New Mexico**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 7: LONG-TERM LIABILITIES (Continued)**

**Capital Leases**

The City has entered into arrangements for golf course equipment in which the related assets will become the property of the City when all terms of the lease are met. Such arrangements are reported in the City's liabilities on the Statement of Net Position. The following represents the City's capital leases:

<b>Description</b>	<b>Date of Issue</b>	<b>Maturity Date</b>	<b>Interest Rate</b>	<b>Amount of Issue</b>	<b>Balance June 30, 2019</b>
Yamaha M150316	03/28/15	02/28/20	4.60%	\$ 104,650	\$ 55,580
Yamaha M150617	04/28/15	03/28/20	4.60%	56,350	30,482

The following schedule presents future minimum lease payments as of June 30, 2019:

<b>Fiscal Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>
2020	86,062	2,502	88,564

**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, 2019, compensated absences increased by \$79,573 from the prior year accrual. Compensated absences are liquidated by the respective funds in which they are accrued.

**City of Aztec, New Mexico**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 7: LONG-TERM LIABILITIES (Continued)**

**Business-Type Activities**

During the year ended June 30, 2019, the following changes occurred in the liabilities reported in the proprietary funds' Statement of Net Position:

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019	Due Within One Year
<b>Notes Payable</b>					
NMED CWSRF 009R	\$ 2,966,785	\$ -	\$ 255,358	\$ 2,711,427	\$ 258,422
NMED CWSRF 021	3,324,802	-	92,729	3,232,073	93,842
<b>Total Notes Payable</b>	<b>6,291,587</b>	<b>-</b>	<b>348,087</b>	<b>5,943,500</b>	<b>352,264</b>
<b>Compensated</b>					
Absences	145,104	177,829	155,696	167,237	167,237
<b>Total Long-term liabilities</b>	<b>\$ 6,436,691</b>	<b>\$ 177,829</b>	<b>\$ 503,783</b>	<b>\$ 6,110,737</b>	<b>\$ 519,501</b>

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 Utilities 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 Utilities Fund reports the outstanding principal.

Notes outstanding for business-type activities at June 30, 2019 consisted of the following loans:

Description	Date of Issue	Maturity Date	Interest Rate	Original Amount of Issue	Balance June 30, 2019	Pledged Revenues
CWSRF 009R Loan	02/03/10	06/30/29	1.200%	\$ 3,233,765	\$ 2,711,427	Net Joint Utility Fund Revenues
CWSRF 021 Loan	2/27/2018	01/28/48	1.200%	3,324,802	3,232,073	Net Joint Utility Fund Revenues

**City of Aztec, New Mexico**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 7: LONG-TERM LIABILITIES (Continued)**

The annual requirements to amortize the notes payable for business-type activities as of June 30, 2019, including interest payments are as follows:

<b>Fiscal Year</b>				
<b>Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt</b>	
			<b>Service</b>	
2020	\$ 352,264	\$ 58,904	\$	411,168
2021	356,491	55,860		412,351
2022	360,769	52,780		413,549
2023	365,098	49,663		414,761
2024	369,479	46,508		415,987
2025-2029	1,914,977	152,991		2,067,968
2030-2034	541,493	121,639		663,132
2035-2039	574,772	88,360		663,132
2040-2044	610,096	53,036		663,132
2045-2048	498,061	15,541		513,602
<b>Total</b>	<b>\$ 5,943,500</b>	<b>\$ 695,282</b>	<b>\$</b>	<b>6,638,782</b>

**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, 2019, compensated absences increased by \$22,133 from the prior year accrual. Compensated absences are liquidated by the respective funds in which they are accrued.

**City of Aztec, New Mexico**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 8: OPERATING LEASES**

*Operating Lease Commitments.* The City leases certain equipment under numerous operating leases. Rental expense for the year ended June 30, 2019, was \$31,662.

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, 2019.

Fiscal Year Ending June 30,	Principal
2019	\$ 17,620
2020	7,697
2021	4,116
2022	2,229
2023	-
	\$ 31,662

**NOTE 9: CAPITAL APPROPRIATIONS**

The City received a fund capital appropriation project through the Department of Cultural Affairs, New Mexico State Library Division in the amount of \$21,038. A status of the project follows.

Project No.	Original Appropriation Award	Appropriation Period	Expenditures to Date	Outstanding Encumbrances	Unencumbered Balance
GOB-A5110	\$ 21,038	9/25/2017-6/30/2021	\$ 15,516	-	\$ 5,522

**NOTE 10: 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, 2019, 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 11: 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. The solid waste fund, a nonmajor proprietary fund, reported a deficit fund balance of (\$2,222) for the year ended June 30, 2019.
- 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, 2019.
- C. Designated cash appropriations in excess of available balances: There were no funds that exceeded budgeted designated cash appropriations for the year ended June 30, 2019.

**NOTE 12: 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.** For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2018 available at <http://www.nmpera.org/financial-overview/comprehensive-annual-financial-report>.

**City of Aztec, New Mexico**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 12: PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (Continued)**

**Contributions.** The contribution requirements of defined benefit plan members and the City are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY18 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on page 43 of the PERA FY18 annual audit report at <http://www.nmpera.org/financial-overview/comprehensive-annual-financial-report>. The PERA coverage options that apply to the City are Municipal General Division and Municipal Police Division. Statutorily required contributions to the pension plan from the City were \$562,169 for the year ended June 30, 2019.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:*

At June 30, 2019, the City reported a liability of \$8,228,159 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2018 using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date of June 30, 2018. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2018. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined.

**For PERA Fund Municipal General Division**, at June 30, 2019, the City reported a liability of \$5,782,780 for its proportionate share of the net pension liability. At June 30, 2018, the City's proportion was 0.3627 percent, which was an increase of 0.0181 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the City recognized PERA Fund Municipal General Division pension expense of \$694,941. At June 30, 2019, the City reported PERA Fund Municipal General Division deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**City of Aztec, New Mexico**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 12: PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (Continued)**

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes in proportion	\$ 198,044	\$ 138,997
Differences between expected and actual experience	167,134	151,826
Net difference between projected and actual earnings on pension plan investments	428,880	-
Changes of assumption	524,291	33,250
Contributions subsequent to the measurement date	280,153	-
<b>Total</b>	<b>\$ 1,598,502</b>	<b>\$ 324,073</b>

For Municipal General, \$280,153 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, 2019. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended June 30:</b>	
2019	\$ 624,199
2020	236,132
2021	111,874
2022	22,071
Thereafter	-

**For PERA Fund Municipal Police Division**, at June 30, 2019, the City reported a liability of \$2,445,379 for its proportionate share of the net pension liability. At June 30, 2018, the City's proportion was 0.3584 percent, which was a decrease of 0.0069 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the City recognized PERA Fund Municipal Police Division pension expense of \$208,433. At June 30, 2019, the City reported PERA Fund Municipal Police Division deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**City of Aztec, New Mexico**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 12: PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (Continued)**

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes in proportion	\$ 1,540	\$ 45,338
Differences between expected and actual experience	119,714	242,400
Net difference between projected and actual earnings on pension plan investments	168,277	-
Changes of assumption	279,021	14,951
Contributions subsequent to the measurement date	182,808	-
<b>Total</b>	<b>\$ 751,360</b>	<b>\$ 302,689</b>

\$182,808 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, 2019. 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:**

2019	\$ 172,716
2020	35,927
2021	48,507
2022	8,713
Thereafter	-

**Actuarial assumptions.** As described above, the PERA Fund member group pension liabilities and net pension liabilities are based on actuarial valuations performed as of June 30, 2016 for each of the membership groups. Then each PERA Fund member group pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2017 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the rollforward liabilities as of June 30, 2017. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2017 actuarial valuation.

**City of Aztec, New Mexico**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 12: PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (Continued)**

Actuarial valuation date	June 30, 2017
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Pay
Actuarial period	Solved for based on statutory rates
Asset valuation method	Market value of assets
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	2.50% annual rate first 9 years, 2.75% all other years
Mortality assumptions	The mortality assumptions are based on the RPH-2014
Experience Study Dates	July 1, 2008 to June 30, 2017 (demographic) and July 1, 2010 through June 30, 2018 (economic)

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2017. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2018. These assumptions were adopted by the PERA Board for use in the June 30, 2017 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:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Global Equity	43.50%	7.48%
Risk Reduction & Mitigation	21.50	2.37
Credit Oriented Fixed Income	15.00	5.47
Real Assets	20.00	6.48
<b>Total</b>	<b>100.00%</b>	

**City of Aztec, New Mexico**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 12: PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (Continued)**

**Discount Rate.** A single discount rate of 7.25% was used to measure the total pension liability as of June 30, 2018. 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 Employer’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.

<b>PERA Fund Municipal General Division</b>	<b>1% Decrease (6.25%)</b>	<b>Current Discount Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
City of Aztec's proportionate share of the net pension liability	\$ 8,910,877	\$ 5,782,780	\$ 3,196,908
<hr/>			
<b>PERA Fund Municipal Police Division</b>	<b>1% Decrease (6.25%)</b>	<b>Current Discount Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
City of Aztec's proportionate share of the net pension liability	\$ 3,759,989	\$ 2,445,379	\$ 1,373,660

**Pension plan fiduciary net position.** Detailed information about the pension plan’s fiduciary net position is available in the separately issued FY18 PERA financial report. The report is available at <http://www.nmpera.org/for-employers/gasb-information>.

**Payables to the pension plan.** At June 30, 2019 there were no contributions due and payable to PERA for the City. Contractually required contributions are remitted to PERA monthly.

**City of Aztec, New Mexico**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 13: 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.

**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, 2019, the Fund’s measurement date, the following employees were covered by the benefit terms:

<b>Plan Membership</b>	
Current retirees and surviving spouses	51,205
Inactive and eligible for deferred benefit	11,471
Current active members	93,349
	156,025
	156,025
<b>Active Membership</b>	
State general	19,593
State police and corrections	1,886
Municipal general	17,004
Municipal police	3,820
Municipal FTRE	2,290
Educational Retirement Board	48,756
	93,349
	93,349

**City of Aztec, New Mexico**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 13: POST-EMPLOYMENT BENEFIT – STATE RETIREE HEALTH CARE PLAN (Continued)**

**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 \$84,356 for the year ended June 30, 2019.

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

At June 30, 2019, the City reported a liability of \$4,056,144 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017. The City’s proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2018. At June 30, 2018, the City’s proportion was 0.09328 percent.

For the year ended June 30, 2019, the City recognized OPEB benefit of 23,481. At June 30, 2019 the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes of assumptions	\$ -	\$ 757,263
Net difference between projected and actual earnings on OPEB plan investments	-	240,150
Changes in proportion and differences between contributions and proportionate share of contributions	-	85,383
City's contributions subsequent to the measurement date	84,356	-
Differences between expected and actual experience	-	50,621
<b>Total</b>	<b>\$ 84,356</b>	<b>\$ 1,133,417</b>

**City of Aztec, New Mexico**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 13: POST-EMPLOYMENT BENEFIT – STATE RETIREE HEALTH CARE PLAN (Continued)**

Deferred outflows of resources totaling \$84,356 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, 2019. 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:	
2019	\$ (284,373)
2020	(284,373)
2021	(284,373)
2022	(223,727)
2023	(56,571)
<u>Total</u>	<u>\$ (1,133,417)</u>

**Actuarial assumptions.** The total OPEB liability was determined by an actuarial valuation using the following actuarial assumptions:

Actuarial valuation date	June 30, 2017
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; 2.25% for PERA
Projected payroll increases	3.25% to 12.50%, 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 NonMedicare 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-2000 Combined Healthy Mortality

**City of Aztec, New Mexico**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 13: POST-EMPLOYMENT BENEFIT – STATE RETIREE HEALTH CARE PLAN (Continued)**

**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.

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

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 4.08% as of June 30, 2018. 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, 2029. Thus, the 7.25% discount rate was used to calculate the net OPEB liability through 2029. Beyond 2029, the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. Thus, 4.08% is the blended discount rate.

**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 (3.08 percent) or 1-percentage-point higher (5.08 percent) than the current discount rate:

**City of Aztec, New Mexico**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 13: POST-EMPLOYMENT BENEFIT – STATE RETIREE HEALTH CARE PLAN (Continued)**

1% Decrease (3.08%)	Current Discount Rate (4.08%)	1% Increase (5.08%)
\$ 4,908,891	\$ 4,056,144	\$ 3,383,992

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
\$ 3,428,865	\$ 4,056,144	\$ 4,547,947

**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, 2018.

**Payable Changes in the Net OPEB Liability.** At June 30, 2019, the City reported no outstanding contributions payable to NMRHCA for the year ended June 30, 2019.

**NOTE 14: 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. The maximum exposure of the City is not estimable as of June 30, 2019 in the remaining cases.

**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.

**City of Aztec, New Mexico**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 16: SUBSEQUENT EVENTS**

The date to which events occurring after June 30, 2019, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosures is December 16, 2019, which is the date on which the financial statements were available to be issued.

**NOTE 17: RESTRICTED NET POSITION**

The government-wide statement of net position reports \$4,522,710 of restricted net position, all of which is restricted by enabling legislation or debt reserves. See pages 49, 99, and 109 for descriptions of the related restrictions for special revenue, debt service and capital projects funds.

**NOTE 18: 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 19: COMMITMENTS**

The City has various construction and purchase commitments as of June 30, 2018. 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, 2019 were:

Description	Total Contract	Remaining Commitment
East Aztec Arterial Design	\$ 358,543	\$ 42,849
FY18 Lodgers Tax Audit	2,400	2,400
Police Vehicles	109,831	109,831
Police Vehicles	12,875	12,875
City Attorney Services	84,000	14,000
Airport Action Plan Update	98,663	43,349
Runway 8-26 Lighting Design	116,356	185
Total	\$ 782,668	\$ 225,489

**City of Aztec, New Mexico**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 19: COMMITMENTS**

The City's outstanding commitments for the business-type activities at June 30, 2019 were:

Description	Total Contract	Remaining Commitment
East Aztec Arterial Design	\$ 358,543	\$ 42,849
FY18 Lodgers Tax Audit	2,400	2,400
Police Vehicles	109,831	109,831
Police Vehicles	12,875	12,875
City Attorney Services	84,000	14,000
Airport Action Plan Update	98,663	43,349
Runway 8-26 Lighting Design	116,356	185
Total	\$ 782,668	\$ 225,489

**NOTE 20: SUBSEQUENT PRONOUNCEMENTS**

In January 2017, GASB Statement No. 84, *Fiduciary Activities*, was issued. The requirements of this statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The City is still evaluating how this pronouncement will affect the financial statements.

In June 2017, GASB Statement No. 87, *Leases*, was issued. The requirements of this statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The City is still evaluating how this pronouncement will affect the financial statements.

In June 2018, GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, was issued. The requirements of this statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The City is still evaluating how this pronouncement will affect the financial statements.

In June 2018, GASB Statement No. 90, *Majority Equity Interests—an amendment of GASB Statements No.14 and No. 61*, was issued. The requirements of this statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The City is still evaluating how this pronouncement will affect the financial statements.

In May 2019, GASB Statement No. 91, *Conduit Debt Obligations*, was issued. The requirements of this statement are effective for reporting periods beginning after December 15, 2020. Earlier Application is encouraged. The City is still evaluating how this pronouncement will affect the financial statements.

## **Required Supplementary Information**

**City of Aztec, New Mexico**

**Schedule of the City's Proportionate Share of the Net Pension Liability of PERA**  
**Fund - Municipal General Division**  
**Public Employees Retirement Association (PERA) Plan**  
**Last 10 Fiscal Years\***

	<b>2019</b>	<b>2018</b>	<b>2017</b>
	<b>Measurement</b>	<b>Measurement</b>	<b>Measurement</b>
	<b>Date</b>	<b>Date</b>	<b>Date</b>
	<b>(As of and for</b>	<b>(As of and for</b>	<b>(As of and for</b>
	<b>the Year Ended</b>	<b>the Year Ended</b>	<b>the Year Ended</b>
	<b>June 30, 2018)</b>	<b>June 30, 2017)</b>	<b>June 30, 2016)</b>
Proportion of the net pension liability	0.3627%	0.3446%	0.3697%
Proportionate share of the net pension liability	\$ 5,782,780	\$ 4,735,096	\$ 5,906,562
Covered payroll	\$ 3,059,125	\$ 3,026,778	\$ 3,182,789
Proportionate share of the net pension liability as a percentage of its covered payroll	189.03%	156.44%	185.58%
Plan fiduciary net position as a percentage of the total pension liability	71.13%	73.74%	69.18%

\*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, City of Aztec will present information for those years for which information is available.

*See independent auditors' report.*  
*See notes to required supplementary information.*

<b>2016</b>	<b>2015</b>
<b>Measurement</b>	<b>Measurement</b>
<b>Date</b>	<b>Date</b>
<b>(As of and for</b>	<b>(As of and for</b>
<b>the Year Ended</b>	<b>the Year Ended</b>
<b>June 30, 2015)</b>	<b>June 30, 2014)</b>
0.3587%	0.3579%
\$ 3,657,257	\$ 2,792,004
\$ 2,984,716	\$ 2,798,547
122.53%	99.77%
76.99%	81.29%

*See independent auditors' report.  
See notes to required supplementary information.*

**City of Aztec, New Mexico**

**Schedule of the City's Proportionate Share of the Net Pension Liability of PERA**  
**Fund - Municipal Police Division**  
**Public Employees Retirement Association (PERA) Plan**  
**Last 10 Fiscal Years\***

	<b>2019</b>	<b>2018</b>	<b>2017</b>
	<b>Measurement</b>	<b>Measurement</b>	<b>Measurement</b>
	<b>Date</b>	<b>Date</b>	<b>Date</b>
	<b>(As of and for</b>	<b>(As of and for</b>	<b>(As of and for</b>
	<b>the Year Ended</b>	<b>the Year Ended</b>	<b>the Year Ended</b>
	<b>June 30, 2018)</b>	<b>June 30, 2017)</b>	<b>June 30, 2016)</b>
Proportion of the net pension liability	0.3584%	0.3645%	0.3639%
Proportionate share of the net pension liability	\$ 2,445,379	\$ 2,025,036	\$ 2,684,962
Covered payroll	\$ 757,145	\$ 751,268	\$ 723,725
Proportionate share of the net pension liability as a percentage of its covered payroll	322.97%	269.55%	370.99%
Plan fiduciary net position as a percentage of the total pension liability	71.13%	73.74%	69.18%

\*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, City of Aztec will present information for those years for which information is available.

*See independent auditors' report.*  
*See notes to required supplementary information.*

<b>2016</b>	<b>2015</b>
<b>Measurement</b>	<b>Measurement</b>
<b>Date</b>	<b>Date</b>
<b>(As of and for</b>	<b>(As of and for</b>
<b>the Year Ended</b>	<b>the Year Ended</b>
<b>June 30, 2015)</b>	<b>June 30, 2014)</b>
0.4481%	0.4526%
\$ 1,786,380	\$ 1,339,815
\$ 728,090	\$ 774,735
245.35%	172.94%
76.99%	81.29%

*See independent auditors' report.  
See notes to required supplementary information.*

**City of Aztec, New Mexico**  
**Schedule of Employer Contributions**  
**Public Employees Retirement Association (PERA) Plan**  
**PERA Municipal General Division**  
**Last 10 Fiscal Years\***

	As of and for the Year Ended June 30, 2019	As of and for the Year Ended June 30, 2018	As of and for the Year Ended June 30, 2017
Contractually required contributions	\$ 280,153	\$ 292,146	\$ 289,057
Contributions in relation to the contractually required contribution	(280,153)	(292,146)	(289,057)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
City of Aztec's covered payroll	\$ 2,933,539	\$ 3,059,125	\$ 3,026,778
Contributions as a percentage of covered payroll	9.55%	9.55%	9.55%

\*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, City of Aztec will present information for those years for which information is available.

*See independent auditors' report.*  
*See notes to required supplementary information .*

<b>As of and for the Year Ended June 30, 2016</b>	<b>As of and for the Year Ended June 30, 2015</b>
\$ 302,365	\$ 283,548
<u>(302,365)</u>	<u>(283,548)</u>
<u>\$ -</u>	<u>\$ -</u>
\$ 3,182,789	\$ 2,984,716
9.50%	9.50%

*See independent auditors' report.  
See notes to required supplementary information .*

**City of Aztec, New Mexico**  
**Schedule of Employer Contributions**  
**Public Employees Retirement Association (PERA) Plan**  
**PERA Municipal Police Division**  
**Last 10 Fiscal Years\***

	As of and for the Year Ended June 30, 2019	As of and for the Year Ended June 30, 2018	As of and for the Year Ended June 30, 2017
Contractually required contributions	\$ 182,808	\$ 143,100	\$ 141,990
Contributions in relation to the contractually required contribution	(182,808)	(143,100)	(141,990)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
City of Aztec's covered payroll	\$ 967,238	\$ 757,145	\$ 751,268
Contributions as a percentage of covered payroll	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, City of Aztec will present information for those years for which information is available.

*See independent auditors' report.*  
*See notes to required supplementary information .*

<b>As of and for the Year Ended June 30, 2016</b>	<b>As of and for the Year Ended June 30, 2015</b>
\$ 136,784	\$ 137,609
<u>(136,784)</u>	<u>(165,833)</u>
<u>\$ -</u>	<u>\$ (28,224)</u>
\$ 723,725	\$ 728,090
18.90%	22.78%

*See independent auditors' report.  
See notes to required supplementary information .*

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

	<b>2019</b>	<b>2018</b>
	<b>Measurement</b>	<b>Measurement</b>
	<b>Date</b>	<b>Date</b>
	<b>(As of and for</b>	<b>(As of and for</b>
	<b>the Year Ended</b>	<b>the Year Ended</b>
	<b>June 30, 2018)</b>	<b>June 30, 2017)</b>
City of Aztec's proportion of the net OPEB liability	0.09328%	0.09514%
City of Aztec's proportionate share of the net OPEB liability	\$ 4,056,144	\$ 4,311,434
City of Aztec's covered-employee payroll	\$ 3,963,197	\$ 3,775,735
City of Aztec's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	102.35%	114.19%
Plan fiduciary net position as a percentage of the total OPEB liability	13.14%	11.34%

\* 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, City of Aztec will present information for those years for which information is available.

*See independent auditors' report.*  
*See notes to required supplementary information.*

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

	<b>As of and for the Year Ended June 30, 2019</b>	<b>As of and for the Year Ended June 30, 2018</b>
Contractually required contributions	\$ 84,356	\$ 79,661
Contributions in relation to the contractually required contribution	(84,356)	(79,661)
<b>Contribution deficiency (excess)</b>	<b>\$ -</b>	<b>\$ -</b>
City of Aztec's covered-employee payroll	\$ 4,217,800	\$ 3,963,197
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, City of Aztec will present information for those years for which information is available.

*See independent auditors' report.*  
*See notes to required supplementary information.*

**City of Aztec, New Mexico**  
**Notes to Required Supplementary Information**  
**June 30, 2019**

**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 FY18 CAFR available at <http://www.nmpera.org>.

*Changes of assumptions.* The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 2018 report is available at <http://www.nmpera.org>.

**New Mexico Retiree Health Care Authority (NMRHCA) Plan**

*Changes of benefit terms.* The NMRHCA eligibility benefits changes in recent years are described in Note 1 of the NMRHCA FY18 audit available at <http://nmrhca.org/financial-documents.aspx>.

*Changes of assumptions.* The New Mexico Retiree Healthcare Authority (NMRHCA) Actuarial Valuation as of June 30, 2017 report is available at <http://nmrhca.org/financial-documents.aspx>. See the notes to the financial statements beginning on page 24 which summarizes actuarial assumptions and methods effective with the June 30, 2017 valuation.

*See independent auditors' report.*

## Supplementary Information

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**City of Aztec, New Mexico**  
**Nonmajor Governmental Fund Descriptions**  
**June 30, 2019**

**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.

**Intergovernmental Grants Fund:** This 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.

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

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

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

**Airport Fund:** 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.

**City of Aztec, New Mexico**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2019**

	Special Revenue		
	Municipal Road Fund	Law Enforcement Protection Fund	Local Government Correction Fund
<b>Assets</b>			
Cash and cash equivalents	\$ 426,879	\$ 5,244	\$ 9,960
Investments	919,147	11,290	21,444
Receivables			
Taxes	57,164	-	-
Due from other governments	-	-	-
Other receivables	-	-	340
Prepaid assets	-	-	-
<b>Total assets</b>	<b>\$ 1,403,190</b>	<b>\$ 16,534</b>	<b>\$ 31,744</b>
<b>Liabilities</b>			
Accounts payable	\$ -	\$ 3,401	\$ 13,660
Accrued payroll	-	-	-
Unearned revenue	-	-	-
Due to other funds	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>3,401</b>	<b>13,660</b>
<b>Fund balances</b>			
Nonspendable:			
Prepaid assets	-	-	-
Restricted for:			
Capital projects	-	-	-
Debt service	-	-	-
Public safety	-	13,133	18,084
Public works	1,403,190	-	-
Culture and recreation	-	-	-
Committed to:			
Economic development	-	-	-
Culture and recreation	-	-	-
<b>Total fund balances</b>	<b>1,403,190</b>	<b>13,133</b>	<b>18,084</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 1,403,190</b>	<b>\$ 16,534</b>	<b>\$ 31,744</b>

*See independent auditor's report.*

Special Revenue

Economic Development Fund	Impact Fees Fund	Intergovernmental Grants Fund	Lodgers' Tax Fund	State Fire Fund
\$ -	\$ 2,929	\$ 8,799	\$ 27,381	\$ 107,647
117,254	6,307	18,945	58,957	231,783
-	-	-	5,869	-
-	-	27,028	-	-
-	-	-	-	-
-	-	-	4,788	5,010
<u>\$ 117,254</u>	<u>\$ 9,236</u>	<u>\$ 54,772</u>	<u>\$ 96,995</u>	<u>\$ 344,440</u>
\$ -	\$ -	\$ -	\$ 1,992	\$ 1,095
-	-	8,023	-	-
-	-	-	-	-
-	-	-	-	111
-	-	8,023	1,992	1,206
-	-	-	4,788	5,010
-	-	-	-	-
-	-	-	-	-
-	-	-	-	338,224
-	-	-	-	-
-	-	46,749	90,215	-
117,254	-	-	-	-
-	9,236	-	-	-
<u>117,254</u>	<u>9,236</u>	<u>46,749</u>	<u>95,003</u>	<u>343,234</u>
<u>\$ 117,254</u>	<u>\$ 9,236</u>	<u>\$ 54,772</u>	<u>\$ 96,995</u>	<u>\$ 344,440</u>

See independent auditor's report.

**City of Aztec, New Mexico**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2019**

	<b>Special Revenue</b>		<b>Capital Projects</b>	
	<b>Recreation Fund</b>	<b>Airport Fund</b>	<b>Capital Projects Fund</b>	
<b>Assets</b>				
Cash and cash equivalents	\$ -	\$ 3,062	\$	329,559
Investments	-	6,592		765,708
Receivables				
Taxes	-	-		85,473
Due from other governments	-	2,934		-
Other receivables	-	6,144		-
Prepaid assets	-	1,433		-
<b>Total assets</b>	<b>\$ -</b>	<b>\$ 20,165</b>	<b>\$</b>	<b>1,180,740</b>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 146	\$	31,905
Accrued payroll	-	-		-
Unearned revenue	-	7,464		-
Due to other funds	-	-		-
<b>Total liabilities</b>	<b>-</b>	<b>7,610</b>		<b>31,905</b>
<b>Fund balances</b>				
Nonspendable:				
Prepaid assets	-	1,433		-
Restricted for:				
Capital projects	-	11,122		831,219
Debt service	-	-		317,616
Public safety	-	-		-
Public works	-	-		-
Culture and recreation	-	-		-
Committed to:				
Economic development	-	-		-
Culture and recreation	-	-		-
<b>Total fund balances</b>	<b>-</b>	<b>12,555</b>		<b>1,148,835</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ -</b>	<b>\$ 20,165</b>	<b>\$</b>	<b>1,180,740</b>

*See independent auditor's report.*

**Capital Projects**

<b>Community Development Block Grant Fund</b>		<b>Total Nonmajor Governmental Funds</b>	
\$	4,345	\$	925,805
	-		2,157,427
	-		148,506
	-		29,962
	-		6,484
	-		11,231
<b>\$</b>	<b>4,345</b>	<b>\$</b>	<b>3,279,415</b>
\$	-	\$	52,199
	-		8,023
	-		7,464
	-		111
	-		67,797
	-		11,231
	4,345		846,686
	-		317,616
	-		369,441
	-		1,403,190
	-		136,964
	-		117,254
	-		9,236
	<b>4,345</b>		<b>3,211,618</b>
<b>\$</b>	<b>4,345</b>	<b>\$</b>	<b>3,279,415</b>

*See independent auditor's report.*

**City of Aztec, New Mexico**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2019**

	Special Revenue		
	Municipal Road Fund	Law Enforcement Protection	Local Government Correction
<b>Revenues</b>			
Taxes:			
Gross receipts	\$ 161,624	\$ -	\$ -
Gasoline and motor vehicle	177,494	-	-
Other taxes	-	-	-
Intergovernmental:			
State operating grants	-	28,400	-
State capital grants	-	-	-
Charges for services	-	-	-
Licenses and fees	-	-	63,613
Investment income	22,145	355	-
Other	-	-	-
<b>Total revenues</b>	<b>361,263</b>	<b>28,755</b>	<b>63,613</b>
<b>Expenditures</b>			
Current:			
General government	-	-	-
Public safety	-	16,122	101,421
Public works	5,265	-	-
Culture and recreation	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
<b>Total expenditures</b>	<b>5,265</b>	<b>16,122</b>	<b>101,421</b>
Excess (deficiency) of revenues over expenditures	355,998	12,633	(37,808)
Other financing sources (uses)			
Transfers in	-	-	40,000
Transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>40,000</b>
Net change in fund balances	355,998	12,633	2,192
Fund balances - beginning of year	1,047,192	500	15,892
<b>Fund balances - end of year</b>	<b>\$ 1,403,190</b>	<b>\$ 13,133</b>	<b>\$ 18,084</b>

*See independent auditor's report.*

Special Revenue				
Economic Development Fund	Impact Fees Fund	Intergovernmental Grants Fund	Lodgers' Tax Fund	State Fire Fund
\$ -	\$ -	\$ -	\$ -	-
-	-	-	-	-
-	-	-	40,326	-
-	-	64,606	-	212,931
-	-	42,445	-	-
-	-	-	-	-
-	1,500	-	-	-
2,125	153	582	1,433	5,444
-	-	-	9,219	-
2,125	1,653	107,633	50,978	218,375
-	-	-	-	-
-	-	-	-	68,348
-	-	-	-	-
-	-	63,713	40,533	-
-	-	42,445	-	-
-	-	-	-	-
-	-	-	-	-
-	-	106,158	40,533	68,348
2,125	1,653	1,475	10,445	150,027
-	-	45,274	-	-
-	-	-	-	-
-	-	45,274	-	-
2,125	1,653	46,749	10,445	150,027
115,129	7,583	-	84,558	193,207
\$ 117,254	\$ 9,236	\$ 46,749	\$ 95,003	\$ 343,234

*See independent auditor's report.*

**City of Aztec, New Mexico**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2019**

	<u>Special Revenue</u>		<u>Capital Projects</u>
	<u>Recreation Fund</u>	<u>Airport Fund</u>	<u>Capital Projects</u>
<b>Revenues</b>			
Taxes:			
Gross receipts	\$ -	\$ -	\$ 484,853
Gasoline and motor vehicle	-	-	-
Other taxes	-	-	-
Intergovernmental:			
State operating grants	-	39,356	-
State capital grants	-	6,736	-
Charges for services	-	62,905	-
Licenses and fees	-	-	-
Investment income	-	141	20,026
Other	-	7,740	-
<b>Total revenues</b>	<b>-</b>	<b>116,878</b>	<b>504,879</b>
<b>Expenditures</b>			
Current:			
General government	-	-	15,794
Public safety	-	-	-
Public works	-	111,631	-
Culture and recreation	-	-	-
Capital outlay	-	124,397	-
Debt service:			
Principal	-	-	333,031
Interest	-	-	142,058
<b>Total expenditures</b>	<b>-</b>	<b>236,028</b>	<b>490,883</b>
Excess (deficiency) of revenues over expenditures	-	(119,150)	13,996
Other financing sources (uses)			
Transfers in	-	160,000	-
Transfers out	(274)	-	-
<b>Total other financing sources (uses)</b>	<b>(274)</b>	<b>160,000</b>	<b>-</b>
Net change in fund balances	(274)	40,850	13,996
Fund balances - beginning of year	274	(28,295)	1,134,839
<b>Fund balances - end of year</b>	<b>\$ -</b>	<b>\$ 12,555</b>	<b>\$ 1,148,835</b>

*See independent auditor's report.*

**Capital Projects**

	<b>Community Development Block Grant Fund</b>	<b>Total Nonmajor Governmental Funds</b>
\$	-	\$ 646,477
	-	177,494
	-	40,326
	-	345,293
	-	49,181
	-	62,905
	-	65,113
	-	52,404
	-	16,959
	-	<u>1,456,152</u>
	-	15,794
	-	185,891
	-	116,896
	-	104,246
	-	166,842
	-	333,031
	-	142,058
	-	<u>1,064,758</u>
	-	<u>391,394</u>
	-	245,274
	-	(274)
	-	<u>245,000</u>
	-	636,394
	4,345	<u>2,575,224</u>
\$	<u>4,345</u>	<u>\$ 3,211,618</u>

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**City of Aztec, New Mexico**  
**Nonmajor Proprietary Fund Descriptions**  
**June 30, 2019**

**PROPRIETARY FUNDS**

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

**Irrigation Assessment Fund:** This fund accounts for the activities of the City's irrigation assessment activities.

**City of Aztec, New Mexico**  
**Combining Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2019**

	Non-Major Enterprise Funds		
	Solid Waste	Irrigation Assessment	Total
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 21,725	\$ 30,754	\$ 52,479
Investments	46,801	66,220	113,021
Receivables			
Utility receivables, net	62,034	-	62,034
Other	-	-	-
Prepaid expenses	-	-	-
<b>Total current assets</b>	<b>130,560</b>	<b>96,974</b>	<b>227,534</b>
Noncurrent assets			
Restricted cash and cash equivalents	11	-	11
Capital assets	50,407	204,025	254,432
Less: accumulated depreciation	(50,407)	(113,669)	(164,076)
<b>Total noncurrent assets</b>	<b>11</b>	<b>90,356</b>	<b>90,367</b>
<b>Total assets</b>	<b>130,571</b>	<b>187,330</b>	<b>317,901</b>
Deferred outflows of resources			
Deferred outflow related to pension liability	8,488	-	8,488
Deferred outflow related to OPEB liability	386	-	386
<b>Total deferred outflows of resources</b>	<b>8,874</b>	<b>-</b>	<b>8,874</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 139,445</b>	<b>\$ 187,330</b>	<b>\$ 326,775</b>

*See independent auditors' report.*

	Non-Major Enterprise Funds		
	Solid Waste	Irrigation Assessment	Total
<b>Liabilities</b>			
Current liabilities			
Accounts payable	\$ 66,003	\$ -	\$ 66,003
Accrued payroll	1,038	-	1,038
Accrued compensated absences	2,492	-	2,492
Other accrued liabilities	3,970	-	3,970
Meter deposits payable	11	-	11
Due to other funds	633	-	633
<b>Total current liabilities</b>	<b>74,147</b>	<b>-</b>	<b>74,147</b>
Noncurrent liabilities			
Net pension liability	40,676	-	40,676
Net OPEB liability	18,682	-	18,682
<b>Total noncurrent liabilities</b>	<b>59,358</b>	<b>-</b>	<b>59,358</b>
<b>Total liabilities</b>	<b>133,505</b>	<b>-</b>	<b>133,505</b>
Deferred inflows of resources			
Deferred inflows related to pension liability	3,004	-	3,004
Deferred inflows related to OPEB liability	5,158	-	5,158
<b>Total deferred inflows of resources</b>	<b>8,162</b>	<b>-</b>	<b>8,162</b>
Net position			
Net investment in capital assets	-	90,356	90,356
Unrestricted	(2,222)	96,974	94,752
<b>Total net position</b>	<b>(2,222)</b>	<b>187,330</b>	<b>185,108</b>
<b>Total liabilities, deferred inflows of resources, and net position</b>	<b>\$ 139,445</b>	<b>\$ 187,330</b>	<b>\$ 326,775</b>

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**City of Aztec, New Mexico**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2019**

	Non-Major Enterprise Funds		
	Solid Waste	Irrigation Assessment	Total
Operating revenues			
Charges for services	\$ 812,783	\$ -	\$ 812,783
<b>Total operating revenues</b>	<b>812,783</b>	<b>-</b>	<b>812,783</b>
Operating expenses			
Personnel services	28,675	-	28,675
Contractual Services	777,938	-	777,938
Supplies and purchased power	373	1,039	1,412
Other costs	40,986	-	40,986
Depreciation expense	726	7,270	7,996
Insurance expense	507	-	507
<b>Total operating expenses</b>	<b>849,205</b>	<b>8,309</b>	<b>857,514</b>
<b>Operating income (loss)</b>	<b>(36,422)</b>	<b>(8,309)</b>	<b>(44,731)</b>
Non-operating revenues (expenses)			
Investment income	1,734	1,770	3,504
Miscellaneous income	233	-	233
<b>Total non-operating revenues (expenses)</b>	<b>1,967</b>	<b>1,770</b>	<b>3,737</b>
<b>Income (loss) before contributions and transfers</b>	<b>(34,455)</b>	<b>(6,539)</b>	<b>(40,994)</b>
<b>Change in net position</b>	<b>(34,455)</b>	<b>(6,539)</b>	<b>(40,994)</b>
<b>Net position - beginning</b>	<b>32,233</b>	<b>193,869</b>	<b>226,102</b>
<b>Net position - end of year</b>	<b>\$ (2,222)</b>	<b>\$ 187,330</b>	<b>\$ 185,108</b>

*See independent auditors' report.*

**City of Aztec, New Mexico**  
**Combining Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2019**

	Non-Major Enterprise Funds		
	Solid Waste	Irrigation Assessment	Total
Cash flows from operating activities			
Cash received from user charges	\$ 809,545	\$ 67	\$ 809,612
Cash payments to employees for services	(25,904)	-	(25,904)
Cash payments to suppliers for goods and services	(816,428)	(1,039)	(817,467)
<b>Net cash provided by operating activities</b>	<b>(32,787)</b>	<b>(972)</b>	<b>(33,759)</b>
Cash flows from noncapital financing activities			
Miscellaneous income	233	-	233
Transfers and interfund activity	633	-	633
<b>Net cash provided by noncapital financing activities</b>	<b>866</b>	<b>-</b>	<b>866</b>
Cash flows from investing activities			
Reclassification from investments to cash	9,727	(11,150)	(1,423)
Interest on investments	1,734	1,770	3,504
<b>Net cash provided by investing activities</b>	<b>11,461</b>	<b>(9,380)</b>	<b>2,081</b>
<b>Net increase in cash and cash equivalents</b>	<b>(20,460)</b>	<b>(10,352)</b>	<b>(30,812)</b>
Cash and cash equivalents - beginning of year	42,196	41,106	83,302
<b>Cash and cash equivalents - end of year</b>	<b>\$ 21,736</b>	<b>\$ 30,754</b>	<b>\$ 52,490</b>

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	<b>Non-Major Enterprise Funds</b>		
	<b>Solid Waste</b>	<b>Irrigation Assessment</b>	<b>Total</b>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ (36,422)	\$ (8,309)	\$ (44,731)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	726	7,270	7,996
Noncash pension expense	1,726	-	1,726
Noncash OPEB benefit	(443)	-	(443)
Changes in assets, liabilities and deferred outflows of resources:			
Utilities receivables, net	(3,238)	67	(3,171)
Prepaid expenses	29	-	29
Deferred outflows - subsequent contributions - Pension	(104)	-	(104)
Deferred outflows - subsequent contributions - OPEB	(21)	-	(21)
Accounts payable	2,686	-	2,686
Accrued payroll	134	-	134
Accrued compensated absences	1,479	-	1,479
Other accrued liabilities	661	-	661
<b>Net cash provided by operating activities</b>	<b>\$ (32,787)</b>	<b>\$ (972)</b>	<b>\$ (33,759)</b>

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## **Supporting Schedules**

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**City of Aztec, New Mexico**  
**Schedule of Deposit Accounts**  
**June 30, 2019**

Bank Name/ Account Type	Account Type	Bank Balance	Deposits in Transit	Outstanding Checks	Totals
<b>Citizens Bank of Farmington</b>					
Operating Account	Demand Account	\$ 199,801	\$ -	\$ -	\$ 199,801
ST&POL Interest Checking	Demand Account	3,720,135	7,732	215,324	3,512,543
CDBG Project	Demand Account	4,345	-	-	4,345
Municipal Court Bond Account	Demand Account	6,906	-	271	6,635
CB Motor Vehicle	Demand Account	4,194	-	2,628	1,566
Employee Association	Demand Account	6,515	-	-	6,515
Certificate of Deposit	Time Account	500,000	-	-	500,000
Certificate of Deposit	Time Account	1,000,000	-	-	1,000,000
Certificate of Deposit	Time Account	1,000,000	-	-	1,000,000
Certificate of Deposit	Time Account	750,000	-	-	750,000
Certificate of Deposit	Time Account	1,000,000	-	-	1,000,000
Total Citizens Bank of Farmington		8,191,896	7,732	218,223	7,981,405
<b>Vectra Bank</b>					
Certificate of Deposit	Time Account	75,000	-	-	75,000
Total Vectra Bank		75,000	-	-	75,000
<b>Bank of Albuquerque</b>					
AZTEC 3 - Cash	NMFA Cash	53,544	-	-	53,544
AZTEC 3 - Reserve Fund Payable	NMFA Cash	324,563	-	-	324,563
Total Bank of Albuquerque		378,107	-	-	378,107
<b>LGIP Investments</b>					
New MexiGROW- LGIP		12,876,867	-	-	12,876,867
Total LGIP		12,876,867	-	-	12,876,867
Total Deposits and Investments		\$ 21,521,870	\$ 7,732	\$ 218,223	\$ 21,311,379
Add: Petty cash					2,200
Less: Restricted cash and cash equivalents, Statement of Net Position					(1,070,806)
Less: Investments, Statement of Net Position					(16,786,986)
Less: Restricted investments, Statement of Net Position					(717,988)
Less: Agency cash, Statement of Fiduciary Assets and Liabilities					(6,515)
Total unrestricted cash and cash equivalents					\$ 2,731,284

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**City of Aztec, New Mexico**  
**Schedule of Collateral Pledged By Depository for Public Funds**  
**June 30, 2019**

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number	Fair Market Value at June 30, 2019	Location of Safekeeper
<b>Citizens Bank</b>					
	Federal Home Loan Bank	9/15/2031	3137AFP22	\$ 5,307,615	Federal Home Loan Bank Dallas, TX
Total Citizens Bank				5,307,615	
Total Pledged Collateral				\$ 5,307,615	

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**City of Aztec, New Mexico**

**Schedule of Changes in Fiduciary Assets and Liabilities - Agency Fund**

**For the Year Ended June 30, 2019**

	Balance June 30, 2018		Additions		Deletions		Balance June 30, 2019
<b>Employee Association Trust Fund</b>							
Assets							
Cash and cash equivalents	\$ 7,436	\$	6,104	\$	7,025	\$	6,515
<b>Total assets</b>	<b>\$ 7,436</b>	<b>\$</b>	<b>6,104</b>	<b>\$</b>	<b>7,025</b>	<b>\$</b>	<b>6,515</b>
Liabilities							
Deposits held for others	\$ 7,436	\$	6,104	\$	7,025	\$	6,515
<b>Total liabilities</b>	<b>\$ 7,436</b>	<b>\$</b>	<b>6,104</b>	<b>\$</b>	<b>7,025</b>	<b>\$</b>	<b>6,515</b>

*See independent auditors' report.*

**City of Aztec, New Mexico**  
**Schedule of Joint Powers Agreements**  
**For the Year Ended June 30, 2019**

<b>Joint Power Agreement</b>	<b>Participants (including City of Aztec)</b>	<b>Responsible Party</b>	<b>Description</b>
Communications	Cities of Bloomfield & Farmington: San Juan County	San Juan County Communications Authority	Communications
Crime prevention program	Cities of Bloomfield & Farmington, San Juan County, San Juan County Crimestoppers, Inc.	San Juan County Crimestoppers, Inc.	Crime prevention program
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>

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<b>Total Project</b>	<b>Total Estimated Project Amount and Amount Applicable to Party</b>	<b>Amount contributed By City During Current Fiscal Year</b>	<b>Audit Responsibility</b>
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	pro-rata share of costs	\$ 3,506	San Juan County Crimestoppers, Inc.
variable	\$86,45/day/prisoner through 6/30/20; rate recalculated July 1 in subsequent years	\$ 101,421	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)	\$ 3,279	City of Farmington

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## **Statistical Section**

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**City of Aztec, New Mexico**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule by Source**  
**June 30, 2019**

	<b>2019</b>
<b>Governmental Funds Capital Assets:</b>	
Land	\$ 831,338
Buildings & Structures	9,467,672
Improvements Other than Buildings	4,073,773
Equipment & Machinery	6,361,206
Infrastructure	23,717,912
Construction (Projects) in Process	124,397
<hr/>	
Total Governmental Funds Capital Assets	\$ 44,576,298
<hr/>	
<b>Investment in Governmental Funds Capital Assets by Source:</b>	
General Fund	\$ 13,430,324
Special revenue funds	19,929,852
Capital projects funds	10,389,950
Donations	826,172
<hr/>	
Total Governmental Funds Capital Assets	\$ 44,576,298
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**City of Aztec, New Mexico**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule by Function and Activity**  
**June 30, 2019**

FUNCTION AND ACTIVITY	Land	Buildings & Improvements	Improvements Other than Buildings	Machinery and Equipment
<b>General Government:</b>				
Legislative	\$ 118,827	\$ 382,637	\$ -	\$ -
Economic Development (HUB)	27,114	108,116	16,887	8,000
Visitor Center	-	-	-	-
Judicial	-	40,046	-	32,970
Executive	63,587	189,933	1,605	75,060
Finance Administration	-	402,118	-	62,300
Motor Vehicle	-	447,278	-	9,442
Community Development	-	-	-	78,692
Information Systems	-	-	-	156,604
Municipal Building Maint	-	180,161	68,575	38,043
Project Management	-	-	7,933	12,034
Total General Government	209,528	1,750,289	95,000	473,145
<b>Public Safety:</b>				
Police	-	655,954	2,500	882,520
Fire	35,051	411,471	31,523	2,473,152
Animal Control	-	968,373	39,720	141,919
Total Public Safety	35,051	2,035,798	73,743	3,497,591
<b>Public Works:</b>				
Streets	150,115	268,045	246,912	947,428
Electric	-	-	-	-
Total Public Works	150,115	268,045	246,912	947,428
<b>Culture and Recreation:</b>				
Parks & Recreation	426,644	1,303,073	3,620,320	697,313
Golf Course	-	-	-	161,000
Library	-	1,947,936	6,499	45,298
Airport	10,000	42,008	11,239	275,935
Total Culture and Recreation	436,644	3,293,017	3,638,058	1,179,546
<b>Health and Welfare:</b>				
Community Center	-	385,224	20,060	263,496
NESJC Family Center	-	1,735,299	-	-
Total Health and Welfare	-	2,120,523	20,060	263,496
<b>Total Capital Assets</b>	<b>\$ 831,338</b>	<b>\$ 9,467,672</b>	<b>\$ 4,073,773</b>	<b>\$ 6,361,206</b>

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Infrastructure	Construction in Progress	Total
\$ -	\$ -	\$ 501,464
-	-	160,117
-	-	-
-	-	73,016
-	-	330,185
-	-	464,418
-	-	456,720
-	-	78,692
-	-	156,604
5,225	-	292,004
-	-	19,967
<u>5,225</u>	<u>-</u>	<u>2,533,187</u>
-	-	1,540,974
-	-	2,951,197
-	-	1,150,012
-	-	<u>5,642,183</u>
20,313,562	-	21,926,062
18,646	-	18,646
<u>20,332,208</u>	<u>-</u>	<u>21,944,708</u>
238,273	-	6,285,623
-	-	161,000
-	-	1,999,733
3,142,206	124,397	3,605,785
<u>3,380,479</u>	<u>124,397</u>	<u>12,052,141</u>
-	-	668,780
-	-	1,735,299
-	-	<u>2,404,079</u>
<u>\$ 23,717,912</u>	<u>\$ 124,397</u>	<u>\$ 44,576,298</u>

See independent auditors' report.

City of Aztec, New Mexico  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule of Changes by Function and Activity**  
**June 30, 2019**

FUNCTION AND ACTIVITY	Capital Assets			
	June 30, 2018	Additions	Reclassified	Transfers
<b>General Government:</b>				
Legislative	\$ 68,254	\$ 433,211		
Economic Development (HUB)	160,117			
Visitor Center	-			
Judicial	73,016			
Executive	336,377			
Finance Administration	464,418			
Motor Vehicle	456,719			
Community Development	78,692			
Information Systems	156,604			
Municipal Building Maint	292,004			
Project Management	19,967			
Total General Government	2,109,529	433,211	-	-
<b>Public Safety:</b>				
Police	1,524,863	16,110		
Fire	3,184,789			
Animal Control	1,170,608			
Total Public Safety	6,144,287	16,110	-	-
<b>Public Works:</b>				
Streets	21,873,759	52,303		
Water	-			
Electric	18,646			
Total Public Works	21,781,578	52,303	-	-
<b>Culture and Recreation:</b>				
Parks & Recreation	6,285,624			
Golf Course	161,000			
Airport	3,481,387	124,397		
Library	1,999,734			
Total Culture and Recreation	11,894,594	124,397	-	-
<b>Health and Welfare:</b>				
Community Center	626,334	42,446		
NESJC Family Center	1,735,299			
Total Health and Welfare	2,240,355	42,446	-	-
<b>Total Capital Assets</b>	<b>\$ 44,170,343</b>	<b>\$ 668,467</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Accumulated Depreciation</b>	<b>\$ 20,002,712</b>	<b>\$ 1,804,959</b>		

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<u>Deductions</u>	<u>Capital Assets June 30, 2019</u>
	\$ 501,465
	160,117
	-
	73,016
(6,192)	330,185
	464,418
	456,719
	78,692
	156,604
	292,004
	19,967
<u>(6,192)</u>	<u>2,533,187</u>
	1,540,973
(233,592)	2,951,197
(20,595)	1,150,013
<u>(254,187)</u>	<u>5,642,183</u>
	21,926,062
	-
	18,646
<u>-</u>	<u>21,944,708</u>
	6,285,624
	161,000
	3,605,784
	1,999,734
<u>-</u>	<u>12,052,141</u>
	668,780
	1,735,299
<u>-</u>	<u>2,404,079</u>
<u>\$ (260,379)</u>	<u>\$ 44,576,297</u>
<u>\$ (258,831)</u>	<u>\$ 21,548,841</u>

See independent auditors' report.

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

	FISCAL YEAR		
	2010	2011	2012
<b>Governmental activities</b>			
Net investment in capital assets	\$ 12,817,692	\$ 15,877,838	\$ 16,106,487
Restricted	739,306	4,553,662	3,983,424
Unrestricted	7,802,526	4,006,565	5,187,030
<b>Total governmental activities net position</b>	<b>\$ 21,359,524</b>	<b>\$ 24,438,065</b>	<b>\$ 25,276,941</b>
<b>Business-type activities</b>			
Net investment in capital assets	\$ 21,749,963	\$ 21,481,586	\$ 23,814,365
Restricted	69,135	443,456	250,000
Unrestricted	12,369,283	13,537,163	12,547,460
<b>Total business-type activities net position</b>	<b>\$ 34,188,381</b>	<b>\$ 35,462,205</b>	<b>\$ 36,611,825</b>
<b>Primary government</b>			
Net investment in capital assets	\$ 34,567,655	\$ 37,359,424	\$ 39,920,852
Restricted	808,441	4,997,118	4,233,424
Unrestricted	20,171,809	17,543,728	17,734,490
<b>Total primary government net position</b>	<b>\$ 55,547,905</b>	<b>\$ 59,900,270</b>	<b>\$ 61,888,766</b>

**Source:** City of Aztec Annual Financial Reports

**Note:** FY2017 restated is a result of GASB 75 implementation

See independent auditors' report.

FISCAL YEAR						
2013	2014	2015	2016	2017	2018	2019
				Restated		
\$ 16,357,638	\$ 18,187,236	\$ 17,883,982	\$ 19,890,658	\$ 21,879,431	\$ 20,945,993	\$ 20,159,700
3,806,581	2,528,759	2,877,803	2,483,331	2,327,719	2,761,172	3,559,649
4,075,048	3,909,535	(920,431)	(73,648)	(4,270,412)	(4,105,484)	(4,232,486)
\$ 24,239,267	\$ 24,625,530	\$ 19,841,354	\$ 22,300,341	\$ 19,936,738	\$ 19,601,681	\$ 19,486,863
\$ 25,110,714	\$ 25,384,751	\$ 25,066,433	\$ 25,303,796	\$ 24,402,177	\$ 24,153,572	\$ 23,493,974
555,000	555,000	555,000	555,000	938,156	938,156	938,156
11,615,482	12,124,521	12,198,095	11,904,056	11,445,701	11,703,628	12,975,916
\$ 37,281,196	\$ 38,064,272	\$ 37,819,528	\$ 37,762,852	\$ 36,786,034	\$ 36,795,356	\$ 37,408,046
\$ 41,468,352	\$ 43,571,987	\$ 42,950,415	\$ 45,194,454	\$ 46,281,608	\$ 45,099,565	\$ 43,653,674
4,361,581	3,083,759	3,432,803	3,038,331	3,265,875	3,699,328	4,497,805
15,690,530	16,034,056	11,277,664	11,830,408	7,175,289	7,598,144	8,743,430
\$ 61,520,463	\$ 62,689,802	\$ 57,660,882	\$ 60,063,193	\$ 56,722,772	\$ 56,397,037	\$ 56,894,909

See independent auditors' report.

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

	FISCAL YEAR		
	2010	2011	2012
<b>Expenses</b>			
Governmental Activities			
General Government	\$ 2,257,458	\$ 2,199,348	\$ 1,961,789
Public Safety	3,755,435	1,891,687	1,915,374
Public Works	3,887,767	1,370,015	2,196,404
Health & Welfare	-	620,409	675,436
Culture and Recreation	2,289,542	1,317,231	1,442,998
Interest on Long Term Debt	-	-	189,666
<b>Total Governmental Activities</b>	<b>12,190,202</b>	<b>7,398,690</b>	<b>8,381,667</b>
Business Type Activities			
Joint Utility	9,367,458	8,610,592	8,549,579
Solid Waste	660,642	672,493	693,121
Irrigation	8,016	9,309	14,492
Golf Course	-	-	-
<b>Total Business Type Activities</b>	<b>10,036,116</b>	<b>9,292,394</b>	<b>9,257,192</b>
<b>Total Expenses</b>	<b>22,226,318</b>	<b>16,691,084</b>	<b>17,638,859</b>
<b>Program Revenues</b>			
Governmental activities			
Charges for services			
General Government	150,871	234,996	284,305
Public Safety	512,697	444,413	390,107
Public Works	84,884	28,480	28,919
Health & Welfare	-	25,531	27,640
Culture and Recreation	74,042	49,566	49,401
Operating grants and contributions	437,993	269,709	756,548
Capital grants and contributions	2,742,777	3,578,843	943,526
<b>Total Governmental Activities</b>	<b>4,003,264</b>	<b>4,631,538</b>	<b>2,480,446</b>
Business-type activities			
Charges for services			
Joint Utility	9,569,623	9,534,607	9,465,404
Solid Waste	678,640	691,561	687,382
Irrigation	13,159	13,159	13,159
Golf Course	-	-	-
Operating grants and contributions	-	-	-
Capital grants and contributions	5,689,497	172,931	96,640
<b>Total Business-Type Activities</b>	<b>15,950,919</b>	<b>10,412,258</b>	<b>10,262,585</b>
<b>Total Program Revenues</b>	<b>\$ 19,954,183</b>	<b>\$ 15,043,796</b>	<b>\$ 12,743,031</b>
<b>Net (Expenses)/Revenues</b>			
Governmental activities	\$ (8,186,938)	\$ (2,767,152)	\$ (5,901,221)
Business-type activities	5,914,803	1,119,864	1,005,393
<b>Total Net Expenses</b>	<b>\$ (2,272,135)</b>	<b>\$ (1,647,288)</b>	<b>\$ (4,895,828)</b>

(Continued)

See independent auditors' report.

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

	FISCAL YEAR		
	2010	2011	2012
<b>General Revenues and Other Changes in Net Assets</b>			
Governmental Activities			
Taxes			
Gross receipts taxes	\$ 4,090,147	\$ 4,255,156	\$ 5,029,168
Property taxes	522,553	571,668	588,699
Franchise taxes	474,311	544,923	552,008
Other taxes	237,649	187,401	180,947
Miscellaneous	176,437	247,095	378,685
Unrestricted investment earnings	58,916	40,310	23,867
Donation of capital assets	-	-	-
Loss on disposition	-	-	(13,277)
Transfers	(539,254)	(860)	-
<b>Total general revenues and transfers</b>	<b>5,020,759</b>	<b>5,845,693</b>	<b>6,740,097</b>
Business-type Activities			
Environmental taxes	85,308	88,721	102,074
Unrestricted investment earnings	82,295	64,379	42,153
Miscellaneous	-	-	-
Loss on disposition	-	-	-
Transfers	539,254	860	-
<b>Total Business-type activities</b>	<b>706,857</b>	<b>153,960</b>	<b>144,227</b>
<b>Total primary government</b>	<b>\$ 5,727,616</b>	<b>\$ 5,999,653</b>	<b>\$ 6,884,324</b>
<b>Change in Net Position</b>			
Governmental activities	\$ (3,166,179)	\$ 3,078,541	\$ 838,876
Business-type activities	6,621,660	1,273,824	1,149,620
<b>Total Change in Net Position</b>	<b>\$ 3,455,481</b>	<b>\$ 4,352,365</b>	<b>\$ 1,988,496</b>

**Source:** City of Aztec Annual Financial Report

(Concluded)

See independent auditors' report.

FISCAL YEAR						
2013	2014	2015	2016	2017	2018	2019
\$ 2,246,743	\$ 1,964,074	\$ 2,326,401	\$ 1,568,493	\$ 1,770,834	\$ 1,865,539	\$ 2,801,603
2,114,730	2,165,969	1,997,270	1,971,740	2,174,181	2,290,949	2,317,450
1,888,341	1,681,645	1,290,631	1,667,557	1,519,726	1,320,015	1,242,683
636,508	900,447	665,443	452,399	890,773	952,236	998,855
1,862,384	1,638,610	1,647,198	1,477,217	1,822,992	1,697,288	1,623,131
184,288	179,861	173,822	166,988	160,028	157,804	149,080
8,932,994	8,530,606	8,100,765	7,304,394	8,338,534	8,283,831	9,132,802
9,165,391	9,392,921	9,037,980	10,013,305	8,869,976	8,959,614	8,787,148
691,877	729,951	706,207	715,993	722,332	747,453	849,205
12,199	7,759	8,259	9,679	8,088	7,480	8,309
-	-	128,158	466,443	-	-	-
9,869,467	10,130,631	9,880,604	11,205,420	9,600,396	9,714,547	9,644,662
18,802,461	18,661,237	17,981,369	18,509,814	17,938,930	17,998,378	18,777,464
744,822	730,086	747,857	796,156	48,816	86,961	927,364
231,869	85,887	83,521	83,017	573,001	592,718	577,386
395	-	-	-	9,888	74,512	69,645
44,568	-	-	-	459,357	407,988	404,558
32,032	5,500	4,000	2,601	7,429	17,307	20,791
451,773	793,464	511,129	777,635	509,528	504,194	761,194
16,524	900,000	-	2,262,442	2,726,499	98,903	44,066
1,521,983	2,514,937	1,346,507	3,921,851	4,334,518	1,782,583	2,805,004
9,596,002	9,817,481	9,748,818	9,714,773	8,660,578	9,164,051	9,045,940
680,822	683,547	672,228	665,087	671,389	753,981	812,783
13,159	13,159	13,159	13,159	-	-	-
-	-	62,326	117,335	-	-	-
-	-	-	552	-	-	-
114,652	70,915	25,401	138,155	401,735	150,615	-
10,404,635	10,585,102	10,521,932	10,649,061	9,733,702	10,068,647	9,858,723
\$ 11,926,618	\$ 13,100,039	\$ 11,868,439	\$ 14,570,912	\$ 14,068,220	\$ 11,851,230	\$ 12,663,727
\$ (7,411,011)	\$ (6,015,669)	\$ (6,754,258)	\$ (3,382,543)	\$ (4,004,016)	\$ (6,501,248)	\$ (6,327,798)
535,168	454,471	641,328	(556,359)	133,306	354,100	214,061
\$ (6,875,843)	\$ (5,561,198)	\$ (6,112,930)	\$ (3,938,902)	\$ (3,870,710)	\$ (6,147,148)	\$ (6,113,737)

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FISCAL YEAR						
2013	2014	2015	2016	2017	2018	2019
\$ 4,816,122	\$ 4,761,159	\$ 4,646,288	\$ 3,888,208	\$ 3,499,512	\$ 3,800,288	\$ 4,027,832
592,685	631,249	617,819	649,691	723,750	577,672	705,016
564,375	588,965	577,449	572,951	152,467	604,935	581,951
183,573	206,771	239,237	233,832	225,259	207,870	215,323
199,082	202,254	202,075	589,539	774,610	273,048	123,730
20,984	12,751	11,784	15,711	21,750	52,378	110,917
-	-	-	-	69,356	-	433,211
(3,484)	(1,217)	(2,222)	(13,602)	-	-	-
-	-	(35,000)	(95,000)	(120,027)	650,000	-
6,373,337	6,401,932	6,257,430	5,841,330	5,346,677	6,166,191	6,197,980
100,623	99,433	96,873	81,333	73,203	79,437	80,795
33,580	13,088	24,155	39,529	69,799	143,144	261,554
-	216,084	300,654	316,019	41,877	82,639	56,280
-	-	(3,517)	(32,198)	-	-	-
-	-	35,000	95,000	120,027	(650,000)	-
134,203	328,605	453,165	499,683	304,906	(344,780)	398,629
\$ 6,507,540	\$ 6,730,537	\$ 6,710,595	\$ 6,341,013	\$ 5,651,583	\$ 5,821,411	\$ 6,596,609
\$ (1,037,674)	\$ 386,263	\$ (496,828)	\$ 2,458,787	\$ 1,342,661	\$ (335,057)	\$ (129,818)
669,371	783,076	1,094,493	(56,676)	438,212	9,320	612,690
\$ (368,303)	\$ 1,169,339	\$ 597,665	\$ 2,402,111	\$ 1,780,873	\$ (325,737)	\$ 482,872

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

	FISCAL YEAR		
	2010	2011	2012
General Fund			
Reserved	\$ 588,192	\$ 658,710	\$ 701,366
Unreserved	4,617,847	-	-
Nonspendable	-	991,707	700
Restricted	-	-	-
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	3,660,757	4,774,649
<b>Total general fund</b>	<b>\$ 5,206,039</b>	<b>\$ 5,311,174</b>	<b>\$ 5,476,715</b>
All other governmental funds			
Reserved	\$ 151,114	\$ 3,280	\$ -
Unreserved	4,545,704	-	-
Nonspendable	-	-	1,413
Restricted	-	3,894,952	3,282,058
Committed	-	159,155	138,983
Assigned	-	-	-
Unassigned	-	-	-
<b>Total all other governmental funds</b>	<b>\$ 4,696,818</b>	<b>\$ 4,057,387</b>	<b>\$ 3,422,454</b>

**Source:** City of Aztec Annual Financial Report

See independent auditors' report.

FISCAL YEAR						
2013	2014	2015	2016	2017	2018	2019
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
4,445	1,976	5,536	10,288	13,491	20,444	26,645
702,138	741,721	713,702	634,194	-	-	-
-	-	-	-	495,662	584,696	-
-	-	-	-	-	-	2,599,060
3,708,584	2,901,221	2,202,285	2,385,755	2,644,262	3,017,947	3,373,157
<u>\$ 4,415,167</u>	<u>\$ 3,644,918</u>	<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>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
4,436	4,110	5,113	4,993	-	4,565	11,231
3,104,443	2,374,508	2,718,264	2,363,202	2,028,470	2,477,369	3,073,897
144,362	150,141	154,426	120,129	119,694	122,986	126,490
-	-	-	-	-	-	-
-	-	-	-	-	(29,696)	-
<u>\$ 3,253,241</u>	<u>\$ 2,528,759</u>	<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>

See independent auditors' report.

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

	FISCAL YEAR		
	2010	2011	2012
<b>Revenues</b>			
Taxes	\$ 5,311,666	\$ 5,523,540	\$ 6,329,548
Licenses and permits	62,683	63,336	62,258
Intergovernmental	3,180,770	3,848,552	1,700,074
Charges for services	324,776	356,739	328,007
Fines	435,035	362,911	390,107
Investment earnings	58,916	40,310	23,867
Miscellaneous	176,437	247,095	378,685
<b>Total Revenues</b>	<b>9,550,283</b>	<b>10,442,483</b>	<b>9,212,546</b>
<b>Expenditures</b>			
Current			
General Government	1,763,356	1,804,289	1,886,575
Public Safety	2,409,157	1,728,707	1,783,255
Public Works	1,413,715	970,391	1,531,750
Health & Welfare	-	553,191	633,678
Culture and Recreation	1,143,772	1,087,033	1,081,789
Debt			
Principal	156,847	144,353	149,400
Interest	201,088	195,574	190,551
Capital Outlay	4,667,897	4,492,381	2,424,940
<b>Total expenditures</b>	<b>11,755,832</b>	<b>10,975,919</b>	<b>9,681,938</b>
Excess of revenues over (under) expenditures	(2,205,549)	(533,436)	(469,392)
<b>Other Financing Sources (Uses)</b>			
Operating transfers in	680,999	189,763	233,975
Operating transfers out	(1,220,253)	(190,623)	(233,975)
Proceeds from long-term debt, net	-	-	-
Proceeds from sale of capital assets	-	-	-
Bonds Issued	-	-	-
<b>Total other financing sources and uses</b>	<b>(539,254)</b>	<b>(860)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ (2,744,803)</b>	<b>\$ (534,296)</b>	<b>\$ (469,392)</b>
Debt service as a percentage of noncapital expenditures	4%	5%	5%

**Source:** City of Aztec Annual Financial Report

See independent auditors' report.

FISCAL YEAR						
2013	2014	2015	2016	2017	2018	2019
\$ 6,143,275	\$ 6,188,144	\$ 6,080,793	\$ 5,341,878	\$ 4,536,978	\$ 4,725,557	\$ 5,056,784
64,651	76,768	68,161	74,761	1,012,707	996,411	977,464
689,376	1,693,464	511,129	3,040,077	3,236,027	603,097	805,260
359,333	332,955	374,904	439,632	85,784	183,076	1,022,280
408,623	411,750	392,313	367,381	-	-	-
20,984	12,751	11,784	15,711	21,750	52,378	110,917
199,082	202,254	202,075	589,539	774,610	691,063	566,027
7,885,324	8,918,086	7,641,159	9,868,979	9,667,856	7,251,582	8,538,732
2,034,603	1,933,642	2,286,838	1,874,668	1,574,053	1,666,673	2,553,242
1,978,046	1,943,569	1,887,636	1,823,867	1,791,894	1,940,078	1,984,151
1,205,751	1,110,026	784,922	1,115,638	736,972	558,414	518,004
595,731	852,462	629,950	542,776	819,179	898,586	942,660
1,275,462	990,588	1,059,608	1,027,602	1,146,768	980,515	847,994
153,943	158,826	165,939	173,708	179,555	203,846	351,749
185,236	179,861	173,822	166,800	160,028	157,804	149,080
1,687,313	3,243,843	991,795	3,329,685	3,490,113	628,934	235,254
9,116,085	10,412,817	7,980,510	10,054,744	9,898,562	7,034,850	7,582,134
(1,230,761)	(1,494,731)	(339,351)	(185,765)	(230,706)	216,732	956,598
209,000	434,469	422,000	88,000	81,823	705,000	245,274
(209,000)	(434,469)	(457,000)	(183,000)	(68,099)	(55,000)	(245,274)
-	-	-	-	-	-	-
-	-	-	-	-	30,000	-
-	-	-	-	-	-	-
-	-	(35,000)	(95,000)	13,724	680,000	-
\$ (1,230,761)	\$ (1,494,731)	\$ (374,351)	\$ (280,765)	\$ (216,982)	\$ 896,732	\$ 956,598
4%	4%	5%	5%	5%	6%	7%

See independent auditors' report.

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

Fiscal Year	Commercial		Residential	
	kWh	Revenue	kWh	Revenue
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
2011	26,285,044	\$ 3,496,998	17,110,914	\$ 2,484,012
2010	25,676,747	\$ 3,617,655	17,322,982	\$ 2,512,129
Change 2010-2019	-0.17%	-14.82%	-7.02%	-15.82%

**Source:** City of Aztec Electric Utility

See independent auditors' report.

Street and Yard Lights		Total	
kWh	Revenue	kWh	Revenue
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
540,961	\$ 76,858	43,936,919	\$ 6,057,867
522,124	\$ 75,091	43,521,853	\$ 6,204,875
25.02%	2.87%	-2.59%	-11.83%

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**City of Aztec, New Mexico**  
**Electric Rates by Customer Type**  
**as of June 30, 2019**

**Type of Customer**

---

**Commercial**

*Power Supply:*

\$0.055 per kWh

*Small Commercial <50kW*

\$35.0000 per month

\$0.0590 per kWh

*Large Commercial 50k - 150 kW*

\$70.0000 per month

\$0.0550 per kWh

**Residential**

*Power Supply:*

\$0.055 per kWh

*User Cost:*

\$16.7500 per month 0 -100 kWh

\$0.0560 per kWh 101 - 500 kWh

\$0.0500 per kWh 501 and above

**Solar Rates**

***Residential - Limited to 200 amp or less***

*Power Supply:*

\$0.055 per kWh

*User Cost:*

\$38.0000 per month

***Commercial - Limited to 50 kW***

*Power Supply:*

\$0.055 per kWh

*User Cost:*

\$100.0000 per month

**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

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

	Fiscal Year 2019		
	Revenue	Rank	Percentage of Revenue
AZTEC MUNICIPAL SCHOOLS	\$ 404,427	1	7.80%
SAN JUAN COUNTY	289,112	2	5.58%
SAFEWAY	241,687	3	4.67%
HILLCORP	162,967	4	3.15%
WESTERN REFINING	88,416	5	1.71%
AZTEC WELL SERVICE			
FOUR CORNERS GOOD SAM	46,884	6	0.90%
MCDONALD'S OF AZTEC	44,690	7	0.86%
CENTURYLINK, INC	44,646	8	0.86%
WENDY'S OF CO SPRINGS	31,050	10	0.60%
PEPSI BOTTLING	40,546	9	0.78%
HI-COUNTRY CHEVROLET			
<b>Total</b>	<b>\$ 1,394,426</b>		<b>26.91%</b>

**Source:** City of Aztec Electric Utility System

See independent auditors' report.

Fiscal Year 2010		
Revenue	Rank	Percentage of Revenue
\$ 566,716	1	9.27%
385,142	2	6.30%
283,878	3	4.65%
139,823	4	2.29%
112,755	5	1.85%
73,578	6	1.20%
48,129	7	0.79%
46,721	9	0.76%
-	-	-
47,831	8	0.78%
36,883	10	0.60%
<b>\$ 1,741,456</b>		<b>28.49%</b>

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

Fiscal Year	Gross Receipts				Total Taxes
	Tax	Property Tax	Franchise Tax	Other Taxes	
2019	\$ 4,027,832	\$ 673,975	\$ 139,654	\$ 215,323	\$ 5,056,784
2018	3,800,288	560,480	156,919	207,870	4,725,557
2017	3,499,512	659,740	152,467	225,259	4,536,978
2016	3,888,208	646,887	572,951	233,832	5,341,878
2015	4,646,288	617,819	577,449	239,237	6,080,793
2014	4,761,159	631,249	588,965	206,771	6,188,144
2013	4,816,122	579,205	564,375	183,573	6,143,275
2012	5,029,168	588,699	552,008	180,947	6,350,822
2011	4,255,156	571,668	544,923	187,401	5,559,148
2010	4,090,147	522,553	474,311	237,649	5,324,660
Change 2010-2019	-2%	29%	-71%	-9%	-5%

Source: City of Aztec Annual Financial Report

See independent auditors' report.

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

Ending 6/30	FISCAL YEAR		
	2010	2011	2012
Agriculture	\$ 34,759	\$ 13,186	\$ 386
Mining	26,321,710	17,689,324	21,172,800
Utilities	3,370,924	3,233,545	3,103,283
Construction	35,834,152	26,175,393	31,681,821
Manufacturing	8,157,517	9,220,855	9,480,883
Wholesale Trade	13,832,221	18,843,145	23,766,014
Retail Trade	35,622,179	34,872,717	35,412,028
Transportation	451,200	583,062	3,274,041
Information and Cutlural	12,584,386	14,493,738	16,325,683
Finance and Insurance	704,552	462,510	526,014
Real Estate	5,212,524	4,508,303	5,615,172
Professional, Scientific, Technical Svcs Management	5,464,276	5,990,621	11,916,579
Administrative & Support	1,258,041	666,814	1,224,552
Educational Services	30,014	166,731	72,607
Health Care	5,158,455	5,332,469	6,295,117
Arts	340,469	422,510	668,414
Accomodation and Food Services	21,165,241	19,218,703	20,716,855
Other Services	26,511,890	24,334,400	25,814,290
Public Administration	1,288,441	3,301,903	1,815,007
Food Distribution (c)	25,456,717	30,064,276	47,914,152
Medical Distribution (c)	2,657,490	2,972,524	3,575,834
Unclassified/Undisclosed (a)	6,620,966	6,907,697	5,281,766
<b>Total</b>	<b>\$ 238,078,124</b>	<b>\$ 229,474,428</b>	<b>\$ 275,662,455</b>
City Direct Sales Tax Rate	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

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FISCAL YEAR						
2013	2014	2015	2016	2017	2018	2019
\$ 825	\$ 221	\$ 12,548	\$ 12,518	\$ 1,626	\$ 59,750	\$ 122,607
19,852,855	20,192,110	10,126,077	3,104,953	3,432,780	3,873,440	3,022,616
3,143,834	3,654,621	2,891,595	1,647,533	1,731,836	1,674,817	1,667,419
13,292,359	19,570,979	11,938,201	9,062,824	8,557,402	8,040,602	5,252,080
17,029,297	10,426,483	6,019,867	7,751,923	6,245,851	6,167,960	7,269,719
18,176,166	18,777,600	8,161,651	5,259,936	3,258,746	2,532,727	2,298,306
38,133,131	35,888,110	20,552,737	19,863,623	19,363,541	22,874,447	31,783,470
1,919,283	3,176,828	2,424,693	1,790,784	1,954,983	138,665	148,229
17,571,531	17,465,490	9,673,272	9,303,559	9,123,399	8,733,757	8,522,511
1,036,083	1,028,359	211,079	210,686	173,951	222,142	787,994
7,552,828	7,164,855	6,114,118	2,694,583	3,055,383	3,414,485	5,170,766
7,637,572	10,817,766	7,718,100	4,580,248	7,034,194	7,015,673	7,956,871
-	(4,855)	-	-	-	-	-
1,189,407	1,036,219	1,342,644	598,170	771,795	938,074	1,219,675
130,759	93,903	4,860	12,582	130,112	150,775	49,415
12,103,614	12,350,566	8,059,103	6,907,380	4,235,502	9,362,974	5,345,207
809,766	843,752	459,162	396,033	379,272	307,979	361,890
21,590,290	21,137,269	14,900,495	12,059,854	12,129,034	12,449,792	13,106,511
37,417,600	41,935,669	29,107,132	13,988,728	12,423,033	13,048,219	11,223,164
3,480,221	2,051,366	376,657	1,118,355	677,042	987,392	759,401
42,859,200	30,137,103	27,510,731	19,665,197	16,772,650	19,087,953	17,042,816
4,449,545	4,347,034	4,748,745	3,129,131	2,433,004	2,352,905	2,216,662
4,103,890	6,206,455	2,125,736	396,085	435,388	281,483	652,474
<b>\$ 273,480,056</b>	<b>\$ 268,297,903</b>	<b>\$ 174,479,204</b>	<b>\$ 123,554,685</b>	<b>\$ 114,320,525</b>	<b>\$ 123,716,010</b>	<b>\$ 125,979,803</b>
1.8125%	1.8125%	1.8125%	1.8125%	1.8125%	1.8125%	1.8125%
						2.0625%

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

<b>Fiscal Year</b>	<b>State GRT Rate</b>	<b>City Share of State GRT Rate</b>	<b>City Direct Rate</b>	<b>San Juan County Rate</b>	<b>Total City GRT Rate</b>
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%
2011	3.9000%	1.2250%	1.8125%	0.8125%	7.7500%
2010	3.7750%	1.2250%	1.8125%	0.8125%	7.6250%

**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

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

Fiscal Year 2019				
Ending 6/30	Number of Filers (12 Mo. Avg.)	Percentage of Total Filers	Taxable Gross Receipts	Percentage of Total Gross Receipts
Agriculture	1	0.14%	\$ 122,607	0.10%
Mining	5	0.72%	3,022,616	2.40%
Utilities	9	1.29%	1,667,419	1.32%
Construction	49	7.05%	5,252,080	4.17%
Manufacturing	30	4.32%	7,269,719	5.77%
Wholesale Trade	43	6.19%	2,298,306	1.82%
Retail Trade	168	24.17%	31,783,470	25.23%
Transportation	7	1.01%	148,229	0.12%
Information and Cultural	71	10.22%	8,522,511	6.76%
Finance and Insurance	7	1.01%	787,994	0.63%
Real Estate	36	5.18%	5,170,766	4.10%
Professional, Scientific, Technical Svcs	61	8.78%	7,956,871	6.32%
Management		0.00%	-	0.00%
Administrative & Support	26	3.74%	1,219,675	0.97%
Educational Services	4	0.58%	49,415	0.04%
Health Care	24	3.45%	5,345,207	4.24%
Arts	4	0.58%	361,890	0.29%
Accommodation and Food Services	24	3.45%	13,106,511	10.40%
Other Services	96	13.81%	11,223,164	8.91%
Public Administration	1	0.14%	759,401	0.60%
Food Distribution (a) (c)		0.00%	17,042,816	13.53%
Medical Distribution (a) (c)		0.00%	2,216,662	1.76%
Unclassified/Undisclosed (a)	29	4.17%	652,474	0.52%
<b>Total</b>	<b>695</b>	<b>100.00%</b>	<b>\$ 125,979,803</b>	<b>100.00%</b>

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

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

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

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**Fiscal Year 2018**

Number of Filers (12 Mo. Avg.)	Percentage of Total Filers	Taxable Gross Receipts	Percentage of Total Gross Receipts
0	0.06%	\$ 59,750	0.05%
5	1.01%	3,873,440	3.13%
6	1.09%	1,674,817	1.35%
38	7.32%	8,040,602	6.50%
20	3.91%	6,167,960	4.99%
36	6.88%	2,532,727	2.05%
135	25.84%	22,874,447	18.49%
5	0.93%	138,665	0.11%
61	11.62%	8,733,757	7.06%
6	1.22%	222,142	0.18%
28	5.33%	3,414,485	2.76%
37	7.12%	7,015,673	5.67%
0	0.00%	-	0.00%
17	3.33%	938,074	0.76%
4	0.80%	150,775	0.12%
16	3.04%	9,362,974	7.57%
3	0.50%	307,979	0.25%
15	2.91%	12,449,792	10.06%
77	14.84%	13,048,219	10.55%
1	0.11%	987,392	0.80%
	0.00%	19,087,953	15.43%
	0.00%	2,352,905	1.90%
11	2.15%	281,483	0.23%
521	100.00%	\$ 123,716,010	100.00%

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**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
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
2011 (a)	76,107,648	64,766,468	2,289,210	31,343,483	111,819,843
2010 (a)	71,221,070	48,261,348	1,934,406	15,956,123	105,460,701

**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

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<b>Total Direct Residential Tax Rate</b>	<b>Total Direct Non Residential Tax Rate</b>	<b>Total Direct Oil &amp; Gas Tax Rate</b>	<b>Estimated Actual Taxable Value</b>	<b>Taxable Assessed Value as a Percentage of Actual Taxable Value</b>
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%
4.5550%	5.9410%	6.8730%	335,795,324	33.3%
4.5700%	5.8730%	6.8730%	316,698,802	33.3%

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**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	Total County
2019						
Residential	4.673%	4.673%	1.360%	6.436%	0.500%	6.936%
Commercial	6.600%	6.600%	1.360%	8.000%	0.500%	8.500%
2018						
Residential	4.475%	4.475%	1.360%	6.200%	0.500%	6.700%
Commercial	6.873%	6.873%	1.360%	8.000%	0.500%	8.500%
2017						
Residential	4.391%	4.391%	1.360%	6.045%	0.500%	6.545%
Commercial	6.873%	6.873%	1.360%	8.000%	0.500%	8.500%
2016						
Residential	4.385%	4.385%	1.360%	6.029%	0.500%	6.529%
Commercial	6.873%	6.873%	1.360%	8.000%	0.500%	8.500%
2015						
Residential	4.444%	4.444%	1.360%	5.729%	0.500%	6.229%
Commercial	6.868%	6.868%	1.360%	8.000%	0.500%	8.500%
2014						
Residential	4.481%	4.481%	1.360%	5.731%	0.500%	6.231%
Commercial	6.873%	6.873%	1.360%	8.000%	0.500%	8.500%
2013						
Residential	4.571%	4.571%	1.360%	5.810%	0.500%	6.310%
Commercial	6.873%	6.873%	1.360%	8.000%	0.500%	8.500%
2012						
Residential	4.587%	4.587%	1.360%	5.826%	0.500%	6.326%
Commercial	6.509%	6.509%	1.360%	8.000%	0.500%	8.500%
2011						
Residential	4.555%	4.555%	1.362%	5.767%	0.500%	6.267%
Commercial	5.941%	5.941%	1.362%	8.000%	0.500%	8.500%
2010						
Residential	4.663%	4.663%	1.530%	5.925%	0.500%	6.425%
Commercial	5.817%	5.817%	1.530%	8.000%	0.500%	8.500%

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**Overlapping Rates**

<b>Aztec Municipal District</b>				<b>San Juan College</b>			<b>Total Direct and Overlapping</b>
<b>Operational</b>	<b>Debt Service</b>	<b>Capital Imp</b>	<b>Total School District</b>	<b>Operational</b>	<b>Debt Service</b>	<b>Total College</b>	
0.271%	10.227%	1.886%	12.384%	3.512%	0.600%	4.112%	29.465%
0.500%	10.227%	1.886%	12.613%	4.500%	0.600%	5.100%	34.173%
0.261%	10.192%	1.871%	12.324%	3.392%	0.600%	3.992%	28.851%
0.500%	10.192%	2.000%	12.692%	4.500%	0.600%	5.100%	34.525%
0.255%	10.227%	1.830%	12.312%	3.314%	0.600%	3.914%	28.522%
0.500%	10.227%	2.000%	12.727%	4.500%	0.600%	5.100%	34.560%
0.255%	10.764%	1.827%	12.846%	3.263%	0.600%	3.863%	28.983%
0.500%	10.764%	2.000%	13.264%	4.500%	0.600%	5.100%	35.097%
0.258%	8.393%	1.849%	10.500%	3.113%	0.600%	3.713%	26.246%
0.500%	8.393%	2.000%	10.893%	4.500%	0.600%	5.100%	32.721%
0.260%	6.676%	1.862%	8.798%	3.114%	0.600%	3.714%	24.584%
0.500%	6.676%	2.000%	9.176%	4.500%	0.600%	5.100%	31.009%
0.263%	8.448%	1.886%	10.597%	3.154%	0.600%	3.754%	26.592%
0.500%	8.448%	2.000%	10.948%	4.500%	0.600%	5.100%	32.781%
0.263%	6.517%	1.886%	8.666%	3.162%	0.420%	3.582%	24.521%
0.500%	6.517%	2.000%	9.017%	4.500%	0.420%	4.920%	30.306%
2.131%	4.567%	1.870%	8.568%	3.133%	0.600%	3.733%	24.485%
0.500%	4.567%	2.000%	7.067%	4.500%	0.600%	5.100%	27.970%
2.185%	4.640%	1.917%	8.742%	3.212%	0.600%	3.812%	25.172%
0.499%	4.640%	1.996%	7.135%	4.500%	0.600%	5.100%	28.082%

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

**Fiscal Year 2019**

	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
AZTEC WELL SERVICING CO	\$ 2,461,715	2	0.63%
CRANE SERVICE INC	3,603,556	1	0.92%
BOTTLING GROUP LLC	1,473,015	4	0.37%
PRESIDENTIAL HOSPITALITY LLC	1,094,930	7	0.28%
NEW MEXICO GAS COMPANY	1,692,432	3	0.43%
SAFeway STORES 46 INC	1,103,726	6	0.28%
FEDERAL EXPRESS	1,114,838	5	0.28%
NORTH STAR DWC AND MSW COOP INC	961,166	9	0.24%
COMCAST OF NEW MEXICO INC	1,072,750	8	0.27%
HIGH TECH RENTAL TOOLS LLC			
QWEST CORPORATION			
AZTEC WELL SERVICING CO INC			
WPX ENERGY INC			
UNITED FOOD STORE NO 3 INC	795,553	10	0.20%
WILLIAM FOUR CORNERS LLC			
UNITED FOOD STORE #1 INC			
PROBST PROPERTIES LLC			
ACE SERVICES INC			
WILLIAMS PRODUCTION COMPANY			
SUNLAND CONST OF EUNICE INC			
HELMERICH AND PAYNE INTNL DRL CO			
Z C INC			
WILLIAMS FIELD SERVICES CO LLC			
DAYSOFF INVESTMENTS LLC			
AZTEC PROPERTIES			
KLIEN RICKY L AND CINDY L			
STEP BACK INN			
<b>Total</b>	<b>\$ 15,373,681</b>		<b>3.91%</b>

**Source:** San Juan County Assessor's Office

See independent auditors' report.

**Fiscal Year 2010**

<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total City Taxable Assessed Value</b>
\$ 2,149,265	1	0.68%
1,346,643	3	0.43%
1,037,980	6	0.33%
1,726,480	2	0.55%
1,316,651	4	0.42%
1,005,388	7	0.32%
858,894	8	0.27%
692,346	10	0.22%
1,226,258	5	0.39%
836,787	9	0.26%
<hr/>		
\$ 12,196,692		3.85%

See independent auditors' report.

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## **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 AUDITOR'S 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 of the City of Aztec, New Mexico (the "City") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 16, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

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

Carr, Riggs & Ingram, LLC  
Albuquerque, New Mexico  
December 16, 2019

**City of Aztec, New Mexico**  
**Schedule of Findings and Responses**  
**June 30, 2019**

**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?   | None noted |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| c. Noncompliance material to the financial statements noted?                     | None noted |

**SECTION II – PRIOR YEAR AUDIT FINDINGS**

**FS 2017-001 — Deficiencies in Internal Controls Over Electric Department Inventory (Significant Deficiency) – Resolved**

**NM 2017-002 — Travel and Per Diem (Other Noncompliance) – Resolved**



**City of Aztec, New Mexico  
Schedule of Findings and Responses  
June 30, 2019**

**SECTION III – FINANCIAL STATEMENT FINDINGS**

**None noted**

**SECTION IV – SECTION 12-6-5 NMSA 1978 FINDINGS**

**None noted**

**EXIT CONFERENCE**

An exit conference was held on December 16, 2019 telephonically, as approved by the Office of the State Auditor. In attendance were the following:

**Representing the City of Aztec:**

Austin R. Randall  
Steve Mueller  
Kathy Lamb

Commissioner  
City Manager  
Finance Director

**Representing Carr, Riggs & Ingram, LLC:**

Benjamin A. Martinez, CPA

Senior Manager

**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.