



# HINKLE + LANDERS

Certified Public Accountants + Business Consultants

**STATE OF NEW MEXICO  
CITY OF ALAMOGORDO**

**INDEPENDENT AUDITOR'S REPORT  
AND FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2018**



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CITY OF ALAMOGORDO  
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FOR THE YEAR ENDED JUNE 30, 2018**

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CITY OF ALAMOGORDO  
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**STATE OF NEW MEXICO  
CITY OF ALAMOGORDO  
OFFICIAL ROSTER  
AS OF JUNE 30, 2018**

**CITY COMMISSION**

<b>NAME</b>	<b>TITLE</b>
Richard Boss	Mayor at Large
Jason Baldwin	Mayor Pro-Tem, District #1
Nadia Sikes	Commissioner - District #2
Susan Payne	Commissioner - District #3
Joshua Rardin	Commissioner - District #4
Al Hernandez	Commissioner - District #5
Dustin Wright	Commissioner - District #6

**ADMINISTRATIVE OFFICIALS**

<b>NAME</b>	<b>TITLE</b>
Maggie Paluch	City Manager
Brian Cesar	Assistant City Manager
Petia Schreiber	City Attorney
Julianne Hall	Finance Director
Rachel Hughs	City Clerk



**INDEPENDENT AUDITOR’S REPORT**

Wayne A. Johnson  
New Mexico State Auditor  
To the City Manager and City Commissioners  
The City of Alamogordo  
Alamogordo, New Mexico

**Report on Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, the aggregate remaining fund information, and the budgetary comparison for the general fund of the City of Alamogordo (the City), as of and for the year ended June 30, 2018, 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.

**Auditor’s Responsibility**

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

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

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

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2018, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 20 to the financial statements, the 2018 financial statements have been restated due to misstatements and GASB 75 implementation. Our opinion is not modified with respect to this matter.

**Other Matters****Required Supplementary Information**

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the table of contents, and the Schedules related to PERA/RHC and Net Pension/OPEB Liabilities, listed as "Required Supplementary Information" in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements, that collectively comprise the City's basic financial statements. The combining and individual fund financial statements, and the schedule of changes in assets and liabilities - agency funds, the Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, the financial data schedule required by the U.S. Department of Housing and Urban Development, the schedule of Revenues and Expenses- Aging Programs, and the other schedules listed as "other supplementary information" in the table of contents, required by 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, and the schedule of changes in assets and liabilities - agency funds, the Schedule of Expenditures of Federal Awards, the financial data schedule, and other schedules listed as "other supplementary information" in the table of contents, required by 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 additional schedules and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2018 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on

compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Hinkle & Landers, P.C.*

Hinkle + Landers, PC  
Albuquerque, New Mexico  
December 12, 2018

**STATE OF NEW MEXICO  
CITY OF ALAMOGORDO  
STATEMENT OF NET POSITION  
AS OF JUNE 30, 2018**

	<b>Primary Government</b>			<b>Component Unit Otero-Greentree</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Regional Landfill</b>
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ 3,694,358	3,856,900	7,551,258	100,200
Investments	41,398,422	11,389,134	52,787,556	1,356,417
Receivables:				
Property taxes	243,188	-	243,188	-
GRT receivable	3,771,114	-	3,771,114	-
Other taxes	110,845	45,842	156,687	8,645
Due from other governments -grants receivable	234,919	4,332	239,251	-
Accounts receivables, net	241,091	703,536	944,627	161,988
Inventory	241,991	420,767	662,758	-
Prepaid expenses and other current assets	55,471	22,878	78,349	-
Due from other funds	3,121	-	3,121	-
Total current assets	<u>49,994,520</u>	<u>16,443,389</u>	<u>66,437,909</u>	<u>1,627,250</u>
Noncurrent assets				
Restricted cash	3,496,526	1,251,057	4,747,583	-
Restricted investments	274,791	74,551	349,342	2,903,259
Bond discounts, net	187,059	-	187,059	-
Assets held for sale	-	88,338	88,338	-
Land and work in progress	25,924,202	16,753,840	42,678,042	1,692,602
Capital assets, depreciable	244,991,126	138,693,810	383,684,936	5,048,636
Less: accumulated depreciation	(188,260,069)	(56,592,062)	(244,852,131)	(3,149,316)
Total noncurrent assets	<u>86,613,635</u>	<u>100,269,534</u>	<u>186,883,169</u>	<u>6,495,181</u>
Total assets	<u>136,608,155</u>	<u>116,712,923</u>	<u>253,321,078</u>	<u>8,122,431</u>
<b>Deferred Outflows of Resources</b>				
Pension deferral	4,356,112	917,771	5,273,883	75,707
OPEB deferral	210,897	37,189	248,086	3,191
Loss on extinguishment of debt	656,869	242,506	899,375	-
Total deferred outflows of resources	<u>5,223,878</u>	<u>1,197,466</u>	<u>6,421,344</u>	<u>78,898</u>
Total assets and deferred outflows of resources	<u>\$ 141,832,033</u>	<u>117,910,389</u>	<u>259,742,422</u>	<u>8,201,329</u>
<b>Liabilities</b>				
Current liabilities				
Accounts payable	\$ 1,073,558	612,605	1,686,163	511,991
Accrued payroll expenses	752,372	148,031	900,403	12,322
GRT payable	1,330	53,304	54,634	9,876
Deposits held in trust for others	24,648	634,421	659,069	11,393
Accrued interest payable	212,660	145,646	358,306	-
Other accrued liabilities	97,994	3,859	101,853	-
Due to other funds	-	3,121	3,121	-
Unearned revenue	19,447	55,294	74,741	4,077
Bond premium, net	215,176	230,572	445,748	-
Compensated absences, current portion	995,721	239,214	1,234,935	19,728
Notes and loans payable, current portion	2,313,503	1,416,981	3,730,484	-
Bonds payable, current portion	300,000	245,000	545,000	-
Total current liabilities	<u>6,006,409</u>	<u>3,788,048</u>	<u>9,794,457</u>	<u>569,387</u>
Noncurrent liabilities				
Notes and loans payable	22,390,139	17,817,087	40,207,226	-
Bonds payable	10,175,000	5,210,000	15,385,000	-
Landfill closure costs	-	-	-	1,198,575
Net pension liability	18,881,758	3,331,300	22,213,058	285,575
Net OPEB liability	10,662,164	1,880,138	12,542,302	161,336
Total noncurrent liabilities	<u>62,109,061</u>	<u>28,238,525</u>	<u>90,347,586</u>	<u>1,645,486</u>
Total liabilities	<u>68,115,470</u>	<u>32,026,573</u>	<u>100,142,043</u>	<u>2,214,873</u>
<b>Deferred Inflows of Resources</b>				
Pension deferral	2,785,034	503,315	3,288,349	42,318
OPEB deferral	2,426,683	427,916	2,854,599	36,720
Total deferred inflows of resources	<u>5,211,717</u>	<u>931,231</u>	<u>6,142,948</u>	<u>79,038</u>
<b>Net Position</b>				
Net investment in capital assets	47,892,709	74,032,808	121,925,517	3,591,922
Restricted	40,746,954	-	40,746,954	-
Unrestricted	(20,134,817)	10,919,777	(9,215,040)	2,315,496
Total net position	<u>68,504,846</u>	<u>84,952,585</u>	<u>153,457,431</u>	<u>5,907,418</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 141,832,033</u>	<u>117,910,389</u>	<u>259,742,422</u>	<u>8,201,329</u>

SEE INDEPENDENT AUDITOR'S REPORT

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

**STATE OF NEW MEXICO  
CITY OF ALAMOGORDO  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
<b>Primary Government</b>								
General government	\$ 7,763,773	3,235,328	74,271	56,231	(4,397,943)	-	(4,397,943)	-
Public safety	8,844,060	60,360	1,024,537	-	(7,759,163)	-	(7,759,163)	-
Public works	5,653,071	52,667	-	2,946,744	(2,653,660)	-	(2,653,660)	-
Culture and recreation	6,433,806	597,003	819,342	-	(5,017,461)	-	(5,017,461)	-
Health and welfare	252,465	-	208,753	-	(43,712)	-	(43,712)	-
Interest on long-term debt	1,163,119	-	-	-	(1,163,119)	-	(1,163,119)	-
<i>Total governmental activities</i>	<u>30,110,294</u>	<u>3,945,358</u>	<u>2,126,903</u>	<u>3,002,975</u>	<u>(21,035,058)</u>	<u>-</u>	<u>(21,035,058)</u>	<u>-</u>
<b>Business-type Activities:</b>								
Water and sewer (081)	9,629,755	9,932,796	221,468	-	-	524,509	524,509	-
Airport (091)	894,597	167,806	148,403	-	-	(578,388)	(578,388)	-
Solid Waste (086)	1,968,954	2,149,736	-	-	-	180,782	180,782	-
Bonito Lake (088)	5,266	-	-	-	-	(5,266)	(5,266)	-
Golf Course (090)	1,873,871	1,539,225	-	-	-	(334,646)	(334,646)	-
Low Rent Public Housing (901)	1,350,370	252,238	650,968	-	-	(447,164)	(447,164)	-
Home Ownership (903)	19,957	700	-	-	-	(19,257)	(19,257)	-
<i>Total business-type activities</i>	<u>15,742,770</u>	<u>14,042,501</u>	<u>1,020,839</u>	<u>-</u>	<u>-</u>	<u>(679,430)</u>	<u>(679,430)</u>	<u>-</u>
<i>Total Primary Government</i>	<u>45,853,064</u>	<u>17,987,859</u>	<u>3,147,742</u>	<u>3,002,975</u>	<u>(21,035,058)</u>	<u>(679,430)</u>	<u>(21,714,488)</u>	<u>-</u>
<b>Component Units:</b>								
Otero-Greentree Regional Landfill	\$ 2,637,433	1,772,736	-	-	-	-	-	(864,697)
<b>General Revenues:</b>								
Taxes								
Property taxes, levied for general purposes	\$			4,182,583	-		4,182,583	-
Gross receipts taxes				21,521,753	-		21,521,753	-
Gas taxes				639,869	-		639,869	-
Lodger's tax				598,010	-		598,010	-
Investment income				212,518	49,478		261,996	(5,905)
Miscellaneous income				723,828	39,349		763,177	-
Donation of capital assets				774,816	-		774,816	-
Gain/(loss) on sale of assets				(339,821)	(31,596)		(371,417)	-
Transfers				(2,468,919)	2,470,639		1,720	(1,720)
Total general revenues and transfers				<u>25,844,637</u>	<u>2,527,870</u>		<u>28,372,507</u>	<u>(872,322)</u>
Change in net position				4,809,579	1,848,440		6,658,019	(872,322)
Net position, beginning				76,983,317	84,812,819		161,796,136	6,971,382
Restatements				(13,288,050)	(1,708,674)		(14,996,724)	(191,642)
Net position, beginning restated				<u>63,695,267</u>	<u>83,104,145</u>		<u>146,799,412</u>	<u>6,779,740</u>
Net position, ending	\$			<u>68,504,846</u>	<u>84,952,585</u>		<u>153,457,431</u>	<u>5,907,418</u>

SEE INDEPENDENT AUDITOR'S REPORT

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

**STATE OF NEW MEXICO  
CITY OF ALAMOGORDO  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AS OF JUNE 30, 2018**

	(11,32,63,98)	(053)	Capital Projects		Non-Major Governmental Funds	Total
			(054)	(109)		
	General Fund	General Obligation Debt Service	Reverse Osmosis Project Reserve	2004 GRT Fund		
<i>Assets</i>						
Cash and cash equivalents	\$ 908,230	137,771	21,967	110,642	5,949,024	7,127,634
Investments	7,316,132	766,780	-	12,246,575	19,994,591	40,324,078
Receivables:						
Property taxes	183,137	60,051	-	-	-	243,188
GRT receivable	1,978,760	-	-	573,554	1,218,801	3,771,115
Other taxes	3,076	-	-	-	107,769	110,845
Due from other governments	-	-	-	-	234,918	234,918
Accounts receivables, net	240,351	-	-	-	368	240,719
Prepaid expenses	7,265	-	-	-	-	7,265
Due from other funds	1,478,311	-	-	-	-	1,478,311
<i>Total assets</i>	<u>\$ 12,115,262</u>	<u>964,602</u>	<u>21,967</u>	<u>12,930,771</u>	<u>27,505,471</u>	<u>53,538,073</u>
<i>Liabilities, Deferred Inflows of Resources, and Fund Balances</i>						
<i>Liabilities</i>						
Accounts payable	\$ 107,972	-	561,042	79,420	242,259	990,693
Accrued payroll expenses	685,023	-	-	-	64,342	749,365
Funds held in trust for others	15,999	-	-	-	8,788	24,787
Unearned revenue	17,188	-	-	-	2,259	19,447
Other liabilities	1,291	-	-	-	97,894	99,185
Due to other funds	-	-	-	-	1,475,190	1,475,190
<i>Total liabilities</i>	<u>827,473</u>	<u>-</u>	<u>561,042</u>	<u>79,420</u>	<u>1,890,732</u>	<u>3,358,667</u>
<i>Deferred inflows of resources</i>						
Deferred inflows - property taxes	128,380	42,149	-	-	-	170,529
<i>Total deferred inflows of resources</i>	<u>128,380</u>	<u>42,149</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>170,529</u>
<i>Fund balances</i>						
Nonspendable	7,265	-	-	-	-	7,265
Restricted	-	-	-	12,851,351	25,489,777	38,341,128
Restricted -debt service	-	922,453	-	-	188,173	1,110,626
Committed						
Subsequent year's expenditures	1,295,200	-	-	-	-	1,295,200
Unassigned	9,856,944	-	(539,075)	-	(63,211)	9,254,658
<i>Total fund balances</i>	<u>11,159,409</u>	<u>922,453</u>	<u>(539,075)</u>	<u>12,851,351</u>	<u>25,614,739</u>	<u>50,008,877</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 12,115,262</u>	<u>964,602</u>	<u>21,967</u>	<u>12,930,771</u>	<u>27,505,471</u>	<u>53,538,073</u>

SEE INDEPENDENT AUDITOR'S REPORT  
The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO  
CITY OF ALAMOGORDO  
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE  
TO STATEMENT OF NET POSITION  
AS OF JUNE 30, 2018**

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

Fund balances - total governmental funds	\$	50,008,877
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet (less Internal Service Funds).		82,655,259
Internal service funds are used by management to charge the cost of certain activities, such as insurance and fleet management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the government-wide statement of net position. Internal Service Fund balances not included in other reconciling items:		
Total net position, ending		1,617,082
Long-term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet:		
Bonds and notes payable		(32,565,139)
Compensated absences		-
Bond premium		(215,176)
Deferred loss on extinguishment of debt		656,869
Bond discounts		187,059
Net pension liability		(18,881,758)
Net OPEB liability		(10,662,164)
Net pension/OPEB related deferrals		(644,708)
Other current liabilities (bonds payable) are not available to pay for current period expenditures and therefore are deferred in the funds:		
Accrued interest payable		(212,660)
Bonds and notes payable		(2,613,503)
Compensated absences		(995,721)
Revenues not collected within sixty days after year end are considered "available" revenues and are considered to be "unavailable" revenues in the fund financial statements, but are considered revenue in the Statement of Activities:		
Property taxes		170,529
Rounding		<u>-</u>
Net position of governmental activities	\$	<u>68,504,846</u>

**STATE OF NEW MEXICO  
CITY OF ALAMOGORDO  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018**

	(11,32,63,98)	(053) General Obligation Debt Service	Capital Projects		Non-Major Governmental Funds	Total
			(054) Reverse Osmosis Project Reserve	(109) 2004 GRT Fund		
	General Fund					
<i>Revenues:</i>						
<i>Taxes:</i>						
Property	\$ 3,136,984	1,052,880	-	-	-	4,189,864
Gross receipts	11,292,783	-	-	3,273,271	7,595,567	22,161,621
Lodger's	-	-	-	-	598,011	598,011
<i>Intergovernmental:</i>						
State operating grants	292,826	-	-	-	1,206,205	1,499,031
State capital grants	-	-	2,946,743	-	45,923	2,992,666
Federal operating grants	-	-	-	-	627,870	627,870
Federal capital grants	-	-	-	-	10,307	10,307
Charges for services	3,113,876	-	-	-	467,137	3,581,013
Investment income (loss)	29,773	(2,852)	737	3,451	186,344	217,453
Miscellaneous	574,890	-	-	41,034	41,258	657,182
<i>Total revenues</i>	<u>18,441,132</u>	<u>1,050,028</u>	<u>2,947,480</u>	<u>3,317,756</u>	<u>10,778,622</u>	<u>36,535,018</u>
<i>Expenditures:</i>						
<i>Current:</i>						
General government	3,012,870	-	-	30,000	594,795	3,637,665
Public safety	7,745,582	-	-	-	763,379	8,508,961
Public works	636,920	-	3,720	-	1,791,812	2,432,452
Culture and recreation	2,322,418	-	-	-	3,072,855	5,395,273
Health and welfare	-	-	-	-	242,975	242,975
Capital outlay	1,824,607	-	6,690,493	1,808,692	8,104,187	18,427,979
<i>Debt service:</i>						
Principal	-	251,740	-	-	2,134,008	2,385,748
Interest	-	533,357	-	-	587,903	1,121,260
<i>Total expenditures</i>	<u>15,542,397</u>	<u>785,097</u>	<u>6,694,213</u>	<u>1,838,692</u>	<u>17,291,914</u>	<u>42,152,313</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>2,898,735</u>	<u>264,931</u>	<u>(3,746,733)</u>	<u>1,479,064</u>	<u>(6,513,292)</u>	<u>(5,617,295)</u>
<i>Other financing sources (uses)</i>						
Transfers in	4,314,065	7,704	3,109,412	-	5,610,300	13,041,481
Transfers out	(7,010,115)	(140,160)	-	(1,066,585)	(10,354,881)	(18,571,741)
<i>Total other financing sources (uses)</i>	<u>(2,696,050)</u>	<u>(132,456)</u>	<u>3,109,412</u>	<u>(1,066,585)</u>	<u>(4,744,581)</u>	<u>(5,530,260)</u>
<i>Net change in fund balance</i>	<u>202,685</u>	<u>132,475</u>	<u>(637,321)</u>	<u>412,479</u>	<u>(11,257,873)</u>	<u>(11,147,555)</u>
<i>Fund balance, - beginning</i>	<u>10,956,724</u>	<u>789,978</u>	<u>98,246</u>	<u>12,438,872</u>	<u>36,804,552</u>	<u>61,088,372</u>
<i>Restatement</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>68,060</u>	<u>68,060</u>
<i>Fund balance - beginning as restated</i>	<u>10,956,724</u>	<u>789,978</u>	<u>98,246</u>	<u>12,438,872</u>	<u>36,872,612</u>	<u>61,156,432</u>
<i>Fund balance - ending</i>	<u>\$ 11,159,409</u>	<u>922,453</u>	<u>(539,075)</u>	<u>12,851,351</u>	<u>25,614,739</u>	<u>50,008,877</u>

SEE INDEPENDENT AUDITOR'S REPORT  
The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO  
CITY OF ALAMOGORDO  
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, 2018**

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

Net change in fund balances - total governmental funds	\$	(11,147,555)
<p>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:</p>		
Capital expenditures recorded in capital outlay		19,751,259
Loss on disposition of capital assets		(339,821)
Depreciation expense		(5,275,230)
<p>Internal service funds are used by management to charge the costs of certain activities, such as insurance and fleet management to individual funds. The net change of the internal service funds resulting from transactions not recorded with governmental funds.</p>		
		187,383
<p>Expenses in the Statement of Activities that do not consume current financial resources are not reported as expenditures in the funds:</p>		
Change in compensated absences		(151,116)
<p>The issuance of long-term debt (e.g. bonds, notes, capital leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:</p>		
Issuance of long-term debt payable		-
Principal payments on bonds and loans payable		2,709,448
Change in accrued interest		20,782
Amortization of bond premium		24,944
Amortization of bond discount		(18,460)
Amortization on loss on extinguishment of debt		(62,558)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
City PERA/RHC contributions		210,896
Pension/OPEB expense		(1,093,116)
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds:</p>		
Change in deferred inflows related to property taxes receivable		(7,277)
Rounding		-
Change in net position of governmental activities	\$	4,809,579

**STATE OF NEW MEXICO  
CITY OF ALAMOGORDO  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
GENERAL FUND (11, 32, 63, 98)  
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Original Approved Budget</u>	<u>Final Approved Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
<i>Revenues:</i>				
<i>Taxes:</i>				
Property	\$ 3,052,973	3,052,973	3,159,625	106,652
Gross receipts	11,293,596	11,473,687	11,470,488	(3,199)
<i>Intergovernmental:</i>				
State operating grants	253,550	292,835	285,465	(7,370)
Charges for services	3,107,630	3,246,455	3,104,858	(141,597)
Investment income (loss)	69,386	73,837	63,706	(10,131)
Miscellaneous	32,000	57,380	574,835	517,455
<i>Total revenues</i>	<u>17,809,135</u>	<u>18,197,167</u>	<u>18,658,977</u>	<u>461,810</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General government	4,217,061	4,141,686	2,982,794	1,158,892
Public safety	9,138,740	8,879,241	7,832,908	1,046,333
Public works	674,705	708,591	644,076	64,515
Culture and recreation	2,686,720	2,692,446	2,330,733	361,713
Capital outlay	2,443,973	2,760,963	1,837,530	923,433
<i>Total expenditures</i>	<u>19,161,199</u>	<u>19,182,927</u>	<u>15,628,041</u>	<u>3,554,886</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,352,064)</u>	<u>(985,760)</u>	<u>3,030,936</u>	<u>4,016,696</u>
<i>Other financing sources (uses)</i>				
Proceeds from issuance of debt	-	-	-	-
Transfers in	5,078,479	5,390,684	4,114,044	1,276,640
Transfers out	(7,289,055)	(7,620,980)	(6,795,649)	(825,331)
<i>Total other financing sources (uses)</i>	<u>(2,210,576)</u>	<u>(2,230,296)</u>	<u>(2,681,605)</u>	<u>451,309</u>
<i>Net change in fund balance</i>	(3,562,640)	(3,216,056)	349,331	4,468,005
<i>Fund balance, - beginning</i>	10,956,724	10,956,724	11,000,633	
<i>Restatement</i>	-	-	-	
<i>Fund balance - beginning as restated</i>	<u>10,956,724</u>	<u>10,956,724</u>	<u>11,000,633</u>	
<i>Fund balance - ending</i>	<u>\$ 7,394,084</u>	<u>7,740,668</u>	<u>11,349,964</u>	
Change in fund balance (Budget Basis)			\$ 349,331	
To adjust applicable revenue accruals and deferrals			(17,824)	
To adjust applicable expenditure accruals			<u>(128,822)</u>	
Change in fund balance (GAAP basis)			\$ <u>202,685</u>	

**STATE OF NEW MEXICO  
CITY OF ALAMOGORDO  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
AS OF JUNE 30, 2018**

	(081) Water & Sewer Fund	(091) Airport Fund	Nonmajor Proprietary Funds	Total	Governmental Activities Total Internal Service Funds
<i>Assets</i>					
<i>Current Assets</i>					
Cash and cash equivalents	\$ 2,195,106	90,218	1,571,576	3,856,900	63,252
Investments	10,460,709	-	928,425	11,389,134	1,349,134
Receivables:					
Due from other governments	-	4,332	-	4,332	-
Customer receivable, net	553,839	37,087	112,610	703,536	370
Other receivable	45,835	-	7	45,842	-
Inventory	414,067	-	6,700	420,767	241,991
Prepaid expenses	-	-	22,878	22,878	48,205
Due from other funds	-	-	3	3	-
<i>Total current assets</i>	<u>13,669,556</u>	<u>131,637</u>	<u>2,642,199</u>	<u>16,443,392</u>	<u>1,702,952</u>
<i>Noncurrent Assets</i>					
Restricted cash	1,183,543	-	67,514	1,251,057	-
Restricted investments	-	-	74,551	74,551	-
Assets held for sale	-	-	88,338	88,338	-
Capital assets	116,587,433	12,944,767	25,915,451	155,447,651	-
Less: accumulated depreciation	(37,673,187)	(4,421,035)	(14,497,841)	(56,592,063)	-
<i>Total noncurrent assets</i>	<u>80,097,789</u>	<u>8,523,732</u>	<u>11,648,013</u>	<u>100,269,534</u>	<u>-</u>
<i>Total assets</i>	<u>93,767,345</u>	<u>8,655,369</u>	<u>14,290,212</u>	<u>116,712,926</u>	<u>1,702,952</u>
<i>Deferred Outflows of Resources</i>					
Pension deferral	584,817	22,743	310,211	917,771	-
OPEB deferral	26,133	1,080	9,976	37,189	-
Deferred loss on refunding of debt	242,506	-	-	242,506	-
<i>Total deferred outflows</i>	<u>853,456</u>	<u>23,823</u>	<u>320,187</u>	<u>1,197,466</u>	<u>-</u>
<i>Total assets and deferred outflows of resources</i>	<u>\$ 94,620,801</u>	<u>8,679,192</u>	<u>14,610,399</u>	<u>117,910,392</u>	<u>1,702,952</u>
<i>Liabilities, Deferred Inflows of Resources, and Net Position</i>					
<i>Liabilities:</i>					
<i>Current liabilities</i>					
Accounts payable	\$ 443,795	8,191	160,619	612,605	82,865
Accrued payroll expenses	108,687	3,647	35,697	148,031	3,005
Other accrued expenses	3,859	-	-	3,859	-
Bond premiums, net of accumulated amortization	230,572	-	-	230,572	-
Accrued compensated absences	189,005	173	50,036	239,214	-
Funds held in trust for others	578,716	11,131	44,574	634,421	-
Accrued interest	145,646	-	-	145,646	-
GRT payable	51,346	-	1,958	53,304	-
Unearned revenue	49,878	-	5,416	55,294	-
Due to other funds	-	-	3,124	3,124	-
Current portion of long-term debt	1,661,981	-	-	1,661,981	-
<i>Total current liabilities</i>	<u>3,463,485</u>	<u>23,142</u>	<u>301,424</u>	<u>3,788,051</u>	<u>85,870</u>
<i>Noncurrent Liabilities</i>					
Long-term debt	23,027,087	-	-	23,027,087	-
Net pension liability	2,338,626	96,463	896,211	3,331,300	-
Net OPEB liability	1,321,178	54,626	504,334	1,880,138	-
<i>Total noncurrent liabilities</i>	<u>26,686,891</u>	<u>151,089</u>	<u>1,400,545</u>	<u>28,238,525</u>	<u>-</u>
<i>Total liabilities</i>	<u>30,150,376</u>	<u>174,231</u>	<u>1,701,969</u>	<u>32,026,576</u>	<u>85,870</u>
<i>Deferred Inflows of Resources</i>					
Pension deferral	347,107	14,384	141,824	503,315	-
OPEB deferral	300,697	12,433	114,786	427,916	-
<i>Total deferred inflows of resources</i>	<u>647,804</u>	<u>26,817</u>	<u>256,610</u>	<u>931,231</u>	<u>-</u>
<i>Net Position:</i>					
Net investment in capital assets	54,091,466	8,523,732	11,417,610	74,032,808	-
Unrestricted	9,731,155	(45,588)	1,234,210	10,919,777	1,617,082
<i>Total net position</i>	<u>63,822,621</u>	<u>8,478,144</u>	<u>12,651,820</u>	<u>84,952,585</u>	<u>1,617,082</u>
<i>Total liabilities, deferred inflows of resources, and net position</i>	<u>\$ 94,620,801</u>	<u>8,679,192</u>	<u>14,610,399</u>	<u>117,910,392</u>	<u>1,702,952</u>

SEE INDEPENDENT AUDITOR'S REPORT  
The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO  
CITY OF ALAMOGORDO  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018**

	<b>(081) Water &amp; Sewer Fund</b>	<b>(091) Airport Fund</b>	<b>Nonmajor Proprietary Funds</b>	<b>Total</b>	<b>Governmental Activities Total Internal Service Funds</b>
<i>Operating revenues:</i>					
Charges for services	\$ 9,932,796	167,806	3,941,899	14,042,501	364,343
Operating subsidy	221,468	-	650,968	872,436	-
<i>Total operating revenues</i>	<u>10,154,264</u>	<u>167,806</u>	<u>4,592,867</u>	<u>14,914,937</u>	<u>364,343</u>
<i>Operating expenses:</i>					
Personnel services	2,729,661	95,803	969,201	3,794,665	1,381,457
Contractual services	1,019,137	-	1,849,007	2,868,144	294,071
Supplies expense	681,456	118,256	1,472,197	2,271,909	193,367
Repairs and maintenance	354,514	288,059	79,136	721,709	557,667
Utilities	723,896	30,782	54,722	809,400	29,063
Equipment	284,966	-	101,730	386,696	6,298
Miscellaneous	167,144	791	74,157	242,092	224,295
Depreciation and amortization	3,137,687	360,906	618,268	4,116,861	-
<i>Total operating expenses</i>	<u>9,098,461</u>	<u>894,597</u>	<u>5,218,418</u>	<u>15,211,476</u>	<u>2,686,218</u>
<i>Operating income (loss)</i>	<u>1,055,803</u>	<u>(726,791)</u>	<u>(625,551)</u>	<u>(296,539)</u>	<u>(2,321,875)</u>
<i>Non-operating revenues (expenses):</i>					
Federal operating grants	-	58,301	-	58,301	-
State operating grants	-	90,102	-	90,102	-
Investment income	52,875	959	(4,356)	49,478	(4,937)
Interest expense	(531,294)	-	-	(531,294)	-
Gain/(loss) on sale of capital assets	(29,650)	(1,946)	-	(31,596)	-
Miscellaneous income	883	9,341	29,125	39,349	66,646
<i>Total non-operating revenues (expenses)</i>	<u>(507,186)</u>	<u>156,757</u>	<u>24,769</u>	<u>(325,660)</u>	<u>61,709</u>
Transfers in	2,973,288	277,563	625,402	3,876,253	3,050,805
Transfers out	(1,197,855)	(32,089)	(175,670)	(1,405,614)	(603,256)
<i>Net capital grants and transfers</i>	<u>1,775,433</u>	<u>245,474</u>	<u>449,732</u>	<u>2,470,639</u>	<u>2,447,549</u>
<i>Change in net position</i>	<u>2,324,050</u>	<u>(324,560)</u>	<u>(151,050)</u>	<u>1,848,440</u>	<u>187,383</u>
<i>Net position, beginning of year</i>	63,098,346	8,867,591	12,846,882	84,812,819	1,429,699
<i>Restatement</i>	(1,599,775)	(64,887)	(44,012)	(1,708,674)	-
<i>Beginning net position, as restated</i>	<u>61,498,571</u>	<u>8,802,704</u>	<u>12,802,870</u>	<u>83,104,145</u>	<u>1,429,699</u>
<i>Net position, end of year</i>	<u>\$ 63,822,621</u>	<u>8,478,144</u>	<u>12,651,820</u>	<u>84,952,585</u>	<u>1,617,082</u>

SEE INDEPENDENT AUDITOR'S REPORT  
The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO  
CITY OF ALAMOGORDO  
PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2018**

	<b>(081) Water &amp; Sewer Fund</b>	<b>(091) Airport Fund</b>	<b>Nonmajor Proprietary Funds</b>	<b>Total</b>	<b>Governmental Activities Total Internal Service Funds</b>
<b>Cash flows from operating activities:</b>					
Receipts from customers and users	\$ 10,232,134	164,733	4,652,660	15,049,527	363,973
Payments to employees	(2,620,343)	(91,283)	(979,177)	(3,690,803)	(1,381,457)
Payments to suppliers	(3,176,935)	(435,664)	(3,600,073)	(7,212,672)	(1,610,100)
<i>Net cash provided (used) by operating activities</i>	<u>4,434,856</u>	<u>(362,214)</u>	<u>73,410</u>	<u>4,146,052</u>	<u>(2,627,584)</u>
<b>Cash flows from noncapital financing activities:</b>					
Miscellaneous revenue	883	9,341	29,125	39,349	66,646
Transfers from other funds	2,973,288	277,563	625,402	3,876,253	3,050,805
Transfers to other funds	(1,197,855)	(32,089)	(175,670)	(1,405,614)	(603,256)
<i>Net cash provided (used) by noncapital financing activities</i>	<u>1,776,316</u>	<u>254,815</u>	<u>478,857</u>	<u>2,509,988</u>	<u>2,514,195</u>
<b>Cash flows from capital and related financing activities:</b>					
Purchase of capital assets	(6,874,880)	(65,021)	(425,910)	(7,365,811)	-
Proceeds from issuance of debt	5,745,248	-	-	5,745,248	-
Principal payments	(6,460,946)	-	-	(6,460,946)	-
Interest payments	(531,294)	-	-	(531,294)	-
Grant revenue	-	148,403	-	148,403	-
<i>Net cash provided (used) by capital and related financing activities</i>	<u>(8,121,872)</u>	<u>83,382</u>	<u>(425,910)</u>	<u>(8,464,400)</u>	<u>-</u>
<b>Cash flows from investing activities:</b>					
Proceeds from sale of investments	4,400,555	62,434	-	4,462,989	-
Purchases of investments, net	-	-	(487,415)	(487,415)	(536,234)
Investment income	(29,650)	(1,946)	(4,356)	(35,952)	(42,254)
<i>Net cash provided (used) by investing activities</i>	<u>4,370,905</u>	<u>60,488</u>	<u>(491,771)</u>	<u>3,939,622</u>	<u>(578,488)</u>
Net increase (decrease) in cash and cash equivalents	2,460,205	36,471	(365,414)	2,131,262	(649,623)
Balances - beginning of year	918,444	53,747	2,004,504	2,976,695	712,875
Balances - end of year	<u>\$ 3,378,649</u>	<u>90,218</u>	<u>1,639,090</u>	<u>5,107,957</u>	<u>63,252</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>					
Operating income (loss)	\$ 1,055,803	(726,791)	(625,551)	(296,539)	(2,321,875)
<b>Adjustments to reconcile operating income to net cash provided (used) by operating activities:</b>					
Depreciation expense	3,137,687	360,906	618,268	4,116,861	-
Non-cash pension expense	82,925	3,428	31,657	118,010	-
Non-cash OPEB expense	52,526	2,172	20,051	74,749	-
RHC contributions subsequent to measurement date	(26,133)	(1,080)	(9,976)	(37,189)	-
Restatement	30,425	-	-	30,425	-
(Increase) decrease in:					
Accounts receivable	47,445	(3,073)	59,793	104,165	(370)
Inventory	(36,550)	-	426	(36,124)	(241,991)
Prepays	-	-	(2,181)	(2,181)	(48,205)
(Decrease) increase in:					
Accounts payable	32,607	6,875	1,514	40,996	(18,148)
Accrued payroll	26,597	540	(1,376)	25,761	3,005
Unearned revenue	(2,440)	-	(3,270)	(5,710)	-
Compensated absences	46,162	(465)	(3,771)	41,926	-
Other liabilities	(12,198)	(4,726)	(1,092)	(18,016)	-
Due from/to other funds	-	-	(11,082)	(11,082)	-
<i>Net cash provided (used) by operating activities</i>	<u>\$ 4,434,856</u>	<u>(362,214)</u>	<u>73,410</u>	<u>4,146,052</u>	<u>(2,627,584)</u>

**STATE OF NEW MEXICO  
CITY OF ALAMOGORDO  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUNDS  
AS OF JUNE 30, 2018**

ASSETS	
Cash and cash equivalents	\$ <u>2,012,645</u>
<i>Total assets</i>	\$ <u><u>2,012,645</u></u>
LIABILITIES	
Deposits payable	\$ <u>2,012,645</u>
<i>Total liabilities</i>	\$ <u><u>2,012,645</u></u>

SEE INDEPENDENT AUDITOR'S REPORT  
The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO  
CITY OF ALAMOGORDO  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Alamogordo (City) was founded in 1898. The City is a home rule municipality operating under the powers granted by the constitution and laws of the State of New Mexico. The City operated under a Commission-Mayor form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, public utilities (electricity, water, wastewater, and solid waste), health and social services, culture-recreation, education, public improvements, housing, planning and zoning, and general administrative services.

The City of Alamogordo 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 the City's financial statements. The financial statements and notes are the representation of the City's management who is responsible for their integrity and objectivity. 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.

GASB Statement No. 77 is intended to improve the usefulness of financial statements prepared by state and local governments – which are intended, among other things, to assist users of financial statements in assessing (1) whether a government's current-year revenues were sufficient to pay for current-year services (inter-period equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government's financial resources came from and how it uses them, and (4) a government's financial position and economic condition and how they have changed after time – by including information about certain limitations on a government's ability to raise resources. This includes limitations on revenue-raising capacity resulting from government programs that use tax abatements to induce behavior by individuals and entities that is beneficial to the government or its citizens – such as the encouragement of economic development. For financial reporting purposes, this Statement defines a tax abatement as resulting from an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens.

These tax abatements may affect the financial position of the government and its results of operations, including its ability to raise resources in the future. Statement No. 77 requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments that reduce the reporting government's tax revenues.

The City had no tax abatements to disclose as of June 30, 2018.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City has elected not to follow subsequent private-sector guidance. The more significant of the government's accounting policies are described below.

**STATE OF NEW MEXICO  
CITY OF ALAMOGORDO  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

***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.

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 Statements No. 39, No. 61, and 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 one component unit required to be reported under GASB Statements No. 14, No. 39, No. 61, and No. 80 as a discretely presented component unit. The discretely presented component unit does not have separately issued financial statements.

The Otero-Greentree Regional Landfill has been determined to be a component unit as a result of a joint powers agreement entered into during the fiscal year 1994, which should be presented as a discretely presented proprietary component unit. The purpose of the joint venture was to establish, finance and operate the landfill. The governmental entities involved in the JPA are City of Alamogordo, Otero County, Village of Cloudcroft, Village of Tularosa, Village of Corona, Lincoln County, Town of Carrizozo, Village of Capitan, Village of Ruidoso and Village of Ruidoso Downs. Each of the governmental entity signers has pledged their respective environmental services gross receipts tax revenues as financial support for the purpose of funding the acquisition of capital assets necessary for the operation of the landfill. The Otero and Lincoln County authorities have also agreed to a 50- 50 joint ownership and operation of this enterprise.

It was mutually agreed and covenanted between the entities that:

1. The facility shall be known as the Otero-Greentree Regional Landfill;
2. Title to the facility shall be held in undivided-joint tenancy between the Otero and Lincoln Solid Waste Authorities;
3. The entities, through their respective Otero or Lincoln County Authorities, shall be joint owners of a co-equal undivided one-half interest in the assets and also shall be equally responsible for the debt;
4. The entities each agree to maintain an irrevocable, first, but not exclusive, pledge of 100% of their environmental gross receipts tax revenues for the life of the bond issue used for permanent financing;
5. The entities agree that tipping fees collected shall be used to pay principal and interest on the bonds and that the fee established shall be adequate to meet operations, maintenance and financing requirements;
6. The entities agree that the City of Alamogordo shall annually prepare a budget that shall be approved by the Otero and Lincoln County Solid Waste Authorities. Thereafter, the City will operate the Landfill in accordance with good business practice;

**STATE OF NEW MEXICO  
CITY OF ALAMOGORDO  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

7. The governmental entities authorize the exercise of the following joint powers by the City acting as agent on their behalf:
  - a. In accordance with the approved budget, to acquire, cause to be acquired, and maintain the necessary property, equipment and personnel for the landfill;
  - b. To approve the issuance of revenue bonds;
  - c. To enter into agreements for the services of managers, attorneys, appraisers consultants and employees; and
  - d. To implement adopted policies regarding fees, rates and charges.
8. The landfill shall be a joint venture of the entities acting in a proprietary capacity.
9. Annually, the City of Alamogordo will provide a complete financial report on the operation to each participating entity.
10. The terms of this agreement are perpetual.
11. The agreement was originally signed on September 30, 1993 with amendment on June 2, 1995.

The government-wide financial statements include not only the City of Alamogordo itself (known as the primary government), but also a legally separate Regional Landfill for which the City of Alamogordo is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself. The Public Housing Authority (PHA), although also legally separate, functions for all practical purposes as a department of the City of Alamogordo, and therefore has been included under business-type activities.

***B. Government-wide and fund financial statements***

The government-wide financial statements (i.e., the statement of net position and the statement of activities and changes in net position) report information on all of the non-fiduciary 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 nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-Exchange Transactions*.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognized 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.

**STATE OF NEW MEXICO  
CITY OF ALAMOGORDO  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

***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.

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.

Program revenues included in the Statement of Activities are derived directly from the program itself or from parties outside the City's taxpayer or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the City's general revenues.

Program revenues are categorized as (a) charges for services, which include revenues collected for fees and use of City facilities, etc., (b) program-specific operating grants, which includes revenues received from state and federal sources such as small cities assistance to be used as specified within each program grant agreement, and (c) program-specific capital grants and contributions, which include revenues from state sources to be used for capital projects. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the airport, solid waste, wastewater, and golf course funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

**STATE OF NEW MEXICO  
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Under the requirements of GASB Statement No. 34, the City is required to present certain of its governmental funds as major based upon certain criteria. The major funds presented in the fund financial statements include the following:

The City has elected to report the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. This fund includes state shared gross receipts tax income fund and state shared gas tax income fund. The general fund also includes revenues and costs associated with community services, community development, and building codes.

*General Obligation Debt Service Fund (053)* – The purpose of this fund is to account for servicing of principal and interest requirements on the 1990 General Obligation Sanitary Sewer Bonds and the 1996 General Obligation Sanitary Sewer Refunding Water Improvement Bonds. Property tax revenues secure these bonds. This fund was authorized by the City Commission.

*Reverse Osmosis Project Reserve Capital Project Fund (054)* – This fund is established to receive the monies that are being paid back to the GO Bond Fund which were borrowed to fund the covers and linings on the reservoirs at La Luz. This fund was authorized by the City Commission.

The *2004 Capital Outlay GRT Fund Capital Projects Fund Street Projects Improvement Loan Fund (109)* is a capital project fund that is used to account for 1/4 of 1% gross receipts tax dedication adopted in 2004 to be used for construction, reconstruction or improvement of municipal streets, alleys, roads or bridges, including acquisition of rights of way. This fund was authorized by the City Commission.

The City reports the following as major proprietary funds:

The *Water & Sewer Fund (081)* is to provide funds for the operations and maintenance of water and sewer services. This fund is authorized by the City Commission.

The *Airport Fund (091)* – This fund was established to provide funds for the maintenance and daily operations of the Municipal Airport. This fund is authorized by the City Commission.

Additionally, the government reports the following agency fund:

*Fiduciary funds* are purely custodial (assets equal liabilities) and do not involve measurement of results of operations. The City's fiduciary funds are used to account for the collection, holding, and reimbursement of jail bonds and judicial revenues and expenditures.

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.

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

**Deposits and Investments**

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the City to invest in Certificates of Deposit, obligations of the U.S. Government, and the State Treasurer's Investment Pool.

**STATE OF NEW MEXICO  
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Investments for the City are reported at fair value. The State Treasurer's Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares. The composition of investments and fair values are presented in Note 2.

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

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.

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

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

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

Inventory

The City's method of accounting for inventory is the consumption method. Under the consumption approach, governments report inventories they purchase as an asset and defer recognition of the expenditures until the period in which the inventories actually are consumed. Inventory is valued at cost and consists of supplies and materials. The cost of purchased supplies and materials is recorded as expenditures at the time individual inventory items are consumed.

Prepaid Expenses

Prepaid expenses include insurance and contract payments to vendors which reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide financial statements and fund financial statements.

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 and restricted for future debt service payments, capital projects, customer deposits, and the City's landfill liability.

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.

**STATE OF NEW MEXICO  
CITY OF ALAMOGORDO  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

Pursuant to the implementation of GASB Statement No. 34, as a Phase 2 government, the historical cost of infrastructure assets, (retroactive to June 30, 1980) are included as part of the governmental capital assets reported in the government wide statements. Information Technology Equipment including software is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.20.1.9 C (5). Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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:

<b>Asset Type</b>	<b>Years</b>
Land	Perpetuity
Construction in progress	Perpetuity
Buildings and improvements	20-50
Infrastructure	20-65
Equipment and vehicles	3-10

Accrued Expenses

Accrued expenses are comprised of the payroll expenditures based on amounts earned by the employees through June 30, 2018, along with applicable FICA and Medicare liabilities.

Unearned Revenues

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or the balance sheet for the governmental funds will sometimes report a separate section for *deferred outflows of resources*. This separate financial statement element, deferred outflows of resources, represents a consumption of net position/fund balance that applies to a future period and so will not be recognized as an expense or expenditure until then.

The City has the following deferred outflows of resources during fiscal year 2018 on the fund financials:

<b>Deferred Outflows of Resources - Fund Financials</b>	
Pension deferrals	\$ 917,771
OPEB deferrals	37,189
Loss on extinguishment of debt	242,506
Total deferred inflows of resources	\$ 1,197,466

**STATE OF NEW MEXICO  
CITY OF ALAMOGORDO  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

The City has the following deferred outflows of resources during fiscal year 2018 on the government-wide financials:

<b><u>Deferred Outflows of Resources - GW</u></b>	
Pension deferrals	\$ 5,349,590
OPEB deferrals	251,277
Loss on extinguishment of debt	<u>899,375</u>
Total deferred outflows of resources	<u>\$ 6,500,242</u>

In addition to liabilities, the statement of net position and/or the balance sheet for the governmental funds will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue.

The City has the following deferred inflows of resources during fiscal year 2018 on the fund financials:

<b><u>Deferred Inflows of Resources - Fund Financials</u></b>	
Property tax revenue	\$ 170,529
Pension deferrals	503,315
OPEB deferrals	<u>427,916</u>
Total deferred inflows of resources	<u>\$ 1,101,760</u>

The City has the following deferred inflows of resources during fiscal year 2018 on the government-wide financials:

<b><u>Deferred Inflows of Resources - GW</u></b>	
Pension deferrals	\$ 3,330,667
OPEB deferrals	<u>2,891,319</u>
Total deferred inflows of resources	<u>\$ 6,221,986</u>

**Deferred Inflow of Resources-Property Taxes**

The City has one item which arises under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue - property taxes is reported only in the governmental funds balance sheet. The City has recorded \$170,529 related to property taxes considered “unavailable”. For the business-type activities and the component unit, unavailable revenues are reported on the full accrual basis of accounting. These amounts, for both governmental and proprietary funds, as well as the component unit, are deferred and recognized as inflows of resources in the period that the amounts become available.

**Compensated Absences**

*Paid Time Off* – Each employee of the City may accumulate a total of twenty-one to thirty-one days of vacation per year, depending on years of service. Employees may accumulate up to 480 hours of vacation and carry leave forward from fiscal year to fiscal year. Upon termination, employees will be paid up to 480 hours of accrued paid time off. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability is reported in the governmental funds only if they have matured.

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

**STATE OF NEW MEXICO  
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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.

Net Position Classification, Policies, and Procedures

For committed fund balance, the City's highest level of decision-making authority is the City Commission. The formal action that is required to be taken to establish a fund balance commitment is the City Commission.

For assigned fund balance, the City Commission or an official or body to which the City Commission delegates the authority is authorized to assign amounts to a specific purpose. The authorization policy is in governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

For the classification of fund balances, the City considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available. Also, for the classification of fund balances, the City considers committed, assigned, or unassigned amounts to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

*Minimum Fund Balance Policy:* The City's policy for maintaining a minimum amount of fund balance for operations is to minimize any sudden and unplanned discontinuity to programs and operations and for unforeseen contingencies. At a minimum, the budget shall ensure that the City holds cash reserves (as approved in the subsequent year's preliminary budget) of 1/12th of the General Fund budgetary basis and the City's self-imposed reserve. As these amounts are an accumulation of resources and not a true restriction or commitment of expenditures, they are reflected within the unassigned fund balance of the general fund.

Equity is classified as net position and displayed in three components in the government-wide financial statements and the proprietary funds:

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

*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.

*Unrestricted Net Position* – All other net position that do not meet the definition of “restricted” or “investment in capital assets, net of related debt.”

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.

Governmental Fund Balances

Beginning with fiscal year 2011, the City implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent.

**STATE OF NEW MEXICO  
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The Statement only applies to Governmental funds and does not extend to Proprietary fund types. The following classifications describe the relative strength of the spending constraints:

*Nonspendable* – Amounts not in a spendable form, such as prepaid expenses, inventories, or long-term portion of receivables or property held for resale, if the use of the proceeds from the collection/sale of property held for resale is not otherwise constrained. Nonspendable amounts also include amounts legally or contractually required to remain intact, such as the principal of a permanent fund.

*Restricted* – Amounts constrained to specific purposes that are externally imposed or imposed by law through constitutional provisions or enabling legislation (such as taxpayers, grantors, bondholders, and higher levels of government).

*Committed* – Amounts constrained to specific purposes by the governmental entity's highest level of decision-making authority (City Commission). To be reported as committed, amounts cannot be used for any other purpose unless the City Commission takes the same highest-level action to remove or change the constraint.

*Assigned* – Amounts constrained by the City intends to be used for specific purposes. Intent can be expressed by the governing body (City Commission) or an official or body to which the governing body delegates authority. The authorization policy is in governmental funds, other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for that purpose of that fund.

*Unassigned* – Balances available for any purpose. Positive amounts are reported only in the general fund.

The City Commission establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by City through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

See the Schedule of Fund Balances, per the table of contents, for additional information about fund balances.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless City Commission or the finance department has provided otherwise in its commitment or assignment actions.

***E. 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's. 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.

***F. 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

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recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

***G. 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, expected useful lives of capital assets, current portion of accrued compensated absences, the estimate for landfill closure and post closure costs, and actuarial estimates included in the calculation of the net pension/OPEB liability.

***H. Indirect Expenses***

The City allocated indirect expenses primarily comprised of central governmental services to operating functions and programs benefiting from those services. Central services include overall City management, centralized budgetary formulation and oversight, accounting, financial reporting, payroll, procurement contracting and oversight, investing and cash management, personnel services, and other administrative services. Allocations are charged to programs based on use of the services determined by various allocation methodologies.

***I. Budgetary Information***

The City Charter establishes the City's fiscal year as the twelve-month period beginning July 1 and ending June 30. Prior to June 1 the Budget Director submits to management a proposed operating budget of estimated revenues, expenditures, and transfers for the ensuing fiscal year for the General Fund, Special Revenue Funds, Debt Service Funds, Capital Projects Fund and Enterprise Funds. Management subsequently submits the budget (1) to the New Mexico Department of Finance and Administration for review and approval; and (2) to the City Commission for review and enactment of a resolution legally adopting the budget. Once approved, the City Commission may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations. Additionally, the New Mexico Department of Finance and Administration must approve any amendments to the budget.

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

Proprietary fund budgets are prepared on the GAAP basis. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year. The City does not budget for depreciation expense, only capital outlay.

Each fund's appropriated budget is prepared on a Non-GAAP cash basis at the detailed line item level. Revenues are budgeted by department and general ledger account. Expenditures are budgeted by department and general ledger account. Expenditures may not exceed appropriations at the fund level. All budget revisions at this level are subject to final review and approval by the City Commission. Revisions to the budget were made throughout the year.

*Budgetary Compliance* – Budgetary control is required to be maintained at the individual fund level.

*Budget Amendments* – Budget increases and decreases can only be accomplished by Commission resolution, followed by DFA approval. Similarly, budget transfers must follow the same procedure.

*Budgetary Basis* – State law prescribes that the City's budget be prepared on the basis of cash receipts and cash expenditures. Therefore, budgetary comparisons shown in exhibits are prepared on a cash basis to compare actual revenues and expenditures with a cash basis budget as amended.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed as an

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extension of formal budgetary integration in the General Fund, Special Revenue Funds, Capital Projects Funds and Debt Service Funds.

The accompanying Statements of Revenue, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual, for the general fund and major special revenue funds (when applicable), present comparisons of the legally adopted budget with actual data on a budgetary basis.

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) a reconciliation of resultant basis, perspective, equity and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended June 30, 2018 is presented. Reconciliations between the Non-GAAP budgetary basis amounts and the financial statements on the GAAP basis by fund can be found on each individual budgetary statement.

***J. Interfund Activity***

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. The General Fund and Joint Utility fund have been combined with funds that have identical activities for financial statement reporting.

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.

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

***K. Evaluation of Subsequent Events***

Subsequent events are events or transactions that occur after the statement of financial position/balance sheet date but before the financial statements are issued. The City recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position/balance sheet, including the estimates inherent in the process of preparing the financial statements. The City's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position/balance sheet but arose after the statement of financial position/balance sheet date and before financial statements are available to be issued. The organization has evaluated subsequent events through December 12, 2018, which is the date the financial statements were available to be issued.

**NOTE 2 – DEPOSITS AND INVESTMENTS**

State statutes authorize 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, 2018.

Deposits of funds may be made in interest bearing 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 by collateralized as required by statute. The financial institution must provide pledged collateral for 50% of the deposit amount in excess of the deposit insurance for accounts held by the City and pledged collateral for 100% of the deposit amount in excess of the deposit insurance for accounts held in the name of the City's Housing Authority.

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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.

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 demand deposit accounts and \$250,000 for time and savings accounts.

The City utilizes pooled accounts for their funds. Cash and investments of the General, Special Revenue, Capital Projects, Proprietary Funds, and Agency funds are pooled and held in multiple accounts.

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

The City's cash balances consist of demand deposits, interest bearing savings accounts, money market accounts and bonds. The majority of City's cash and investments are pooled. All interest income is accounted for in the related funds.

The City's investments consist of certificates of deposit, money markets, bonds, and investments in the NM State Treasurer's LGIP fund.

The City's cash, cash equivalents, investments, and collateral pledged are identified on the table of contents of this report.

A summary of the City's cash and investments as of June 30, 2018 is as follows:

<u><b>Cash and investments</b></u>	<u><b>Amount</b></u>
Cash and cash equivalents	
Cash on hand	\$ 8,982
Cash	9,722,635
NMFA reserve	4,680,069
Subtotal cash and cash equivalents	<u>14,411,686.00</u>
Investments	
State Treasurer's Investment Pool	2,668,001
Certificates of deposit - maturities > 90 days	17,966,168
Money markets	3,119,482
Federal Home Loan Bank Bonds	33,642,923
Subtotal investments	<u>57,396,574</u>
Total cash and investments	<u>\$ 71,808,260</u>
<u><b>Cash and investments by fund type</b></u>	<u><b>Amount</b></u>
Governmental funds	\$ 47,451,711
Internal service funds	1,412,386
Subtotal governmental activities	48,864,097
Business-type activities	16,571,642
Component unit	4,359,876
Fiduciary funds	2,012,645
Total cash and investments	<u>\$ 71,808,260</u>

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State regulations require that uninsured demand deposits and deposit-type investments such as certificates of deposit be collateralized by the depository thrift or banking institution. At present, state statutes require that a minimum of fifty percent of uninsured balances on deposit with anyone institution must be collateralized, with higher requirements up to 100% for financially troubled institutions. Investments in repurchase agreements must be collateralized at 102% of the contract. In addition, some bond covenants require debt service reserve amounts to be collateralized at 105%. The City's Schedule of Collateral is presented in this report, as stated in the table of contents.

The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, City, or political subdivision of the State of New Mexico.

As of June 30, 2018, the City's bank and investment balances of \$31,618,037 were exposed to custodial credit risk as follows:

Uninsured, collateralized with securities held by pledging financial institution's trust department or agent in the City's name.	\$ 16,173,923
Uninsured and uncollateralized	-
Total uninsured deposits	<u>\$ 16,173,923</u>

*Concentration of Credit Risk* - Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer, of more than 5%. The City's investments are diversified to avoid including concentration of credit risk. With the exception of authorized pools, no more than 50% of the total investment portfolio is in one single security type or financial institution.

*Credit Risk* - The City's investments shall be in accordance with State Law 6-10-10 and 6-10-10.1 NMSA 1978, including but not limited to the following: Treasury Bills, Notes, Bonds, Strips, and US Government securities which are backed by the full faith and credit of the U.S. Government. Negotiable securities of the State of New Mexico or any county, municipality, or school district with the advice and consent of the Board of Finance per 6-10-44 NMSA 1978, 6-10-10 NMSA 1978, 6-10-10 NMSA 1978.

*Interest Rate Risk* - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the City investments. The City's investment policy follows New Mexico State Statute Section 6-10-36E (NMSA, 1978 Comp) requiring the interest rate on time deposits shall not be less than the rated fixed 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.

*Foreign Currency Risk* - Deposits and Investments - The City is not exposed to the risk that exchange rates will adversely affect the fair value of an investment as none of the investments pools or certificates of deposit are dominated in a foreign currency.

*Custodial Credit Risk Deposits* - Custodial credit risk is the risk that in the event of a bank failure, the City funds may not be returned. The City is required to obtain from each bank that is a deposit only for public funds pledged collateral in an aggregate amount equal to 50% of the public money in each account. The pledged securities must be in the name of the governmental entity and held by the entity or its agent.

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Investments

As of June 30, 2018, the City's investments were rated as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Rating**</u>	<u>Weighted Average</u>	<u>Concentration of Credit Risk</u>
New Mexico LGIP***	\$ 2,668,001	AAAm	77 days	4.65%
Federal Home Loan Bank Bond****	33,642,923	A-1+	1 to 10 years	58.61%
Certificates of Deposit****	17,966,168	AA+	0 to 5 years	31.30%
Money Market Mutual Funds	3,119,482	AA+	< 1 year	5.43%
	<u>\$ 57,396,574</u>			

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

\*\*\*LGIP, collateralized by State

\*\*\*\*Certificate of Deposit, fully collateralized

\*\*\*\*\*Ratings on Municipal bonds vary, each bond underwritten by and subject to Section 6-10-10(F)(1) and Section 6-13-6, NMSA 1978. Each bond has revenue as security

Maturity rates consist of the following as of June 30, 2018:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>			
		<u>Not subject to</u>		<u>1-5 Years</u>	<u>5+ Years</u>
		<u>Interest Rate Risk</u>	<u>Less than 1 Year</u>		
New Mexico LGIP	\$ 2,668,001	-	2,668,001	-	-
Federal Home Loan Bank Bond	33,642,923	-	1,983,910	31,659,013	-
Money Market Mutual Fund	3,119,482	3,119,482	-	-	-
Certificates of Deposit	17,966,168	-	8,411,022	9,555,146	-
	<u>\$ 57,396,574</u>	<u>3,119,482</u>	<u>13,062,933</u>	<u>41,214,159</u>	<u>-</u>

State Treasurer Local Governmental Investment Pool

As of June 30, 2018, the City has the following invested in the State Treasurer Local Government Investment Pool:

<u>Financial Institution</u>	<u>Cost Basis</u>	<u>Market</u>	<u>Risk Rating</u>
State of NM Local Government Investment Pool (LGIP)	\$ 2,668,001	2,668,001	AAAm [50] day WAM (R); [100] day WAM (F)

The State Treasurer is authorized to invest the LGIP, 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 6-10-10.1A and E, NMSA 1978. The pool does not have unit shares. Per Section 6-10-10.1F, NMSA 1978, at the end of each month all interest 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. The LGIP is not SEC registered. This pool is subject to the standards set forth in the State Treasurer's Local Government Investment Policy document incorporated in and made a part of the State Treasurer's Investment Policy document. The Independent Auditors' Report, together with the Financial Statements, the accompanying Notes to the Financial Statements and the Independent Auditors' Report on Compliance and Internal Controls are available from the State Investment Council, 2055 South Pacheco Street, Suite 100, Santa Fe, New Mexico 87505, upon written request.

Per review of GASB Statement No. 72, the State Treasurer Local Government Investment Pool is exempt from GASB 72 and should continue to be measured and disclosed in accordance with existing literature.

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

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

*Interest Rate Risk* – GASB Statement No. 40 defines interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the City’s investments.

According to the Statement an acceptable method for reporting interest rate risk is weighted average of maturity (WAM). The State Treasurer’s Office uses this method for reporting purposes for the LGIP. The WAM of the LGIP is identified on the monthly LGIP investment report found on the State Treasurer’s Office website at [www.nmsto.gov](http://www.nmsto.gov).

Fair Value Measurement (GASB 72)

In February 2015, the Governmental Accounting Standards Board (GASB) issued Statement Number 72, Fair Value Measurement and Application. This statement changes the definition of fair value and adds new disclosure requirements. GASB 72 is effective for periods beginning after June 15, 2015 (i.e., financial statements for June 30, 2016, and beyond).

The City holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the City’s mission, the City determines that the disclosures related to these investments only need to be disaggregated by major type. The City chooses a table format for the fair value disclosures.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. In determining this amount, three valuation techniques are available:

- Market approach: this uses prices generated for identical or similar assets or liabilities. The most common example is an investment in a public security traded in an active exchange such as the NYSE.
- Cost approach: this technique determines the amount required to replace the current asset. This approach may be ideal for valuing donations of capital assets or historical treasures.
- Income approach: this approach converts future amounts (such as cash flows) into a current discounted amount.

Each of these valuation techniques requires inputs to calculate a fair value. Valuation techniques should be applied consistently, though a change may be appropriate in certain circumstances. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

GASB 72 establishes a hierarchy of inputs to the valuation techniques listed above.

The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy’s three levels are as follows:

Level 1

Inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date. (Examples: equity securities traded on an open market, actively traded mutual funds, and US treasuries)

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Level 2

Are significant other observable inputs:

- a) Quoted prices for similar assets or liabilities in active markets.
- b) Quoted prices for identical or similar assets or liabilities in markets that are not active.
- c) Inputs other than quoted prices that are observable for the asset or liability, such as:
  1. Interest rates and yield curves observable at commonly quoted intervals,
  2. Implied volatilities, and
  3. Credit spreads.
- d) Market-corroborated inputs.

(Examples: a bond valued using market corroborated inputs such as yield curves, a bond valued using matrix pricing, and an interest rate swap valued using the LIBOR swap rate observed at commonly quoted intervals for the full term of the swap)

Level 3

Are significant unobservable inputs for an asset or liability. (Examples: Commercial real estate valued using a forecast of cash flows based on a university's own data and an interest rate swap valued using data that is neither directly observable nor corroborated by observable market data)

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.

*New Mexico LGIP, State of NM Bonds, Wells Fargo Money Market Mutual Funds, Moreton Capital Money Market Mutual Funds, and U.S. Treasury Money Market Mutual Funds, and Certificates of Deposit* 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.

*Federal Home Loan Bank Bonds* 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 Federal Home Loan Bank Bonds held by the City are deemed to not be actively traded.

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 has the following recurring fair value measurements as of June 30, 2018:

<u>Investment Type</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
New Mexico LGIP	\$ 2,668,001	-	-	2,668,001
Federal Home Loan Bank Bond	-	33,642,923	-	33,642,923
Money Market Mutual Funds	3,119,482	-	-	3,119,482
Certificates of Deposit	17,966,168	-	-	17,966,168
	<u>\$ 23,753,651</u>	<u>33,642,923</u>	<u>-</u>	<u>57,396,574</u>

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**NOTE 3 – RECEIVABLES**

Receivables as of June 30, 2018, including the applicable allowances for uncollectible accounts, are as follows:

Governmental Funds	GO		Reverse Osmosis	2004 GRT	Non-major Funds	Total Governmental
	General Fund	Debt Service	Project Reserve Capital Projects	Fund Capital Projects		
Accounts	\$ 1,281,328	-	-	-	248,444	1,529,772
Taxes						
Property tax	183,137	60,051	-	-	-	243,188
Gross receipts taxes	1,978,760	-	-	573,554	1,218,800	3,771,114
Other	3,076	-	-	-	107,769	110,845
Grants receivable	-	-	-	-	234,919	234,919
Subtotal	3,446,301	60,051	-	573,554	1,809,932	5,889,838
Less: Allowance for uncollectibles	(1,040,977)	-	-	-	(248,075)	(1,289,052)
Net receivables	\$ 2,405,324	60,051	-	573,554	1,561,857	4,600,786

Business-Type Funds	Water & Sewer Fund	Airport Fund	Non-major Funds	Total Business-Type	Internal Service Funds
	Customer receivables - Charges for services	\$ 887,570	37,991	142,309	1,067,870
Other taxes	45,835	-	7	45,842	-
Grants	-	4,332	-	4,332	-
Subtotal	933,405	42,323	142,316	1,118,044	370
Less: Allowance for uncollectibles	(333,731)	(904)	(29,699)	(364,334)	-
Net receivables	\$ 599,674	41,419	112,617	753,710	370

**Component Unit**

	Component Unit
Taxes	\$ -
Gross receipts taxes	-
Other	8,645
Charges for services	176,659
Subtotal	185,304
Less: Allowance for uncollectibles	(14,671)
Net receivables	\$ 170,633

In accordance with GASB No. 63 and 65, the property tax revenues totaling \$170,529 that were not collected within the period of availability have been reclassified as deferred inflow of resources in the governmental fund financial statements.

**NOTE 4 – INTERFUND BALANCES AND TRANSFERS**

The City recorded interfund receivable/payable to reflect a temporary loan between funds. The purpose of the loans was to cover cash shortages until grant reimbursements could be obtained. All interfund receivables/payables are expected to be repaid within one year. Interfund balances as of June 30, 2018, are as follows:

	Due from Other Funds	Due to Other Funds
General Fund	\$ 1,478,311	-
Non-Major Governmental Funds	-	1,475,190
Non-Major Business -Type Funds	3	3,124
Total	\$ 1,478,314	1,478,314

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The City recorded interfund transfers to reflect transfers of cash in accordance with the budget. Transfers and payments within the City are substantially for the purpose of subsidizing operating functions and funding capital projects, primarily street projects. All transfers made during the year were considered routine and were consistent with the general characteristics of the City's transfer policy.

The composition of interfund transfers during the year ended June 30, 2018 is as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 4,314,065	7,010,115
General Obligation Debt Service Fund	7,704	140,160
Reverse Osmosis Project Reserve Capital Projects	3,109,412	-
2004 GRT Fund Capital Projects	-	1,066,585
Non-Major Governmental Funds	5,610,300	10,354,881
Water & Sewer Fund	2,973,288	1,197,855
Airport Fund	277,563	32,089
Non-Major Business -Type Funds	625,402	175,670
Internal Service Funds	3,050,805	603,256
Component Unit	-	1,720
GW Transfer of debt and capital assets	613,792	-
Total	<u>\$ 20,582,331</u>	<u>20,582,331</u>

**NOTE 5 – CAPITAL ASSETS**

A summary of capital assets and changes occurring during the year ended June 30, including those changes pursuant to the implementation of GASB Statement No. 34, follows. Land and construction in progress are not subject to depreciation.

**Primary Government**

*Governmental Activities includes*

	Balance					Balance
<i>Internal Service Funds</i>	June 30, 2017	Additions	Deletions	Transfers	Restatements	June 30, 2018
Capital assets not being depreciated:						
Land	\$ 9,301,471	432,584	(192,000)	775,141	1	10,317,197
Construction in progress	10,898,830	10,191,970	-	(4,884,452)	(599,343)	15,607,005
Total capital assets not being depreciated	<u>20,200,301</u>	<u>10,624,554</u>	<u>(192,000)</u>	<u>(4,109,311)</u>	<u>(599,342)</u>	<u>25,924,202</u>
Capital assets being depreciated:						
Buildings and improvements	24,100,643	3,309,993	(219,526)	2,997,900	(8)	30,189,002
Equipment	11,400,974	3,018,472	(421,318)	(128,762)	-	13,869,366
Unscheduled property	5,158,617	286,686	(1,057,432)	(712)	-	4,387,159
Infrastructure	193,226,028	2,511,554	(281,352)	1,089,370	(2)	196,545,598
Total capital assets being depreciated	<u>233,886,262</u>	<u>9,126,705</u>	<u>(1,979,628)</u>	<u>3,957,796</u>	<u>(10)</u>	<u>244,991,125</u>
Total capital assets	<u>254,086,563</u>	<u>19,751,259</u>	<u>(2,171,628)</u>	<u>(151,515)</u>	<u>(599,352)</u>	<u>270,915,327</u>
Less accumulated depreciation:						
Buildings and improvements	(16,288,454)	(947,785)	136,493	-	99	(17,099,647)
Equipment	(7,663,660)	(820,607)	420,817	141,353	(86,628)	(8,008,725)
Unscheduled property	(3,836,055)	(303,212)	1,033,096	10,162	(5,277)	(3,101,286)
Infrastructure	(157,088,185)	(3,203,626)	241,401	-	-	(160,050,410)
Total accumulated depreciation	<u>(184,876,354)</u>	<u>(5,275,230)</u>	<u>1,831,807</u>	<u>151,515</u>	<u>(91,806)</u>	<u>(188,260,068)</u>
Total capital assets net of depreciation	<u>\$ 69,210,209</u>	<u>14,476,029</u>	<u>(339,821)</u>	<u>-</u>	<u>(691,158)</u>	<u>82,655,259</u>

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Depreciation expense for the year ended June 30, 2018 was charged to the following functions:

<b>Governmental activities:</b>	
General government	\$ 1,359,930
Public safety	8,223
Public works	3,079,262
Culture and recreation	827,815
Health and welfare	-
Total	5,275,230
 <b>Internal Service Fund</b>	
Total governmental activities	\$ 5,275,230

<i>Business-Type Activities</i>	Balance June 30, 2017	Additions	Deletions	Transfers	Restatements	Balance June 30, 2018
Capital assets not being depreciated:						
Land	\$ 6,970,263	33,172	-	-	-	7,003,435
Construction in progress	9,500,863	249,542	-	-	-	9,750,405
Total capital assets not being depreciated	16,471,126	282,714	-	-	-	16,753,840
Capital assets being depreciated:						
Buildings and improvements	28,254,173	2,476,118	(21,750)	-	555,057	31,263,598
Unscheduled property	2,001,041	14,111	(96,382)	10,162	-	1,928,932
Equipment	8,242,090	1,045,531	(319,878)	141,353	-	9,109,096
Infrastructure	92,918,159	3,547,337	(73,312)	-	-	96,392,184
Total capital assets being depreciated	131,415,463	7,083,097	(511,322)	151,515	555,057	138,693,810
Total capital assets	147,886,589	7,365,811	(511,322)	151,515	555,057	155,447,650
Less accumulated depreciation:						
Buildings and improvements	(18,007,759)	(854,384)	19,419	-	-	(18,842,724)
Unscheduled property	(5,318,711)	(95,318)	96,383	(10,162)	-	(5,327,808)
Equipment	(1,538,938)	(658,725)	317,932	(141,353)	(30,425)	(2,051,509)
Infrastructure	(27,907,579)	(2,508,434)	45,992	-	-	(30,370,021)
Total accumulated depreciation	(52,772,987)	(4,116,861)	479,726	(151,515)	(30,425)	(56,592,062)
Total capital assets net of depreciation	\$ 95,113,602	3,248,950	(31,596)	-	524,632	98,855,588

Depreciation expense for the year ended June 30, 2018 was charged to the following and funds:

<b>Business type activities:</b>	
Water and Sewer (081)	\$ 3,137,687
Airport (091)	360,906
Solid Waste (086)	32,425
Bonito Lake (088)	5,266
Golf Course (090)	174,217
Low Rent Public Housing (901)	406,360
Home Ownership (903)	-
Total business-type activities	\$ 4,116,861

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<i>Component unit:</i>	Balance June 30, 2017	Additions	Deletions	Transfers	Balance June 30, 2018
Capital assets not being depreciated:					
Land	\$ 1,526,005	-	-	-	1,526,005
Construction in progress	578	166,019	-	-	166,597
Total capital assets not being depreciated	<u>1,526,583</u>	<u>166,019</u>	<u>-</u>	<u>-</u>	<u>1,692,602</u>
Capital assets being depreciated:					
Buildings and improvements	312,249	-	(32,245)	-	280,004
Unscheduled property	3,397,142	-	(25,644)	-	3,371,498
Equipment	136,603	-	(3,318)	-	133,285
Infrastructure	1,270,663	-	(6,814)	-	1,263,849
Total capital assets being depreciated	<u>5,116,657</u>	<u>-</u>	<u>(68,021)</u>	<u>-</u>	<u>5,048,636</u>
Total capital assets	<u>6,643,240</u>	<u>166,019</u>	<u>(68,021)</u>	<u>-</u>	<u>6,741,238</u>
Less accumulated depreciation:					
Buildings and improvements	(164,644)	(5,908)	32,245	-	(138,307)
Unscheduled property	(1,894,258)	(280,459)	25,644	-	(2,149,073)
Equipment	(102,475)	(3,017)	3,318	-	(102,174)
Infrastructure	(726,844)	(39,732)	6,814	-	(759,762)
Total accumulated depreciation	<u>(2,888,221)</u>	<u>(329,116)</u>	<u>68,021</u>	<u>-</u>	<u>(3,149,316)</u>
Total capital assets net of depreciation	<u>\$ 3,755,019</u>	<u>(163,097)</u>	<u>-</u>	<u>-</u>	<u>3,591,922</u>

Depreciation expense for the year ended June 30, 2018 charged to the component unit was \$329,116.

**NOTE 6 – LONG-TERM DEBT**

***A. Governmental Activities Debt***

During the year ended June 30, 2018, the following changes occurred in the liabilities reported in the government-wide statement of net position:

	Balance June 30, 2017	Additions	Deletions	Restatement	Balance June 30, 2018	Due Within One Year
<b>Governmental Activities:</b>						
General obligation bonds	\$ 11,463,840	-	(575,440)	-	10,888,400	431,800
NMFA loans	26,424,250	-	(2,134,008)	-	24,290,242	2,181,703
Compensated absences	844,605	1,135,457	(984,341)	-	995,721	995,721
Net pension liability	22,888,720	-	(4,006,962)	-	18,881,758	-
Net OPEB liability	-	-	(4,668,424)	15,330,588	10,662,164	-
Total long-term debt	<u>\$ 61,621,415</u>	<u>1,135,457</u>	<u>(12,369,175)</u>	<u>15,330,588</u>	<u>65,718,285</u>	<u>3,609,224</u>

**General Obligation Bonds**

At June 30, 2018, the City had four general revenue bond outstanding which have been approved by the voters and issued for various municipal improvements. These bonds are liquidated by property tax revenues and paid out of the debt service fund. The general obligation bonds are as follows:

<b>General obligation bonds</b>	<b>Date of Issue</b>	<b>Maturity</b>	<b>Interest Rate</b>	<b>Amount of Original Issue</b>	<b>Balance June 30, 2018</b>
Unrefunded Series 2009 GO Bond	11/30/2017	8/1/2019	4.00%	\$ 380,000	380,000
Series 2011 GO Bond	8/1/2011	8/1/2020	0.50-3.35%	1,350,000	413,400
Series 2014A GO Bond	12/24/2014	8/1/2034	4.00-4.50%	6,000,000	5,745,000
Series 2014B GO Bond	12/24/2014	8/1/2034	2.00-4.00%	4,500,000	4,350,000
				<u>\$ 12,230,000</u>	<u>10,888,400</u>

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General obligation bonds issued for governmental activity purposes are liquidated by the debt service funds. Revenue bonds issued for governmental activities are liquidated by the debt service funds. Promissory notes issued for governmental activities are repaid from special revenue funds related to the promissory notes' purpose. General obligation, revenue bonds and promissory notes issued for business-type activities or by component units are repaid from those activities or component units.

Unrefunded 2009 GO Bond

During the year ended June 30, 2018, the City received approval for a GO Bond in the amount of \$5,455,000 to defease the 2009 GO Bond. \$380,000 of the 2009 GO Bond was not defeased resulting in a remaining debt of \$380,000. The original debt was for the purpose of improving the public library, constructing a new fire station, improving streets and bridges, and buildings for public parks and related recreation facilities. Revenues from Ad Valorem Tax will be pledged in repayment for this bond. The bond matures on August 1, 2019. Pledged revenue from Ad Valorem tax will be \$49,116 for the year ended June 30, 2018.

2011 GO Bond

During the year ended June 30, 2011, the City received approval for a GO Bond in the amount of \$1,350,000 to defease a 2000 GO Bond. The original debt was for the purpose fire protection and further proceeds are used for the reverse osmosis project. Revenues from Ad Valorem Tax will be pledged in repayment for this bond. The bond matures on August 1, 2020. Pledged revenue from Ad Valorem tax was \$146,316 for the year ended June 30, 2018.

2014A GO Bond

During the year ended June 30, 2015, the City received approval for a GO Bond in the amount of \$6,000,000 for the purpose of providing funds to acquire, construct, equip, furnish and otherwise improve land for the building of a family entertainment center. Revenues from Ad Valorem Tax will be pledged in repayment for this bond. The bond matures on August 1, 2034. Pledged revenue from Ad Valorem tax was \$304,538 for the year ended June 30, 2018.

2014B GO Bond

During the year ended June 30, 2015, the City received approval for a GO Bond in the amount of \$4,500,000 for the purpose of providing funds to construct, repair, and otherwise improve streets and bridges including the First Street and South Florida Realignment project. Revenues from Ad Valorem Tax will be pledged in repayment for this bond. The bond matures on August 1, 2034. Pledged revenue from Ad Valorem tax was \$187,156 for the year ended June 30, 2018.

The annual requirements to amortize the general obligation bonds as of June 30, 2018, including interest payments are as follows:

<b>Fiscal Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>
2019	\$ 431,800	414,305	650,905
2020	477,800	399,004	668,804
2021	308,800	381,853	690,653
2022	165,000	374,494	539,494
2023	185,000	369,144	554,144
2024-2028	1,375,000	1,725,670	3,100,670
2029-2033	4,770,000	1,267,133	6,037,133
2034-2038	<u>3,175,000</u>	<u>138,254</u>	<u>3,313,254</u>
	<u>\$ 10,888,400</u>	<u>5,069,857</u>	<u>15,555,057</u>

NMFA Loans

The City entered into several loan agreements with the New Mexico Finance Authority, wherein the City pledged revenue derived from State-Shared Gross Receipts Tax to cover debt service, with the exception of the two loans for fire trucks/pumpers, which are paid out of the state fire allocation.

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This revenue is not subject to intercept agreements. The NMFA loans are as follows:

<b>NMFA Notes Payable</b>	<b>Date of Issue</b>	<b>Maturity</b>	<b>Interest Rate</b>	<b>Original Issue</b>	<b>June 30, 2018</b>
NMFA #1 Fire Station	11/1/2000	5/1/2020	0.00%	\$ 572,223	87,542
NMFA #9 Street Projects	6/1/2009	6/1/2028	2.18-5.30%	7,350,000	-
NMFA #13 Flood Control 53	6/1/2011	6/1/2021	0.50-3.64%	2,735,456	732,700
NMFA #15 Various Street Projects	6/1/2012	6/1/2031	0.27-3.96%	7,640,000	5,470,000
NMFA #16 GRT Ref/Imp	6/1/2012	6/1/2027	0.200-3.52%	8,130,000	4,695,000
NMFA #19 Ref/Flood/Nat	12/1/2016	6/1/2029	0.700-2.51%	6,870,000	5,740,000
NMFA #20 Adv Ref & Defeas	12/1/2016	6/1/2028	0.67-2.13%	5,150,000	4,915,000
NMFA #21 Adv Ref & Defeas	12/1/2016	6/1/2028	0.67-2.13%	2,770,000	2,650,000
				\$ 41,217,679	24,290,242

**NMFA#1**

During the year ended June 30, 2001, the City received approval for a NMFA Loan in the amount of \$572,223 for the purpose of providing funds to construct, repair, and otherwise improve the fire station. Revenues from the fire protection fund (033) will be pledged in repayment for this loan. The loan matures on May 1, 2020. Pledged revenue was \$50,970 for the year ended June 30, 2018.

**NMFA#9**

During the year ended June 30, 2009, the City received approval for a NMFA Loan in the amount of \$7,350,000 for the purpose of providing funds to construct, repair, and otherwise improve the streets and bridges. Pledged GRT Revenues will be pledged in repayment for this loan. The loan originally matured on June 1, 2028. This loan was paid in full during the year ended June 30, 2018.

**NMFA#13**

During the year ended June 30, 2011, the City received approval for a NMFA Loan in the amount of \$2,735,456 for the purpose of providing funds to construct, repair, and otherwise improve flood control. Pledged GRT Revenues will be pledged in repayment for this loan. The loan matures on June 1, 2021. Pledged revenue was \$261,605 for the year ended June 30, 2018.

**NMFA#15**

During the year ended June 30, 2012, the City received approval for a NMFA Loan in the amount of \$7,640,000 for the purpose of providing funds to construct, repair, and otherwise improve the streets and bridges. Pledged GRT Revenues will be pledged in repayment for this loan. The loan matures on June 1, 2031. Pledged revenue was \$530,130 for the year ended June 30, 2018.

**NMFA#16**

During the year ended June 30, 2012, the City received approval for a NMFA Loan in the amount of \$8,130,000 for the purpose of providing funds to complete quality of life projects and refunding outstanding bonds. Pledged GRT Revenues will be pledged in repayment for this loan. The loan matures on June 1, 2027. Pledged revenue was \$142,408 for the year ended June 30, 2019.

**NMFA#19**

During the year ended June 30, 2017, the City received approval for a NMFA Loan in the amount of \$8,130,000 for the purpose of providing funds for refinancing the 2004 GRT Revenue Bond, the Corp of Engineers Flood Control Phase 8 and a permanent pool cover. Pledged GRT Revenues will be pledged in repayment for this loan. The loan matures on June 1, 2029. Pledged revenue was \$953,249 for the year ended June 30, 2018.

**NMFA#20**

On December 1, 2016, the City issued a \$5,150,000 NMFA Loan with an interest rate of 0.670-2.130 percent to advance refund \$4,535,000 of outstanding NMFA Loans for Street Projects with an interest rate of 2.18- 5.30% percent. The new loan is comprised of \$5,150,000 used to refund the NMFA Loan. The net refunding proceeds of \$5,027,976 (after paying \$122,024 of underwriting fees, insurance, and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with the Bank of Oklahoma (the escrow agent) to provide for all future debt service payments on the NMFA Loans for Street

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Projects. As a result, the NMFA Loans for Street Projects are considered to be defeased and the liability for those bonds has been removed from the government-wide financial statement of net position.

The advanced refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$492,976, which is reported as a deferred outflow on the government-wide statement of net position. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through fiscal year 2029 using the straight-line method. The City completed the advanced refunding to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$527,794.

NMFA#21

On December 1, 2016, the City issued a \$2,770,000 NMFA Loan with an interest rate of 0.670-2.130 percent to advance refund \$4,535,000 of outstanding NMFA Loans for Flood Control with an interest rate of 2.18- 5.30% percent. The new loan is comprised of \$2,420,000 used to refund the NMFA Loan. The net refunding proceeds of \$2,677,731 (after paying \$92,269 of underwriting fees, insurance, and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with the Bank of Oklahoma (the escrow agent) to provide for all future debt service payments on the NMFA Loans for Flood Control. As a result, the NMFA Loans for Flood Control are considered to be defeased and the liability for those bonds has been removed from the government-wide financial statement of net position.

The advanced refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$257,731, which is reported as a deferred outflow on the government-wide statement of net position. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through fiscal year 2029 using the straight-line method. The City completed the advanced refunding to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$273,706.

The annual requirements to amortize the NMFA loan as of June 30, 2018, including interest payments, are as follows:

<b>Fiscal Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>
2019	\$ 2,181,703	535,075	2,716,778
2020	2,215,877	505,285	2,721,162
2021	2,209,662	466,540	2,676,202
2022	2,250,000	425,741	2,675,741
2023	2,110,000	385,648	2,495,648
2024-2028	10,995,000	1,220,724	12,215,724
2029-2033	2,328,000	138,072	2,466,072
2034-2038	-	-	-
	<u>\$ 24,290,242</u>	<u>3,677,086</u>	<u>27,967,328</u>

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**B. Business-Type Activities Debt**

The proprietary funds have incurred various forms of debt which were used for the purposes of constructing, expanding, repairing and making improvements to its property, plant and equipment. The following schedule shows the changes to its various forms of debt during the fiscal year ended June 30:

	<u>Balance</u> <u>June 30, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Restatements</u>	<u>Balance</u> <u>June 30, 2018</u>	<u>Due Within</u> <u>One Year</u>
<b>Business-Type Activities:</b>						
General obligation bonds	\$ 5,111,460	5,455,000	(5,111,460)	-	5,455,000	245,000
Revenue bonds	7,430,814	-	(447,144)	-	6,983,670	454,608
NMFA loans	12,862,492	290,248	(902,342)	-	12,250,398	962,373
Compensated Absences	197,288	271,615	(229,689)	-	239,214	239,214
Net pension liability	4,037,876	-	(706,576)	-	3,331,300	-
Net OPEB liability	-	-	(388,789)	2,268,927	1,880,138	-
Total long-term debt	<u>\$ 29,639,930</u>	<u>6,016,863</u>	<u>(7,786,000)</u>	<u>2,268,927</u>	<u>30,139,720</u>	<u>1,901,195</u>

General Obligation Bonds

At June 30, 2018, the City had one general revenue bond outstanding which have been approved by the voters and issued for various municipal improvements. This bond is liquidated by property tax revenues and paid out of the debt service fund. The other general revenue bond is considered defeased as of June 30, 2018. The general obligation bond is as follows:

<b>General obligation bonds</b>	<u>Date of Issue</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Amount of</u> <u>Original Issue</u>	<u>Balance</u> <u>June 30, 2018</u>
Series 2009 GO Bond	8/19/2009	8/1/2029	3.75-4.35%	\$ 7,420,000	-
Series 2017 GO Bond	11/30/2017	8/1/2029	2.375-3.0%	5,455,000	5,455,000
				<u>\$ 12,875,000</u>	<u>5,455,000</u>

Series 2017 GO Bond

On November 30, 2017, the City issued a \$5,455,000 GO Bond with an interest rate of 2.375-3.0 percent to advance refund \$323,700 of outstanding 2009 governmental GO Bond and \$4,971,300 of outstanding 2009 proprietary GO Bond. The net refunding proceeds of \$5,5592,236 (after paying \$93,000 of underwriting fees, insurance, and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with the Bank of Oklahoma (the escrow agent) to provide for all future debt service payments on the 2009 GO Bond. As a result, the 2009 GO Bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide financial statement of net position.

The advanced refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$242,506, which is reported as a deferred outflow on the government-wide statement of net position. This difference is being charged to operations through fiscal year 2028 using the straight-line method. The City completed the advanced refunding to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$339,835.

Pledged Revenues will be pledged in repayment for this loan comprising of 12% governmental and 88% from the Water and Sewer Fund. The loan matures on August 1, 2029. Pledged revenue were \$0 governmental and \$0 from the Water and Sewer Fund for the year ended June 30, 2018, as there were no payments made in 2018.

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The annual requirements to amortize the general obligation bond as of June 30, 2018, including interest payments, is as follows:

<b>Fiscal Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>
2019	\$ 245,000	100,551	345,551
2020	440,000	147,650	587,650
2021	470,000	147,650	617,650
2022	500,000	140,300	640,300
2023	530,000	127,100	657,100
2024-2028	3,270,000	405,550	3,675,550
2029-2033	-	-	-
2034-2038	-	-	-
	<u>\$ 5,455,000</u>	<u>1,068,801</u>	<u>6,523,801</u>

**Revenue Bonds**

At June 30, 2018, the City had one revenue bond outstanding. For the NMFA Refund Bond 1998 Bond, the City pledged gross receipt tax revenues in order to service the bonds. The revenue bonds are as follows:

<b>Revenue Bonds</b>	<b>Date of Issue</b>	<b>Maturity</b>	<b>Interest Rate</b>	<b>Amount of Original Issue</b>	<b>Balance June 30, 2018</b>
NMFA Refund Bond 1998	6/1/2012	6/1/2031	0.26-3.80%	\$ 9,812,674	6,983,670
				<u>\$ 9,812,674</u>	<u>6,983,670</u>

**1998 Joint Water & Sewer Revenue Bonds** –

On November 18, 2011, the City issued \$9,812,674 of Revenue Bonds, Series 2011, with an average interest rate of 3.073%. The bonds consist of serial bonds bearing various fixed rates ranging from 0.26% to 3.8% with annual maturities from June 2012 through June 2031. The net proceeds of \$9,737,674 (after processing fees of \$75,000) were used to advance refund bonds with a total principal amount of \$2,880,00 and an average interest rate of 4.881238%. The purchaser of the bonds, the New Mexico Finance Authority, transferred \$9,064,536, representing the amount payable at closing less the debt service reserve fund of \$673,138, to the Bank of New York Mellon Trust Company, N.A. for the City of Alamogordo. The Bank transferred the net proceeds to the City of Alamogordo to pay off the refunded bonds. As a result, the refundable bonds are considered to be defeased, and the related liability for the banks has been removed from the City's liabilities.

The advance refunding was done in order to reduce debt payments and to secure additional funds of \$6,120,000 for making wastewater treatment plant improvements and paying related professional fees. Costs for the issuance of the new debt was \$120,000. The advance refunding transaction resulted in an economic gain (difference between the present value of the debt service on the old and the new bonds) of approximately \$311,597.

The annual requirements to amortize the revenue bonds as of June 30, 2018, including interest payments, are as follows:

<b>Fiscal Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>
2019	\$ 454,608	218,436	673,044
2020	463,663	209,569	673,232
2021	473,767	199,371	673,138
2022	485,137	188,000	673,137
2023	498,478	174,659	673,137
2024-2028	2,731,481	634,206	3,365,687
2029-2033	1,876,536	142,877	2,019,413
2034-2038	-	-	-
	<u>\$ 6,983,670</u>	<u>1,767,118</u>	<u>8,750,788</u>

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NMFA Loans

The City entered into loan agreements with the New Mexico Finance Authority, wherein the City pledged revenue derived from State-Shared Gross Receipts Tax to cover debt service. This revenue is not subject to intercept agreements.

The NMFA loans are as follows:

<b>NMFA Notes Payable</b>	<b>Date of Issue</b>	<b>Maturity</b>	<b>Interest Rate</b>	<b>Original Issue</b>	<b>June 30, 2018</b>
NMFA #3 Drinking Water	5/1/2013	5/1/2032	1.75%	\$ 4,805,293	3,644,510
NMFA #4 Westside	11/1/2006	5/1/2026	3.28-4.18%	730,453	368,473
NMFA #10 Water-Wastewater	6/18/2009	6/1/2029	2.00-5.00%	5,340,000	3,475,000
NMFA #11 WTB	6/1/2011	6/1/2030	0.00%	1,127,000	682,941
NMFA #17 Drinking Water	5/1/2014	5/1/2025	2.00%	855,320	828,422
NMFA #18 Desalination	5/1/2014	5/1/2035	2.00%	1,136,250	1,123,052
NMFA #22 Refunding & Projects	12/1/2016	6/1/2025	0.67-1.35%	2,715,000	2,128,000
				\$ 16,709,316	12,250,398

NMFA#3

During the year ended June 30, 2013, the City received approval for a NMFA Loan in the amount of \$4,805,293 for the purpose of providing funds to renovate, expand and otherwise improve the drinking water system. Revenues from the Water and Sewer Fund will be pledged in repayment for this loan. The loan matures on May 1, 2032. Pledged revenue will be \$291,373 for the year ended June 30, 2018.

NMFA#4

During the year ended June 30, 2006, the City received approval for a NMFA Loan in the amount of \$7,350,000 for the purpose of providing funds to make renovations and capital improvements to the Westside water infrastructure. Pledged GRT Revenues will be pledged in repayment for this loan. The loan matures on May 1, 2026. Pledged revenue will be \$54,533 for the year ended June 30, 2018.

NMFA#10

During the year ended June 30, 2009, the City received approval for a NMFA Loan in the amount of \$5,340,000 for the purpose of providing funds to complete water and waste water infrastructure improvements. Pledged GRT Revenues will be pledged in repayment for this loan. The loan matures on June 1, 2029. Pledged revenue will be \$402,656 for the year ended June 30, 2018.

NMFA#11

During the year ended June 30, 2012, the City received approval for a NMFA Loan in the amount of \$1,127,000 for the purpose of financing a regional water supply project consisting of 15 miles of pipeline for a potable water transmission system. Pledged GRT Revenues will be pledged in repayment for this loan. The loan matures on June 1, 2030. Pledged revenue will be \$55,994 for the year ended June 30, 2018.

NMFA#17

During the year ended June 30, 2014, the City received approval for a NMFA Loan in the amount of \$855,320 for the purpose of providing funds to acquire, construct and install a mobile and permanent desalination facility and its supporting infrastructure. Net revenues of the water and waste water system will be pledged in repayment for this loan. The loan matures on May 1, 2025. Pledged revenue will be \$52,308 for the year ended June 30, 2018.

NMFA#18

During the year ended June 30, 2014, the City received approval for a NMFA Loan in the amount of \$1,136,250 for the purpose of providing funds to acquire, construct and install a mobile and permanent desalination facility and its supporting infrastructure. Net revenues of the water and waste water system will be pledged in repayment for this loan. Pledged revenue will be \$69,490 for the year ended June 30, 2018.

NMFA#22

During the year ended June 30, 2014, the City received approval for a NMFA Loan in the amount of \$2,715,000

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for the purpose of refunding previous loans and financing public improvement projects. Pledged GRT Revenues will be pledged in repayment for this loan. The loan matures on June 1, 2025. Pledged revenue will be \$316,948 for the year ended June 30, 2018.

The annual requirements to amortize the loan payable as of June 30, 2018, including interest payments, are as follows:

<b>Fiscal Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>
2019	\$ 962,373	285,007	1,247,380
2020	980,467	262,617	1,243,084
2021	1,007,773	242,010	1,249,783
2022	1,025,294	220,266	1,245,560
2023	1,048,036	197,477	1,245,513
2024-2028	4,565,003	623,421	5,188,424
2029-2033	2,463,400	134,368	2,597,768
2034-2038	198,052	10,058	208,110
	<u>\$ 12,250,398</u>	<u>1,975,224</u>	<u>14,225,622</u>

*Compensated Absences* – Employees of the City are able to accrue a limited amount of vacation and other compensatory time during the year. Compensated absences are liquidated by the respective funds in which they are accrued.

**C. Component Unit Activities Debt**

During the year ended June 30, 2018, the following changes occurred in the liabilities reported in the government-wide statement of net position:

	<b>Balance June 30, 2017</b>	<b>Additions</b>	<b>Deletions</b>	<b>Restatement</b>	<b>Balance June 30, 2018</b>	<b>Due Within One Year</b>
<b>Component Unit Activities:</b>						
Compensated Absences	\$ 17,107	22,400	(19,779)	-	19,728	19,728
Net pension liability	346,207	-	(60,632)	-	285,575	-
Net OPEB liability	-	-	(33,362)	194,698	161,336	-
Total long-term debt	<u>\$ 363,314</u>	<u>22,400</u>	<u>(113,773)</u>	<u>194,698</u>	<u>466,639</u>	<u>19,728</u>

**NOTE 7 – RISK MANAGEMENT**

The City’s risk management activities are recorded in the Fleet Collision Self-Insurance Fund. The purpose of this fund is to administer general liability, auto liability, workers’ compensation, civil rights (errors and omissions/personal injury), emergency medical liability, law enforcement liability, foreign jurisdiction, underground storage tanks, and volunteers risk management function. The City covers its insurance needs through the New Mexico Self Insurers’ Fund. The risk of loss transfers to the Self Insurer’s Fund under this plan.

The City began providing self-insurance for the City-owned vehicles for property damage during the fiscal year ended June 30, 1996. The City accounts for this plan through its Fleet Collision Self-Insurance Fund. All other insurance is provided by commercial insurance carriers in which the risk of loss is transferred to the Insurance Company.

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. Insurance coverage’s have not changed significantly from prior years and coverages are expected to be continued.

At June 30, 2018, no unpaid claims have been filed which exceed the policy limits and to the best of management’s knowledge and belief all known and unknown claims will be covered by insurance. No major lawsuits have been

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filed against the City of Alamogordo.

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

**NOTE 8 – OTHER REQUIRED INDIVIDUAL DISCLOSURES**

U.S. generally accepted accounting principles require disclosures of certain information concerning individual funds including:

Deficit fund balances of individual funds

<u>Fund</u>	<u>Fund Type</u>	<u>Amount</u>
Reverse Osmosis Project Reserve (054)	Capital Projects \$	(539,075)
Corrections (015)	Special Revenue	(12,452)
Court Administration (027)	Special Revenue	(14,193)
Police Contingency (028)	Special Revenue	(36,566)
Golf Course Fund (090)	Proprietary	(419,812)
	\$	<u>(1,022,098)</u>

Management intends to transfer sufficient funds from the General Fund to cover any deficits.

Budgets

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, 2018.

Designated Cash Appropriations

There were no funds that had designated cash appropriations in excess of available balances for the year ended June 30, 2018.

**NOTE 9 – PERA PENSION PLAN**

**Plan Description**

Substantially all of the City's full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, NM 87504-2123. The report is also available on PERA's website at [www.pera.state.nm.us](http://www.pera.state.nm.us).

**Funding Policy**

Plan members are required to contribute the following percentages of their gross salary: 17.80% for law enforcement, 17.7% for fire protection; and 10.65% for municipal employees. The City was required to contribute the following percentages of the gross covered salary: 18.90% for law enforcement plan members, 21.65% for fire protection plan members; and 9.55% for municipal plan members. The contribution requirements of plan members and the City of Alamogordo are established in State Statute under Chapter 10, Article 11 NMSA 1978. Additionally, the City has elected to adopt the 75% pick-up provision allowed by state statute thereby reducing all employee contributions.

The PERA coverage options that apply to City of Alamogordo are: Municipal General Division, Municipal Police Division and Municipal Fire Division. Statutorily required contributions to the pension plan from City of Alamogordo were \$1,493,024 for the year ended June 30, 2018.

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The following table details the actual contribution rates:

<u>Categories</u>	<u>City with Pick-Up</u>	<u>Employee</u>	<u>Total</u>
Regular > \$20,000	14.15%	6.05%	20.20%
Regular < \$20,000	14.15%	4.55%	18.70%
Police Officers	30.90%	5.80%	36.70%
Firefighters	33.65%	5.70%	39.35%

**NOTE 10 – PENSION PLAN AND POST-EMPLOYMENT BENEFITS**

**General Information about the Pension Plan**

**Plan description** – *Public Employees Retirement 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 Officers, 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 Public Employees Retirement 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), each employee and elected official of every affiliated public employer is required to be a member in the Public Employees Retirement Fund, unless specifically excluded.

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

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

**Contributions** – See PERA's publicly available financial report and comprehensive annual financial report obtained at <http://saonm.org/> using the Audit Report Search function for agency 366, for the employer and employee contribution rates in effect for fiscal year 2018.

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***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions;*** At June 30, 2018, the City reported a liability of \$22,498,633 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2017 using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date of June 30, 2017. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2017. 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 Division; Municipal General Division,** for the year ended June 30, 2018, the City reported a liability of \$12,630,586 for its proportionate share of the net pension liability. At June 30, 2017, the City's proportion was 0.9192%, which was a decrease of 0.0036% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the City recognized PERA Fund Division; Municipal General Division pension expense of \$846,269. At June 30, 2018, the City reported PERA Fund Division; Municipal General Division deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

<u><b>Municipal General Division</b></u>	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 496,297	646,902
Changes of assumptions	582,458	130,520
Net difference between projected and actual earnings on pension plan investments	1,036,263	-
Change in proportion and differences between the City contributions and proportionate share of contributions	-	353,264
The City contributions subsequent to the measurement date	<u>846,350</u>	<u>-</u>
Total	<u>\$ 2,961,368</u>	<u>1,130,686</u>

\$846,350 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, 2018.

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

Year Ended June 30:	Amount
2019	\$ 162,067
2020	974,570
2021	150,537
2022	(302,842)
2023	-
Thereafter	-

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**For PERA Fund Division; Municipal Police Division**, for the year ended June 30, 2018, the City reported a liability of \$6,610,256 for its proportionate share of the net pension liability. At June 30, 2017, the City's proportion was 1.1898%, which was an increase of 0.0079% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the City recognized PERA Fund Division; Municipal Police Division pension expense of \$466,652. At June 30, 2018, the City reported PERA Fund Division; Municipal Police Division deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

<b><u>Municipal Police Division</u></b>	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 401,466	1,235,036
Changes of assumptions	393,280	153,707
Net difference between projected and actual earnings on pension plan investments	532,354	-
Change in proportion and differences between the City contributions and proportionate share of contributions	31,133	376,405
The City contributions subsequent to the measurement date	<u>466,652</u>	<u>-</u>
Total	<u>\$ 1,824,885</u>	<u>1,765,148</u>

\$466,652 reported as deferred outflows of resources related to pensions resulting from the City contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended <u>June 30:</u>	<u>Amount</u>
2019	\$ (260,302)
2020	204,553
2021	(195,512)
2022	(155,654)
2023	-
Thereafter	-

**For PERA Fund Division; Municipal Fire Division**, for the year ended June 30, 2018, the City reported a liability of \$3,257,791 for its proportionate share of the net pension liability. At June 30, 2017, the City's proportion was 0.5694%, which was a decrease of 0.0016% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the City recognized PERA Fund Division; Municipal Fire Division pension expense of \$180,023. At June 30, 2018, the City reported PERA Fund Division; Municipal Fire Division deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

<b><u>Municipal Fire Division</u></b>	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 106,374	407,929
Changes of assumptions	128,793	20,425
Net difference between projected and actual earnings on pension plan investments	122,294	-
Change in proportion and differences between the City contributions and proportionate share of contributions	25,854	6,479
The City contributions subsequent to the measurement date	<u>180,022</u>	<u>-</u>
Total	<u>\$ 563,337</u>	<u>434,833</u>

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\$180,022 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended	Amount
June 30:	Amount
2019	\$ 17,900
2020	49,979
2021	(84,162)
2022	(35,235)
2023	-
Thereafter	-

**Actuarial assumptions** – The total pension liability in the June 30, 2017 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

<b>Actuarial valuation date</b>	June 30, 2016
<b>Actuarial cost method</b>	Entry Age Normal
<b>Amortization method</b>	Level Percent of Pay, Open
<b>Amortization period</b>	Solved for based on statutory rates
<b>Asset valuation method</b>	4 Year Smoothed Market Value
<b>Actuarial assumptions</b>	
Investment rate of return	7.51% annual rate, net of investment expense
Projected benefit payment	100 years
Payroll growth	2.75% for first 9 years, then 3.25 annual rate
Projected salary increases	2.75% to 14.00% annual rate
Includes inflation at	Includes inflation at 2.25% for the first 10 years and 2.75% thereafter
Mortality assumption	RP-2000 Mortality Tables (Combined table for healthy post-retirement, Employee table for active members, and Disabled table for disabled retirees before retirement age) with projection to 2018 using Scale AA.
Experience study dates	July 1, 2008 to June 30, 2013 (demographic) and July 1, 2010 through June 30, 2016 (economic)

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2016. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2017. These assumptions were adopted by the Board use in the June 30, 2016 actuarial valuation.

The long-term expected rate of return on pension plan investments was determined using a building-block method 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.

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The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>All Funds - Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	43.50%	7.39%
Risk Reduction & Mitigation	21.50%	1.79%
Credit Oriented Fixed Income	15.00%	5.77%
Real Assets	20.00%	7.35%
Total	<u>100.00%</u>	

**Discount rate** – A single discount rate of 7.51% was used to measure the total pension liability as of June 30, 2017. This single discount rate was based on a long-term expected rate of return on pension plan investments of 7.51%, compounded annually, net of expense. Based on the stated assumptions and the projection of cash flows, the plan’s fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

The projections of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels.

**Sensitivity of the City’s proportionate share of the net pension liability to changes in the discount rate** – The following presents the City’s proportionate share of the net pension liability calculated using the discount rate of 7.51 percent, as well as what the employer name’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.51 percent) or 1-percentage-point higher (8.51 percent) than the current rate:

<u>PERA Fund Division</u>	<u>1% Decrease (6.51%)</u>	<u>Current Discount Rate (7.51%)</u>	<u>1% Increase (8.51%)</u>
Municipal General Division	\$ 19,796,299	12,630,586	6,671,299
Municipal Police Division	\$ 10,541,306	6,610,256	3,383,999
Municipal Fire Division	\$ 4,366,283	3,257,791	2,344,292

**Pension plan fiduciary net position** – Detailed information about the pension plan’s fiduciary net position is available in the separately issued PERA financial reports, available at <http://www.nmpera.org/>.

**NOTE 11 – POST EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN**

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

The City of Alamogordo’s contributions to the RHCA for the years ended June 30, 2018, 2017, and 2016 were \$251,506, \$241,232, and \$234,526, respectively.

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**NOTE 12 – POST EMPLOYMENT BENEFITS – STATE RETIREE HEALTHCARE PLAN AND OPEN LIABILITY**

**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, 2017, the Fund’s measurement date, the following employees were covered by the benefit terms:

Plan membership	
Current retirees and surviving spouses	51,208
Inactive and eligible for deferred benefit	11,478
Current active members	97,349
	160,035
Active membership	
State general	19,593
State police and corrections	1,886
Municipal general	21,004
Municipal police	3,820
Municipal FTRE	2,290
Educational Retirement Board	48,756
	97,349

***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 \$251,506 for the year ended June 30, 2018.

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

At June 30, 2018, the City reported a liability of \$12,703,639 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The City’s proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2017. At June 30, 2017, the City’s proportion was 0.28033 percent.

For the year ended June 30, 2018, the City recognized OPEB expense of \$505,058.

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At June 30, 2018 the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	487,498
Changes of assumptions	-	2,221,069
Difference between actual and projected earnings on OPEB plan investments	-	182,751
The County contributions made after the measurement date	251,277	-
Total	<u>\$ 251,277</u>	<u>2,891,318</u>

Deferred outflows of resources totaling \$251,277 represent the 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:	Amount
2019	\$ 614,714
2020	614,714
2021	614,714
2022	614,714
2023	432,462
Thereafter	-

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

<b>Actuarial valuation date</b>	June 30, 2017
<b>Actuarial cost method</b>	Entry Age Normal, level percent of pay, calculated on individual employee basis
<b>Asset valuation method</b>	Market value of assets
<b>Actuarial assumptions</b>	
Investment rate of return	7.25%, net of OPEB plan investment expense and margin for adverse deviation including inflation
Inflation	2.50% for ERB, 2.25% for PERA
Payroll growth	2.75% for first 9 years, then 3.25 annual rate
Projected salary increases	3.50%
Health care cost trend rate	8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs and 7.5% graded down to 4.5% over 12 for Medicare and medical plans

**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

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FOR THE YEAR ENDED JUNE 30, 2018**

arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, 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 follow:

<u>All Funds - Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. core fixed income	4.10%
U.S. equity - large cap	9.10%
Non U.S. - emerging markets	12.20%
Non U.S. - developed equities	9.80%
Private equity	13.80%
Credit and structured finance	7.30%
Real estate	6.90%
Absolute return	6.10%
U.S. equity - small/ mid cap	9.10%

**Discount Rate:** The discount rate used to measure the Fund's total OPEB liability is 3.81% as of June 30, 2017. 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, 2028. 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, 3.81% 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 Authority, as well as what the Authority's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.81 percent) or 1-percentage-point higher (4.81 percent) than the current discount rate:

<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
<u>(2.81%)</u>	<u>(3.81%)</u>	<u>(4.81%)</u>
\$ <u>15,409,316</u>	\$ <u>12,703,639</u>	\$ <u>10,580,792</u>

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:

<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
\$ <u>10,805,320</u>	\$ <u>12,703,639</u>	\$ <u>14,183,859</u>

**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, 2017.

**NOTE 13 – DEFERRED COMPENSATION PLAN**

The City of Alamogordo provides two optional deferred compensation 457 plans. These plans were created in accordance with IRC Section 457. The plans are available to any non-seasonal City employee. Nationwide

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Retirement Solutions, Inc. administers the individual plans. One plan is the Nationwide PEBSO plan (#0037410-001) and the other is Nationwide State Deferred Comp (0038355-001). Employee contributions totaled \$1,300 for Nationwide PEBSO and \$209,918 for Nationwide State Deferred Comp for the year ended June 30, 2018 .

**NOTE 14 – LABOR UNIONS**

The City has two labor unions: Alamogordo Public Safety Officers Association (APSOA) and the American Federation of State, County and Municipal Employees Local 3818 (AFSCME). The APSOA agreement went into effect on September 15, 2016. Employees covered under this plan are non-probationary Police Officers and Firefighters as specified in the contract. Police Officers covered are non-probationary officers up to the rank of sergeant. Covered Fire Fighters are all Fire Fighters up to the rank of Lieutenant. The AFSCME agreement went into effect on September 13, 2016. Employees covered under this plan include non-probationary employees as specified in the agreement.

Copies of each collective bargaining agreement can be obtained from the City of Alamogordo Human Resources Department, 1376 E Ninth St, Alamogordo, NM 88310.

**NOTE 15 – CONTINGENCIES**

The City of Alamogordo is a party in various lawsuits. The City is insured by the New Mexico Self Insurers Fund. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's legal counsel that resolution of these matters will not have a material adverse effect on the financial condition of the City.

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.

**LEDA Note Receivable**

On January 4, 2018, the City signed a promissory note in the amount of \$1,500,000 with Downtown Venture Group. This note receivable was not accrued in the financial statements. The note receivable will be repaid by Downtown Venture Group by providing economic development to the community along with creating 20 jobs. Remaining balance will be determined in the year ended June 30, 2023. Local economic development act funds were provided for this note receivable.

The \$1,500,000 Local Economic Development Act grant with Downtown Venture Corporation was done pursuant to City Ordinance 983, adopted August 13, 1996 and in accordance with State statute 5-10-1 through Section 5-10-13. The grant is for job creation and requires the qualifying entity (Downtown Venture Corporation) to create and maintain at least 20 jobs with an hourly wage of at least \$9.00 per hour, and to thereafter maintain the 20 jobs and sufficient additional jobs necessary to fulfill its obligation to repay the Economic Development Incentive. The full agreement is found within the City's Project Participation Agreement, passed with Ordinance 1550 on January 4, 2018. Please refer to the 10-page agreement for additional information and requirements.

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FOR THE YEAR ENDED JUNE 30, 2018**

**NOTE 16—OPERATING LEASES**

The reporting entity has entered into a number of operating leases, which contain cancellation provisions and are subject to annual appropriations. The rent expenditures for these leases were primarily from the General Fund. Future minimum lease payments are:

Fiscal Year Ending June 30,	Amount
2019	\$ 37,683
2020	20,845
2021	4,428
2022	2,644
2023	496
	<u>\$ 66,096</u>

Lease expenditures for the year ended June 30, 2018 were approximately \$56,304.

**NOTE 17—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.

**NOTE 18—OTERO-GREENTREE REGIONAL LANDFILL**

State and Federal laws and regulations require the Regional Landfill to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the landfill site for a minimum of thirty years after closure. Although closure and post closure care costs will be paid only near or after the date the landfill stops accepting waste, the Regional Landfill is required to report a portion of these closure and post closure costs as an operating expense in each period based on landfill capacity used as of each balance sheet date.

The landfill current holds a 95-acre permit. The permit is defined as land that may be disturbed. To date approximately 68% of the landfill capacity has been used: 30 acres have been disturbed for solid waste disposal and 15 acres for landfill facilities. The landfill is averaging six years of use for every ten acres of land. The remaining acres should give approximately 23.5 more years of life before re-permitting is requested. The post closure liability is \$1,198,575 based on a conservative estimate of 90% of the 2017 post closure estimate of \$1,335,338.

The landfill is required to set aside a predetermined amount of funds to cover any closure and post closure care. The City sets aside approximately \$20,000 to \$40,000 annually in investment. To date, the City has restricted \$849,125 in investments for this purpose.

The estimated closure and post closure care costs were originally determined in 1998 when the landfill applied for the operating permit. The closure and post closure care costs are re-calculated annually to include inflation, actual landfill usage percentage, and any new regulatory requirements.

The Environmental Protection Agency (EPA) required the landfill to obtain a permit under 20 NMAC 2.70 Title V. This permit requires the landfill to monitor and report emission and particulates that are disbursed into the atmosphere. As the landfill continues to grow and monitoring requirements change, additional costs for closure and post closure care costs will need to be estimated in order for the City to accumulate the proper reserves and restrict sufficient funds to pay for the costs. As specified by 20.9.10.9 B NMAC, the owner of each solid waste facility shall establish a financial assurance mechanism for closure of the facility in compliance with 20.9.10.13 – 20.9.10.23 NMAC. The owner shall provide continuous coverage for closure until released from financial assurance requirements by written verification issued by the secretary. The owner of a solid waste facility shall develop a

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

detailed written estimate, in current dollars, of the cost of hiring a third party to close the largest area of the facility requiring closure under 20.9.6 NMAC.

**NOTE 19—CONCENTRATIONS**

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

**NOTE 20 – RESTATEMENT OF NET POSITION**

Restatements were made as follows:

<u>Fund Description</u>	<u>Fund</u>	<u>Reason</u>	<u>Amount</u>	
Government-wide	N/A	GASB Statement No. 75	\$ (12,664,952)	
	N/A	Capital assets	(691,158)	
		Total government wide governmental restatements	<u>\$ (13,356,110)</u>	
Component Unit	94	GASB Statement No. 75	\$ (191,642)	
		Total component unit	<u>\$ (191,642)</u>	
	81	GASB Statement No. 75	\$ (1,569,350)	
		Capital assets	(30,425)	
		Total fund 81	(1,599,775)	
	86	GASB Statement No. 75	(89,030)	
		90	GASB Statement No. 75	(170,516)
		91	GASB Statement No. 75	(64,887)
	901	GASB Statement No. 75	(331,978)	
		Capital assets	555,057	
		Total fund 901	223,079	
	903	GASB Statement No. 75	(7,545)	
		Total proprietary restatements	<u>\$ (1,708,674)</u>	
Capital grant improvement	24	Grant revenue from prior period	\$ 68,060	
		Total governmental restatements	<u>\$ 68,060</u>	

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CITY OF ALAMOGORDO  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

**NOTE 21 – COMMITMENTS**

The City of Alamogordo has several projects under construction. Below is a summary list of projects.

<u>Project #</u>	<u>Project Name</u>	<u>Project Balance as of June 30, 2018</u>	<u>Estimated Project Costs/ Budget</u>	<u>Balance of Construction Project Expenditure</u>	<u>Percentage of Project Complete</u>	<u>Estimated Completion Calendar Year</u>
AP1802	Runway Shoulder Improvement	\$ 65,021	539,220	474,199	12%	2018
CS2007	Zoo Primate Exhibit	132,736	144,245	11,509	92%	Unknown- pending funding
CS2030	CIV Renovation	10,795	160,603	149,808	7%	2018
CS2033	Golf Course Pond Rehab	275,721	312,000	36,279	88%	2018
EN0226	Flood Control	2,633,819	6,200,000	3,566,181	42%	2021
EN1405	Florida/First Realignment	3,636,041	4,445,530	809,489	82%	2018
EN1607	Rec Center Locker Rooms	393,593	456,171	62,578	86%	2018
EN1609	Utility Relocation Corps PH 8	314,386	2,499,157	2,184,771	13%	2021
EN1701	SMP 2017 (Street Maintenance Project)	514,065	4,956,883	4,442,818	10%	2019
EN1701	SMP 2017 (Street Maintenance Project)	814,052	3,062,468	2,248,416	27%	2019
EN1703	City Hall Carpet/Secure/Furnish	23,114	160,814	137,700	14%	2019
EN1801	APD Garage Roof/ADA Impr	22,263	231,218	208,955	10%	2018
MIS400	IBM AS/400's	249,147	315,846	66,699	79%	This portion 2018, perpetual project
NB1801	Kid's Kingdom Rebuild	18,073	519,200	501,127	3%	2018
NB1804	Wash Park Basketball Court	5,075	180,000	174,925	3%	2019
NB1805	Rec Center HVAC/Ceiling	152,855	315,000	162,145	49%	2018
NB1806	Park Security Lighting	64,154	65,000	846	99%	2018
NB1809	Parks Amenities	14,152	100,000	85,848	14%	2019
NB1811	Park Picnic Pavilions	178,210	199,700	21,490	89%	2019
PW1404	1MG Desal Plant Construction	331,079	1,510,152	1,179,073	22%	2019
PW1405	Cell Development	166,598	2,015,453	1,848,855	8%	2019
PW1406	1MG Desal - Capital Outlay	7,473,364	10,339,736	2,866,372	72%	2019
PW1501	Bonito Lake Restoration	3,334,572	12,055,172	8,720,600	28%	2020
PW1511	Radio Freq Voting System	9,623	475,000	465,377	2%	On-going for development of the voting system
PW1603	Griggs Detention Basin	34,073	334,340	300,267	10%	2019
PW1605	DR4199 - Bonito Lake	6,647	639,248	632,602	1%	2020
PW1606	Scenic Dr Ext - WSB to RR	142,528	4,050,001	3,907,473	4%	2018
PW1702	Griggs Basin - Fed Grant	92,840	1,000,000	907,160	9%	2019
PW1703	Rehab Green/Golf course GSR's	1,179,133	1,395,000	215,867	85%	2018
PW1705	Replace 14" Pivot Transmission Line	100,731	125,001	24,270	81%	Design complete - project cancelled in FY2019 due to defunding
PW1711	Reuse System Upgrades	251,912	410,696	158,784	61%	2018
PW1714	Fire Radio Voting System	92,231	100,001	7,770	92%	2020
PW1715	Security Sys Rec & Civic	9,619	10,192	573	94%	2018
PW1718	Washington Canal Eval/Rpr	108,437	165,000	56,563	66%	2019
PW1719	APD Generator	43,495	70,000	26,505	62%	2019
UB2006	Radio Read Program	2,629,855	2,726,501	96,644	96%	2020
		\$ <u>25,524,007</u>	<u>62,284,548</u>	<u>36,760,540</u>		

**STATE OF NEW MEXICO  
CITY OF ALAMOGORDO  
NON-MAJOR GOVERNMENTAL AND PROPRIETARY FUND DESCRIPTIONS  
FOR THE YEAR ENDED JUNE 30, 2018**

**NON-MAJOR SPECIAL REVENUE FUNDS**

**Corrections (015)** – This fund accounts for fees imposed on individuals convicted of any offense relating to the operation of a motor vehicle. Funds must be used as specified by State law. This is also the fund where the City pays the County for prisoners at the Detention Center. NMSA 33-3-25.

**Lodger's Tax Promotional (016)** – To account for various promotional and tourism attraction programs. NMSA 3-38-15.

**Court Automation (019)** – This fund is to account for the collections and disbursement of penalty assessments to develop a statewide computer system for all Municipal Courts. This fund was authorized by the City Commission and 35-14-11 NMSA

**Lodgers' Tax (020)** – To account for revenues generated through the use of the Civic Center. NMSA 3-38-25.

**D.A.R.E. Donations (021)**– To account for revenues and expenditures designated for the educational programs provided by D.A.R.E. officers. This fund was authorized by the City Commission.

**Designated Gifts (022)** – To account for receipts and disbursements of funds donated for designated purposes. This fund was authorized by the City Commission.

**Grant Capital Improvement (024)** – To accounts for receipts and disbursements of grant funds for capital projects. This fund was authorized by the City Commission.

**Court Administration (027)** – To account for collections and disbursements associated with traffic violations. NMSA 33-3-25.

**Police Contingency (028)** – To account for revenues and costs associated with confiscated items and investigation programs. NMSA 7-12-15.

**Fire Protection (033)** – To account for revenues accumulated by the State from taxes for the operation, betterment, and maintenance of local fire departments. NMSA 59A-53-1.

**Law Enforcement (036)** – To account for revenues received from the State for the equitable distribution to Municipal and County Police and Sheriff's Department for maintenance and improvements. NMSA 29-13-3.

**State Highway (037)** – To account for a grant from the New Mexico State Highway and Transportation Department for the Keep Alamogordo Beautiful program. NMSA 67-15-1.

**Traffic Safety (038)** – This fund is created to account for fees attached to each penalty assessment and traffic convictions under the State Motor Vehicle Code. The monies are used for public outreach programs, educational activities and programs to promote traffic safety in the entity's area. This fund was authorized by the City Commission.

**1984 Gross Receipts Tax (042)** – To account for a one-quarter of one percent gross receipts tax used for the cost of maintenance and repairs of the City streets. NMSA 1978 7-1-6-9.

**Transportation (044)** – To account for the one-cent gasoline tax revenues used for local street and bridges capital items.  
NMSA 7-1-6-9.

**1994 Gross Receipts Tax (069)** – This fund serves as an income fund for ¼ of 1% Gross Receipts Tax Revenues which is pledged for repayment of the 1996 and 2002 Gross Receipts Tax Revenue Bonds. This fund was authorized by the City Commission.

**Alamo Senior Center (071)** – To account for grants and user fees to provide services for person 60 and over. (State Grant and City Ordinance)

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CITY OF ALAMOGORDO  
NON-MAJOR GOVERNMENTAL AND PROPRIETARY FUND DESCRIPTIONS  
FOR THE YEAR ENDED JUNE 30, 2018**

**Alamo Senior Center Gift (074)** – This fund is created to account for donations and proceeds from fundraising events. Expenditures are restricted to building improvements or special events. This fund was authorized by the City Commission.

**Retired and Senior Volunteer Program (075)** – To account for grants used to recruit, train and place senior volunteers throughout Otero County. Domestic Volunteer Service Act of 1973; PL 93-113. ESGRT 0.625% – To account for the Environmental Gross Receipts Tax that is used for the activities for the Convenience Center. NMSA 7019D-10.

**ESGRT 0.625% (089)** – To account for the Environmental Gross Receipts Tax that is used for the activities for the Convenience Center. NMSA 7019D-10.

**NON-MAJOR CAPITAL PROJECTS FUNDS**

**Airport Improvement Projects (040)** – To account for the state and federal funding for the Airport Pavement Rehabilitation. This fund was authorized by the City Commission.

**New Mexico CDBG (048)** – To account for funds used for community housing rehabilitation and infrastructure projects for low to moderate-income families. This fund was authorized by the City Commission.

**1986 GRT Fund (049)** – To account for funds used for infrastructure. This fund was authorized by the City Commission.

**Property Acquisition (050)** – To account for funds used to acquire needed right-of-way and easements, as well as provide for expenditures involved in the disposition of City property and maintenance of City rental property. This fund was authorized by the City Commission.

**99 Gross Receipts Tax Flood Control (056)** – To account for bond proceeds for the purpose of paying for flood control. This fund was authorized by the City Commission.

**Municipal Infrastructure .0625% (061)** – To account for one-sixteenth of one-percent gross receipts tax dedicated for the payment of special obligation bonds used for repairs, maintenance and acquisition of infrastructure improvements. This fund was authorized by the City Commission.

**Economic Development (105)** – To account for projects that are not funded from specific revenue dedications. This fund was authorized by the City Commission.

**Sewer Plant (113)** – The 2009 Sewer Improvement Bond Acquisition was issued to provide funds for the purpose of financing the construction and improvement of a Sewer Plant. This fund was authorized by the City Commission.

**Sidewalk Revolving Loans (114)** – This fund provides the City with an accounting of loans financed through the City for qualified property owners for the replacement or repair of sidewalks, curb cuts and driveway ramps.

**Reg Water Supply Trans LN (116)** – This fund accounts for the Water Trust Board Grant, and related NMFA loan, which finance the cost of approximately 15 miles of pipeline. This fund was authorized by the City Commission.

**2011 JT W/S Refunding & Improvement Bond (117)** – This fund accounts for the proceeds of the refunding of the 1998 Joint Water and Sewer Bonds and for additional loan proceeds to fund the wastewater treatment project. This fund was authorized by the City Commission.

**2012 GRT Refunding and Improvement Revenue Bond (119)** – The fund is for the improvement of the revenue loan, “Quality for Life” and GRT bond refunding. This fund was authorized by the City Commission.

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NON-MAJOR GOVERNMENTAL AND PROPRIETARY FUND DESCRIPTIONS  
FOR THE YEAR ENDED JUNE 30, 2018**

**2014A GO Bond- Fun Center (121)** – The purpose of this fund is to provide funds for the purpose of beautifying, improving, acquiring, constructing, equipping, and improving land and buildings for public parks and related recreational facilities. This fund was authorized by Ord. 1476 dated 11/18/2014.

**2014B GO Bond – Streets (122)** – The purpose of this fund is to provide funds for constructing, repairing, and otherwise improving streets and bridges. This fund was authorized by Ord. 1477 dated 11/18/2014

**NON-MAJOR PERMANENT FUND**

**Perpetual Care/Cemetery** – This fund is established to account for the accumulation of funds for the future maintenance of the cemetery. This fund was authorized by the City Commission.

**NON-MAJOR PROPRIETARY FUNDS**

**Solid Waste Fund (086)** – This fund was established to provide funds for the solid waste services provided to the residents of the City, and related costs. This fund is authorized by the City Commission.

**Bonito Lake Fund (088)** – This fund was established to provide funds for the management and daily operations of the Bonito Lake watershed, recreation area, and part of the Bonito pipeline. This fund is authorized by the City Commission.

**Golf Course Fund (090)** – This fund was established to provide funds for the maintenance and daily operations of the Municipal golf course. This fund is authorized by the City Commission.

**Low Rent Public Housing Fund (901)** – This fund was established to provide funds to assist income eligible families with housing needs within the guidelines set forth by Housing and Urban Development (HUD). This fund is authorized by the City Commission.

**Home Ownership Fund (903)** – This fund was established to provide funds to assist income eligible families with housing needs within the guidelines set forth by Housing and Urban Development (HUD). This fund is authorized by the City Commission.

**NON-MAJOR INTERNAL SERVICE FUNDS**

**Internal Service Fund (012)** – This fund was established to provide financing for activities of services provided in-house by the using department. The City currently provides central services for human resources, purchasing, fleet maintenance, management information systems, and facilities maintenance. This fund was authorized by the City Commission.

**Self-Insured Fund (096)** – This fund was established to provide the primary insurance for liability and auto and other insurance protection provided for all functions is recorded within the internal service funds. This fund was authorized by the City Commission.

**Liability/Deductibles Fund (107)** – This fund was established to provide for the liabilities and deductibles related to the insurance expenses of the City. This fund was authorized by the City Commission.

**STATE OF NEW MEXICO  
CITY OF ALAMOGORDO  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
AS OF JUNE 30, 2018**

	<b>Special Revenue Funds</b>	<b>Capital Projects Funds</b>	<b>(059) GRT Principal and Interest Debt Service</b>	<b>(031) Cemetery Perpetual Care Permanent Fund</b>	<b>Total</b>
<i>Assets</i>					
Cash and cash equivalents	\$ 1,050,823	4,710,152	188,049	-	5,949,024
Investments	7,531,284	11,644,993	124	818,190	19,994,591
<i>Receivables:</i>					
GRT receivable	716,942	501,859	-	-	1,218,801
Other taxes	107,769	-	-	-	107,769
Due from other governments	234,918	-	-	-	234,918
Accounts receivables, net	32	336	-	-	368
<i>Total assets</i>	<u>\$ 9,641,768</u>	<u>16,857,340</u>	<u>188,173</u>	<u>818,190</u>	<u>27,505,471</u>
<i>Liabilities, Deferred Inflows of Resources, and Fund Balances</i>					
<i>Liabilities</i>					
Accounts payable	\$ 104,931	137,328	-	-	242,259
Accrued payroll expenses	64,342	-	-	-	64,342
Funds held in trust for others	-	8,788	-	-	8,788
Unearned revenue	2,259	-	-	-	2,259
Other liabilities	97,894	-	-	-	97,894
Due to other funds	84,569	1,390,621	-	-	1,475,190
<i>Total liabilities</i>	<u>353,995</u>	<u>1,536,737</u>	<u>-</u>	<u>-</u>	<u>1,890,732</u>
<i>Fund balances</i>					
Restricted	9,350,984	15,320,603	-	818,190	25,489,777
Restricted -debt service	-	-	188,173	-	188,173
Unassigned	(63,211)	-	-	-	(63,211)
<i>Total fund balances</i>	<u>9,287,773</u>	<u>15,320,603</u>	<u>188,173</u>	<u>818,190</u>	<u>25,614,739</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 9,641,768</u>	<u>16,857,340</u>	<u>188,173</u>	<u>818,190</u>	<u>27,505,471</u>

See Independent Auditor's Report.  
The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO  
CITY OF ALAMOGORDO  
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018**

	<b>Special Revenue Funds</b>	<b>Capital Projects Funds</b>	<b>(059) GRT Principal and Interest Debt Service</b>	<b>(031) Cemetery Perpetual Care Permanent Fund</b>	<b>Total</b>
<i>Revenues:</i>					
<i>Taxes:</i>					
Gross receipts	\$ 4,731,457	2,864,110	-	-	7,595,567
Lodger's	598,011	-	-	-	598,011
<i>Intergovernmental:</i>					
State operating grants	1,206,205	-	-	-	1,206,205
State capital grants	45,923	-	-	-	45,923
Federal operating grants	627,870	-	-	-	627,870
Federal capital grants	10,307	-	-	-	10,307
Charges for services	451,425	-	-	15,712	467,137
Investment income	(4,773)	183,176	6,703	1,238	186,344
Miscellaneous	19,323	21,935	-	-	41,258
<i>Total revenues</i>	<u>7,685,748</u>	<u>3,069,221</u>	<u>6,703</u>	<u>16,950</u>	<u>10,778,622</u>
<i>Expenditures:</i>					
<i>Current:</i>					
General government	589,935	4,860	-	-	594,795
Public safety	763,379	-	-	-	763,379
Public works	1,679,246	112,566	-	-	1,791,812
Culture and recreation	1,400,031	1,672,824	-	-	3,072,855
Health and welfare	242,975	-	-	-	242,975
Capital outlay	2,138,730	5,965,457	-	-	8,104,187
<i>Debt service:</i>					
Principal	43,607	-	2,090,401	-	2,134,008
Interest	7,363	-	580,540	-	587,903
<i>Total expenditures</i>	<u>6,865,266</u>	<u>7,755,707</u>	<u>2,670,941</u>	<u>-</u>	<u>17,291,914</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>820,482</u>	<u>(4,686,486)</u>	<u>(2,664,238)</u>	<u>16,950</u>	<u>(6,513,292)</u>
<i>Other financing sources (uses)</i>					
Transfers in	2,909,576	-	2,700,724	-	5,610,300
Transfers out	(4,220,614)	(6,134,267)	-	-	(10,354,881)
<i>Total other financing sources (uses)</i>	<u>(1,311,038)</u>	<u>(6,134,267)</u>	<u>2,700,724</u>	<u>-</u>	<u>(4,744,581)</u>
<i>Net change in fund balances</i>	(490,556)	(10,820,753)	36,486	16,950	(11,257,873)
<i>Fund balances - beginning of year</i>	9,710,269	26,141,356	151,687	801,240	36,804,552
<i>Restatement</i>	68,060	-	-	-	68,060
<i>Fund balance - beginning of year, as restated</i>	<u>9,778,329</u>	<u>26,141,356</u>	<u>151,687</u>	<u>801,240</u>	<u>36,872,612</u>
<i>Fund balances - end of year</i>	<u>\$ 9,287,773</u>	<u>15,320,603</u>	<u>188,173</u>	<u>818,190</u>	<u>25,614,739</u>

See Independent Auditor's Report.  
The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO  
CITY OF ALAMOGORDO  
NON-MAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEETS  
AS OF JUNE 30, 2018**

	<b>(015)</b>	<b>(016)</b>	<b>(019)</b>	<b>(020)</b>	<b>(021)</b>
	<b>Corrections</b>	<b>Lodger's Tax</b>	<b>Court</b>	<b>Lodger's Tax</b>	<b>D.A.R.E.</b>
	<b>Fund</b>	<b>Promotional</b>	<b>Automation</b>	<b>City</b>	<b>Donations</b>
	<b>Fund</b>	<b>Fund</b>	<b>Fund</b>	<b>Fund</b>	<b>Fund</b>
<i>Assets</i>					
Cash and cash equivalents	\$ -	24,606	6,767	49,633	8,745
Investments	-	161,185	10,117	100,387	15,219
Inventory	-	-	-	-	-
Receivables:					
GRT receivable	-	-	-	-	-
Other taxes	-	-	-	-	-
Due from other governments	-	-	1,589	-	-
Accounts receivables, net	-	-	-	-	-
<i>Total assets</i>	<u>\$ -</u>	<u>185,791</u>	<u>18,473</u>	<u>150,020</u>	<u>23,964</u>
<i>Liabilities, Deferred Inflows of Resources, and Fund Balances</i>					
<i>Liabilities</i>					
Accounts payable	\$ 12,452	14,306	216	18,288	-
Accrued payroll expenses	-	576	320	5,332	-
Unearned revenue	-	-	-	-	-
Other liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
<i>Total liabilities</i>	<u>12,452</u>	<u>14,882</u>	<u>536</u>	<u>23,620</u>	<u>-</u>
<i>Fund balances</i>					
Restricted	-	170,909	17,937	126,400	23,964
Unassigned	(12,452)	-	-	-	-
<i>Total fund balances</i>	<u>(12,452)</u>	<u>170,909</u>	<u>17,937</u>	<u>126,400</u>	<u>23,964</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ -</u>	<u>185,791</u>	<u>18,473</u>	<u>150,020</u>	<u>23,964</u>

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STATE OF NEW MEXICO  
CITY OF ALAMOGORDO  
NON-MAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEETS  
AS OF JUNE 30, 2018

	(022) Designated Gifts Fund	(024) Grant Capital Improvement Fund	(027) Court Administration Fund	(028) Police Contingency Fund	(033) Fire Protection Fund
<i>Assets</i>					
Cash and cash equivalents	\$ -	62,532	5,469	11,042	151,992
Investments	-	-	-	50,649	147,120
Inventory	-	-	-	-	-
Receivables:					
GRT receivable	-	-	-	-	-
Other taxes	-	-	-	-	-
Due from other governments	-	7,381	-	-	-
Accounts receivables, net	-	-	-	-	-
<i>Total assets</i>	<u>\$ -</u>	<u>69,913</u>	<u>5,469</u>	<u>61,691</u>	<u>299,112</u>
<i>Liabilities, Deferred Inflows of Resources, and Fund B</i>					
<i>Liabilities</i>					
Accounts payable	\$ -	-	5,008	402	6,159
Accrued payroll expenses	-	-	12,395	-	-
Unearned revenue	-	-	2,259	-	-
Other liabilities	-	-	-	97,855	-
Due to other funds	-	-	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>19,662</u>	<u>98,257</u>	<u>6,159</u>
<i>Fund balances</i>					
Restricted	-	69,913	-	-	292,953
Unassigned	-	-	(14,193)	(36,566)	-
<i>Total fund balances</i>	<u>-</u>	<u>69,913</u>	<u>(14,193)</u>	<u>(36,566)</u>	<u>292,953</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ -</u>	<u>69,913</u>	<u>5,469</u>	<u>61,691</u>	<u>299,112</u>

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**STATE OF NEW MEXICO  
CITY OF ALAMOGORDO  
NON-MAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEETS  
AS OF JUNE 30, 2018**

	<b>(036) Law Enforcement Fund</b>	<b>(037) State Highway Traffic Fund</b>	<b>(038) Traffic Safety Fund</b>	<b>(042) 1984 Gross Receipts Tax Fund</b>	<b>(044) Transportation Fund</b>
<i>Assets</i>					
Cash and cash equivalents	\$ 3,362	18,385	15,456	456,189	-
Investments	-	107,668	45,316	2,435,781	-
Inventory	-	-	-	-	-
Receivables:					
GRT receivable	-	-	-	286,777	71,694
Other taxes	-	-	-	-	107,749
Due from other governments	1,648	-	-	-	74,272
Accounts receivables, net	-	-	-	-	(28)
<i>Total assets</i>	<u>\$ 5,010</u>	<u>126,053</u>	<u>60,772</u>	<u>3,178,747</u>	<u>253,687</u>
<i>Liabilities, Deferred Inflows of Resources, and Fund B</i>					
<i>Liabilities</i>					
Accounts payable	\$ 54	33	-	-	41,379
Accrued payroll expenses	12	-	-	-	19,389
Unearned revenue	-	-	-	-	-
Other liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	79,569
<i>Total liabilities</i>	<u>66</u>	<u>33</u>	<u>-</u>	<u>-</u>	<u>140,337</u>
<i>Fund balances</i>					
Restricted	4,944	126,020	60,772	3,178,747	113,350
Unassigned	-	-	-	-	-
<i>Total fund balances</i>	<u>4,944</u>	<u>126,020</u>	<u>60,772</u>	<u>3,178,747</u>	<u>113,350</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 5,010</u>	<u>126,053</u>	<u>60,772</u>	<u>3,178,747</u>	<u>253,687</u>

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**STATE OF NEW MEXICO  
CITY OF ALAMOGORDO  
NON-MAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEETS  
AS OF JUNE 30, 2018**

	<b>(069) 1994 Gross Receipts Tax Fund</b>	<b>(071) Alamo Senior Center Fund</b>	<b>(074) Alamo Senior Center Gift Fund</b>	<b>(075) Retired and Senior Volunteer Program Fund</b>	<b>(089) ESGRT 0.0625% Fund</b>	<b>Total Special Revenue Funds</b>
<i>Assets</i>						
Cash and cash equivalents	\$ 109,766	3,643	14,538	1,318	107,380	1,050,823
Investments	2,416,934	-	84,034	-	1,956,874	7,531,284
Inventory	-	-	-	-	-	-
Receivables:						
GRT receivable	286,777	-	-	-	71,694	716,942
Other taxes	-	20	-	-	-	107,769
Due from other governments	-	131,352	-	18,676	-	234,918
Accounts receivables, net	-	60	-	-	-	32
<i>Total assets</i>	<u>\$ 2,813,477</u>	<u>135,075</u>	<u>98,572</u>	<u>19,994</u>	<u>2,135,948</u>	<u>9,641,768</u>
<i>Liabilities, Deferred Inflows of Resources, and Fund B</i>						
<i>Liabilities</i>						
Accounts payable	\$ -	6,528	-	106	-	104,931
Accrued payroll expenses	-	22,554	-	3,764	-	64,342
Unearned revenue	-	-	-	-	-	2,259
Other liabilities	-	39	-	-	-	97,894
Due to other funds	-	-	-	5,000	-	84,569
<i>Total liabilities</i>	<u>-</u>	<u>29,121</u>	<u>-</u>	<u>8,870</u>	<u>-</u>	<u>353,995</u>
<i>Fund balances</i>						
Restricted	2,813,477	105,954	98,572	11,124	2,135,948	9,350,984
Unassigned	-	-	-	-	-	(63,211)
<i>Total fund balances</i>	<u>2,813,477</u>	<u>105,954</u>	<u>98,572</u>	<u>11,124</u>	<u>2,135,948</u>	<u>9,287,773</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 2,813,477</u>	<u>135,075</u>	<u>98,572</u>	<u>19,994</u>	<u>2,135,948</u>	<u>9,641,768</u>

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**STATE OF NEW MEXICO  
CITY OF ALAMOGORDO  
NON-MAJOR SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2018**

	<b>(015)</b>	<b>(016)</b>	<b>(019)</b>	<b>(020)</b>	<b>(021)</b>
	<b>Corrections</b>	<b>Lodger's Tax</b>	<b>Court</b>	<b>Lodger's Tax</b>	<b>D.A.R.E.</b>
	<b>Fund</b>	<b>Promotional</b>	<b>Automation</b>	<b>City</b>	<b>Donations</b>
	<b>Fund</b>	<b>Fund</b>	<b>Fund</b>	<b>Fund</b>	<b>Fund</b>
<i>Revenues:</i>					
<i>Taxes:</i>					
Gross receipts	\$ -	-	-	-	-
Lodger's	-	243,435	-	354,576	-
<i>Intergovernmental:</i>					
State operating grants	-	-	23,572	-	-
State capital grants	-	-	-	-	-
Federal operating grants	-	-	-	-	-
Federal capital grants	-	-	-	-	-
Charges for services	104,071	-	42,977	65,305	10,955
Investment income (loss)	-	(915)	(22)	291	(62)
Miscellaneous	-	7	-	639	-
<i>Total revenues</i>	<u>104,071</u>	<u>242,527</u>	<u>66,527</u>	<u>420,811</u>	<u>10,893</u>
<i>Expenditures:</i>					
<i>Current:</i>					
General government	-	206,084	36,668	-	-
Public safety	159,876	-	13,547	-	8,547
Public works	-	-	-	-	-
Culture and recreation	-	-	-	414,949	-
Health and welfare	-	-	-	-	-
Capital outlay	-	-	-	169,981	-
<i>Debt service:</i>					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
<i>Total expenditures</i>	<u>159,876</u>	<u>206,084</u>	<u>50,215</u>	<u>584,930</u>	<u>8,547</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(55,805)</u>	<u>36,443</u>	<u>16,312</u>	<u>(164,119)</u>	<u>2,346</u>
<i>Other financing sources (uses)</i>					
Proceeds from issuance of debt	-	-	-	-	-
Transfers in	34,254	-	-	144,769	-
Transfers out	(1,395)	(4,201)	(26,961)	(43,770)	-
<i>Total other financing sources (uses)</i>	<u>32,859</u>	<u>(4,201)</u>	<u>(26,961)</u>	<u>100,999</u>	<u>-</u>
<i>Net change in fund balance</i>	(22,946)	32,242	(10,649)	(63,120)	2,346
<i>Fund balance, - beginning</i>	10,494	138,667	28,586	189,520	21,618
<i>Restatement</i>	-	-	-	-	-
<i>Fund balance - beginning as restated</i>	<u>10,494</u>	<u>138,667</u>	<u>28,586</u>	<u>189,520</u>	<u>21,618</u>
<i>Fund balance - ending</i>	<u>\$ (12,452)</u>	<u>170,909</u>	<u>17,937</u>	<u>126,400</u>	<u>23,964</u>

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**STATE OF NEW MEXICO  
CITY OF ALAMOGORDO  
NON-MAJOR SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2018**

	<b>(022) Designated Gifts Fund</b>	<b>(024) Grant Capital Improvement Fund</b>	<b>(027) Court Administration Fund</b>	<b>(028) Police Contingency Fund</b>	<b>(033) Fire Protection Fund</b>
<i>Revenues:</i>					
<i>Taxes:</i>					
Gross receipts	\$ -	-	-	-	-
Lodger's	-	-	-	-	-
<i>Intergovernmental:</i>					
State operating grants	-	-	-	-	559,003
State capital grants	-	45,923	-	-	-
Federal operating grants	-	-	-	-	363,637
Federal capital grants	-	10,307	-	-	-
Charges for services	-	-	11,555	12,188	-
Investment income (loss)	217	-	-	(247)	(3,315)
Miscellaneous	-	-	-	-	-
<i>Total revenues</i>	<u>217</u>	<u>56,230</u>	<u>11,555</u>	<u>11,941</u>	<u>919,325</u>
<i>Expenditures:</i>					
<i>Current:</i>					
General government	-	10,306	336,877	-	-
Public safety	-	108,652	52,771	5,875	315,270
Public works	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Health and welfare	-	-	-	-	-
Capital outlay	-	-	7,627	-	791,239
<i>Debt service:</i>					
Principal	-	-	-	-	43,607
Interest	-	-	-	-	7,363
<i>Total expenditures</i>	<u>-</u>	<u>118,958</u>	<u>397,275</u>	<u>5,875</u>	<u>1,157,479</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>217</u>	<u>(62,728)</u>	<u>(385,720)</u>	<u>6,066</u>	<u>(238,154)</u>
<i>Other financing sources (uses)</i>					
Proceeds from issuance of debt	-	-	-	-	-
Transfers in	-	62,728	394,264	-	-
Transfers out	(25,432)	-	(6,826)	-	(62,728)
<i>Total other financing sources (uses)</i>	<u>(25,432)</u>	<u>62,728</u>	<u>387,438</u>	<u>-</u>	<u>(62,728)</u>
<i>Net change in fund balance</i>	(25,215)	-	1,718	6,066	(300,882)
<i>Fund balance, - beginning</i>	25,215	1,853	(15,911)	(42,632)	593,835
<i>Restatement</i>	-	68,060	-	-	-
<i>Fund balance - beginning as restated</i>	<u>25,215</u>	<u>69,913</u>	<u>(15,911)</u>	<u>(42,632)</u>	<u>593,835</u>
<i>Fund balance - ending</i>	<u>\$ -</u>	<u>69,913</u>	<u>(14,193)</u>	<u>(36,566)</u>	<u>292,953</u>

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**STATE OF NEW MEXICO  
CITY OF ALAMOGORDO  
NON-MAJOR SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2018**

	<b>(036) Law Enforcement Fund</b>	<b>(037) State Highway Traffic Fund</b>	<b>(038) Traffic Safety Fund</b>	<b>(042) 1984 Gross Receipts Tax Fund</b>	<b>(044) Transportation Fund</b>
<i>Revenues:</i>					
<i>Taxes:</i>					
Gross receipts	\$ -	-	-	1,636,636	1,049,027
Lodger's	-	-	-	-	-
<i>Intergovernmental:</i>					
State operating grants	61,800	-	-	-	-
State capital grants	-	-	-	-	-
Federal operating grants	16,525	-	-	-	74,271
Federal capital grants	-	-	-	-	-
Charges for services	-	23,040	25,661	-	4,479
Investment income (loss)	-	(160)	(20)	9,682	158
Miscellaneous	-	-	-	-	-
<i>Total revenues</i>	<u>78,325</u>	<u>22,880</u>	<u>25,641</u>	<u>1,646,318</u>	<u>1,127,935</u>
<i>Expenditures:</i>					
<i>Current:</i>					
General government	-	-	-	-	-
Public safety	77,821	-	21,020	-	-
Public works	-	20,833	-	-	1,649,142
Culture and recreation	-	-	-	-	-
Health and welfare	-	-	-	-	-
Capital outlay	-	-	-	-	1,013,848
<i>Debt service:</i>					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
<i>Total expenditures</i>	<u>77,821</u>	<u>20,833</u>	<u>21,020</u>	<u>-</u>	<u>2,662,990</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>504</u>	<u>2,047</u>	<u>4,621</u>	<u>1,646,318</u>	<u>(1,535,055)</u>
<i>Other financing sources (uses)</i>					
Proceeds from issuance of debt	-	-	-	-	1,693,358
Transfers in	-	-	-	-	(156,144)
Transfers out	-	(696)	-	(2,212,212)	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>(696)</u>	<u>-</u>	<u>(2,212,212)</u>	<u>1,537,214</u>
<i>Net change in fund balance</i>	504	1,351	4,621	(565,894)	2,159
<i>Fund balance, - beginning</i>	4,440	124,669	56,151	3,744,641	111,191
<i>Restatement</i>	-	-	-	-	-
<i>Fund balance - beginning as restated</i>	<u>4,440</u>	<u>124,669</u>	<u>56,151</u>	<u>3,744,641</u>	<u>111,191</u>
<i>Fund balance - ending</i>	<u>\$ 4,944</u>	<u>126,020</u>	<u>60,772</u>	<u>3,178,747</u>	<u>113,350</u>

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**STATE OF NEW MEXICO  
CITY OF ALAMOGORDO  
NON-MAJOR SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2018**

	<b>(069) 1994 Gross Receipts Tax Fund</b>	<b>(071) Alamo Senior Center Fund</b>	<b>(074) Alamo Senior Center Gift Fund</b>	<b>(075) Retired and Senior Volunteer Program Fund</b>	<b>(089) ESGRT 0.0625% Fund</b>	<b>Total Special Revenue Funds</b>
<i>Revenues:</i>						
<i>Taxes:</i>						
Gross receipts	\$ 1,636,636	-	-	-	409,158	4,731,457
Lodger's	-	-	-	-	-	598,011
<i>Intergovernmental:</i>						
State operating grants	-	395,392	-	166,438	-	1,206,205
State capital grants	-	-	-	-	-	45,923
Federal operating grants	-	131,123	-	42,314	-	627,870
Federal capital grants	-	-	-	-	-	10,307
Charges for services	-	128,036	23,158	-	-	451,425
Investment income (loss)	(837)	-	152	-	(9,695)	(4,773)
Miscellaneous	-	12,677	-	6,000	-	19,323
<i>Total revenues</i>	<u>1,635,799</u>	<u>667,228</u>	<u>23,310</u>	<u>214,752</u>	<u>399,463</u>	<u>7,685,748</u>
<i>Expenditures:</i>						
<i>Current:</i>						
General government	-	-	-	-	-	589,935
Public safety	-	-	-	-	-	763,379
Public works	-	-	-	-	9,271	1,679,246
Culture and recreation	-	978,644	6,438	-	-	1,400,031
Health and welfare	-	-	-	242,975	-	242,975
Capital outlay	-	153,042	2,993	-	-	2,138,730
<i>Debt service:</i>						
Principal	-	-	-	-	-	43,607
Interest	-	-	-	-	-	7,363
<i>Total expenditures</i>	<u>-</u>	<u>1,131,686</u>	<u>9,431</u>	<u>242,975</u>	<u>9,271</u>	<u>6,865,266</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>1,635,799</u>	<u>(464,458)</u>	<u>13,879</u>	<u>(28,223)</u>	<u>390,192</u>	<u>820,482</u>
<i>Other financing sources (uses)</i>						
Proceeds from issuance of debt	-	543,637	-	36,566	-	2,909,576
Transfers in	-	-	-	(18,239)	(385,996)	(4,220,614)
Transfers out	(1,275,327)	-	(687)	-	-	(1,311,038)
<i>Total other financing sources (uses)</i>	<u>(1,275,327)</u>	<u>543,637</u>	<u>(687)</u>	<u>18,327</u>	<u>(385,996)</u>	<u>(1,311,038)</u>
<i>Net change in fund balance</i>	360,472	79,179	13,192	(9,896)	4,196	(490,556)
<i>Fund balance, - beginning</i>	2,453,005	26,775	85,380	21,020	2,131,752	9,710,269
<i>Restatement</i>	-	-	-	-	-	68,060
<i>Fund balance - beginning as restated</i>	<u>2,453,005</u>	<u>26,775</u>	<u>85,380</u>	<u>21,020</u>	<u>2,131,752</u>	<u>9,778,329</u>
<i>Fund balance - ending</i>	<u>\$ 2,813,477</u>	<u>105,954</u>	<u>98,572</u>	<u>11,124</u>	<u>2,135,948</u>	<u>\$ 9,287,773</u>

See Independent Auditor's Report.  
The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO  
CITY OF ALAMOGORDO  
NON-MAJOR CAPITAL PROJECTS FUNDS  
COMBINING BALANCE SHEETS  
AS OF JUNE 30, 2018**

	<b>(040) Airport Improvement Projects Fund</b>	<b>(048) New Mexico CDBG Fund</b>	<b>(049) 1986 GRT Fund</b>	<b>(050) Property Acquisition Fund</b>	<b>(056) 99 GRT Flood Control Fund</b>
<i>Assets</i>					
Cash and cash equivalents	\$ -	-	982,797	85,010	1,615,590
Investments	-	-	4,863,380	-	-
Receivables:					
GRT receivable	-	-	286,777	-	-
Accounts receivables, net	-	-	-	336	-
<i>Total assets</i>	<u>\$ -</u>	<u>-</u>	<u>6,132,954</u>	<u>85,346</u>	<u>1,615,590</u>
<i>Liabilities, Deferred Inflows of Resources, and Fund Balances</i>					
<i>Liabilities</i>					
Accounts payable	\$ -	-	-	-	12,730
Funds held in trust for others	-	-	-	8,788	-
Due to other funds	-	-	-	-	1,390,621
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,788</u>	<u>1,403,351</u>
<i>Deferred inflows of resources</i>					
<i>Fund balances</i>					
Restricted	-	-	6,132,954	76,558	212,239
Unassigned	-	-	-	-	-
<i>Total fund balances</i>	<u>-</u>	<u>-</u>	<u>6,132,954</u>	<u>76,558</u>	<u>212,239</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ -</u>	<u>-</u>	<u>6,132,954</u>	<u>85,346</u>	<u>1,615,590</u>

See Independent Auditor's Report.  
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**STATE OF NEW MEXICO  
CITY OF ALAMOGORDO  
NON-MAJOR CAPITAL PROJECTS FUNDS  
COMBINING BALANCE SHEETS  
AS OF JUNE 30, 2018**

	<b>(061) Municipal Infrastructure 0.0625% Fund</b>	<b>(105) Economic Development Fund</b>	<b>(113) Sewer Plant Fund</b>	<b>(114) Sidewalk Revolving Loans Fund</b>	<b>(116) Reg Supply Trans LN Fund</b>
<i>Assets</i>					
Cash and cash equivalents	\$ 63,674	242,765	-	-	-
Investments	504,472	5,864,241	-	133,879	-
Receivables:					
GRT receivable	71,694	143,388	-	-	-
Accounts receivables, net	-	-	-	-	-
<i>Total assets</i>	<u>\$ 639,840</u>	<u>6,250,394</u>	<u>-</u>	<u>133,879</u>	<u>-</u>
<i>Liabilities, Deferred Inflows of Resources, and Fund i</i>					
<i>Liabilities</i>					
Accounts payable	-	33,585	-	-	-
Funds held in trust for others	-	-	-	-	-
Due to other funds	-	-	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>33,585</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Deferred inflows of resources</i>					
<i>Fund balances</i>					
Restricted	639,840	6,216,809	-	133,879	-
Unassigned	-	-	-	-	-
<i>Total fund balances</i>	<u>639,840</u>	<u>6,216,809</u>	<u>-</u>	<u>133,879</u>	<u>-</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 639,840</u>	<u>6,250,394</u>	<u>-</u>	<u>133,879</u>	<u>-</u>

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**STATE OF NEW MEXICO  
CITY OF ALAMOGORDO  
NON-MAJOR CAPITAL PROJECTS FUNDS  
COMBINING BALANCE SHEETS  
AS OF JUNE 30, 2018**

	<b>(117) 2011 JT W/S Refunding &amp; Improvement Revenue Bond Fund</b>	<b>(119) 2012 GRT Refunding &amp; Improvement Revenue Bond Fund</b>	<b>(121) 2014A GO Bond Fun Center Fund</b>	<b>(122) 2014B GO Bond Streets Fund</b>	<b>Total Capital Projects Funds</b>
<i>Assets</i>					
Cash and cash equivalents	\$ -	1,720,303	5	8	4,710,152
Investments	-	4,230	84,317	190,474	11,644,993
Receivables:					
GRT receivable	-	-	-	-	501,859
Accounts receivables, net	-	-	-	-	336
<i>Total assets</i>	<u>\$ -</u>	<u>1,724,533</u>	<u>84,322</u>	<u>190,482</u>	<u>16,857,340</u>
<i>Liabilities, Deferred Inflows of Resources, and Fund Balances</i>					
<i>Liabilities</i>					
Accounts payable	\$ -	91,013	-	-	137,328
Funds held in trust for others	-	-	-	-	8,788
Due to other funds	-	-	-	-	1,390,621
<i>Total liabilities</i>	<u>-</u>	<u>91,013</u>	<u>-</u>	<u>-</u>	<u>1,536,737</u>
<i>Deferred inflows of resources</i>					
<i>Fund balances</i>					
Restricted	-	1,633,520	84,322	190,482	15,320,603
Unassigned	-	-	-	-	-
<i>Total fund balances</i>	<u>-</u>	<u>1,633,520</u>	<u>84,322</u>	<u>190,482</u>	<u>15,320,603</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ -</u>	<u>1,724,533</u>	<u>84,322</u>	<u>190,482</u>	<u>16,857,340</u>

See Independent Auditor's Report.  
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**STATE OF NEW MEXICO  
CITY OF ALAMOGORDO  
NON-MAJOR CAPITAL PROJECTS FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2018**

	<b>(040) Airport Improvement Projects Fund</b>	<b>(048) New Mexico CDBG Fund</b>	<b>(049) 1986 GRT Fund</b>	<b>(050) Property Acquisition Fund</b>	<b>(056) 99 GRT Flood Control Fund</b>
<i>Revenues:</i>					
<i>Taxes:</i>					
Gross receipts	\$ -	-	1,636,635	-	-
Investment income (loss)	-	-	62,615	444	4,142
Miscellaneous	-	-	21,935	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>1,721,185</u>	<u>444</u>	<u>4,142</u>
<i>Expenditures:</i>					
<i>Current:</i>					
General government	-	-	4,860	-	-
Public works	-	-	112,566	-	-
Culture and recreation	-	-	-	-	-
Capital outlay	-	-	-	-	21,137
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>117,426</u>	<u>-</u>	<u>21,137</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>1,603,759</u>	<u>444</u>	<u>(16,995)</u>
<i>Other financing sources (uses)</i>					
Transfers in	-	-	-	-	-
Transfers out	(12,763)	(170,512)	(5,272,398)	-	-
<i>Total other financing sources (uses)</i>	<u>(12,763)</u>	<u>(170,512)</u>	<u>(5,272,398)</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	(12,763)	(170,512)	(3,668,639)	444	(16,995)
<i>Fund balance, - beginning</i>	12,763	170,512	9,801,593	76,114	229,234
<i>Restatement</i>	-	-	-	-	-
<i>Fund balance - beginning as restated</i>	<u>12,763</u>	<u>170,512</u>	<u>9,801,593</u>	<u>76,114</u>	<u>229,234</u>
<i>Fund balance - ending</i>	<u>\$ -</u>	<u>-</u>	<u>6,132,954</u>	<u>76,558</u>	<u>212,239</u>

See Independent Auditor's Report.  
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**STATE OF NEW MEXICO  
CITY OF ALAMOGORDO  
NON-MAJOR CAPITAL PROJECTS FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2018**

	<b>(061) Municipal Infrastructure 0.0625% Fund</b>	<b>(105) Economic Development Fund</b>	<b>(113) Sewer Plant Fund</b>	<b>(114) Sidewalk Revolving Loans Fund</b>	<b>(116) Reg Supply Trans LN Fund</b>
<i>Revenues:</i>					
<i>Taxes:</i>					
Gross receipts	\$ 409,159	818,316	-	-	-
Investment income (loss)	443	11,341	-	242	-
Miscellaneous	-	-	-	-	-
<i>Total revenues</i>	<u>409,602</u>	<u>829,657</u>	<u>-</u>	<u>242</u>	<u>-</u>
<i>Expenditures:</i>					
<i>Current:</i>					
General government	-	-	-	-	-
Public works	-	-	-	-	-
Culture and recreation	-	1,672,824	-	-	-
Capital outlay	-	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>1,672,824</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>409,602</u>	<u>(843,167)</u>	<u>-</u>	<u>242</u>	<u>-</u>
<i>Other financing sources (uses)</i>					
Transfers in	-	-	-	-	-
Transfers out	(405,165)	-	(7,704)	-	(2,886)
<i>Total other financing sources (uses)</i>	<u>(405,165)</u>	<u>-</u>	<u>(7,704)</u>	<u>-</u>	<u>(2,886)</u>
<i>Net change in fund balance</i>	4,437	(843,167)	(7,704)	242	(2,886)
<i>Fund balance, - beginning</i>	635,403	7,059,976	7,704	133,637	2,886
<i>Restatement</i>	-	-	-	-	-
<i>Fund balance - beginning as restated</i>	<u>635,403</u>	<u>7,059,976</u>	<u>7,704</u>	<u>133,637</u>	<u>2,886</u>
<i>Fund balance - ending</i>	<u>\$ 639,840</u>	<u>6,216,809</u>	<u>-</u>	<u>133,879</u>	<u>-</u>

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**STATE OF NEW MEXICO  
CITY OF ALAMOGORDO  
NON-MAJOR CAPITAL PROJECTS FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2018**

	(117) 2011 JT W/S Refunding & Improvement Revenue Bond Fund	(119) 2012 GRT Refunding & Improvement Revenue Bond Fund	(121) 2014A GO Bond Fun Center Fund	(122) 2014B GO Bond Streets Fund	Total Capital Projects Funds
<i>Revenues:</i>					
<i>Taxes:</i>					
Gross receipts	\$ -	-	-	-	2,864,110
Investment income (loss)	-	39,116	37,681	27,152	183,176
Miscellaneous	-	-	-	-	21,935
<i>Total revenues</i>	<u>-</u>	<u>39,116</u>	<u>37,681</u>	<u>27,152</u>	<u>3,069,221</u>
<i>Expenditures:</i>					
<i>Current:</i>					
General government	-	-	-	-	4,860
Public works	-	-	-	-	112,566
Culture and recreation	-	-	-	-	1,672,824
Capital outlay	-	1,375,889	2,678,274	1,890,157	5,965,457
<i>Total expenditures</i>	<u>-</u>	<u>1,375,889</u>	<u>2,678,274</u>	<u>1,890,157</u>	<u>7,755,707</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(1,336,773)</u>	<u>(2,640,593)</u>	<u>(1,863,005)</u>	<u>(4,686,486)</u>
<i>Other financing sources (uses)</i>					
Transfers in	-	-	-	-	-
Transfers out	(7,053)	(255,786)	-	-	(6,134,267)
<i>Total other financing sources (uses)</i>	<u>(7,053)</u>	<u>(255,786)</u>	<u>-</u>	<u>-</u>	<u>(6,134,267)</u>
<i>Net change in fund balance</i>	(7,053)	(1,592,559)	(2,640,593)	(1,863,005)	(10,820,753)
<i>Fund balance, - beginning</i>	7,053	3,226,079	2,724,915	2,053,487	26,141,356
<i>Restatement</i>	-	-	-	-	-
<i>Fund balance - beginning as restated</i>	<u>7,053</u>	<u>3,226,079</u>	<u>2,724,915</u>	<u>2,053,487</u>	<u>26,141,356</u>
<i>Fund balance - ending</i>	<u>\$ -</u>	<u>1,633,520</u>	<u>84,322</u>	<u>190,482</u>	<u>15,320,603</u>

See Independent Auditor's Report.  
The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO  
CITY OF ALAMOGORDO  
STATEMENT OF NET POSITION  
NON-MAJOR PROPRIETARY FUNDS  
AS OF JUNE 30, 2018**

	(086) Solid Waste Fund	(088) Bonito Lake Fund	(090) Golf Course Fund	Public Housing Authority		Total
				(901) Low Rent Public Housing Fund	(903) Home Ownership Fund	
<i>Assets</i>						
<i>Current Assets</i>						
Cash and cash equivalents	\$ 69,479	50,008	17,313	805,556	629,220	1,571,576
Investments	472,752	248,134	-	96,494	111,045	928,425
Receivables:						
Customer receivable, net	108,253	-	-	4,357	-	112,610
Other receivable	7	-	-	-	-	7
Inventory	-	-	-	6,700	-	6,700
Prepaid expenses	-	-	-	22,878	-	22,878
Due from other funds	-	-	-	-	3	3
<i>Total current assets</i>	<u>650,491</u>	<u>298,142</u>	<u>17,313</u>	<u>935,985</u>	<u>740,268</u>	<u>2,642,199</u>
<i>Noncurrent Assets</i>						
Restricted cash	-	-	-	46,173	21,341	67,514
Restricted investments	-	74,551	-	-	-	74,551
Assets held for sale	-	-	-	-	88,338	88,338
Capital assets	1,053,497	1,997,936	7,091,260	15,769,023	3,735	25,915,451
Less: accumulated depreciation	(807,840)	(228,880)	(2,348,203)	(11,109,183)	(3,735)	(14,497,841)
<i>Total noncurrent assets</i>	<u>245,657</u>	<u>1,843,607</u>	<u>4,743,057</u>	<u>4,706,013</u>	<u>109,679</u>	<u>11,648,013</u>
<i>Total assets</i>	<u>896,148</u>	<u>2,141,749</u>	<u>4,760,370</u>	<u>5,641,998</u>	<u>849,947</u>	<u>14,290,212</u>
<i>Deferred Outflows of Resources</i>						
Pension deferral	36,562	-	66,078	203,070	4,501	310,211
OPEB deferral	1,483	-	2,839	5,528	126	9,976
<i>Total deferred outflows</i>	<u>38,045</u>	<u>-</u>	<u>68,917</u>	<u>208,598</u>	<u>4,627</u>	<u>320,187</u>
<i>Total assets and deferred outflows of resources</i>	<u>\$ 934,193</u>	<u>2,141,749</u>	<u>4,829,287</u>	<u>5,850,596</u>	<u>854,574</u>	<u>14,610,399</u>
<i>Liabilities, Deferred Inflows of Resources, and Net Position</i>						
<i>Liabilities:</i>						
<i>Current liabilities</i>						
Accounts payable	\$ 147,353	-	9,476	3,659	131	160,619
Accrued payroll expenses	5,963	-	11,033	18,089	612	35,697
Accrued compensated absences	6,479	-	16,325	25,886	1,346	50,036
Funds held in trust for others	-	-	-	44,574	-	44,574
GRT payable	11	-	1,947	-	-	1,958
Unearned revenue	(3)	-	-	5,419	-	5,416
Due to other funds	-	-	-	3,114	10	3,124
<i>Total current liabilities</i>	<u>159,803</u>	<u>-</u>	<u>38,781</u>	<u>100,741</u>	<u>2,099</u>	<u>301,424</u>
<i>Noncurrent Liabilities</i>						
Net pension liability	134,054	-	253,127	495,349	13,681	896,211
Net OPEB liability	74,951	-	143,551	279,480	6,352	504,334
<i>Total noncurrent liabilities</i>	<u>209,005</u>	<u>-</u>	<u>396,678</u>	<u>774,829</u>	<u>20,033</u>	<u>1,400,545</u>
<i>Total liabilities</i>	<u>368,808</u>	<u>-</u>	<u>435,459</u>	<u>875,570</u>	<u>22,132</u>	<u>1,701,969</u>
<i>Deferred Inflows of Resources</i>						
Pension deferral	19,839	-	37,911	81,960	2,114	141,824
OPEB deferral	17,059	-	32,672	63,609	1,446	114,786
<i>Total deferred inflows of resources</i>	<u>36,898</u>	<u>-</u>	<u>70,583</u>	<u>145,569</u>	<u>3,560</u>	<u>256,610</u>
<i>Net Position:</i>						
Net investment in capital assets	245,657	1,769,056	4,743,057	4,659,840	-	11,417,610
Unrestricted	282,830	372,693	(419,812)	169,617	828,882	1,234,210
<i>Total net position</i>	<u>528,487</u>	<u>2,141,749</u>	<u>4,323,245</u>	<u>4,829,457</u>	<u>828,882</u>	<u>12,651,820</u>
<i>Total liabilities, deferred inflows of resources, and net position</i>	<u>\$ 934,193</u>	<u>2,141,749</u>	<u>4,829,287</u>	<u>5,850,596</u>	<u>854,574</u>	<u>14,610,399</u>

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**STATE OF NEW MEXICO  
CITY OF ALAMOGORDO  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
NON-MAJOR PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018**

	<b>(086) Solid Waste Fund</b>	<b>(088) Bonito Lake Fund</b>	<b>(090) Golf Course Fund</b>	<b>Public Housing Authority</b>		<b>Total</b>
				<b>(901) Low Rent Public Housing Fund</b>	<b>(903) Home Ownership Fund</b>	
<i>Operating revenues:</i>						
Charges for services	\$ 2,149,736	-	1,539,225	252,238	700	3,941,899
Operating subsidy	-	-	-	650,968	-	650,968
<i>Total operating revenues</i>	<u>2,149,736</u>	<u>-</u>	<u>1,539,225</u>	<u>903,206</u>	<u>700</u>	<u>4,592,867</u>
<i>Operating expenses:</i>						
Personnel services	152,432	-	304,976	495,173	16,620	969,201
Contractual services	1,651,684	-	-	197,323	-	1,849,007
Supplies expense	93,654	-	1,277,398	101,123	22	1,472,197
Repairs and maintenance	22,348	-	56,240	285	263	79,136
Utilities	6,835	-	26,024	21,649	214	54,722
Equipment	8,362	-	35,016	58,352	-	101,730
Miscellaneous	1,214	-	-	70,105	2,838	74,157
Depreciation and amortization	32,425	5,266	174,217	406,360	-	618,268
<i>Total operating expenses</i>	<u>1,968,954</u>	<u>5,266</u>	<u>1,873,871</u>	<u>1,350,370</u>	<u>19,957</u>	<u>5,218,418</u>
<i>Operating income (loss)</i>	<u>180,782</u>	<u>(5,266)</u>	<u>(334,646)</u>	<u>(447,164)</u>	<u>(19,257)</u>	<u>(625,551)</u>
<i>Non-operating revenues (expenses):</i>						
Federal operating grants	-	-	-	-	-	-
State operating grants	-	-	-	-	-	-
Gross receipts and other taxes	-	-	-	-	-	-
Investment income	(3,448)	(4,710)	-	2,151	1,651	(4,356)
Miscellaneous income	2,161	287	2,220	9,398	15,059	29,125
<i>Total non-operating revenues (expenses)</i>	<u>(1,287)</u>	<u>(4,423)</u>	<u>2,220</u>	<u>11,549</u>	<u>16,710</u>	<u>24,769</u>
Transfers in	110,000	-	515,402	-	-	625,402
Transfers out	(125,497)	-	(50,173)	-	-	(175,670)
<i>Net capital grants and transfers</i>	<u>(15,497)</u>	<u>-</u>	<u>465,229</u>	<u>-</u>	<u>-</u>	<u>449,732</u>
<i>Change in net position</i>	<u>163,998</u>	<u>(9,689)</u>	<u>132,803</u>	<u>(435,615)</u>	<u>(2,547)</u>	<u>(151,050)</u>
<i>Net position, beginning of year</i>	<u>453,519</u>	<u>2,151,438</u>	<u>4,360,958</u>	<u>5,041,993</u>	<u>838,974</u>	<u>12,846,882</u>
<i>Restatement</i>	<u>(89,030)</u>	<u>-</u>	<u>(170,516)</u>	<u>223,079</u>	<u>(7,545)</u>	<u>(44,012)</u>
<i>Beginning net position, as restated</i>	<u>364,489</u>	<u>2,151,438</u>	<u>4,190,442</u>	<u>5,265,072</u>	<u>831,429</u>	<u>12,802,870</u>
<i>Net position, end of year</i>	<u>\$ 528,487</u>	<u>2,141,749</u>	<u>4,323,245</u>	<u>4,829,457</u>	<u>828,882</u>	<u>12,651,820</u>

See Independent Auditor's Report.  
The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO  
CITY OF ALAMOGORDO  
STATEMENT OF CASH FLOWS  
NON-MAJOR PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018**

	<b>(086) Solid Waste Fund</b>	<b>(088) Bonito Lake Fund</b>	<b>(090) Golf Course Fund</b>	<b>Public Housing Authority</b>		
				<b>(901) Low Rent Public Housing Fund</b>	<b>(903) Home Ownership Fund</b>	<b>Total</b>
<b>Cash flows from operating activities:</b>						
Receipts from customers and users	\$ 2,146,191	65,871	1,539,225	900,838	535	4,652,660
Payments to employees	(153,915)	-	(307,815)	(500,701)	(16,746)	(979,177)
Payments to suppliers	(1,778,111)	-	(1,390,779)	(428,640)	(2,543)	(3,600,073)
<i>Net cash provided (used) by operating activities</i>	<u>214,165</u>	<u>65,871</u>	<u>(159,369)</u>	<u>(28,503)</u>	<u>(18,754)</u>	<u>73,410</u>
<b>Cash flows from noncapital financing activities:</b>						
Miscellaneous revenue	2,161	287	2,220	9,398	15,059	29,125
Transfers from other funds	110,000	-	515,402	-	-	625,402
Transfers to other funds	(125,497)	-	(50,173)	-	-	(175,670)
<i>Net cash provided (used) by noncapital financing activities</i>	<u>(13,336)</u>	<u>287</u>	<u>467,449</u>	<u>9,398</u>	<u>15,059</u>	<u>478,857</u>
<b>Cash flows from capital and related financing activities:</b>						
Purchase of capital assets	(124,210)	-	(290,767)	(10,933)	-	(425,910)
<i>Net cash provided (used) by capital and related financing activities</i>	<u>(124,210)</u>	<u>-</u>	<u>(290,767)</u>	<u>(10,933)</u>	<u>-</u>	<u>(425,910)</u>
<b>Cash flows from investing activities:</b>						
Purchases of investments, net	(240,184)	(247,008)	-	(29)	(194)	(487,415)
Investment income	(3,448)	(4,710)	-	2,151	1,651	(4,356)
<i>Net cash provided (used) by investing activities</i>	<u>(243,632)</u>	<u>(251,718)</u>	<u>-</u>	<u>2,122</u>	<u>1,457</u>	<u>(491,771)</u>
Net increase (decrease) in cash and cash equivalents	(167,013)	(185,560)	17,313	(27,916)	(2,238)	(365,414)
Balances - beginning of year	236,492	235,568	-	879,645	652,799	2,004,504
Balances - end of year	<u>\$ 69,479</u>	<u>50,008</u>	<u>17,313</u>	<u>851,729</u>	<u>650,561</u>	<u>1,639,090</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>						
Operating income (loss)	\$ 180,782	(5,266)	(334,646)	(447,164)	(19,257)	(625,551)
<b>Adjustments to reconcile operating income to net cash provided (used) by operating activities:</b>						
Depreciation expense	32,425	5,266	174,217	406,360	-	618,268
Non-cash pension expense	4,705	-	9,011	17,541	400	31,657
Non-cash OPEB expense	2,980	-	5,707	11,111	253	20,051
RHC contributions subsequent to measurement date	(1,483)	-	(2,839)	(5,528)	(126)	(9,976)
(Increase) decrease in:						
Accounts receivable	(3,545)	65,871	-	(2,368)	(165)	59,793
Inventory	-	-	-	426	-	426
Prepays	-	-	-	(2,181)	-	(2,181)
(Decrease) increase in:						
Accounts payable	(322)	-	1,873	(99)	62	1,514
Accrued payroll	863	-	(678)	(1,573)	12	(1,376)
Unearned revenue	-	-	-	(3,270)	-	(3,270)
Compensated absences	(2,248)	-	(4,102)	2,512	67	(3,771)
Other liabilities	8	-	423	(1,523)	-	(1,092)
Contributions subsequent to measurement date	-	-	-	-	-	-
Due from/to other funds	-	-	(8,335)	(2,747)	-	(11,082)
<i>Net cash provided (used) by operating activities</i>	<u>\$ 214,165</u>	<u>65,871</u>	<u>(159,369)</u>	<u>(28,503)</u>	<u>(18,754)</u>	<u>73,410</u>

See Independent Auditor's Report.  
The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO  
CITY OF ALAMOGORDO  
STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
AS OF JUNE 30, 2018**

	<b>(012) Internal Service Fund</b>	<b>(096) Self Insured Fund</b>	<b>(107) Liability Deductible Fund</b>	<b>Total Internal Service Funds</b>
<i>Assets</i>				
<i>Current Assets</i>				
Cash and cash equivalents	\$ -	55,366	7,886	63,252
Investments	-	423,827	925,307	1,349,134
<i>Receivables:</i>				
Customer receivable, net	370	-	-	370
Inventory	241,991	-	-	241,991
Prepaid expenses	48,205	-	-	48,205
<i>Total current assets</i>	<u>290,566</u>	<u>479,193</u>	<u>933,193</u>	<u>1,702,952</u>
<i>Total assets</i>	<u>290,566</u>	<u>479,193</u>	<u>933,193</u>	<u>1,702,952</u>
<i>Deferred Outflows of Resources</i>				
Pension deferral	-	-	-	-
OPEB deferral	-	-	-	-
<i>Total deferred outflows</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total assets and deferred outflows of resources</i>	<u>\$ 290,566</u>	<u>479,193</u>	<u>933,193</u>	<u>1,702,952</u>
<i>Liabilities, Deferred Inflows of Resources, and Net Position</i>				
<i>Liabilities:</i>				
<i>Current liabilities</i>				
Accounts payable	\$ 44,818	-	38,047	82,865
Accrued payroll expenses	3,005	-	-	3,005
<i>Total current liabilities</i>	<u>47,823</u>	<u>-</u>	<u>38,047</u>	<u>85,870</u>
<i>Noncurrent Liabilities</i>				
Net pension liability	-	-	-	-
Net OPEB liability	-	-	-	-
<i>Total noncurrent liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total liabilities</i>	<u>47,823</u>	<u>-</u>	<u>38,047</u>	<u>85,870</u>
<i>Deferred Inflows of Resources</i>				
Pension deferral	-	-	-	-
OPEB deferral	-	-	-	-
Deferred gain on extinguishment of debt, net	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net Position:</i>				
Net investment in capital assets	-	-	-	-
Unrestricted	242,743	479,193	895,146	1,617,082
<i>Total net position</i>	<u>242,743</u>	<u>479,193</u>	<u>895,146</u>	<u>1,617,082</u>
<i>Total liabilities, deferred inflows of resources, and net position</i>	<u>\$ 290,566</u>	<u>479,193</u>	<u>933,193</u>	<u>1,702,952</u>

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

**STATE OF NEW MEXICO  
CITY OF ALAMOGORDO  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018**

	<b>(012) Internal Service Fund</b>	<b>(096) Self Insured Fund</b>	<b>(107) Liability Deductible Fund</b>	<b>Total Internal Service Funds</b>
<i>Operating revenues:</i>				
Charges for services	\$ 314,343	50,000	-	364,343
<i>Total operating revenues</i>	<u>314,343</u>	<u>50,000</u>	<u>-</u>	<u>364,343</u>
<i>Operating expenses:</i>				
Personnel services	1,381,457	-	-	1,381,457
Contractual services	-	-	294,071	294,071
Supplies expense	153,967	39,400	-	193,367
Repairs and maintenance	557,667	-	-	557,667
Utilities	29,063	-	-	29,063
Equipment	6,298	-	-	6,298
Miscellaneous	224,295	-	-	224,295
<i>Total operating expenses</i>	<u>2,352,747</u>	<u>39,400</u>	<u>294,071</u>	<u>2,686,218</u>
<i>Operating income (loss)</i>	<u>(2,038,404)</u>	<u>10,600</u>	<u>(294,071)</u>	<u>(2,321,875)</u>
<i>Non-operating revenues (expenses):</i>				
Investment income	-	(196)	(4,741)	(4,937)
Miscellaneous income	55,948	10,698	-	66,646
<i>Total non-operating revenues (expenses)</i>	<u>55,948</u>	<u>10,502</u>	<u>(4,741)</u>	<u>61,709</u>
Transfers in	2,809,455	100,710	140,640	3,050,805
Transfers out	(584,256)	(19,000)	-	(603,256)
<i>Net transfers</i>	<u>2,225,199</u>	<u>81,710</u>	<u>140,640</u>	<u>2,447,549</u>
<i>Change in net position</i>	242,743	102,812	(158,172)	187,383
<i>Net position, beginning of year</i>	-	376,381	1,053,318	1,429,699
<i>Restatement</i>	-	-	-	-
<i>Beginning net position, as restated</i>	<u>-</u>	<u>376,381</u>	<u>1,053,318</u>	<u>1,429,699</u>
<i>Net position, end of year</i>	<u>\$ 242,743</u>	<u>479,193</u>	<u>895,146</u>	<u>1,617,082</u>

See Independent Auditor's Report.  
The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO  
CITY OF ALAMOGORDO  
STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018**

	<b>(012)</b>	<b>(096)</b>	<b>(107)</b>	<b>Total</b>
	<b>Internal</b>	<b>Self</b>	<b>Liability</b>	<b>Internal</b>
	<b>Service</b>	<b>Insured</b>	<b>Deductible</b>	<b>Service</b>
	<b>Fund</b>	<b>Fund</b>	<b>Fund</b>	<b>Funds</b>
<b>Cash flows from operating activities:</b>				
Receipts from customers and users	\$ 313,973	50,000	-	363,973
Payments to employees	(1,381,457)	-	-	(1,381,457)
Payments to suppliers	(1,213,663)	(140,110)	(256,327)	(1,610,100)
<i>Net cash provided (used) by operating activities</i>	<u>(2,281,147)</u>	<u>(90,110)</u>	<u>(256,327)</u>	<u>(2,627,584)</u>
<b>Cash flows from noncapital financing activities:</b>				
Miscellaneous revenue	55,948	10,698	-	66,646
Transfers from other funds	2,809,455	100,710	140,640	3,050,805
Transfers to other funds	(584,256)	(19,000)	-	(603,256)
<i>Net cash provided (used) by noncapital financing activities</i>	<u>2,281,147</u>	<u>92,408</u>	<u>140,640</u>	<u>2,514,195</u>
<b>Cash flows from investing activities:</b>				
Purchases of investments, net	-	(49,904)	(486,330)	(536,234)
<i>Net cash provided (used) by investing activities</i>	<u>-</u>	<u>(49,904)</u>	<u>(486,330)</u>	<u>(536,234)</u>
Net increase (decrease) in cash and cash equivalents	-	(47,606)	(602,017)	(649,623)
Balances - beginning of year	-	102,972	609,903	712,875
Balances - end of year	<u>\$ -</u>	<u>55,366</u>	<u>7,886</u>	<u>63,252</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ (2,038,404)	10,600	(294,071)	(2,321,875)
<b>Adjustments to reconcile operating income to net cash provided (used) by operating activities:</b>				
(Increase) decrease in:				
Accounts receivable	(370)	-	-	(370)
Inventory	(241,991)	-	-	(241,991)
Prepays	(48,205)	-	-	(48,205)
(Decrease) increase in:				
Accounts payable	44,818	(100,710)	37,744	(18,148)
Accrued payroll	3,005	-	-	3,005
<i>Net cash provided (used) by operating activities</i>	<u>\$ (2,281,147)</u>	<u>(90,110)</u>	<u>(256,327)</u>	<u>(2,627,584)</u>

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**STATE OF NEW MEXICO  
CITY OF ALAMOGORDO  
STATEMENT OF NET POSITION  
OTERO-GREENTREE REGIONAL LANDFILL  
AS OF JUNE 30, 2018**

	<b>(094) Component Unit</b>
<i>Assets</i>	
<i>Current Assets</i>	
Cash and cash equivalents	\$ 100,200
Investments	1,356,417
Receivables:	
Customer receivable, net	161,988
Other receivable	8,645
<i>Total current assets</i>	<u>1,627,250</u>
<i>Noncurrent Assets</i>	
Restricted investments	2,903,259
Capital assets	6,741,238
Less: accumulated depreciation	<u>(3,149,316)</u>
<i>Total noncurrent assets</i>	<u>6,495,181</u>
<i>Total assets</i>	<u>8,122,431</u>
<i>Deferred Outflows of Resources</i>	
Pension deferral	75,707
OPEB deferral	3,191
<i>Total deferred outflows</i>	<u>78,898</u>
<i>Total assets and deferred outflows of resources</i>	<u>\$ 8,201,329</u>
<i>Liabilities, Deferred Inflows of Resources, and Net Position</i>	
<i>Liabilities:</i>	
<i>Current liabilities</i>	
Accounts payable	\$ 511,991
Accrued payroll expenses	12,322
Accrued compensated absences	19,728
Funds held in trust for others	11,393
GRT payable	9,876
Unearned revenue	4,077
Due to other funds	-
Current portion of long-term debt	-
<i>Total current liabilities</i>	<u>569,387</u>
<i>Noncurrent Liabilities</i>	
Landfill postclosure liability	1,198,575
Net pension liability	285,575
Net OPEB liability	161,336
<i>Total noncurrent liabilities</i>	<u>1,645,486</u>
<i>Total liabilities</i>	<u>2,214,873</u>
<i>Deferred Inflows of Resources</i>	
Pension deferral	42,318
OPEB deferral	36,720
<i>Total deferred inflows of resources</i>	<u>79,038</u>
<i>Net Position:</i>	
Net investment in capital assets	3,591,922
Unrestricted	2,315,496
<i>Total net position</i>	<u>5,907,418</u>
<i>Total liabilities, deferred inflows of resources, and net position</i>	<u>\$ 8,201,329</u>

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**STATE OF NEW MEXICO  
CITY OF ALAMOGORDO  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
OTERO-GREENTREE REGIONAL LANDFILL  
FOR THE YEAR ENDED JUNE 30, 2018**

	<b>(094) Component Unit</b>
<i>Operating revenues:</i>	
Charges for services	\$ 1,772,736
<i>Total operating revenues</i>	<u>1,772,736</u>
 <i>Operating expenses:</i>	
Personnel services	361,533
Contractual services	257,750
Supplies expense	126,373
Repairs and maintenance	116,782
Utilities	11,563
Equipment	433,375
Miscellaneous	1,000,941
Depreciation and amortization	329,116
<i>Total operating expenses</i>	<u>2,637,433</u>
 <i>Operating income (loss)</i>	<u>(864,697)</u>
 <i>Non-operating revenues (expenses):</i>	
Investment income	(5,905)
<i>Total non-operating revenues (expenses)</i>	<u>(5,905)</u>
 Transfers in	-
Transfers out	(1,720)
<i>Net transfers</i>	<u>(1,720)</u>
 <i>Change in net position</i>	<u>(872,322)</u>
 <i>Net position, beginning of year</i>	6,971,382
<i>Restatement</i>	(191,642)
<i>Beginning net position, as restated</i>	<u>6,779,740</u>
<i>Net position, end of year</i>	<u>\$ 5,907,418</u>

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**STATE OF NEW MEXICO  
CITY OF ALAMOGORDO  
STATEMENT OF CASH FLOWS  
OTERO-GREENTREE REGIONAL LANDFILL  
FOR THE YEAR ENDED JUNE 30, 2018**

		<b>(094) Component Unit</b>
<b>Cash flows from operating activities:</b>		
Receipts from customers and users	\$	1,655,433
Payments to employees		(348,183)
Payments to suppliers		(1,374,779)
<i>Net cash provided (used) by operating activities</i>		<u>(67,529)</u>
<b>Cash flows from noncapital financing activities:</b>		
Transfers from other funds		-
Transfers to other funds		(1,720)
<i>Net cash provided (used) by noncapital financing activities</i>		<u>(1,720)</u>
<b>Cash flows from capital and related financing activities:</b>		
Purchase of capital assets		(166,019)
<i>Net cash provided (used) by capital and related financing activities</i>		<u>(166,019)</u>
<b>Cash flows from investing activities:</b>		
Proceeds from sale of investments		220,557
Investment income		(5,905)
<i>Net cash provided (used) by investing activities</i>		<u>214,652</u>
Net increase (decrease) in cash and cash equivalents		(20,616)
Balances - beginning of year		120,816
Balances - end of year	\$	<u><u>100,200</u></u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$	(864,697)
<b>Adjustments to reconcile operating income to net cash provided (used) by operating activities:</b>		
Depreciation expense		329,116
Non-cash pension expense		10,127
Non-cash OPEB expense		6,414
RHC contributions subsequent to measurement date		(3,191)
Landfill postclosure costs		59,483
(Increase) decrease in:		
Accounts receivable		(117,303)
(Decrease) increase in:		
Accounts payable		495,853
Accrued payroll		(14)
Unearned revenue		3,232
Compensated absences		2,621
<i>Net cash provided (used) by operating activities</i>	\$	<u><u>(67,529)</u></u>

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**STATE OF NEW MEXICO  
CITY OF ALAMOGORDO  
SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Balance</u> <u>June 30, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 2,031,775	54,091	(73,221)	2,012,645
Total assets	<u>\$ 2,031,775</u>	<u>54,091</u>	<u>(73,221)</u>	<u>2,012,645</u>
<b>Liabilities</b>				
Due to others	\$ 2,031,775	54,091	(73,221)	2,012,645
Total liabilities	<u>\$ 2,031,775</u>	<u>54,091</u>	<u>(73,221)</u>	<u>2,012,645</u>

See Independent Auditor's Report.  
The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO  
CITY OF ALAMOGORDO  
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CITY OF ALAMOGORDO'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY  
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PLAN  
LAST 10 FISCAL YEARS\***

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
	Measurement Date as of			
	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
The City's proportion of the net pension liability (asset) (%)				
Municipal General	0.9192%	0.9228%	0.9651%	0.9957%
Municipal Police	1.1898%	1.1819%	1.2572%	1.3996%
Municipal Fire	0.5694%	0.5710%	0.5622%	0.5592%
The City's proportionate share of the net pension liability (asset) (\$)				
Municipal General	\$ 12,630,586	14,743,243	9,840,030	7,767,529
Municipal Police	6,610,256	8,720,409	6,045,322	4,562,544
Municipal Fire	3,257,791	3,809,151	2,901,616	2,334,097
	<u>\$ 22,498,633</u>	<u>27,272,803</u>	<u>18,786,968</u>	<u>14,664,170</u>
The City's covered payroll				
Municipal General	\$ 8,072,412	8,519,979	8,002,462	8,370,704
Municipal Police	2,452,647	2,350,723	2,460,929	2,789,369
Municipal Fire	690,057	665,639	637,580	646,276
	<u>\$ 11,215,116</u>	<u>11,536,341</u>	<u>11,100,971</u>	<u>11,806,349</u>
The City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll				
Municipal General	156.47%	173.04%	122.96%	92.79%
Municipal Police	269.52%	370.97%	245.65%	163.57%
Municipal Fire	472.10%	572.25%	455.10%	361.16%
Plan fiduciary net position as a percentage of the total pension liability				
Municipal General	73.74%	69.18%	76.99%	81.29%
Municipal Police	73.74%	69.18%	76.99%	81.29%
Municipal Fire	73.74%	69.18%	76.99%	81.29%

\*Governmental Accounting Standards Board Statement 68 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for the City is not available prior to fiscal year 2015, the year the statement's requirements became effective.

**STATE OF NEW MEXICO  
CITY OF ALAMOGORDO  
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CITY OF ALAMOGORDO'S CONTRIBUTIONS  
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PLAN  
LAST 10 FISCAL YEARS\***

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution				
Municipal General	\$ 846,350	770,915	813,658	764,235
Municipal Police	466,652	463,550	444,287	465,116
Municipal Fire	180,022	149,397	144,111	138,036
	<u>\$ 1,493,024</u>	<u>1,383,862</u>	<u>1,402,056</u>	<u>1,367,387</u>
Contributions in relation to the contractually required contribution				
Municipal General	\$ 846,350	770,915	813,658	764,235
Municipal Police	466,652	463,550	444,287	465,116
Municipal Fire	180,022	149,397	144,111	138,036
	<u>\$ 1,493,024</u>	<u>1,383,862</u>	<u>1,402,056</u>	<u>1,367,387</u>
Contribution deficiency (excess)				
Municipal General	\$ -	-	-	-
Municipal Police	-	-	-	-
Municipal Fire	-	-	-	-
	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

\**Governmental Accounting Standards Board Statement 68* requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for the City is not available prior to fiscal year 2015, the year the statement's requirements became effective.

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
For The Year Ended June 30, 2018**

**Changes of Benefit Terms:** The PERA and COLA and retirement eligibility benefits changes in recent years are described in Note 1 of PERA's CFAR. <https://www.saonm.org>

**Changes of Assumptions:** The Public Employ Retirement Association of New Mexico Annual Actuarial Valuations as of June 2016 report is available at <http://www.nmpera.org/>

**STATE OF NEW MEXICO  
CITY OF ALAMOGORDO  
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE  
OF THE NET OPEB LIABILITY OF RHC FUND DIVISION;  
RETIREE HEALTH CARE ASSOCIATION (RHC) PLAN  
LAST 10 FISCAL YEARS\***

		<u><b>2018</b></u>
		<u>Measurement Date as of June 30, 2017</u>
The City's proportion of the net OPEB liability (asset) (%)		0.28033%
The City's proportionate share of the net OPEB liability (asset) (\$)	\$	12,703,639
The City's covered-employee payroll	\$	11,677,559
The City's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll		108.79%
Plan fiduciary net position as a percentage of the total OPEB liability		11.34%

\*Governmental Accounting Standards Board Statement 75 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for the City is not available prior to fiscal year 2018, the year the statement's requirements became effective.

**STATE OF NEW MEXICO  
CITY OF ALAMOGORDO  
SCHEDULE OF THE CITY'S CONTRIBUTIONS  
RETIREE HEALTH CARE ASSOCIATION (RHC) PLAN  
RHC FUND DIVISION; MUNICIPAL GENERAL DIVISION  
LAST 10 FISCAL YEARS\***

		<u><b>2018</b></u>
Contractually required contribution	\$	890,179
Contributions in relation to the contractually required contribution		<u>446,771</u>
Contribution deficiency (excess)	\$	<u><u>443,408</u></u>
The City's covered-employee payroll	\$	11,677,559
Contributions as a percentage of covered-employee payroll		3.83%

\*Governmental Accounting Standards Board Statement 75 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for the City is not available prior to fiscal year 2018, the year the statement's requirements became effective.

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
For the Year Ended June 30, 2018**

**Changes in Benefit Provisions :** There were no modifications to the benefit provisions as this is the first year of adoption of the OPEB accounting stanard.

**Changes in Assumptions and Methods:** There were no modifications to the assumptions and methods as this is the first year of adoption of the OPEB accounting standard.

**STATE OF NEW MEXICO  
CITY OF ALAMOGORDO  
SCHEDULE OF CASH, INVESTMENTS, AND PLEDGED COLLATERAL  
BY BANK AND ACCOUNT  
AS OF JUNE 30, 2018**

Account Name	Account Type	Bank '34	Bank of the West	First American Bank	First National Bank	PHA First National Bank	First Savings Bank	Moreton Capital Markets	Pioneer Bank
Cash, cash equivalents, and investments									
General Operating Account - Checking	Checking*	\$ -	-	-	5,140,981	-	-	-	-
Home Ownership Operating - Interest Bearing***	Checking*	-	-	-	-	629,260	-	-	-
Home Ownership Reserve - Interest Bearing***	Checking*	-	-	-	-	21,341	-	-	-
Low Rent Operating - Interest Bearing***	Checking*	-	-	-	-	822,159	-	-	-
Security Deposit - Interest Bearing***	Checking*	-	-	-	-	46,173	-	-	-
Money Market Mutual Funds - Interest Bearing -HA	Money Market*	-	-	-	-	-	-	-	-
General Operating Account - Interest Bearing	Checking*	-	-	-	-	-	-	-	-
Escrow Account - Checking	Checking*	-	-	-	-	-	-	-	-
Certificate of Deposits - Interest Bearing**	Certificate of Deposit	-	-	-	-	-	-	12,944,114	-
Certificate of Deposits - Interest Bearing	Certificate of Deposit	250,000	263,539	1,318,324	-	-	1,320,507	-	-
Money Market Investments - Interest Bearing*****	US Agency Securities	-	-	-	-	-	-	1,050,042	264,379
Federal Home Loan Bank Bonds - Interest Bearing*****	US Agency Securities	-	-	-	-	-	-	33,642,923	-
NMFA Reserve Account****	Reserves	-	-	-	-	-	-	-	-
NM Local Government Investment Pool (LGIP)	Investment Pool	-	-	-	-	-	-	-	-
Petty cash	Petty Cash	-	-	-	-	-	-	-	-
Subtotal cash and investments		250,000	263,539	1,318,324	5,140,981	1,518,933	1,320,507	47,637,079	264,379
Total amount of deposit in bank									
FDIC coverage		(250,000)	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)	(12,944,114)	(250,000)
Total uninsured public funds		-	13,539	1,068,324	4,890,981	1,268,933	1,070,507	-	14,379
50% Collateral Requirement (Section 6-10-17 NMSA 1978)									
		-	6,770	534,162	2,445,491	-	535,254	-	7,190
100% Collateral Requirement (Section 6-10-10(H) NMSA 1978)									
		-	-	-	-	1,268,933	-	-	-
		-	6,770	534,162	2,445,491	1,268,933	535,254	-	7,190
Pledged security at:									
Bank of the West GNMA2 3.5% - 36179MYH7 1/20/2043		-	16,835	-	-	-	-	-	-
FNMA 4.0% - 31417YS24 - 10/1/2020		-	-	81,919	-	-	-	-	-
FHLLB 3.25% - 899172JSO - 10/15/2022		-	-	82,186	-	-	-	-	-
FHLLB 2.25% - 953769LC8 - 8/15/2027		-	-	189,856	-	-	-	-	-
FHLLB 3.0% - 011464KTO - 8/1/2028		-	-	260,030	-	-	-	-	-
FHLLB - 3.38% - 36225FLB3 - 1/20/2042		-	-	263,440	-	-	-	-	-
FHLLB - 3.0% - 31418ACR7 - 2/1/2022		-	-	-	135,412	-	-	-	-
FHLLB - 4.0% - 31410LDK5 - 4/1/2026		-	-	-	269,673	-	-	-	-
FHLLB - 3.5% - 31418AE95 - 5/1/2032		-	-	-	770,193	-	-	-	-
FHLLB - 3.0% - 31418B5D4 - 6/1/2036		-	-	-	1,156,224	-	-	-	-
FHLLB - 5.0% - 31371ND51 - 5/1/2037		-	-	-	35,564	-	-	-	-
FHLLB - 5.50% - 31410GLS0 - 10/1/2037		-	-	-	33,692	-	-	-	-
FHLLB - 3.493% - 3138EGEA8 - 4/1/2041		-	-	-	672,135	-	-	-	-
FHLLB - 4.0% - 31410LB84 - 11/1/2025		-	-	-	-	59,484	-	-	-
FHLLB - 2.5% - 3128MMQM8 - 3/1/2028		-	-	-	-	656,005	-	-	-
FHLLB - 5.0% - 3128P7L43 - 4/1/2029		-	-	-	-	160,650	-	-	-
FHLLB - 3.50% - 31417YYH4 - 4/1/2031		-	-	-	-	135,583	-	-	-
FHLLB - 3.0% - 31418B2M7 - 4/1/2036		-	-	-	-	713,323	-	-	-
FED - 2.50% - 31307BJW1 - 3/1/2023		-	-	-	-	-	204,220	-	-
FED - 3.0% - 36176XE21 - 3/15/2027		-	-	-	-	-	13,647	-	-
FED - 1.50% - 3136AA2L8 - 1/25/2028		-	-	-	-	-	34,992	-	-
FED - 2.50% - 31307DB62 - 6/1/2028		-	-	-	-	-	109,593	-	-
FED - 2.50% - 3128ME4V0 - 01/1/2030		-	-	-	-	-	148,413	-	-
FED - 2.50% - 3132KFNN8 - 8/1/2031		-	-	-	-	-	115,503	-	-
FHLLB - 3.0% - 3138ASYU0 - 10/1/2026		-	-	-	-	-	-	-	29,786
FNMA - 3.0% - 3140EW4W2 - 11/1/2046		-	-	-	-	-	-	-	-
FNMA 3.50% - 3138W9A43 - 7/1/2043		-	-	-	-	-	-	-	-
FNMA - 2.50% - 3138WG3V4 - 5/1/2031		-	-	-	-	-	-	-	-
FHLLMC - 3128MJZF0 - 1/1/2047		-	-	-	-	-	-	-	-
FHLLMC - 3128MD5C3 - 1/1/2029		-	-	-	-	-	-	-	-
GNMA - 36202E5E5 - 5/20/2036		-	-	-	-	-	-	-	-
SBAP - 83162CWD1 - 3/1/2034		-	-	-	-	-	-	-	-
Total collateral		-	16,835	877,431	3,072,893	1,725,045	626,368	-	29,786
Amount over/(under) collateralized	\$	-	10,065	343,269	627,403	456,112	91,115	-	22,597
Amount over/(under) collateralized & insured	\$	250,000	260,065	593,269	877,403	706,112	341,115	12,944,114	272,597
Total book balance	\$	250,000	263,539	1,318,324	3,297,767	1,502,090	1,320,507	47,637,079	264,379

\*denotes interest bearing account

\*\*In addition to the regular FDIC coverage of \$250,000 per bank, the deposits at Moreton Capital Markets also include CDs (and related FDIC Insurance) of \$250,000 spread across forty seven (47) separate financial institutions, all invested as part of the Moreton Capital Markets account, in order to not exceed FDIC insurance coverage per institution

\*\*\*These accounts require 100% collateralization of the amount over FDIC coverage per depository agreements with the United States Department of Housing and Urban Development

\*\*\*\*NMFA is a governmental agency which must itself comply with state investment policies

\*\*\*\*\*Federal Home Loan Notes, Freddie Mac, Fannie Mae, etc. are backed by the full faith and credit of the U.S. government

\*\*\*\*\*Money market consists of U.S. treasuries and is considered fully collateralized

**STATE OF NEW MEXICO  
CITY OF ALAMOGORDO  
SCHEDULE OF CASH, INVESTMENTS, AND PLEDGED COLLATERAL  
BY BANK AND ACCOUNT  
AS OF JUNE 30, 2018**

Account Name	Account Type	Washington Federal Bank	Wells Fargo Bank	Western Bank	State Treasurer LGIP	New Mexico Finance Authority	Petty Cash	Reconciling Items	Book Balance
Cash, cash equivalents, and investments									
General Operating Account - Checking	Checking*	\$ -	-	-	-	-	-	(1,843,214)	3,297,767
Home Ownership Operating - Interest Bearing***	Checking*	-	-	-	-	-	-	(40)	629,220
Home Ownership Reserve - Interest Bearing***	Checking*	-	-	-	-	-	-	-	21,341
Low Rent Operating - Interest Bearing***	Checking*	-	-	-	-	-	-	(16,803)	805,356
Security Deposit - Interest Bearing***	Checking*	-	-	-	-	-	-	-	46,173
Money Market Mutual Funds - Interest Bearing -HA	Money Market*	-	207,539	-	-	-	-	-	207,539
General Operating Account - Interest Bearing	Checking*	-	2,922,515	-	-	-	-	263	2,922,778
Escrow Account - Checking	Checking*	-	2,000,000	-	-	-	-	-	2,000,000
Certificate of Deposits - Interest Bearing**	Certificate of Deposit	-	-	-	-	-	-	-	12,944,114
Certificate of Deposits - Interest Bearing	Certificate of Deposit	-	-	1,869,684	-	-	-	-	5,022,054
Money Market Investments - Interest Bearing*****	US Agency Securities	1,340,674	256,848	-	-	-	-	-	2,911,943
Federal Home Loan Bank Bonds - Interest Bearing*****	US Agency Securities	-	-	-	-	-	-	-	33,642,923
NMFA Reserve Account****	Reserves	-	-	-	-	4,680,069	-	-	4,680,069
NM Local Government Investment Pool (LGIP)	Investment Pool	-	-	-	2,668,001	-	-	-	2,668,001
Petty cash	Petty Cash	-	-	-	-	-	8,982	-	8,982
Subtotal cash and investments		<u>1,340,674</u>	<u>5,386,902</u>	<u>1,869,684</u>	<u>2,668,001</u>	<u>4,680,069</u>	<u>8,982</u>	<u>(1,859,794)</u>	<u>71,808,260</u>
Total amount of deposit in bank									
FDIC coverage		<u>(250,000)</u>	<u>(250,000)</u>	<u>(250,000)</u>					
Total uninsured public funds		<u>1,090,674</u>	<u>5,136,902</u>	<u>1,619,684</u>					
50% Collateral Requirement (Section 6-10-17 NMSA 1978)									
		545,337	2,568,451	809,842					
100% Collateral Requirement (Section 6-10-10(H) NMSA 1978)									
		-	-	-					
		<u>545,337</u>	<u>2,568,451</u>	<u>809,842</u>					
Pledged security at:									
Bank of the West GNMA2 3.5% - 36179MYH7 1/20/2043		-	-	-					
FNMA 4.0% - 31417YS24 - 10/1/2020		-	-	-					
FHLB 3.25% - 899172JS0 - 10/15/2022		-	-	-					
FHLB 2.25% - 953769LC8 - 8/15/2027		-	-	-					
FHLB 3.0% - 011464KTO - 8/1/2028		-	-	-					
FHLB - 3.38% - 36225FLB3 - 1/20/2042		-	-	-					
FHLB - 3.0% - 31418ACR7 - 2/1/2022		-	-	-					
FHLB - 4.0% - 31410LDK5 - 4/1/2026		-	-	-					
FHLB - 3.5% - 31418AE95 - 5/1/2032		-	-	-					
FHLB - 3.0% - 31418B5D4 - 6/1/2036		-	-	-					
FHLB - 5.0% - 31371ND51 - 5/1/2037		-	-	-					
FHLB - 5.50% - 31410GLS0 - 10/1/2037		-	-	-					
FHLB - 3.493% - 3138EGEA8 - 4/1/2041		-	-	-					
FHLB - 4.0% - 31410LB84 - 11/1/2025		-	-	-					
FHLB - 2.5% - 3128MMQM8 - 3/1/2028		-	-	-					
FHLB - 5.0% - 3128P7L43 - 4/1/2029		-	-	-					
FHLB - 3.50% - 31417YH4 - 4/1/2031		-	-	-					
FHLB - 3.0% - 31418B2M7 - 4/1/2036		-	-	-					
FED - 2.50% - 31307BJW1 - 3/1/2023		-	-	-					
FED - 3.0% - 36176XE21 - 3/15/2027		-	-	-					
FED - 1.50% - 3136AA2L8 - 1/25/2028		-	-	-					
FED - 2.50% - 31307DB62 - 6/1/2028		-	-	-					
FED - 2.50% - 3128ME4V0 - 01/1/2030		-	-	-					
FED - 2.50% - 3132KFNN8 - 8/1/2031		-	-	-					
FHLB - 3.0% - 3138ASYUO - 10/1/2026		-	-	-					
FNMA - 3.0% - 3140EW4W2 - 11/1/2046		1,382,453	-	-					
FNMA 3.50% - 3138W9A43 - 7/1/2043		-	2,428,510	-					
FNMA - 2.50% - 3138WC3V4 - 5/1/2031		-	4,316,397	-					
FHLMC - 3128MJZFO - 1/1/2047		-	-	878,963					
FHLMC - 3128MD5C3 - 1/1/2029		-	-	280,403					
GNMA -36202E5E5 - 5/20/2036		-	-	336,400					
SBAP - 83162CWD1 - 3/1/2034		-	-	390,316					
Total collateral		<u>1,382,453</u>	<u>6,744,907</u>	<u>1,886,082</u>					
Amount over/(under) collateralized	\$	<u>837,116</u>	<u>4,176,456</u>	<u>1,076,240</u>					
Amount over/(under) collateralized & insured	\$	<u>1,087,116</u>	<u>4,426,456</u>	<u>1,326,240</u>					
Total book balance	\$	<u>1,340,674</u>	<u>5,387,165</u>	<u>1,869,684</u>	<u>2,668,001</u>	<u>4,680,069</u>	<u>8,982</u>		

\*denotes interest bearing account

\*\*In addition to the regular FDIC coverage of \$250,000 per bank, the deposits at Moreton Capital Markets also include CDs (and related FDIC Insurance) of \$250,000 spread across forty seven (47) separate financial institutions, all invested as part of the Moreton Capital Markets account, in order to not exceed FDIC insurance coverage per institution

\*\*\*These accounts require 100% collateralization of the amount over FDIC coverage per depository agreements with the United States Department of Housing and Urban Development

\*\*\*\*NMFA is a governmental agency which must itself comply with state investment policies

\*\*\*\*\*Federal Home Loan Notes, Freddie Mac, Fannie Mae, etc. are backed by the full faith and credit of the U.S. government

\*\*\*\*\*Money market consists of U.S. treasuries and is considered fully collateralized

STATE OF NEW MEXICO  
CITY OF ALAMOGORDO  
SCHEDULE OF FUND BALANCES  
AS OF JUNE 30, 2018

	(11,32,63,98)	(053)	Capital Projects		Nonmajor	Total
			(054)	(109)		
	General	General Obligation	Reverse Osmosis	2004 GRT	Governmental	Governmental
	Fund	Debt	Project Reserve	Fund	Funds	Funds
		Service				
<b>Fund Balances:</b>						
<b>Nonspendable:</b>						
Prepaid expense	\$ 7,265	-	-	-	-	7,265
Inventory	-	-	-	-	-	-
Subtotal nonspendable	<u>7,265</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,265</u>
<b>Restricted for:</b>						
Capital projects	-	-	-	12,851,351	23,518,688	36,370,039
Debt service	-	922,453	-	-	188,173	1,110,626
Governmental operations	-	-	-	-	17,937	17,937
Public safety	-	-	-	-	23,964	23,964
Fire protection	-	-	-	-	292,953	292,953
Law enforcement	-	-	-	-	4,944	4,944
Culture and recreation	-	-	-	-	512,959	512,959
Cemetery	-	-	-	-	818,190	818,190
Roads and highways	-	-	-	-	300,142	300,142
Subtotal restricted	<u>-</u>	<u>922,453</u>	<u>-</u>	<u>12,851,351</u>	<u>25,677,950</u>	<u>39,451,754</u>
<b>Committed to:</b>						
Subsequent year's expenditures	1,295,200	-	-	-	-	1,295,200
PILT	-	-	-	-	-	-
Subtotal committed	<u>1,295,200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,295,200</u>
<b>Assigned to:</b>						
Other purposes	-	-	-	-	-	-
Subtotal assigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Unassigned:</b>						
	9,856,944	-	(539,075)	-	(63,211)	9,254,658
Total fund balances	<u>\$ 11,159,409</u>	<u>922,453</u>	<u>(539,075)</u>	<u>12,851,351</u>	<u>25,614,739</u>	<u>50,008,877</u>

See independent auditor's report.

**STATE OF NEW MEXICO  
CITY OF ALAMOGORDO  
SCHEDULE OF JOINT POWERS AGREEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

	<b>Joint Powers Agreement</b>	<b>Participants</b>	<b>Responsible Party</b>	<b>Description</b>	<b>Beginning and Ending Dates</b>	<b>Total estimated project amount and amount applicable to Agency</b>	<b>Amount contributed by City during current FY</b>	<b>Audit Responsibility</b>	<b>Fiscal agent and responsible reporting entity</b>
1	Dispatch Services (C-1)	City of Alamogordo Otero County Village of Tularosa	Otero County City of Alamogordo	Utilization of ambulance services as required with dispatch services.	8/19/2010- Indefinite	\$185,237.90	\$118,644.87 or 64.05%	Otero County	Otero County
2	Mutual aid contract for fire protection and rescue services (PERM 249)	Otero County Volunteer Fire Department City of Alamogordo	DPS (Dept. of Public Safety) Otero County Volunteer Fire Department	Mutual aid for both Volunteer fire departments in Otero County & City of Alamogordo.	1/14/1986- Indefinite	As budgeted per each department	As budgeted per each department	City of Alamogordo Otero County	City of Alamogordo Otero County
3	Wildfire Suppression (C-1)	State of NM Forestry Division City of Alamogordo	State of NM Forestry Division City of Alamogordo	Support wildland fire suppression and services outside the city boundaries, as needed.	8/30/2010- Indefinite	As budgeted per each department	As budgeted per each department	State of NM Forestry Division City of Alamogordo	State of NM Forestry Division City of Alamogordo
4	Development of Scenic Drive for use of NMSU (D-1 projects)	City of Alamogordo Otero County NM State University	City of Alamogordo	Agreement for the use of approx. 23 acres for development equipment, maintenance & facilities.	12/17/1985- 12/17/2035	N/A	N/A	City of Alamogordo	City of Alamogordo
5	Issue business licenses through the City of Alamogordo	City of Alamogordo NM Taxation & Revenue	City of Alamogordo	The city issues business licenses to businesses operating within the City limits and NM Tax & Rev enables the City to register & assign taxpayer ID numbers.	8/9/1996- Indefinite	As budgeted per each department	As budgeted per each department	City of Alamogordo	City of Alamogordo
6	Ambulance Services & Medical Response (A-1)	City of Alamogordo Otero County Village of Tularosa Village of Cloudcroft	City of Alamogordo Otero County Village of Tularosa Village of Cloudcroft	Participation in a combined ambulance operation to provide efficient & emergency medical services.	7/1/2009- 6/30/2017	\$180,433.04	\$118,644.87	City of Alamogordo Otero County Village of Tularosa Village of Cloudcroft	City of Alamogordo Otero County Village of Tularosa Village of Cloudcroft
7	40 Year Water Study (A-4)	City of Alamogordo Otero County Village of Tularosa Village of Cloudcroft	City of Alamogordo Otero County Village of Tularosa Village of Cloudcroft	This 40 year water plan is done in consideration for the population/water demand and supply available for the future with the recommendations.	6/19/1987- 6/19/2027	As budgeted per each department	As budgeted per each department	City of Alamogordo Otero County Village of Tularosa Village of Cloudcroft	City of Alamogordo Otero County Village of Tularosa Village of Cloudcroft
8	Affordable housing for low to moderate income (PERM 246)	NM State Housing City of Alamogordo	City of Alamogordo	Disbursement of state affordable housing program funds and/or home investment partnerships program funds.	5/8/1995- Indefinite	As budgeted per each department	As budgeted per each department	City of Alamogordo	City of Alamogordo
9	Solid Waste (C-1)	City of Alamogordo Otero County Village of Tularosa Village of Cloudcroft	City of Alamogordo Otero County Village of Tularosa Village of Cloudcroft	Disposal and maintenance of solid wastes required.	6/2/1995- Indefinite	As budgeted per each department	As budgeted per each department	City of Alamogordo Otero County Village of Tularosa Village of Cloudcroft	City of Alamogordo Otero County Village of Tularosa Village of Cloudcroft
10	Regional Landfill "Otero County Solid Waste Authority" & "Lincoln County Solid Waste Authority" (C-1)	City of Alamogordo Otero County Village of Tularosa Village of Cloudcroft Lincoln County Village of Ruidoso Village of Ruidoso Downs Town of Carrizozo Village of Capitan Village of Corona	City of Alamogordo Otero County Village of Tularosa Village of Cloudcroft Lincoln County Village of Ruidoso Village of Ruidoso Downs Town of Carrizozo Village of Capitan Village of Corona	Operation of the landfill as is required for the purpose of the environmental services and solid waste disposal.	9/30/1993- Indefinite	As budgeted per each department	As budgeted per each department	City of Alamogordo Otero County Village of Tularosa Village of Cloudcroft Lincoln County Village of Ruidoso Village of Ruidoso Downs Town of Carrizozo Village of Capitan Village of Corona	City of Alamogordo Otero County Village of Tularosa Village of Cloudcroft Lincoln County Village of Ruidoso Village of Ruidoso Downs Town of Carrizozo Village of Capitan Village of Corona
11	Operation of the Otero/Greentree Landfill Greenhouse Gas Reporting Service	City of Alamogordo Otero/Lincoln County Regional Landfill (now known as the Otero/Greentree Landfill)	City of Alamogordo Otero/Lincoln County Regional Landfill (now known as the Otero/Greentree Landfill)	City of Alamogordo Otero/Lincoln County Regional Landfill (now known as the Otero/Greentree Landfill)	5/26/2016- 12/31/2017	Lump sum of \$8,000 for Landfill and lump sum of \$4,500 for the Greenhouse Gas Service.		City of Alamogordo	City of Alamogordo

See Independent Auditor's Report

**STATE OF NEW MEXICO  
CITY OF ALAMOGORDO  
SCHEDULE OF JOINT POWERS AGREEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

	<b>Joint Powers Agreement</b>	<b>Participants</b>	<b>Responsible Party</b>	<b>Description</b>	<b>Beginning and Ending Dates</b>	<b>Total estimated project amount and amount applicable to Agency</b>	<b>Amount contributed by City during current FY</b>	<b>Audit Responsibility</b>	<b>Fiscal agent and responsible reporting entity</b>
12	AFSCME - Collective Bargaining Unit	City of Alamogordo AFSCME Local 3818	City of Alamogordo	Employee Personnel Policy	9/13/2016 - 6/30/2020	N/A	N/A	City of Alamogordo	City of Alamogordo
13	AFSCME - Wages and Recreational Facilities Benefits	City of Alamogordo AFSCME Local 3818	City of Alamogordo	Employee Increases and Compensation Benefits	9/14/2016 - 6/30/2020	Specific Appropriation for wages and benefits by the governing body and the availability of funds	N/A	City of Alamogordo	City of Alamogordo
14	APSOA - Collectively Bargaining Unit	Alamogordo Public Safety Officers Association City of Alamogordo	City of Alamogordo	Employee Personnel Policy	9/15/2016 - 6/30/2020	N/A	N/A	City of Alamogordo	City of Alamogordo

See Independent Auditor's Report

**STATE OF NEW MEXICO  
HOUSING AUTHORITY OF THE CITY OF ALAMOGORDO  
FINANCIAL DATA SCHEDULE - BALANCE SHEET  
AS OF JUNE 30, 2018**

<b>Line Item Number</b>	<b>Description</b>	<b>Low Rent Housing Program NM0040000001 Total</b>	<b>State and Local</b>	<b>Total</b>
111	Cash - Unrestricted	\$ 805,556	629,220	1,434,776
113	Cash - Other Restricted	-	21,341	21,341
114	Cash - Tenant Security Deposits	46,173	-	46,173
<b>100</b>	<b>Total Cash</b>	<u>851,729</u>	<u>650,561</u>	<u>1,502,290</u>
125	Accounts Receivable - Miscellaneous	-	-	-
126	Accounts Receivable - Tenants - Dwelling Rents	6,886	-	6,886
126.1	Allowance for Doubtful Accounts - Tenants - Dwelling Rents	(2,529)	-	(2,529)
<b>120</b>	<b>Total Receivables, Net of Allowances for Doubtful Accounts</b>	<u>4,357</u>	<u>-</u>	<u>4,357</u>
131	Investments - Unrestricted	96,494	111,045	207,539
<b>130</b>	<b>Total Investments</b>	<u>96,494</u>	<u>111,045</u>	<u>207,539</u>
142	Prepaid Expenses and Other Assets	22,878	-	22,878
143	Inventories	7,445	-	7,445
143.1	Allowance for Obsolete Inventories	(745)	-	(745)
144	Inter Program Due From	-	-	-
145	Assets Held for Sale	-	88,338	88,338
<b>150</b>	<b>Total Current Assets</b>	<u>982,158</u>	<u>849,944</u>	<u>1,832,102</u>
161	Land	1,324,708	-	1,324,708
162	Buildings	13,615,956	-	13,615,956
163	Furniture, Equipment & Machinery - Dwellings	-	-	-
164	Furniture, Equipment & Machinery - Administration	273,304	3,735	277,039
165	Leasehold Improvements	-	-	-
166	Accumulated Depreciation	(11,109,183)	(3,735)	(11,112,918)
167	Construction in Progress	-	-	-
168	Infrastructure	-	-	-
<b>160</b>	<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<u>4,104,785</u>	<u>-</u>	<u>4,104,785</u>
<b>180</b>	<b>Total Non-Current Assets</b>	<u>4,104,785</u>	<u>-</u>	<u>4,104,785</u>
<b>190</b>	<b>Total Assets</b>	<u>\$ 5,086,943</u>	<u>849,944</u>	<u>5,936,887</u>
200	Deferred Outflow of Resources	208,599	4,630	213,229
<b>290</b>	<b>Total Assets and Deferred Outflow of Resources</b>	<u>\$ 5,295,542</u>	<u>854,574</u>	<u>6,150,116</u>
312	Accounts Payable <= 90 Days	\$ 5,409	78	5,487
321	Accrued Wage/Payroll Taxes Payable	18,089	612	18,701
322	Accrued Compensated Absences - Current Portion	25,886	1,346	27,232
341	Tenant Security Deposits	44,574	-	44,574
342	Unearned Revenue	5,419	-	5,419
346	Accrued Liabilities - Other	1,367	63	1,430
347	Inter Program - Due To	-	-	-
<b>310</b>	<b>Total Current Liabilities</b>	<u>100,744</u>	<u>2,099</u>	<u>102,843</u>
353	Accrued Compensated Absences - Non Current	-	-	-
357	Accrued Pension and OPEB Liabilities	774,829	20,033	794,862
<b>350</b>	<b>Total Non-Current Liabilities</b>	<u>774,829</u>	<u>20,033</u>	<u>794,862</u>
<b>300</b>	<b>Total Liabilities</b>	<u>875,573</u>	<u>22,132</u>	<u>897,705</u>
400	Deferred Inflow of Resources	145,569	3,560	149,129
508.1	Net Investment in Capital Assets	4,104,785	-	4,104,785
512.1	Unrestricted Net Position	169,615	828,882	998,497
<b>513</b>	<b>Total Equity - Net Assets / Position</b>	<u>4,274,400</u>	<u>828,882</u>	<u>5,103,282</u>
<b>600</b>	<b>Total Liabilities, Deferred Inflows of Resources and Equity - Net Position</b>	<u>\$ 5,295,542</u>	<u>854,574</u>	<u>6,150,116</u>

STATE OF NEW MEXICO  
HOUSING AUTHORITY OF THE CITY OF ALAMOGORDO  
FINANCIAL DATA SCHEDULE - STATEMENT OF REVENUES AND EXPENDITURES  
AS OF JUNE 30, 2018

Line Item Number	Description	Low Rent Housing Program NM0040000001 Total	State and Local	Total
70300	Net Tenant Rental Revenue	247,283	700	247,983
70400	Tenant Revenue - Other	4,955	-	4,955
<b>70500</b>	<b>Total Tenant Revenue</b>	<b>252,238</b>	<b>700</b>	<b>252,938</b>
70600	HUD PHA Operating Grants	650,968	-	650,968
70610	Capital Grants	-	-	-
70800	Other Government Grants	-	-	-
71100	Investment Income - Unrestricted	2,151	1,651	3,802
71300	Proceeds from Disposition of Assets Held for Sale	-	-	-
71310	Cost of Sale of Assets	-	-	-
71400	Fraud Recovery	-	-	-
71500	Other Revenue	9,398	15,059	24,457
<b>70000</b>	<b>Total Revenue</b>	<b>914,755</b>	<b>17,410</b>	<b>932,165</b>
91100	Administrative Salaries	172,333	10,814	183,147
91200	Auditing Fees	7,188	799	7,987
91310	Book-keeping Fee	-	-	-
91400	Advertising and Marketing	756	-	756
91500	Employee Benefit contributions - Administrative	83,102	4,330	87,432
91600	Office Expenses	15,114	290	15,404
91700	Legal Expense	-	-	-
91800	Travel	2,420	-	2,420
91900	Other	84,593	479	85,072
<b>91000</b>	<b>Total Operating - Administrative</b>	<b>365,506</b>	<b>16,712</b>	<b>382,218</b>
92100	Tenant Services - Salaries	-	-	-
92300	Employee Benefit Contributions - Tenant Services	-	-	-
<b>92500</b>	<b>Total Tenant Services</b>	<b>-</b>	<b>-</b>	<b>-</b>
93100	Water	3,510	88	3,598
93200	Electricity	10,573	52	10,625
93300	Gas	1,820	-	1,820
93400	Fuel	-	-	-
93600	Sewer	2,253	38	2,291
93800	Other Utilities Expense	3,549	62	3,611
<b>93000</b>	<b>Total Utilities</b>	<b>21,705</b>	<b>240</b>	<b>21,945</b>
94100	Ordinary Maintenance and Operations - Labor	133,675	-	133,675
94200	Ordinary Maintenance and Operations - Materials and Other	93,757	-	93,757
94300	Ordinary Maintenance and Operations Contracts	130,993	34	131,027
94500	Employee Benefit Contributions - Ordinary Maintenance	49,737	-	49,737
<b>94000</b>	<b>Total Maintenance</b>	<b>408,162</b>	<b>34</b>	<b>408,196</b>
96110	Property Insurance	35,693	-	35,693
96120	Liability Insurance	9,684	1,513	11,197
96130	Workmen's Compensation	15,352	526	15,878
96140	All Other Insurance	47,100	45	47,145
<b>96100</b>	<b>Total Insurance Premiums</b>	<b>107,829</b>	<b>2,084</b>	<b>109,913</b>
96210	Compensated Absences	37,425	887	38,312
96400	Bad debt - Tenant Rents	3,383	-	3,383
<b>96000</b>	<b>Total Other General Expenses</b>	<b>40,808</b>	<b>887</b>	<b>41,695</b>
<b>96900</b>	<b>Total Operating Expenses</b>	<b>944,010</b>	<b>19,957</b>	<b>963,967</b>
<b>97000</b>	<b>Excess of Operating Revenue over Operating Expenses</b>	<b>(29,255)</b>	<b>(2,547)</b>	<b>(31,802)</b>
97400	Depreciation Expense	406,360	-	406,360
<b>90000</b>	<b>Total Expenses</b>	<b>1,350,370</b>	<b>19,957</b>	<b>1,370,327</b>
10010	Operating Transfer In	-	-	-
10020	Operating Transfer Out	-	-	-
<b>10100</b>	<b>Total Other financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>10000</b>	<b>Excess (Deficiency) of Total Revenue Over (Under) Total Expenses</b>	<b>(435,615)</b>	<b>(2,547)</b>	<b>(438,162)</b>
11030	Beginning Equity	5,041,993	838,974	5,880,967
11040	Prior Period Adjustments, Equity Transfers and Correction of Errors	(331,978)	(7,545)	(339,523)
	<b>Ending Equity (Deficit)</b>	<b>4,274,400</b>	<b>828,882</b>	<b>5,103,282</b>
11190	Unit Months Available	2,640	-	2,640
11210	Number of Unit Months Leased	2,567	-	2,567
11270	Excess Cash	851,729	650,561	1,502,290
11620	Building Purchases	-	-	-
	Reconciliation to GAAP financial statements			
	Net position per combining statements	4,829,457	828,882	
	Differences between HUD and GAAP related to capital projects	555,057	-	
		<b>4,274,400</b>	<b>828,882</b>	

**STATE OF NEW MEXICO  
CITY OF ALAMOGORDO  
SCHEDULE OF REVENUE AND EXPENSES - AGING PROGRAMS  
FOR THE YEAR ENDED JUNE 30, 2018**

	<b>(8023)</b>	<b>(8024)</b>	<b>(8025)</b>	<b>(8026)</b>			
	<b>Congregate Meals</b>	<b>Home Delivered Meals</b>	<b>Transportation</b>	<b>Homemaker</b>	<b>Total</b>	<b>Physical Fitness/ Other</b>	<b>Total</b>
<i>Revenues and Other Support</i>							
Contributions	\$ 64,027	30,933	2,224	4,355	101,539	26,496	128,035
Governmental grants and contracts: NCNMEDD-Non Metro AAA							
Title IIIB	-	-	24,104	-	24,104	-	24,104
Title IIIC-1	32,282	-	-	-	32,282	-	32,282
Title IIIC-2	-	12,312	-	-	12,312	-	12,312
NSIP	31,213	31,213	-	-	62,426	-	62,426
State funds- program	99,870	97,723	31,112	13,564	242,269	13,380	255,649
State funds - capital outlay	-	-	-	-	-	-	-
Other grants and contracts:							
Otero County	-	30,050	24,500	-	54,550	-	54,550
United Way	-	7,987	4,691	-	12,677	-	12,677
Local match (transfer from city)	108,727	108,727	108,727	108,727	434,909	108,727	543,636
Total revenue and other support	<u>336,119</u>	<u>318,945</u>	<u>195,358</u>	<u>126,646</u>	<u>977,068</u>	<u>148,603</u>	<u>1,125,672</u>
<i>Expenses:</i>							
Program services	87,998	111,743	18,698	1,207	219,646	621	220,267
Supporting services	217,883	204,232	122,246	30,824	575,185	16,252	591,437
Total expenses	<u>305,881</u>	<u>315,975</u>	<u>140,944</u>	<u>32,031</u>	<u>794,831</u>	<u>16,873</u>	<u>811,704</u>
<i>Excess (deficiency) of revenue over expenses</i>	\$ <u>30,238</u>	<u>2,970</u>	<u>54,414</u>	<u>94,615</u>	<u>182,237</u>	<u>131,730</u>	<u>313,968</u>
<i>Units Provided</i>	<u>40,658</u>	<u>33,695</u>	<u>12,537</u>	<u>725</u>	<u>87,615</u>	<u>12,686</u>	<u>100,301</u>

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

**STATE OF NEW MEXICO  
CITY OF ALAMOGORDO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2018**

<u>Federal Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Project/ Pass-Through Number</u>	<u>Federal Expenditures</u>
<b>U.S. Department of Agriculture</b>			
Rural Business Enterprise Grants - CRFP - NEPA Planning	10.769	14-DG-11030800-019	\$ 284
<b>Total U.S. Department of Agriculture</b>			<b>284</b>
<b>U.S. Department of Commerce</b>			
Economic Adjustment Assistance - Griggs Field Detention Basin	11.307	EDA 08-79-051074	74,272
<b>Total U.S. Department of Commerce</b>			<b>74,272</b>
<b>U.S. Department of Housing and Urban Development</b>			
Public and Indian Housing	14.850	NM004-00000117/8D	650,968
<b>Total U.S. Housing and Urban Development</b>			<b>650,968</b>
<b>U.S. Department of Justice</b>			
Edward Byrne Memorial Justice Assistance Grant Program - Bulletproof Vest Program	16.738	N/A	4,423
<b>Total U.S. Department of Justice</b>			<b>4,423</b>
<b>U.S. Department of Transportation</b>			
Airport Improvement Program	20.106	3-35-0001-026-2017	58,301
Passed through New Mexico Department of Transportation			
Community DWI Program: CDWI	20.608	17-CD-05-001	-
Community DWI Program: CDWI	20.608	18-CD-05-001	5,865
Offenders for Driving Intoxicated: ENDDWI	20.608	17-AL-64-001	2,952
Offenders for Driving Intoxicated: ENDDWI	20.608	18-AL-64-001	2,067
Buckle UP/Click it or Ticket: BKLUP	20.608	17-OP-RF-001	716
Buckle UP/Click it or Ticket: BKLUP	20.608	18-OP-RF-001	1,532
Selective Traffic Enforcement Program: STEP	20.600	17-ST-RF-001	1,887
Selective Traffic Enforcement Program: STEP	20.600	18-ST-RF-001	124
100 Days & Nights of Summer: DNOS	20.600	17-ST-RF-001 100DNOS	1,383
100 Days & Nights of Summer: DNOS	20.600	18-ST-RF-001 100DNOS	-
<b>Total U.S. Department of Transportation</b>			<b>74,827</b>
<b>U.S. Department of Health and Human Services</b>			
Passed through North Central New Mexico Economic District Non-Metro Area Agency			
Aging Cluster:			
Title III B - Supporting Services & Senior Centers	93.044	2017-18-64012	24,104
Title III C1 - Nutrition Services	93.045	2017-18-64012	32,282
Title III C2 - Nutrition Services Home Delivered	93.045	2017-18-64012	12,312
Nutrition Services Incentive Program	93.053	2017-18-64012	62,426
Total Aging Cluster			131,124
<b>Total U.S. Department of Health and Human Services</b>			<b>131,124</b>
<b>Corporation for National Community Service</b>			
Passed through State of New Mexico Aging & Long-Term Services			
Retired and Senior Volunteer	94.002	17SRWNM001	42,311
<b>Total U.S. Department of the Interior</b>			<b>42,311</b>
<b>U.S. Department of Homeland Security</b>			
Passed through State of New Mexico Department of Homeland Security and Emergency Management			
Disaster Grants - Public Assistance *	97.036	FEMA-4079-DR-NM-001	1,615,202
Hazard Mitigation Plan	97.039	PDMC-PL-06-NM-2012	5,600
Assistance to Firefighters Grant	97.044	EMW-2016-FV-2410	363,637
<b>Total U.S. Department of Homeland Security</b>			<b>1,984,439</b>
<b>Total Federal Financial Assistance</b>			<b>\$ 2,962,648</b>

\* = Denotes major program

**STATE OF NEW MEXICO  
CITY OF ALAMOGORDO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2018**

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

Federal grant revenue per fund financials	\$	1,347,446
Federal expenditures per SEFA		<u>2,962,648</u>
Difference - 97.036 was not a cost reimbursement grant	\$	<u><u>(1,615,202)</u></u>

**Notes to Schedule of Expenditures of Federal Awards**

**Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant expenditure activity for the financial statements of the organization. The schedule is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Uniform Guidance.

**Note 2 - Non-Cash Federal Assistance**

No non-cash federal assistance was received during the year ended June 30, 2018.

**Note 3 - Subrecipients**

The organization provided no federal awards presented above to subrecipients during the year.

**Note 4 - Federal Insurance**

The organization is re-deemed an employee of the Federal Government for the purposes of malpractice liability protection under the Federal Tort Claims Act (FTCA) during the budget period, for the period this audit report covers.

**Note 5 - Indirect Cost Rate**

The organization did not use the 10 percent de minimis indirect cost rate.

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

Wayne A. Johnson  
New Mexico State Auditor  
To the City Manager and City Commissioner's  
The City of Alamogordo  
Alamogordo, 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, the discretely presented component unit, each major fund, the aggregate remaining fund information, the budgetary comparison of the general fund, of the City of Alamogordo (City) as of and for the year ended June 30, 2018, 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 12, 2018.

**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.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect 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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses; 2018-001, 2018-003, and 2018-004.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompany schedule of findings and questioned costs to be a significant deficiency; 2018-007.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items; 2017-001 and 2018-002.

**The City's Response to the Findings**

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

**Purpose of This Report**

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



Hinkle + Landers, P.C.  
Albuquerque, NM 87102  
December 12, 2018



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

Wayne A. Johnson  
New Mexico State Auditor  
To the City Manager and City Commissioners  
City of Alamogordo  
Alamogordo, New Mexico

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

We have audited the City of Alamogordo and the Alamogordo Housing Authority (collectively referred to as the “City” herein) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City’s major federal programs for the year ended June 30, 2018. The City’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

**Management’s Responsibility**

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

**Auditors’ Responsibility**

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

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

**Opinion on Each Major Federal Program**

In our opinion, the City, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

**Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item: 2018-005. Our opinion on each major federal program is not modified with respect to these matters.

The City’s response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City’s responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

**Report on Internal Control Over Compliance**

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

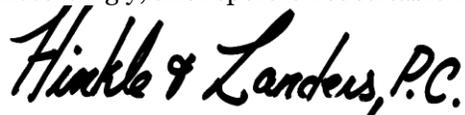
Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2018-004 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2018-005 to be a significant deficiency.

The City's responses to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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



Hinkle + Landers, P.C.  
Albuquerque, NM  
December 12, 2018

**STATE OF NEW MEXICO  
CITY OF ALAMOGORDO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2018**

**SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued	<b>Unmodified</b>
Internal control over financial reporting:	
a. Material weakness(es) identified?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
b. Significant deficiency(ies) identified That are not considered to be a material weakness(es)?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
c. Noncompliance material to the financial statements noted?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

**Federal Awards**

Internal control over major programs:	
a. Material weakness(es) identified?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
b. Significant deficiency(ies) identified that are not considered to be a material weakness(es)?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Type of auditor's report issued on compliance for major programs	<b>Unmodified</b>
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR section 200.516(a)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

Identification of major programs:

<b>CFDA Number</b>	<b>Name of Federal Programs</b>	<b>Funding Source</b>
97.036	Disaster Grants – Public Assistance	U.S. Department of Homeland Security

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

**STATE OF NEW MEXICO  
CITY OF ALAMOGORDO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
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<u>Reference #</u>	<u>Finding</u>	<u>Status of Current and Prior Year Findings</u>	<u>Type of Finding*</u>
<b>Prior Year Findings</b>			
2017-001	TRAVEL AND PER DIEM	Modified	G
<b>2017-002</b>	<b>PROCUREMENT - OTHER NON-COMPLIANCE</b>	<b>Resolved</b>	<b>G</b>
<b>Current Year Findings</b>			
2018-001	FINANCIAL CLOSE AND MATERIAL ADJUSTMENTS	Current	A
2018-002	CERTIFICATION OF CAPITAL ASSETS ANNUAL INVENTORY	Current	G
2018-003	CAPITAL ASSETS	Current	A
2018-004	RECORDING OF STATE AND FEDERAL GRANTS AND PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	Current	A, D
2018-005	FEDERAL REPORTING	Current	E, F
2018-006	INTERNAL CONTROLS AND LIEN POLICY ON DELINQUENT UTILITY ACCOUNTS	Current	C
2018-007	INTERNAL CONTROLS - VENDOR MASTER FILE	Current	B

\* Legend for Type of Findings

- A. Material Weakness in Internal Control Over Financial Reporting
- B. Significant Deficiency in Internal Control Over Financial Reporting
- C. Finding that Does Not Rise to the Level of Significant Deficiency (Other Matters) Involving Internal Control Over Financial Reporting
- D. Material Weakness in Internal Control Over Compliance of Federal Awards
- E. Significant Deficiency in Internal Control Over Compliance of Federal Awards
- F. Instance of Noncompliance related to Federal Awards
- G. Non-compliance with State Audit Rule, NM State Statutes, NMAC, or other entity compliance
- H. Instance of Material Non-Compliance

**PRIOR YEAR AUDIT FINDINGS**

**2017-001 – TRAVEL AND PER DIEM**

**Type of Finding: G**

**Statement of Condition**

During our review of travel disbursements, the following was noted:

- In a sample of 15, 1 travel voucher was approved by the traveler in the amount of \$115 out of a total population amount of \$4,261.

**Managements Progress Toward Prior Year Corrective Action Plan:**

The City updated its travel policy from the prior year and made improvements and reduced its numbers of travel policy exceptions.

**Criteria**

Proper segregation of duties requires that someone other than the traveler review and approve travel reimbursements.

**Cause**

The City's monitoring policy did not identify an exception to its policy.

**Effect**

If City officials are allowed to approve their own travel, there is a weakness in safeguarding taxpayer funds.

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CITY OF ALAMOGORDO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2018**

**Recommendation**

We recommend the City ensure that its travel policy be adhered to and update the travel policy to include proper segregation of duties.

**View of Responsible Officials and Corrective Action Plan**

The City has reviewed its current travel policy processing documents and has made revisions to ensure complete compliance with the travel policy. The travel processor will be required to note on the checklist that the required signatures are present on both the travel authorization form and the travel reconciliation form. This, along with the other reviews already in place, will solidify compliance with the travel policy.

**Corrective Action Plan Timeline:**

Immediately

**Designation of Employee Position Responsible for Meeting Deadline:**

Interim Finance Director

**CURRENT YEAR AUDIT FINDINGS**

**2018-001 – FINANCIAL CLOSE AND MATERIAL ADJUSTMENTS**

**Type of Finding: A**

**Statement of Condition**

While conducting the audit, 18 adjustments were identified by the auditor that were required to be made in order to present the financial statements materially correct. Based on the adjustments made, it was determined that the City should improve the effectiveness of its financial close, monitoring, and reporting process. The financial close should include, but not be limited to:

- Establishing and implementing procedures to initiate, authorize, record, process, and correct the general ledger, and report transactions and
- Monitoring if assigned personnel are completing their task timely and accurately.

The following outlines the categories and balances of significant adjustments that were proposed:

FINANCIAL STATEMENT CATEGORY	NET ADJUSTMENT PROPOSED (ABSOLUTE VALUE)
Reversal of transfers of CIP from governmental to business type at the fund level for unfinished projects	\$7,016,787
Record governmental debt transfer that was recorded in business type activities	\$281,794
Restatement of PHA capital assets related to HUD contra capital asset account	\$555,056
Restate grant revenue from prior year	\$68,060
Adjust gain and loss on disposition of fixed assets	\$30,426
Restate governmental capital assets	\$691,258
Record donation of capital assets at the governmental government wide level	\$774,816
Reconciling beginning fund balance due to Investments and then adjusting Investment from Book basis to Fair Market Value	\$1,263,994

**STATE OF NEW MEXICO  
CITY OF ALAMOGORDO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2018**

**Criteria**

Some of the key underlying concepts of AU-C 265 Communicating Internal Control Related Matters Identified in an audit:

- The auditor cannot be part of a client's internal control. Becoming part of a client's internal control impairs the auditor's independence.
- What the auditor does is independent of the client's internal control over financial reporting. Therefore, the auditor cannot be a compensating control for the client.
- A system of internal control over the financial reporting does not stop at the general ledger; rather it includes controls over the review of the financial statements.

Financial Close and the recording of these adjustments are considered significant processes of internal control and should be performed by the City's staff or addressed as nonaudit procedures to be performed by the auditor, but all threats to independence must be properly mitigated according to independence requirements.

**Cause**

The City did not design and implement effective procedures and workpapers to ensure that a timely and accurate financial close occurred at year end.

**Effect**

Because these adjustments were made/identified by the auditor, and not by the City, it shows an internal control weakness in maintaining the general ledger. The effects are the following:

- Risk of misstatements in the financial statements is significantly high
- Untimely financial reporting
- Increased risk of loss of funding sources

**Recommendation**

We recommend management evaluate all aspects of the financial close and reporting process and establish effective year end accrual workpapers and other tools to aid in the internal controls and procedures to ensure timely and accurate financial statements.

Asking for nonaudit services, example workpapers and technical advice from the auditor or from someone else when these procedures and adjustments are needed is not considered a control deficiency as long as the staff of the City initiates/oversees them and can mitigate the risk of a threat of lack of independence by the auditor. This would entail a person with the proper skills, knowledge and experience initiate the financial close or oversee the auditor's nonattest services in accordance with independence requirements set forth by professional standards.

In addition, we recommend that the City review all trial balances prior to providing them to the auditor, during the audit process and when adjustments are proposed, and at the end of the audit to ensure correctness. Additionally, we recommend that the City ensure that all proposed adjustments by the auditor are reviewed by key officials and that they are approved, prior to the audit completion.

**View of Responsible Officials and Corrective Action Plan**

The City acknowledges that due to a re-staffing during the main closing period, the financial close and reporting processes were not as functional as desired. Additionally, several deficiencies in these processes became evident during the audit process.

The City has retained the services of an accounting and financial consulting firm to do a comprehensive review of all of the Finance Department's policies and procedures. The majority of this review will focus on strengthening and streamlining the City's internal processes and controls to allow for more timely and accurate completion of information. The consultants will also be developing a comprehensive staffing plan to alleviate the misdistribution of work items and increase the ability to be complete processes. The City believes that the development of these new processes and work flows will allow us to present accurate timely information for future audits.

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CITY OF ALAMOGORDO  
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FOR THE YEAR ENDED JUNE 30, 2018**

Corrective Action Plan Timeline:

Immediately through June 30, 2019

Designation of employee position responsible for meeting this deadline:

Finance Director

**2018-002 – CERTIFICATION OF CAPITAL ASSETS ANNUAL INVENTORY**

**Type of Finding: G**

**Statement of Condition**

The City conducted an annual physical inventory as of May 18, 2018 but it did not reconcile to the capital asset year end listing.

**Criteria**

12-6-10(A) NMSA Annual Inventory requires that all state agencies, municipalities, counties and every political subdivision of the state must conduct an annual physical audit of its fixed (capital) assets with a historical cost of \$5,000 or more. Also, the results of the physical inventory shall be recorded in a written inventory report, certified as to the correctness and signed by the top governing official of the agency.

**Cause**

The City performed the capital asset certification as of May 2018 and it did not reconcile to the capital asset listing.

**Effect**

The inventory and monitoring of capital assets must be maintained otherwise capital assets may go missing due to misplacement or theft.

**Recommendation**

We recommend the following:

- The City management randomly audit department's accuracy of the certification of the capital assets.
- Certify the inventory is correct and that it be signed by the top governing official of the City, i.e. the City Manager as of June 30, 2018.

**View of Responsible Officials and Corrective Action Plan**

The City will review its capital asset inventory process and make revisions to ensure the annual capital asset certification is completed as of June 30 each fiscal year. The City will also develop a system to manage random audits of the capital asset inventory to confirm accuracy of the certification

Corrective Action Plan Timeline:

Immediately through June 30, 2019

Designation of Employee Position Responsible for Meeting Deadline:

Finance Director

**STATE OF NEW MEXICO  
CITY OF ALAMOGORDO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2018**

**2018-003 – CAPITAL ASSETS**

**Type of Finding: A**

**Statement of Condition**

During our capital asset testwork, the following were required:

- a number of material corrections needed to be made to the capital asset beginning balances provided by the City.
- Construction in Progress (CIP) was being capitalized and depreciated before the project's completion.
- the "Provided By Client" capital asset activity journal entries needed to be modified and redone by client.

**Criteria**

Capital assets should be tracked and maintained effectively and efficiently to ensure transferred from capital project funds when completed and capital outlay expenses should be tracked in the capital project funds.

**Effect**

There is an increased risk that depreciation expense will be overstated, due to depreciating CIP. Projects could overspend due to transferring expenses to other funds prior to completion of the project and possibly distorting the total cost of projects.

Also, the auditor's review of capital investments required excessive extra hours for both the City's personnel and the auditing staff and if not resolved in the future, could potentially affect the audit not being completed by the required deadline of December 15<sup>th</sup>.

**Cause**

The software and processes the City uses to track and record capital assets needs to be reviewed and overhauled.

**Recommendation**

In general, the Finance Department should review its options on capital asset/depreciation software as well as updating its policies and procedures surrounding tracking and managing of capital assets. There appears to be potential time-saving and accuracy benefits in updating software and process that would help the City greatly in saved time and money.

Also, specific to the transfer from CIP to assets being placed in service, CIP should be tracked and reviewed based on based on the updated capital asset policy.

**View of Responsible Officials and Corrective Action Plan**

The City acknowledges that the fixed asset process and policy is cumbersome and in need of a revision.

The City has retained the services of an accounting and financial consulting firm to do a comprehensive review of all of the Finance Department's policies and procedures. A review of the capital and fixed asset policy and processes will be a large component of this undertaking. The consultants will also be developing a comprehensive staffing plan to alleviate the misdistribution of work effort and increase efficiency in the tracking and recording of assets. An emphasis will be placed on creating the proper amount of time for the Fixed Asset specialist to complete random audits of the certified fixed assets. The City believes that the development of these new processes and work flows will allow us to present accurate timely information for future audits.

The City is looking at possible software options to increase efficiency and decrease the amount of repetitive manual data entry.

**Corrective Action Plan Timeline:**

Immediately through June 30, 2019

**Designation of Employee Position Responsible for Meeting Deadline:**

Finance Director, Fixed Assets Clerk

**STATE OF NEW MEXICO  
CITY OF ALAMOGORDO  
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FOR THE YEAR ENDED JUNE 30, 2018**

**2018-004 — RECORDING OF STATE AND FEDERAL GRANTS AND PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**Type of Finding: A, D**

**Federal program information:**

*Federal Agency:* All presented in the Schedule of Expenditures of Federal Awards.

*Federal Program Name:* All presented in the Schedule of Expenditures of Federal Awards.

*Federal Award Number:* All presented in Schedule of Expenditures of Federal Awards.

*Questioned Costs:* None

**Statement of Condition**

1. The reconciliation process related to state and federal grants and receivables was not well established and documented during the year of audit. Issues arose related to:
  - The identification of receivables at year end
  - Roles and responsibilities related to the general ledger and grant management
  - Revenue recognition
  - Additionally, it does not appear there is a process to periodically reconcile balances to supporting detail and the general ledger throughout the year

During the current year, there were multiple journal entries affecting state and federal revenue accounts entered by the auditors to correct balances in the net amount of \$157,982.

2. The Schedule of Expenditures of Federal Awards, derived from the client's grant schedule, required several adjustments and corrections including:
  - Accuracy and identification of federal versus state grants
  - Accuracy and identification of CFDA numbers
  - Adjusting federal revenues to match federal expenditures in the amount of \$157,982

Although written confirmation of the SEFA's accuracy was initially obtained, several adjustments and corrections were subsequently needed.

**Criteria**

1. Identifying the proper revenue recognition as required by GASB 33 is critical for recording accurate financial statements. Specifically grants that are funded on a reimbursable basis must have revenues matching expenditures; otherwise, the recording of the revenue and expenditure activity is not accurate.
2. 2 CFR 200.510 indicates that the auditee must prepare a schedule of expenditures of Federal awards (SEFA) for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with 200.502 *Basis for Determining Federal Awards Expended*. Per 2 CFR 200.502 the determination of when a Federal award is expended should be based on when the activity related to the Federal award occurs. Generally, the activity pertains to events that require the non-Federal entity to comply with Federal statutes, regulations, and the terms and conditions of Federal awards, such as: expenditure/expense transactions associated with awards. In addition, 2 CFR Part 200.303 requires the program establish and maintain effective internal controls over Federal awards that provides reasonable assurance of compliance with Federal statutes, regulations, and the terms and conditions of Federal awards.

**Effect**

Without an established process governed by effective internal controls, the City may not prevent or detect material misstatements for grant receivables, or on its SEFA, in a timely manner. In addition, the errors could result in improper selections of major program(s) for the single audit and a substandard single audit.

The lack of reconciliation and review has caused deficiencies in internal controls at the City. There is an increased risk of errors, inaccurate or incomplete financial reporting, and unmet deadlines.

**STATE OF NEW MEXICO  
CITY OF ALAMOGORDO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2018**

**Cause**

The former Grant Coordinator retired, and the new Grant Coordinator was incapacitated during the audit closing process.

**Recommendation**

We recommend the responsible grant personnel be aware of the revenue recognition rules per GASB 33 and the grant awards. We also recommend additional training as well as other staff be available to provide backup. A review by management to ensure accuracy of the receivables and the SEFA should also occur. The SEFA should include the name of the grant, name of grantor, the CFDA #, the pass-through number if applicable and a reconciliation of the federal revenues and expenditures to the City's general ledger.

**View of Responsible Officials and Corrective Action Plan**

With the incapacitation of the Grants Coordinator, the preparation of the SEFA and other reconciliation processes were not completed in a proper timeframe.

The Grants Coordinator has returned to her position and is in the process beginning work on creating a new reconciliation process. The City is also working to develop a staffing plan to allow for the Grants Coordinator position to have multiple layers of backup. A training plan is being developed to allow for these staff members to gain the knowledge required to reconcile the grant awards and to prepare a SEFA. The consultants retained by the City will be asked to provide oversight services for this area and make recommendations as to staffing and policies.

The City has also contracted with its previous Grant Coordinator to provide grant reconciliation services and training immediately. Service objectives include cleaning up the SEFA, getting the schedules back in order and establishing template forms and a year-end procedure manual for managing and recording grants appropriately going forward. Services shall also include training for the current Grant Coordinator, the Senior Center Finance Coordinator, and another backup for this area.

**Corrective Action Plan Timeline:**

Immediately through June 30, 2019

**Designation of Employee Position Responsible for Meeting Deadline:**

Assistant City Manager, Finance Director, Grants Coordinator

**2018-005 – FEDERAL REPORTING**

**Type of Finding: E, F**

**Federal program information:**

**Federal Agency:** Department of Homeland Security

**Federal Program Name:** Disaster Grants – Public Assistance (Presidentially Declared Disasters)

**Federal Award Number:** 97.036

**Questioned Costs:** None

**Statement of Condition**

During our audit, we noted quarterly progress reports sent to the New Mexico Department of Homeland Security were not being reconciled to the general ledger. The difference between the general ledger and the 'expenditures to date' was \$66,678.

**Criteria**

For large projects, the State must make an accounting to FEMA of eligible costs for each approved large project. In submitting the accounting, the State must certify that reported costs were incurred in the performance of eligible work, that the approved work was completed, that the project is in compliance with the FEMA-State Agreement, and that payments for the project have been made in accordance with 44 CFR section 13.21 or 2 CFR part 200 requirements for payment, as applicable. The subgrantee is required to make similar accounting and certifications to the State.

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CITY OF ALAMOGORDO  
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FOR THE YEAR ENDED JUNE 30, 2018**

**Effect**

Noncompliance with Federal regulations.

**Cause**

Lack of effective internal controls in place to ensure compliance with the terms and conditions of federal awards.

**Recommendation**

The City should reconcile quarterly progress reports submitted to the State with the general ledger.

**View of Responsible Officials and Corrective Action Plan**

The City has reviewed the processes currently being performed by responsible staff in regard to these reports and communication with the consultants. The City has taken steps to ensure that the responsible staff will reconcile the completed quarterly report to the general ledger before it is sent to the New Mexico Department of Homeland Security.

**Corrective Action Plan Timeline:**

Immediately

**Designation of Employee Position Responsible for Meeting Deadline:**

Engineering Manager

**2018-006—INTERNAL CONTROLS AND LIEN POLICY ON DELINQUENT UTILITY ACCOUNTS**

**Type of Finding: C**

**Statement of Condition**

Per our review of utility receivables over 140 days, we noted that liens were not filed for 7 of the 10 accounts tested and liens were filed late for the 3 remaining accounts tested.

**Criteria**

The Alamogordo, New Mexico, Code of Ordinances, Chapter 28 – Water, Sewers and Sewage Disposal: 28-03-060 – Billing Procedure items (a) through (e).

**Effect**

The City stands to lose substantial revenue if utility bills are not collected timely. The longer it takes to follow through with collection procedures the more unlikely those revenues will be collected.

**Cause**

There appears to be a lack of monitoring of overdue accounts.

**Recommendation**

We recommend that the City take steps to ensure that all overdue accounts are monitored and collected.

**View of Responsible Officials and Corrective Action Plan**

The City has reviewed the delinquent accounts tested and found that there were several types of accounts involved in the sample. Two of these accounts were “hydrant meters” that had been issued to construction companies in prior years for effluent water. This practice had been discontinued and these meters were not accounted for when the program ended. Recently these meters were located, and the City Attorney’s office is working with the companies to determine a settlement. Two of these accounts were for “kiosk accounts”, which have also been discontinued. Both of these accounts had their charges waived on January 1, 2016 per then City Manager George Straface. The remainder of the accounts were processed in an untimely manner.

This department has experienced staff turnover and vacancies in the collections positions. These positions are now staffed and will be monitored to make sure all overdue accounts are monitored and collected. The City has retained

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the services of an accounting and financial consulting firm to do a comprehensive review of all of the Finance Department's policies and procedures. The water billing department will be included in this review.

Corrective Action Plan Timeline:

Immediately through June 30, 2019

Designation of Employee Position Responsible for Meeting Deadline:

Customer Service Manager, Finance Director

**2018-007 – INTERNAL CONTROLS – VENDOR MASTER FILE**

**Type of Finding: B**

**Statement of Condition**

During our review of the vendor controls we noted the following:

For ACH vendor payments there is not a required two-factor authentication process to confirm the accuracy for changes in requested bank account numbers or other credentials.

There is inadequate segregation of duties related to vendor set up and approval.

**Criteria**

- Controls over ACH transfer transactions should include two-factor authentication when changes are requested by the vendor for bank account numbers or other credentials.
- Access controls over the vendor master file should be appropriately restricted. The creation and maintenance of the vendor master file should be assigned and restricted to only a few key personnel to ensure that only authorized individuals have the ability to make changes, deletions, or additions to the vendor master file. The duties of these key personnel should also be segregated.

**Effect**

- Due to the lack of adequate controls, the City incorrectly paid out over \$250,000 as a result of an email wire transfer scam.
- Lack of adequate internal controls over the vendor master file increases the risk that a loss or misappropriation of public funds may occur and not be detected in a timely manner.

**Cause**

The City had not previously been alerted to the need for appropriate controls, including segregation of duties, in relation to the vendor master file.

**Recommendation**

Authorization to set up or modify existing vendors could be restricted to as few as 2 employees with an additional back-up. Employees setting up and adding the new vendors should not be able to approve the vendor. There should be an independent review and approval process.

We recommend the Finance Department review the current ACH wire transfer process and formally update its policies and procedures related to bank wire transfers. Controls over wire transfers transactions should include two-factor authentication when changes are requested by the vendor for bank account numbers or other credentials.

This should include two different independent forms of communication to confirm the request in change of information and reduce the risk that the request is valid and not fraudulent. An example would be to confirm by direct contract through email as well as being re-authenticating the change by telephone.

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All changes made to wire transfer credentials should require sign offs by two high level responsible officials and should be documented with their signatures for approval.

**View or Responsible Officials and Corrective Action Plan**

The City has reviewed its vendor policy since the occurrence of the fraud and has made changes to the policy and the oversight to ensure the policy is being followed. Currently only two employees in the Purchasing department are allowed to create new vendors. These employees do not setup the information needed to complete the EFT process. The Finance department is responsible for verifying and entering the information for the EFT process. A double verification process, which does not include any email correspondence, has been implemented. No changes to this information are made without the double verification process being completed.

The consultants retained by the City will be asked to provide oversight services for this area and make recommendations as to staffing and policies. The City is very dedicated to improving all processes to remove all opportunities for fraud.

**Corrective Action Plan Timeline:**

Immediately through June 30, 2019

**Designation of Employee Position Responsible for Meeting Deadline:**

Finance Director

**STATE OF NEW MEXICO  
CITY OF ALAMOGORDO  
EXIT CONFERENCE  
FOR THE YEAR ENDED JUNE 30, 2018**

**A. AUDITOR PREPARED FINANCIAL STATEMENTS**

The accompanying financial statements are the responsibility of the City and are based on information from the City's financial records. Assistance was provided by Hinkle + Landers, PC to the City in preparing the financial statements.

**B. EXIT CONFERENCE**

**City of Alamogordo**

An exit conference was held in closed session on December 12, 2018, at the City's offices in Alamogordo New Mexico. The following individuals were in attendance.

**City of Alamogordo Officials**

Richard Boss	Mayor
Margaret Paluch	City Manager
Brian Cesar	Assistant City Manager/Landfill Representative
Evelyn Huff	Interim Finance Director/ Housing Authority Manager
Katie Josselyn	HR Director

**Hinkle + Landers, P.C.**

Farley Vener, CPA, CFE, CGMA	President & Managing Shareholder
Maclen Enriquez, CPA	Senior Audit Manager
Jacob Conner	Audit Manager

**Alamogordo Housing Authority (A Component Unit of the City)**

An exit conference was held in closed session on December 12, 2018 at the Housing Authority's offices in Alamogordo, New Mexico. In attendance were the following:

**Alamogordo Housing Authority Officials**

Richard Boss	Mayor
Margaret Paluch	City Manager
Brian Cesar	Assistant City Manager/Landfill Representative
Evelyn Huff	Interim Finance Director/ Housing Authority Manager
Katie Josselyn	HR Director

**Hinkle + Landers, P.C.**

Farley Vener, CPA, CFE, CGMA	President & Managing Shareholder
Maclen Enriquez, CPA	Senior Audit Manager
Jacob Conner	Audit Manager

**Otero-Greentree Regional Landfill (A Component Unit of the City)**

An exit conference was held in closed session on December 12, 2018 at the Landfill's offices in Alamogordo, New Mexico. In attendance were the following:

**Otero-Greentree Regional Landfill Officials**

Richard Boss	Mayor
Margaret Paluch	City Manager
Brian Cesar	Assistant City Manager/Landfill Representative
Evelyn Huff	Interim Finance Director/ Housing Authority Manager
Katie Josselyn	HR Director

**Hinkle + Landers, P.C.**

Farley Vener, CPA, CFE, CGMA	President & Managing Shareholder
Maclen Enriquez, CPA	Senior Audit Manager
Jacob Conner	Audit Manager



# City of Alamogordo

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March 5, 2019

Jacob Conner  
Audit Manager  
Hinkle + Landers  
2500 9<sup>th</sup> St. NW  
Albuquerque, NM 97102

Dear Mr. Conner,

I am writing to provide you with required information regarding the findings included in our 2018 annual audit. We received seven new findings during this process and resolved one prior year finding and repeated one prior year finding. We anticipate full resolution to each of these findings by the end of fiscal year 2019. Below is a recap of each finding condition and our response.

2017-001- Travel and Per Diem

**Management Response:**

The City has reviewed its current travel policy processing documents and has made revisions to ensure complete compliance with the travel policy. The travel processor will be required to note on the checklist that the required signatures are present on both the travel authorization form and the travel reconciliation form. This, along with the other reviews already in place, will solidify compliance with the travel policy.

**Finding Resolution Timeline:**

Immediately

**Designated Employee and Position:**

Sue Ashe, Acting Finance Director

2018-001- Financial Close and Material Adjustments

**Management Response:**

The City acknowledges that due to a re-staffing during the main closing period, the financial close and reporting processes were not as functional as desired. Additionally, several deficiencies in these processes became evident during the audit process.

The City has retained the services of an accounting and financial consulting firm to do a comprehensive review of all of the Finance Department's policies and procedures. The majority of this review will focus on strengthening and streamlining the City's internal processes and controls to allow for more timely and accurate completion of information. The consultants will also be developing a comprehensive staffing plan to alleviate the misdistribution of work items and increase the ability to be complete processes. The City believes that the development of these new processes and work flows will allow us to present accurate timely information for future audits.

**Finding Resolution Timeline:**

June 30, 2019

**Designated Employee and Position:**

Sue Ashe, Acting Finance Director

2018-002- Certification of Capital Assets Annual Inventory

**Management Response:**

The City will review its capital asset inventory process and make revisions to ensure the annual capital asset certification is completed as of June 30 each fiscal year. The City will also develop a system to manage random audits of the capital asset inventory to confirm accuracy of the certification

**Finding Resolution Timeline:**

June 30, 2019

**Designated Employee and Position:**

Sue Ashe, Acting Finance Director

2018-003- Capital Assets

**Management Response:**

The City acknowledges that the fixed asset process and policy is cumbersome and in need of a revision.

The City has retained the services of an accounting and financial consulting firm to do a comprehensive review of all of the Finance Department's policies and procedures. A review of the capital and fixed asset policy and processes will be a large component of this undertaking. The consultants will also be developing a comprehensive staffing plan to alleviate the misdistribution of work effort and increase efficiency in the tracking and recording of assets. An emphasis will be placed on creating the proper amount of time for the Fixed Asset specialist to complete random audits of the certified fixed assets. The City believes that the development of these new processes and work flows will allow us to present accurate timely information for future audits.

The City is looking at possible software options to increase efficiency and decrease the amount of repetitive manual data entry.

**Finding Resolution Timeline:**

June 30, 2019

**Designated Employee and Position:**

Sue Ashe, Acting Finance Director

2018-004- Recording of State and Federal Grants and Preparation of the Schedule of Expenditures of Federal Awards

**Management Response:**

With the incapacitation of the Grants Coordinator, the preparation of the SEFA and other reconciliation processes were not completed in a proper timeframe.

The Grants Coordinator has returned to her position and is in the process beginning work on creating a new reconciliation process. The City is also working to develop a staffing plan to allow for the Grants Coordinator position to have multiple layers of backup. A training plan is being developed to allow for these staff members to gain the knowledge required to reconcile the grant awards and to prepare a SEFA. The consultants retained by the City will be asked to provide oversight services for this area and make recommendations as to staffing and policies.

The City has also contracted with its previous Grant Coordinator to provide grant reconciliation services and training immediately. Service objectives include cleaning up the SEFA, getting the schedules back in order and establishing template forms and a year-end procedure manual for managing and recording grants appropriately going forward. Services shall also include training for the current Grant Coordinator, the Senior Center Finance Coordinator, and another backup for this area.

**Finding Resolution Timeline:**

June 30, 2019

**Designated Employee and Position:**

Sue Ashe, Acting Finance Director

2018-005- Federal Reporting

**Management Response:**

The City has reviewed the processes currently being performed by responsible staff in regard to these reports and communication with the consultants. The City has taken steps to ensure that the responsible staff will reconcile the completed quarterly report to the general ledger before it is sent to the New Mexico Department of Homeland Security.

**Finding Resolution Timeline:**

Immediately

**Designated Employee and Position:**

Bob Johnson, Engineering Manager

**2018-006- Internal Controls and Lien Policy on Delinquent Utility Accounts**

**Management Response:**

The City has reviewed the delinquent accounts tested and found that there were several types of accounts involved in the sample. Two of these accounts were “hydrant meters” that had been issued to construction companies in prior years for effluent water. This practice had been discontinued and these meters were not accounted for when the program ended. Recently these meters were located, and the City Attorney’s office is working with the companies to determine a settlement. Two of these accounts were for “kiosk accounts”, which have also been discontinued. Both of these accounts had their charges waived on January 1, 2016 per then City Manager George Straface. The remainder of the accounts were processed in an untimely manner.

This department has experienced staff turnover and vacancies in the collections positions. These positions are now staffed and will be monitored to make sure all overdue accounts are monitored and collected. The City has retained the services of an accounting and financial consulting firm to do a comprehensive review of all of the Finance Department’s policies and procedures. The water billing department will be included in this review.

**Finding Resolution Timeline:**

Immediately

**Designated Employee and Position:**

Sue Ashe, Acting Finance Director and Mark Threadgill, Customer Service Manager

**2018-007- Internal Controls – Vendor Master File**

**Management Response:**

The City has reviewed its vendor policy since the occurrence of the fraud and has made changes to the policy and the oversight to ensure the policy is being followed. Currently only two employees in the Purchasing department are allowed to create new vendors. These employees do not setup the information needed to complete the EFT process. The Finance department is responsible for verifying and entering the information for the EFT process. A double verification process, which does not include any email correspondence, has been implemented. No changes to this information are made without the double verification process being completed.

The consultants retained by the City will be asked to provide oversight services for this area and make recommendations as to staffing and policies. The City is very dedicated to improving all processes to remove all opportunities for fraud.

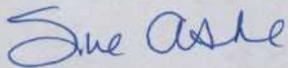
**Finding Resolution Timeline:**

Immediately

**Designated Employee and Position:**

Sue Ashe, Acting Finance Director

Sincerely,



Sue Ashe

Acting Finance Director

City of Alamogordo

(575) 439-4268