

**State of New Mexico
City of Alamogordo**

FINANCIAL STATEMENTS

For the Year Ended June 30, 2019



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RIGGS &
INGRAM

CPAs and Advisors

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City of Alamogordo, New Mexico
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June 30, 2019

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

<u>Name</u>	<u>City Commission</u>	<u>Title</u>
Richard Boss		Mayor-At-Large
Jason Baldwin		Mayor Pro-Tem/Commissioner
Nadia Sikes		Commissioner
Susan Payne		Commissioner
Alfonso "Al" Hernandez		Commissioner
Dusty Wright		Commissioner
Josh Rardin		Commissioner
<u>Administration</u>		
Brian Cesar		Interim City Manager
Petria Bengoechea		City Attorney
Stephanie Hernandez		Finance Director
Rachel Hughs		City Clerk

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Financial Section

INDEPENDENT AUDITORS' REPORT

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

Report on the 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, 2019, and the related notes to the financial statements which collectively comprise the City's basic financial statements as listed in the table of contents. We also have audited the financial statements of the City's discretely presented component unit presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2019, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, the aggregate remaining fund information, and the budgetary comparison for the general fund of the City, as of June 30, 2019, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the discretely presented component unit of the City, as of June 30, 2019, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Restatement of Net Position

As described in note 17 to the financial statements, the prior year financial statements have been restated in the amount of \$1,000,344 and (\$555,057) in the business type activities relating to an accrual for unbilled utilities and capital assets that were incorrectly restated in the prior year. In addition, the amount of \$485,018 was restated in the component unit activities relating to construction in progress that was unidentified during the prior year. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the GASB required pension schedules, OPEB schedules, and notes to the required supplementary information on pages 90 through 104 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 introductory section, the combining and individual nonmajor fund financial statements, the schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and supporting schedules required by Section 2.2.2 NMAC, as identified in the table of contents, and other disclosures are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Financial Data Schedule is presented for purposes of additional analysis as required by the U.S Department of Housing and Urban Development and is not a required part of the financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

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

Basic Financial Statements

City of Alamogordo, New Mexico
Statement of Net Position
June 30, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Assets				
Current assets				
Cash and cash equivalents	\$ 4,714,924	\$ 1,844,507	\$ 6,559,431	\$ 730,550
Investments	35,250,551	12,659,284	47,909,835	3,041,945
Receivables:				
Taxes receivable	4,416,118	-	4,416,118	-
Due from other governments	132,012	243,337	375,349	-
Customer receivable, net	-	1,709,217	1,709,217	367,691
Other receivables, net	242,245	-	242,245	-
Inventory	151,052	430,521	581,573	-
Prepaid expenses	79,335	35,816	115,151	-
Internal balances	3,430	(3,430)	-	-
Total current assets	44,989,667	16,919,252	61,908,919	4,140,186
Noncurrent assets				
Restricted cash and cash equivalents	-	67,676	67,676	-
Restricted investments	-	74,551	74,551	911,581
Bond discounts, net of accumulated amortization of \$26,955 and \$153,133	178,327	-	178,327	-
Assets held for sale	-	88,338	88,338	-
Capital assets, not being depreciated	19,678,381	32,898,484	52,576,865	2,742,655
Capital assets, being depreciated	252,578,771	141,475,671	394,054,442	5,030,736
Less: accumulated depreciation	(193,273,953)	(60,548,520)	(253,822,473)	(3,451,128)
Total noncurrent assets	79,161,526	114,056,200	193,217,726	5,233,844
Total assets	124,151,193	130,975,452	255,126,645	9,374,030
Deferred outflows of resources				
Deferred outflows - pension	6,554,650	1,289,010	7,843,660	103,976
Deferred outflows - OPEB	674,816	145,759	820,575	11,678
Deferred outflows - extinguishment of debt	594,310	221,265	815,575	-
Total deferred outflows of resources	7,823,776	1,656,034	9,479,810	115,654
Total assets and deferred outflows of resources	\$ 131,974,969	\$ 132,631,486	\$ 264,606,455	\$ 9,489,684

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

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Liabilities				
Current liabilities				
Accounts payable	\$ 530,645	\$ 1,094,501	\$ 1,625,146	\$ 57,338
Accrued payroll	766,437	133,516	899,953	10,839
Accrued compensated absences	940,016	238,092	1,178,108	12,201
Customer deposits	22,479	594,336	616,815	8,067
Unearned revenue	22,826	1,855,743	1,878,569	7,141
Accrued interest	210,354	109,388	319,742	-
Current portion of long-term debt	2,493,677	1,443,939	3,937,616	-
Total current liabilities	4,986,434	5,469,515	10,455,949	95,586
Noncurrent liabilities				
Accrued landfill closure costs	-	-	-	1,508,632
Bond premiums, net of accumulated amortization of \$40,859 and \$134,216	212,016	106,819	318,835	-
Long-term debt	30,071,462	21,743,148	51,814,610	-
Net pension liability	23,391,729	4,092,836	27,484,565	347,740
Net OPEB liability	10,690,353	1,886,735	12,577,088	161,852
Total noncurrent liabilities	64,365,560	27,829,538	92,195,098	2,018,224
Total liabilities	69,351,994	33,299,053	102,651,047	2,113,810
Deferred inflows of resources				
Deferred inflows - pension	1,823,451	340,946	2,164,397	27,028
Deferred inflows - OPEB	2,746,242	502,703	3,248,945	42,566
Total deferred inflows of resources	4,569,693	843,649	5,413,342	69,594
Net position				
Net investment in capital assets	49,331,200	90,752,994	140,084,194	4,322,263
Restricted for:				
Debt service	3,609,340	-	3,609,340	-
Capital projects	20,700,370	-	20,700,370	-
Special revenue	3,857,769	-	3,857,769	-
Permanent fund	767,887	-	767,887	-
Unrestricted	(20,213,284)	7,735,790	(12,477,494)	2,984,017
Total net position	58,053,282	98,488,784	156,542,066	7,306,280
Total liabilities, deferred inflows of resources, and net position	\$ 131,974,969	\$ 132,631,486	\$ 264,606,455	\$ 9,489,684

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

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

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government	\$ 9,863,172	\$ 2,795,990	\$ 866,888	47,622
Public safety	10,860,131	468,121	822,345	-
Public works	6,062,644	24,430	8,173	2,978
Culture and recreation	7,990,779	675,343	624,834	150,000
Health and welfare	243,875	-	213,688	-
Interest on long-term debt	1,187,064	-	-	-
Total governmental activities	36,207,665	3,963,884	2,535,928	200,600
Business-type activities				
Water and sewer	9,791,898	9,714,579	-	2,115,216
Solid waste	2,060,638	2,195,440	-	-
Bonito lake	5,266	-	-	-
Golf course	1,932,722	1,557,019	-	-
Airport	570,528	172,952	34,883	464,712
Low rent public housing	1,261,193	260,871	731,638	14,052
Home ownership	18,480	-	-	-
Total business-type activities	15,640,725	13,900,861	766,521	2,593,980
Total primary government	\$ 51,848,390	\$ 17,864,745	\$ 3,302,449	\$ 2,794,580
Component Unit:				
Otero - Greentree Regional Landfill	\$ 1,495,893	\$ 2,260,068	\$ -	\$ -

General revenues and transfers

Taxes:
Property taxes
Gross receipts taxes
Gasoline and motor vehicle taxes
Other taxes
Investment income
Miscellaneous
Proceeds from sale of assets
Transfers
Total general revenues and transfers
Change in net position
Net position, beginning, as originally stated
Net position, restatement (note 17)
Net position, beginning as restated
Net position, ending

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

Net (Expense) Revenue and Changes in Net Position				
Primary Government				
Governmental	Business-type		Component	
Activities	Activities	Total	Unit	
\$ (6,152,672)	\$ -	\$ (6,152,672)	\$ -	-
(9,569,665)	-	(9,569,665)	-	-
(6,027,063)	-	(6,027,063)	-	-
(6,540,602)	-	(6,540,602)	-	-
(30,187)	-	(30,187)	-	-
(1,187,064)	-	(1,187,064)	-	-
(29,507,253)	-	(29,507,253)	-	-
-	2,037,897	2,037,897	-	-
-	134,802	134,802	-	-
-	(5,266)	(5,266)	-	-
-	(375,703)	(375,703)	-	-
-	102,019	102,019	-	-
-	(254,632)	(254,632)	-	-
-	(18,480)	(18,480)	-	-
-	1,620,637	1,620,637	-	-
(29,507,253)	1,620,637	(27,886,616)	-	-
-	-	-	764,175	-
4,266,463	-	4,266,463	-	-
22,191,751	-	22,191,751	-	-
651,455	-	651,455	-	-
590,150	-	590,150	-	-
1,476,502	536,012	2,012,514	140,934	-
733,056	67,544	800,600	10,753	-
11,013	-	11,013	-	-
(10,864,701)	10,866,719	2,018	(2,018)	-
19,055,689	11,470,275	30,525,964	149,669	-
(10,451,564)	13,090,912	2,639,348	913,844	-
68,504,846	84,952,585	153,457,431	5,907,418	-
-	445,287	445,287	485,018	-
68,504,846	85,397,872	153,902,718	6,392,436	-
\$ 58,053,282	\$ 98,488,784	\$ 156,542,066	\$ 7,306,280	-

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

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

	General Fund	Economic Development Fund	2004 Capital Outlay GRT Fund
Assets			
Cash and cash equivalents	\$ 769,955	\$ 166,627	\$ 266,151
Investments	6,270,505	3,006,240	11,621,448
Receivables:			
Taxes receivable	2,329,653	152,712	610,847
Due from other governments	-	-	-
Other receivables, net	194,912	6,000	-
Inventory	-	-	-
Prepaid expense	11,245	-	-
Due from other funds	1,715,433	-	-
Total assets	\$ 11,291,703	\$ 3,331,579	\$ 12,498,446
Liabilities			
Accounts payable	\$ 90,472	\$ 69,847	\$ 6,779
Accrued payroll	538,307	-	-
Customer deposits	2,403	-	-
Unearned revenue	6,945	-	-
Due to other funds	-	-	-
Total liabilities	638,127	69,847	6,779
Deferred inflows of resources			
Unearned revenue - property taxes	133,124	-	-
Total deferred inflows of resources	133,124	-	-
Fund balances			
Nonspendable:			
Prepaid assets	11,245	-	-
Restricted for:			
Government operations			
Public safety	-	-	-
Public works	-	-	-
Culture and recreation	-	-	-
Health and welfare	-	-	-
Capital projects	-	3,261,732	12,491,667
Debt service	-	-	-
Permanent fund	-	-	-
Unassigned (deficit)	10,509,207	-	-
Total fund balances	10,520,452	3,261,732	12,491,667
Total liabilities, deferred inflows of resources, and fund balances	\$ 11,291,703	\$ 3,331,579	\$ 12,498,446

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

Nonmajor Governmental Funds	Total Governmental Funds
\$ 3,358,837	\$ 4,561,570
13,250,814	34,149,007
1,322,906	4,416,118
132,012	132,012
23,720	224,632
-	-
-	11,245
-	1,715,433
<u>\$ 18,088,289</u>	<u>\$ 45,210,017</u>
\$ 306,361	\$ 473,459
174,898	713,205
20,076	22,479
15,881	22,826
1,712,003	1,712,003
<u>2,229,219</u>	<u>2,943,972</u>
44,063	177,187
<u>44,063</u>	<u>177,187</u>
-	11,245
761,138	761,138
483,486	483,486
2,731,161	2,731,161
271,123	271,123
15,187	15,187
7,395,235	23,148,634
3,565,277	3,565,277
767,887	767,887
(175,487)	10,333,720
<u>15,815,007</u>	<u>42,088,858</u>
<u>\$ 18,088,289</u>	<u>\$ 45,210,017</u>

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

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

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

Fund balances - total governmental funds	\$ 42,088,858
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds	78,983,199
Internal service funds are used by management to charge the costs of activities, such as insurance, to individual funds. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources are included in governmental activities in the statement of net position	1,381,235
Delinquent property taxes not collected within sixty days after year end are not considered "available" revenues and are considered to be unavailable revenue in the fund financial statements, but are considered revenue in the statement of activities	177,187
Deferred outflows of resources related to long term debt are applicable to future periods and therefore, are not reported in funds:	
Deferred outflows of resources related to the advanced extinguishment of debt	594,310
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in funds:	
Deferred outflows - pension (Note 11)	6,554,650
Deferred inflows - pension (Note 11)	(1,823,451)
Deferred outflows - OPEB (Note 12)	674,816
Deferred inflows - OPEB (Note 12)	(2,746,242)
Liabilities, including bonds payable, and net pension liability are not due and payable in the current period and, therefore, are not reported in the funds:	
Accrued interest	(210,354)
Current portion of accrued compensated absences	(940,016)
Bond discounts	178,327
Bond premiums	(212,016)
Current portion of long term debt payable	(2,493,677)
Long-term debt payable	(30,071,462)
Net pension liability	(23,391,729)
Net OPEB Liability	(10,690,353)
Net position of governmental activities	\$ 58,053,282

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

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

	General Fund	Economic Development Fund	2004 Capital Outlay GRT Fund
Revenues			
Taxes:			
Property	\$ 3,198,331	\$ -	\$ -
Gross receipts	11,644,340	843,793	3,375,172
Other taxes	-	-	-
Intergovernmental:			
Federal operating grants	-	-	-
Federal capital grants	-	-	-
State operating grants	-	-	-
State capital grants	-	150,000	-
Charges for services	2,753,230	8,000	-
Investment income	216,071	204,175	419,093
Miscellaneous	482,892	1,076	14,725
Total revenues	18,294,864	1,207,044	3,808,990
Expenditures			
Current:			
General government	3,280,343	-	-
Public safety	8,878,518	-	14,446
Public works	182,975	-	134,824
Culture and recreation	-	2,997,352	-
Health and welfare	-	-	-
Capital outlay	447,440	1,164,769	2,805,494
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	12,789,276	4,162,121	2,954,764
Excess (deficiency) of revenues over expenditures	5,505,588	(2,955,077)	854,226
Other financing sources (uses)			
Proceeds from sale of assets	1,875	-	-
Transfers in	233,800	-	-
Transfers (out)	(6,427,442)	-	(1,213,910)
Total other financing sources (uses)	(6,191,767)	-	(1,213,910)
Net change in fund balance	(686,179)	(2,955,077)	(359,684)
Fund balance - beginning of year	11,159,409	6,216,809	12,851,351
Fund balance - reclassification (note 17)	47,222	-	-
Fund balance - as reclassified	11,206,631	6,216,809	12,851,351
Fund balance - end of year	\$ 10,520,452	\$ 3,261,732	\$ 12,491,667

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

Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,061,474	\$ 4,259,805
6,328,446	22,191,751
1,241,605	1,241,605
1,025,384	1,025,384
4,192	4,192
1,510,544	1,510,544
46,408	196,408
918,473	3,679,703
593,913	1,433,252
87,865	586,558
<u>12,818,304</u>	<u>36,129,202</u>
2,352,953	5,633,296
1,141,534	10,034,498
2,104,479	2,422,278
3,839,653	6,837,005
249,571	249,571
8,269,537	12,687,240
2,613,503	2,613,503
1,121,239	1,121,239
<u>21,692,469</u>	<u>41,598,630</u>
<u>(8,874,165)</u>	<u>(5,469,428)</u>
9,138	11,013
15,925,622	16,159,422
<u>(10,979,674)</u>	<u>(18,621,026)</u>
<u>4,955,086</u>	<u>(2,450,591)</u>
<u>(3,919,079)</u>	<u>(7,920,019)</u>
19,781,308	50,008,877
(47,222)	-
<u>19,734,086</u>	<u>50,008,877</u>
<u>\$ 15,815,007</u>	<u>\$ 42,088,858</u>

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

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

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

Net change in fund balances - total governmental funds	\$ (7,920,019)
--	----------------

Change in net position of the internal service funds, which are presented in the statement of activities as governmental activities but are not presented with the governmental fund financial statements	(235,847)
---	-----------

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

Capital expenditures	12,687,240
Loss on disposition of capital assets	(143,131)
Depreciation expense	(5,719,402)
Transfer of capital assets to business-type activities	(10,497,835)

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

Change in unavailable revenue related to property taxes receivable	(6,658)
--	---------

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

City pension contribution	1,189,552
Pension expense	(2,443,558)
City OPEB contribution	211,850
OPEB expense	(65,729)

The issuance of long-term debt (e.g. bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:

Increase in accrued interest	2,306
Decrease in accrued compensated absences	(55,705)
Principal payments on debt payable	2,613,503
Amortization of bond discounts	(8,732)
Amortization of deferred loss on extinguishment of debt	(62,559)
Amortization of bond premiums	3,160

Change in net position of governmental activities	\$ (10,451,564)
---	-----------------

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

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City of Alamogordo, New Mexico
General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u> <u>(Unfavorable)</u>
				<u>Final to Actual</u>
Revenues				
Taxes:				
Property	\$ 3,147,356	\$ 3,147,356	\$ 3,037,865	\$ (109,491)
Gross receipts	11,690,719	11,456,354	11,511,746	55,392
Charges for services	2,693,637	2,774,552	2,798,669	24,117
Investment income	74,951	85,494	101,202	15,708
Miscellaneous	84,028	497,115	472,649	(24,466)
Total revenues	17,690,691	17,960,871	17,922,131	(38,740)
Expenditures				
Current:				
General government	3,046,300	3,795,382	3,168,211	627,171
Public safety	9,715,716	10,168,012	8,878,518	1,289,494
Public works	338,380	479,759	182,975	296,784
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	272,828	546,729	447,440	99,289
Total expenditures	13,373,224	14,989,882	12,677,144	2,312,738
Excess (deficiency) of revenues over expenditures	4,317,467	2,970,989	5,244,987	2,273,998
Other financing sources (uses)				
Designated cash (budgeted cash increase)	2,613,784	3,458,198	-	(3,458,198)
Proceeds from sale of assets	-	1,875	1,875	-
Transfers in	257,828	947,457	233,800	(713,657)
Transfers (out)	(7,189,079)	(7,378,519)	(6,427,442)	951,077
Total other financing sources (uses)	(4,317,467)	(2,970,989)	(6,191,767)	(3,220,778)
Net change in fund balances	-	-	(946,780)	(946,780)
Fund balances - beginning of year	-	-	9,702,673	9,702,673
Fund balances - end of year	\$ -	\$ -	\$ 8,755,893	\$ 8,755,893
Net change in fund balance (non-GAAP budgetary basis)				\$ (946,780)
Adjustments to revenues for taxes, grant revenues and charges for services				372,733
Adjustments to expenditures for salaries and other expenses.				(112,132)
Net change in fund balance (GAAP)				\$ (686,179)

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

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

	Enterprise Funds		Total
	Water & Sewer Fund	Nonmajor Enterprise Funds	
Assets			
Current assets			
Cash and cash equivalents	\$ 379,975	\$ 1,464,532	\$ 1,844,507
Investments	11,757,639	901,645	12,659,284
Receivables:			
Due from other governments	-	243,337	243,337
Customer receivable, net	1,541,744	167,473	1,709,217
Other receivables	-	-	-
Inventory	419,294	11,227	430,521
Prepaid expenses	8,721	27,095	35,816
Due from other funds	-	11	11
Total current assets	14,107,373	2,815,320	16,922,693
Noncurrent assets			
Restricted cash and cash equivalents	-	67,676	67,676
Restricted investments	-	74,551	74,551
Other assets	-	88,338	88,338
Capital assets, not being depreciated	26,523,014	6,375,470	32,898,484
Capital assets, being depreciated	108,993,216	32,482,455	141,475,671
Less: accumulated depreciation	(40,833,854)	(19,714,666)	(60,548,520)
Total noncurrent assets	94,682,376	19,373,824	114,056,200
Total assets	108,789,749	22,189,144	130,978,893
Deferred outflows of resources			
Deferred outflow - pension	869,168	419,842	1,289,010
Deferred outflow - OPEB	105,763	39,996	145,759
Deferred outflows - extinguishment of debt	221,265	-	221,265
Total deferred outflows of resources	1,196,196	459,838	1,656,034
Total assets and deferred outflows of resources	\$ 109,985,945	\$ 22,648,982	\$ 132,634,927

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

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

	Enterprise Funds		Total
	Water & Sewer Fund	Nonmajor Enterprise Funds	
Liabilities			
Current liabilities			
Accounts payable	\$ 926,063	\$ 168,438	\$ 1,094,501
Accrued payroll	97,470	36,046	133,516
Accrued compensated absences	193,198	44,894	238,092
Customer deposits	539,971	54,365	594,336
Unearned revenue	1,824,016	31,727	1,855,743
Due to other funds	-	3,441	3,441
Accrued interest	109,388	-	109,388
Current portion of notes payable	1,443,939	-	1,443,939
Total current liabilities	5,134,045	338,911	5,472,956
Noncurrent liabilities			
Bond premiums, net of accumulated amortization	106,819	-	106,819
Bonds payable	5,370,000	-	5,370,000
Notes payable	16,373,148	-	16,373,148
Net pension liability	2,921,931	1,170,905	4,092,836
Net OPEB liability	1,326,016	560,719	1,886,735
Total noncurrent liabilities	26,097,914	1,731,624	27,829,538
Total liabilities	31,231,959	2,070,535	33,302,494
Deferred inflows of resources			
Deferred inflows - pension	222,738	118,208	340,946
Deferred inflows - OPEB	355,549	147,154	502,703
Total deferred inflows of resources	578,287	265,362	843,649
Net position			
Net investment in capital assets	71,609,735	19,143,259	90,752,994
Unrestricted	6,565,964	1,169,826	7,735,790
Total net position	78,175,699	20,313,085	98,488,784
Total liabilities, deferred inflows of resources, and net position	\$ 109,985,945	\$ 22,648,982	\$ 132,634,927

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

	Governmental Activity
	<u>Total Internal Service Funds</u>
\$	57,186
	53,232
	-
	-
	-
	-
	-
	-
	<u>110,418</u>
	-
	-
	-
	-
	-
	<u>110,418</u>
	-
	-
	-
	-
	-
	<u>1,381,235</u>
	<u>1,381,235</u>
\$	<u><u>1,491,653</u></u>

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

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

	Enterprise Funds		Total
	Water & Sewer Fund	Nonmajor Enterprise Funds	
Operating revenues			
Charges for services	\$ 9,714,579	\$ 4,186,282	\$ 13,900,861
Operating grants	-	766,521	766,521
Total operating revenues	9,714,579	4,952,803	14,667,382
Operating expenses			
Personnel services	2,783,986	957,487	3,741,473
Utilities	750,495	66,003	816,498
Contractual Services	18,220	1,836,534	1,854,754
Supplies and purchased power	789,433	263,125	1,052,558
Repairs and maintenance	374,155	295,859	670,014
Depreciation expense	3,242,868	960,525	4,203,393
Miscellaneous expense	1,350,908	1,429,994	2,780,902
Total operating expenses	9,310,065	5,809,527	15,119,592
Operating income (loss)	404,514	(856,724)	(452,210)
Non-operating revenues (expenses)			
Interest expense	(481,833)	-	(481,833)
Investment income	504,251	31,761	536,012
Loss on disposal of assets	-	(39,300)	(39,300)
Miscellaneous	57,704	9,840	67,544
Total non-operating revenues (expenses)	80,122	2,301	82,423
Income (loss) before contributions and transfers	484,636	(854,423)	(369,787)
Capital grants	2,115,216	478,764	2,593,980
Transfers in	11,192,030	371,000	11,563,030
Transfers (out)	(439,148)	(257,163)	(696,311)
Change in net position	13,352,734	(261,822)	13,090,912
Net position, beginning, as originally stated	63,822,621	21,129,964	84,952,585
Net position, restatement (note 17)	1,000,344	(555,057)	445,287
Net position, beginning, as restated	64,822,965	20,574,907	85,397,872
Net position, ending	\$ 78,175,699	\$ 20,313,085	\$ 98,488,784

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

Governmental
Activity
<hr/>
Total Internal
Service Funds
<hr/>
\$ 284,181
-
<hr/>
284,181
<hr/>
1,473,900
34,030
359,918
170,175
523,563
-
241,860
<hr/>
2,803,446
<hr/>
(2,519,265)
<hr/>
-
43,250
-
146,498
<hr/>
189,748
<hr/>
(2,329,517)
<hr/>
-
2,600,882
(507,212)
<hr/>
(235,847)
1,617,082
-
<hr/>
1,617,082
<hr/>
\$ 1,381,235
<hr/>

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

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

	Enterprise Funds		Total
	Water & Sewer Fund	Nonmajor Enterprise Funds	
Cash flows from operating activities			
Cash received from user charges	\$ 9,724,932	\$ 4,193,486	\$ 13,918,418
Cash received from subsidy grants	-	609,153	609,153
Cash payments to employees for services	(2,636,365)	(920,003)	(3,556,368)
Cash payments to suppliers for goods and services	(2,870,096)	(3,902,589)	(6,772,685)
Net cash provided by operating activities	4,218,471	(19,953)	4,198,518
Cash flows from noncapital financing activities			
Miscellaneous income	57,704	9,840	67,544
Transfers and interfund balances	256,047	114,146	370,193
Net cash provided by noncapital financing activities	313,751	123,986	437,737
Cash flows from investing activities			
(Purchases) sales of investments	(1,296,930)	26,780	(1,270,150)
Interest on investments	504,251	31,761	536,012
Net cash provided (used) by investing activities	(792,679)	58,541	(734,138)
Cash flows from capital and related financing activities			
Acquisition of capital assets	(8,607,499)	(756,801)	(9,364,300)
Capital grants	3,889,354	397,127	4,286,481
Interest paid	(518,091)	-	(518,091)
Principal payments on bonds, loans, and notes payable	(1,501,981)	-	(1,501,981)
Net cash (used) by capital and related financing activities	(6,738,217)	(359,674)	(7,097,891)
Net increase/(decrease) in cash and cash equivalents	(2,998,674)	(197,100)	(3,195,774)
Cash and cash equivalents - beginning of year	3,378,649	1,729,308	5,107,957
Cash and cash equivalents - end of year	\$ 379,975	\$ 1,532,208	\$ 1,912,183

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

Governmental
Activity
<hr/>
Total Internal
Service Funds
<hr/>
\$ 266,938
-
(1,423,673)
<hr/>
(1,284,171)
<hr/>
(2,440,906)
<hr/>
146,498
2,093,670
<hr/>
2,240,168
<hr/>
247,590
43,250
<hr/>
290,840
<hr/>
-
-
-
<hr/>
-
<hr/>
90,102
63,252
<hr/>
\$ 153,354
<hr/> <hr/>

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

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

	Enterprise Funds		Total
	Water & Sewer Fund	Nonmajor Enterprise Funds	
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ 404,514	\$ (856,724)	\$ (452,210)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	3,242,868	960,525	4,203,393
Noncash pension expense	171,196	52,308	223,504
Noncash OPEB benefit	(19,776)	(10,695)	(30,471)
Changes in assets, liabilities and deferred outflows of resources:			
Receivables	49,098	(175,135)	(126,037)
Inventory	(5,227)	(4,527)	(9,754)
Prepaid expenses	(8,721)	(4,217)	(12,938)
Subsequent contributions-pension	3,389	1,035	4,424
Subsequent contributions-OPEB	(164)	3,449	3,285
Accounts payable	482,268	(372)	481,896
Accrued payroll expenses	(11,217)	(3,298)	(14,515)
Other accrued expenses	(55,205)	(1,958)	(57,163)
Accrued compensated absences	4,193	(5,315)	(1,122)
Unearned revenue	-	26,311	26,311
Customer deposits	(38,745)	(1,340)	(40,085)
Net cash provided by operating activities	\$ 4,218,471	\$ (19,953)	\$ 4,198,518

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

**Governmental
Activity**

**Total Internal
Service Funds**

\$ (2,519,265)

-
-
-

(17,243)
90,939
(19,885)

-
-

(25,679)
50,227

-
-
-
-

\$ (2,440,906)

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

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

Assets		
Cash	\$	13,854
<hr/>		
Total assets	\$	13,854
<hr/> <hr/>		
Liabilities		
Accounts payable	\$	11,541
Deposits held for others		2,313
<hr/>		
Total liabilities	\$	13,854
<hr/> <hr/>		

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Alamogordo (the "City") was incorporated in 1898. The City operates under a Commission-Manager form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, public utilities (water, wastewater, and solid waste), health and social services, culture-recreation, education, public improvements, 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.

The City's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the City are discussed below.

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

During the year ended June 30, 2019, the City adopted GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, and GASB Statement No. 83, *Certain Capital Asset Retirement Obligations*. These statements are required to be implemented as of June 30, 2019, if applicable. These statements did not have a significant impact on the City.

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Financial Report Entity (Continued)

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

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

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

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

Based upon the application of these criteria, the City has one component unit, the Otero-Greentree Regional Landfill which will be shown 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 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 City, 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Financial Reporting Entity (Continued)

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;
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, was amended on June 2, 1995.

B. Government-wide and Fund Financial Statements

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes, net of estimated refunds, are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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 reports the following major governmental funds:

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

The *Economic Development Fund* is used to account for projects that are not funded from specific revenue dedications. This fund was authorized by the City Commission.

The *2004 Capital Outlay GRT Fund Capital Projects Fund Street Projects Improvement Loan Fund* 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 proprietary fund as a major fund:

The *Water & Sewer Fund* is to provide funds for the operations and maintenance of water and sewer services. 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 or Fund Equity

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.

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 notes 3 and 4.

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

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

<u>Assets</u>	<u>Years</u>
Buildings and improvements	20-50
Mechanized equipment	3-10
Unscheduled property	10-50
Infrastructure	20-65

Accrued Expenses: Accrued expenses are comprised of the payroll expenditures based on amounts earned by the employees through June 30, 2019, along with applicable FICA and Medicare liabilities.

Deferred Outflows of Resources: In addition to assets, the balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a use of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until that time. The City has one type of item that appears in the governmental and business type activities, which is the loss on extinguishment of debt in the amount of \$815,575. The City has five other types of items presented on the statement of net position which arise due to the implementation of GASB Statement No. 68 and the related net pension liability. Accordingly, the items, changes in proportion \$1,144,569, changes of assumptions \$2,570,793, difference between expected and actual experience \$906,728, net difference between projected and actual investment earnings on pension plan investments \$1,865,543, and employer contributions subsequent to measurement date in the amount of \$1,462,038 are reported on the statement of net position. In addition, the City has two types of this item present on the statement of net position which arises due to the implementation of GASB Statement No. 75 and the related OPEB liability. Accordingly, the items, changes in proportion in the amount of \$579,783 and employer contributions subsequent to measurement date in the amount of \$252,470 are reported on the statement of net position. These amounts will be deferred and recognized as outflows of resources in the appropriate subsequent periods.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Deferred Inflow of Resources: In addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for deferred inflows of resources. The City has one item which arises under the modified accrual basis of accounting 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 \$177,187 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. In addition, the City has three types of items present on the statement of net position which arise due to the implementation of GASB Statement No. 68 and the related net pension liability. Accordingly, the items, changes in proportion \$560,607, differences between expected and actuarial experience \$1,478,489, and changes of assumption of \$154,364, are reported on the statement of net position. In addition, the City has three types of items present on the statement of net position which arise due to the implementation of GASB Statement No. 75 and the related OPEB liability. Accordingly, the items, differences between expected and actuarial experience \$754,229, change in assumption \$2,378,304, and net difference between projected and actual investment earnings \$158,978 are reported on the statement of net position. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Unearned Revenues: Unearned revenues are comprised of payments made in advance by customers for various services (i.e. prepaid rent, golf pro shop gift cards, etc.) provided by the city as of June 30, 2019.

Compensated Absences: City employees are entitled to certain compensated absences based on their employment classification and length of employment.

Vacation Pay – Each employee of the City may accumulate a total of thirteen to twenty-six days of vacation per year. Employees may accumulate up to 240 hours of vacation and carry leave forward from calendar year to calendar year. Upon termination, employees will be paid up to 240 hours of accrued vacation pay leave. 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 vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental or proprietary fund that will pay it. In prior years, substantially all of the related expenditures have been liquidated by the general fund. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the government-wide statement of net position.

Sick Leave – Each employee of the City may accumulate a total of thirteen days of sick leave per year. Sick leave can be carried forward from calendar year to calendar year. Upon separation of employment, an employee with five or more continuous years of service will be compensated for one third of the first 480 accrued sick leave hours for a total of 160 hours. Employees with less than five years of continuous service forfeit all accrued sick leave at separation of employment. Employees cannot donate sick leave at time of separation.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Long-term Obligations: In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. For fund financial reporting, bond premiums and discounts, as well as issuance costs are recognized in the period the bonds are issued. Bond proceeds are reported as another financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

Fund Balance Classification Policies and Procedures: 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.

Nonspendable Fund Balance: At June 30, 2019, the nonspendable fund balance of the City is comprised of prepaid expenses in the general fund in the amount of \$11,245 which is not in spendable form.

Restricted and Committed Fund Balance: At June 30, 2019, the restricted fund balance on the governmental funds balance sheet totals \$31,743,893. The details of these fund balance items are located on the governmental funds balance sheet as detailed on pages 18-19.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 expenditures of \$1,056,429 and the City's self-imposed reserve of \$211,286 for the year ended June 30, 2019. 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.

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

- a. Net investment in capital assets: Consists of capital assets, net of 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. The City includes unspent debt proceeds in the amounts of \$2,352,519 in the calculation of net investment in capital assets in the governmental activities
- b. Restricted net position: Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. Descriptions for the related restrictions for net position restricted for "special revenue, debt service, and capital projects" are described on pages 45 and 106-109.
- c. Unrestricted Net Position: All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

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 postclosure costs, and actuarial estimates included in the calculation of the net pension liability and net OPEB liability.

Interfund Transactions: Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund from expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. The General Fund and Water and Sewer fund have been combined with funds that have identical activities for financial statement reporting.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

1. Prior to June 1, the City Manager submits to the City Commission a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Prior to July 20, the budget is legally enacted through passage of a resolution.
3. The State of New Mexico Department of Finance and Administration must approve the budget and any revision to the budget.
4. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, the City Commission and the Department of Finance and Administration must approve any revisions that alter the total expenditures of any fund.

Formal budgetary integration is employed as a management control device during the year for all funds. A separate budget is prepared, and adopted by the City Commission, for each fund. Line items within each budget may be over-expended; however, it is not legally permissible to over-expend any budget in total by fund.

The budgets for all funds 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.

City of Alamogordo, New Mexico
Notes to Financial Statements
June 30, 2019

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

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

	Excess (deficiency) of revenues over expenditures	
	Original Budget	Final Budget
Budgeted governmental funds:		
General Fund	\$ 4,317,467	\$ 2,970,989
Economic Development	781,902	3,967,236
2004 Capital Outlay GRT Fund Capital Projects Fund	1,646,924	6,458,502
Other governmental funds	5,168,782	16,589,595
Budgeted proprietary funds:		
Water & Sewer Fund	4,586,732	13,052,417
Nonmajor proprietary funds	5,142,653	13,733,416
Internal Service Fund	2,870,372	2,888,736
Component unit:		
Otero - Greentree Regional Landfill	199,529	1,345,972

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

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with 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, 2019 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.

NOTE 3: 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, 2019.

City of Alamogordo, New Mexico
Notes to Financial Statements
June 30, 2019

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

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.

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.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2019, \$11,249,017 of the City's bank balance of \$22,765,521 was subject to custodial credit risk. Of this amount, \$8,372,347 was uninsured and collateralized by collateral held by the pledging bank's trust department, not in the City's name and \$2,876,670 of the City's deposits was uninsured and uncollateralized at June 30, 2019.

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.

	Bank '34	Bank of the West	First American Bank	First National Bank	First National Bank Housing Authority**	Moreton Capital Markets*
Amount of deposits	\$ 250,000	\$ 267,715	\$ 1,333,484	\$ 4,171,374	\$ 1,436,165	\$ 8,995,155
FDIC coverage	(250,000)	(250,000)	(250,000)	(250,000)	(271,349)	(8,995,155)
Total uninsured public funds	-	17,715	1,083,484	3,921,374	1,164,816	-
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the City's name	-	11,152	780,501	3,265,112	1,164,816	-
Uninsured and uncollateralized	\$ -	\$ 6,563	\$ 302,983	\$ 656,262	\$ -	\$ -
Collateral requirement (50%)	\$ -	\$ 8,858	\$ 541,742	\$ 1,960,687	\$ 582,408	\$ -
Pledged securities	-	11,152	780,501	3,265,112	1,491,124	-
Over (under) collateralized	\$ -	\$ 2,294	\$ 238,759	\$ 1,304,425	\$ 908,716	\$ -

City of Alamogordo, New Mexico
Notes to Financial Statements
June 30, 2019

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

	First Savings/ Western Bank	Pioneer Bank	Washington Federal Bank	Wells Fargo Bank	Total
Amount of deposits	\$ 3,229,236	\$ 268,635	\$ 1,368,931	\$ 1,444,826	\$ 22,765,521
FDIC coverage	(250,000)	(250,000)	(250,000)	(500,000)	(11,516,504)
Total uninsured public funds	2,979,236	18,635	1,118,931	944,826	11,249,017
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the City's name	1,526,908	18,635	1,118,931	486,292	8,372,347
Uninsured and uncollateralized	\$ 1,452,328	\$ -	\$ -	\$ 458,534	\$ 2,876,670
Collateral requirement (50%)	\$ 1,489,618	\$ 9,318	\$ 559,465	\$ 472,413	\$ 5,624,509
Pledged securities	1,526,908	22,969	1,312,072	486,292	8,896,130
Over (under) collateralized	\$ 37,290	\$ 13,651	\$ 752,607	\$ 13,879	\$ 3,271,621

*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 thirty-six (36) 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.

The collateral pledged is listed on pages 152-154 of 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.

Investments

The City's investments at June 30, 2019, include the following:

Investment Type	Weighted Average Maturities	Fair Value	Rating**
New MexiGROW LGIP	77 days	\$ 5,508	AAAm
Federal Home Loan Bank Bond	1 to 10 years	32,107,423	A-1+
U.S. Treasury Money Market	0 to 5 years	2,860,562	AA+
Moreton Capital Money Market Mutual Funds*	<1 year	1,251,263	AA+
		\$ 36,224,756	

* Moreton Capital Money Market Mutual Fund Account is composed of US Government Securities

** Based off Standard & Poor's rating

City of Alamogordo, New Mexico
Notes to Financial Statements
June 30, 2019

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

The City has presented certificates of deposit in the amount of \$15,713,156 as investments in the statement of net position; however, these are classified as deposits for disclosure purposes.

Interest Rate Risk – Investments. The City has multiple investments in which the maturity date is greater than one year. The fair value of the securities exposed to interest rate risk is \$36,224,754. These securities do not have call options. The City’s policy related to interest rate risk with investments is to comply with the statute as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978).

Maturity rates consist of the following as of June 30, 2019:

Investment Type	Fair Value	Investment Maturities			
		Not subject to Interest Rate Risk	Less than 1 Year	1-5 Years	5+ Years
New MexiGROW LGIP	\$ 5,508	\$ -	\$ 5,508	\$ -	\$ -
Federal Home Loan Bank Bond	32,107,423	-	8,642,728	23,464,695	-
Moreton Capital Money Market Mutual Fund	1,251,263	1,251,263	-	-	-
U.S. Treasury Money Market Mutual Fund	2,860,562	-	2,860,562	-	-
Total investments	\$ 36,224,756	\$ 1,251,263	\$ 11,508,798	\$ 23,464,695	\$ -

Concentration of Credit Risk – Investments. For an investment, concentration of credit risk is when any one issuer is 5% or more of the investment portfolio of the City. The investment in the Federal Home Loan Bank bonds represent 88.63% of the investment portfolio and the U.S. Treasury Money Market Mutual Funds represent 7.90%. The City’s policy related to concentration credit risk is to comply with the state statute as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978).

Reconciliation to the Statement of Net Position

Cash and cash equivalents per statement of net position	\$ 6,559,431
Investments per statement of net position	47,909,835
Restricted cash and cash equivalents per statement of net position	67,676
Restricted investments per statement of net position	74,551
Component unit cash and cash equivalents per statement of net position	730,550
Component unit investments per statement of net position	3,041,945
Component unit restricted investments per statement of net position	911,581
Agency funds cash and cash equivalents per statement of net position	13,854
Total cash, cash equivalents and investments	59,309,423
Plus: outstanding checks	602,750
Less: outstanding deposits	(78,172)
Less: investments at Moreton Capital Markets	(33,358,686)
Plus: NMFA investment	(3,697,081)
Less: New MexiGROW LGIP	(5,508)
Less: petty cash	(7,205)
Bank balance of deposits	\$ 22,765,521

NOTE 4: FAIR VALUE MEASUREMENTS

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

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

Level 2 Inputs to the valuation methodology include:

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

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

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

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

The City's investment of \$5,508 with the New MexiGROW LGIP is valued at amortized cost and is not subject to fair market valuation.

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

City of Alamogordo, New Mexico
Notes to Financial Statements
June 30, 2019

NOTE 4: FAIR VALUE MEASUREMENTS (Continued)

The City maintained a balance of \$36,219,246 in investments at June 30, 2019 which required fair value disclosure. The following table sets forth by level within the fair value hierarchy of the City's assets at fair value as of June 30, 2019:

	Level 1	Level 2	Level 3	Total
Federal Home Loan Bank Bond	\$ -	\$ 32,107,423	\$ -	\$ 32,107,423
U.S. Treasury Money Market Mutual Fund	2,860,562	-	-	2,860,562
Moreton Capital Money Market Mutual Funds	1,251,263	-	-	1,251,263
Total investments	\$ 4,111,825	\$ 32,107,423	\$ -	\$ 36,219,248

NOTE 5: RECEIVABLES

Receivables as of June 30, 2019, are as follows for the governmental activities:

	General Fund	Economic Development	2004 Capital Outlay GRT Fund Capital Projects Fund	Other Governmental Funds	Total
Taxes:					
Property	\$ 218,625	\$ -	\$ -	\$ 69,741	\$ 288,366
Gross receipts taxes	2,111,028	152,712	610,847	1,145,393	4,019,980
Gasoline and oil taxes	-	-	-	107,772	107,772
Due from other governments:					
Federal	-	-	-	132,012	132,012
Other:					
Charges for services	1,688,126	6,000	-	288,284	1,982,410
Allowance - uncollectable other	(1,493,214)	-	-	(264,564)	(1,757,778)
Totals	\$ 2,524,565	\$ 158,712	\$ 610,847	\$ 1,478,638	\$ 4,772,762

In accordance with GASB Statement No. 33, property tax revenues in the amount of \$177,187 that were not collected within the period of availability have been reclassified as deferred inflows of resources in the governmental fund financial statements.

City of Alamogordo, New Mexico
Notes to Financial Statements
June 30, 2019

NOTE 5: RECEIVABLES (Continued)

Receivables as of June 30, 2019, are as follows for the business-type activities:

	Water & Sewer Fund	Nonmajor Funds	Total	Internal Service Fund
Due from other governments	\$ -	\$ 243,337	\$ 243,337	\$ -
Customer receivables:				
Charges for services	1,906,350	198,867	2,105,217	-
Other receivables	-	-	-	17,613
Allowance - uncollectable charges for services	(364,606)	(31,394)	(396,000)	-
Totals	\$ 1,541,744	\$ 410,810	\$ 1,952,554	\$ 17,613

Receivables as of June 30, 2019, are as follows for the component unit:

	Component Unit
Customer receivables:	
Charges for services	\$ 369,021
Other receivables	13,030
Allowance - uncollectable charges for services	(14,360)
Totals	\$ 367,691

City of Alamogordo, New Mexico
Notes to Financial Statements
June 30, 2019

NOTE 6: TRANSFERS AND INTERFUND RECEIVABLES (Continued)

Net operating transfers, made to close out funds and to supplement other funding sources, were as follows:

Fund	Transfers Out	Transfers In
Government Wide Fixed Assets	\$ 10,496,767	\$ -
General	6,427,442	233,800
Internal Service	30,233	2,270,882
Corrections-Jail	1,097	33,737
Lodger's Tax - Promotional	2,164	-
Court Automation	20,738	-
Lodger's Tax- City	45,889	40,031
Court Administration	12,765	405,646
Cemetary Perpetual Care	86,857	-
Leisure Services	568,694	3,978,856
1984 Gross Receipts Tax	4,493,239	125,500
Transportation Fund	139,125	1,062,844
1986 Gross Receipt Tax	3,231,213	-
General Obligation Fund	85,000	-
Reverse Osmosis PRJ RSV	-	2,692,325
99 GRT Flood Control	-	3,701,948
1994 & 1996 GRT Principle and Interest Fund	-	2,621,649
Municipal Infrastructure 0.625	179,100	-
Community Development/Infrastructure Acquisition	40,572	390,314
1994 Gross Receipts Tax	2,019,625	-
Alamo Senior Center	4,758	374,411
Alamo Senior Center Gift	630	-
Retired and Senior Volunteer Program	15,931	49,877
Water & Sewer	439,148	10,708,675
1977 JT W/S Principle and Interest	-	483,355
Solid Waste	141,428	-
Golf Course	78,149	279,919
Airport	37,369	91,081

(Continued)

City of Alamogordo, New Mexico
Notes to Financial Statements
June 30, 2019

NOTE 6: TRANSFERS AND INTERFUND RECEIVABLES (Continued)

Fund	Transfers Out	Transfers In
Otero Greentree Regional Landfill	2,018	-
Self Insured	28,495	-
Liability Deductible	448,484	330,000
2004 Capital Outlay GRT	1,213,910	-
2012 GRT Refunding & Improvement Revenue Bond	32,277	448,484
Low Rent Public Housing	217	-
Total Transfers	\$ 30,323,334	\$ 30,323,334

The City records temporary interfund receivables and payables to enable the funds to operate until monies are received. The composition of interfund balances during the year ended June 30, 2019 is as follows:

	Due from Other Funds	Due to Other Funds
General fund	\$ 1,715,433	\$ -
Capital Improvement	-	23,566
Transportation	-	166,811
99 GRT Flood Control	-	1,512,587
Retired and Senior Volunteer Program	-	9,039
Low Rent Public Housing Fund	-	3,419
Housing Home Ownership	11	22
	\$ 1,715,444	\$ 1,715,444

City of Alamogordo, New Mexico
Notes to Financial Statements
June 30, 2019

NOTE 7: CAPITAL ASSETS

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

Governmental activities:	Balance				Balance	
	June 30, 2018	Additions	Transfers	Deletions	June 30, 2019	
Capital assets not being depreciated:						
Land	\$ 10,317,197	\$ 27,955	\$ -	\$ -	\$ 10,345,152	
Construction in progress	15,607,005	11,981,086	(18,122,654)	(132,208)	9,333,229	
Total capital assets not being depreciated	25,924,202	12,009,041	(18,122,654)	(132,208)	19,678,381	
Capital assets being depreciated:						
Buildings and improvements	30,189,002	55,603	1,142,814	(9,000)	31,378,419	
Mechanized equipment	13,869,366	488,876	76,680	(679,205)	13,755,717	
Unscheduled property	4,387,159	133,720	274,383	(28,235)	4,767,027	
Infrastructure	196,545,598	-	6,132,010	-	202,677,608	
Total capital assets being depreciated	244,991,125	678,199	7,625,887	(716,440)	252,578,771	
Total capital assets	270,915,327	12,687,240	(10,496,767)	(848,648)	272,257,152	
Accumulated depreciation:						
Buildings and improvements	17,099,647	992,210	-	(9,000)	18,082,857	
Mechanized equipment	8,008,725	875,822	-	(679,205)	8,205,342	
Unscheduled property	3,101,286	347,167	-	(17,312)	3,431,141	
Infrastructure	160,050,410	3,504,203	-	-	163,554,613	
Total accumulated depreciation	188,260,068	5,719,402	-	(705,517)	193,273,953	
Net capital assets	\$ 82,655,259	\$ 6,967,838	\$ (10,496,767)	\$ (143,131)	\$ 78,983,199	

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

General government	\$ 1,164,075
Public safety	9,476
Public works	3,590,571
Culture and recreation	955,280
Total	\$ 5,719,402

During the year ended June 30, 2019, the governmental activities transferred \$10,496,767 of construction in progress to the business-type activities for capital projects.

City of Alamogordo, New Mexico
Notes to Financial Statements
June 30, 2019

NOTE 7: CAPITAL ASSETS (Continued)

Business-type activities:	Balance					Balance
	June 30, 2018	Restatement	Additions	Transfers	Deletions	June 30, 2019
Capital assets not being depreciated:						
Land	\$ 7,003,434	\$ -	\$ -	\$ -	\$ -	\$ 7,003,434
Construction in progress	9,750,405	-	5,647,878	10,496,767	-	25,895,050
Total capital assets not being depreciated	16,753,839	-	5,647,878	10,496,767	-	32,898,484
Capital assets being depreciated:						
Buildings and improvements	31,263,598	(555,057)	1,707,098	-	(20,000)	32,395,639
Mechanized equipment	9,109,096	-	756,356	-	(259,394)	9,606,058
Unscheduled property	1,928,932	-	238,229	-	(6,841)	2,160,320
Infrastructure	96,392,184	-	921,470	-	-	97,313,654
Total capital assets being depreciated	138,693,810	(555,057)	3,623,153	-	(286,235)	141,475,671
Total capital assets	155,447,649	(555,057)	9,271,031	10,496,767	(286,235)	174,374,155
Accumulated depreciation:						
Buildings and improvements	18,842,724	-	850,567	-	(20,000)	19,673,291
Mechanized equipment	2,051,509	-	721,304	-	(220,094)	2,552,719
Unscheduled property	5,327,808	-	100,561	-	(6,841)	5,421,528
Infrastructure	30,370,021	-	2,530,961	-	-	32,900,982
Total accumulated depreciation	56,592,062	-	4,203,393	-	(246,935)	60,548,520
Net capital assets	\$ 98,855,587	\$ (555,057)	\$ 5,067,638	\$ 10,496,767	\$ (39,300)	\$ 113,825,635

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

Water & Sewer Fund	\$ 3,242,868
Solid Waste Fund	39,361
Bonito Lake Fund	5,266
Golf Course Fund	189,745
Airport Fund	374,973
Low Rent Public Housing Fund	351,180
<u>Total</u>	<u>\$ 4,203,393</u>

City of Alamogordo, New Mexico
Notes to Financial Statements
June 30, 2019

NOTE 7: CAPITAL ASSETS (Continued)

Component unit:	Balance				Balance
	June 30, 2018	Restatement	Additions	Deletions	June 30, 2019
Capital assets not being depreciated:					
Land	\$ 1,526,005	\$ -	\$ -	\$ -	\$ 1,526,005
Construction in progress	166,597	485,018	565,035	-	1,216,650
Total capital assets not being depreciated	1,692,602	485,018	565,035	-	2,742,655
Capital assets being depreciated:					
Buildings and improvements	280,004	-	-	-	280,004
Mechanized equipment	3,371,498	-	-	(7,900)	3,363,598
Unscheduled property	133,285	-	-	(10,000)	123,285
Infrastructure	1,263,849	-	-	-	1,263,849
Total capital assets being depreciated	5,048,636	-	-	(17,900)	5,030,736
Total capital assets	6,741,238	485,018	565,035	(17,900)	7,773,391
Accumulated depreciation:					
Buildings and improvements	138,307	-	5,907	-	144,214
Mechanized equipment	2,149,073	-	271,999	(7,900)	2,413,172
Unscheduled property	102,174	-	2,074	(10,000)	94,248
Infrastructure	759,762	-	39,732	-	799,494
Total accumulated depreciation	3,149,316	-	319,712	(17,900)	3,451,128
Net capital assets	\$ 3,591,922	\$ 485,018	\$ 245,323	\$ -	\$ 4,322,263

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

Otero - Greentree Regional Landfill	\$ 319,712
Total	\$ 319,712

City of Alamogordo, New Mexico
Notes to Financial Statements
June 30, 2019

NOTE 8: LONG-TERM DEBT

Governmental Activities

During the year ended June 30, 2019, the following changes occurred in the liabilities reported in the government-wide statement of net position:

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019	Due Within One Year
General obligation bonds	\$ 10,888,400	\$ -	\$ 431,800	\$ 10,456,600	\$ 277,800
NMFA loans	24,290,242	-	2,181,703	22,108,539	2,215,877
Compensated absences	995,721	1,156,504	1,100,799	940,016	940,016
Total long-term debt	\$ 36,174,363	\$ 1,156,504	\$ 3,714,302	\$ 33,505,155	\$ 3,433,693

General Obligation Bonds

At June 30, 2019, 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:

<u>Description</u>	<u>Date of Issue</u>	<u>Due Date</u>	<u>Interest Rate</u>	<u>Original Amount of Issue</u>	<u>Outstanding June 30, 2019</u>
Series 2011 GO Bond	8/1/2011	8/1/2020	0.50-3.35%	\$ 1,350,000	\$ 281,600
Series 2014A GO Bond	12/24/2014	8/1/2034	4.00-4.50%	6,000,000	5,670,000
Series 2014B GO Bond	12/24/2014	8/1/2034	2.00-4.00%	4,500,000	4,305,000
Unrefunded Series 2009 GO Bond	11/30/2017	8/1/2019	4.00%	380,000	200,000

The annual requirements to amortize the general obligation bonds as of June 30, 2019, including interest payments are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2020	\$ 277,800	\$ 393,147	\$ 670,947
2021	308,800	384,261	693,061
2022	165,000	374,144	539,144
2023	185,000	369,144	554,144
2024	215,000	362,744	577,744
2025-2029	1,515,000	1,675,670	3,190,670
2030-2034	5,960,000	1,057,455	7,017,455
2035	1,830,000	35,188	1,865,188
	\$ 10,456,600	\$ 4,651,753	\$ 15,108,353

City of Alamogordo, New Mexico
Notes to Financial Statements
June 30, 2019

NOTE 8: LONG-TERM DEBT (Continued)

Governmental Activities (Continued)

NMFA Loans

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

Description	Date of Issue	Due Date	Interest Rate	Original Amount of Issue	Outstanding June 30, 2019
NMFA Fire Station	11/1/2000	5/1/2020	0.00%	\$ 572,223	\$ 43,827
NMFA Flood Control 53	6/1/2011	6/1/2021	0.50-3.64%	2,735,456	494,712
NMFA Various Street Projects	6/1/2012	6/1/2031	0.27-3.96%	7,640,000	5,115,000
NMFA GRT Ref/Imp	6/1/2012	6/1/2027	0.200-3.520%	8,130,000	4,685,000
NMFA Ref/Flood/Nat	12/1/2016	6/1/2029	0.700-2.510%	6,870,000	4,880,000
NMFA Adv Ref & Defeas	12/1/2016	6/1/2028	0.670-2.130%	5,150,000	4,445,000
NMFA Adv Ref & Defeas	12/1/2016	6/1/2028	0.670-2.130%	2,770,000	2,445,000

The annual requirements to amortize the NMFA loan as of June 30, 2019, including interest payments, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
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	2,100,000	343,517	2,443,517
2025-2029	8,895,000	877,208	9,772,208
2030-2031	2,328,000	138,072	2,466,072
	\$ 22,108,539	\$ 3,142,011	\$ 25,250,550

Compensated Absences – Employees of the City are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year June 30, 2019, compensated absences increased \$55,705 from the prior year accrual. Compensated absences are liquidated by the respective funds in which they are accrued.

City of Alamogordo, New Mexico
Notes to Financial Statements
June 30, 2019

NOTE 8: LONG-TERM DEBT (Continued)

Business-Type Activities

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, 2019:

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019	Due Within One Year
General obligation bonds	\$ 5,455,000	\$ -	\$ 85,000	\$ 5,370,000	\$ -
Revenue bonds	6,983,670	-	454,703	6,528,967	463,568
NMFA loans	12,250,398	-	962,278	11,288,120	980,371
Compensated absences	239,214	270,302	271,424	238,092	238,092
Total long-term debt	\$ 24,928,282	\$ 270,302	\$ 1,773,405	\$ 23,425,179	\$ 1,682,031

General Obligation Bonds

At June 30, 2019, 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 general obligation bond is as follows:

<u>Description</u>	<u>Date of Issue</u>	<u>Due Date</u>	<u>Interest Rate</u>	<u>Original Amount of Issue</u>	<u>Outstanding June 30, 2019</u>
Series 2017 GO Bond (2009 Escrow)	11/30/2017	8/1/2029	2.375-3.00%	\$ 5,455,000	\$ 5,370,000

The annual requirements to amortize the general obligation bond as of June 30, 2019, including interest payments, is as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2020	\$ -	\$ 147,650	\$ 147,650
2021	245,000	143,975	388,975
2022	440,000	133,700	573,700
2023	470,000	120,050	590,050
2024	500,000	105,500	605,500
2025-2029	3,010,000	284,934	3,294,934
2030	705,000	8,372	713,372
	\$ 5,370,000	\$ 944,181	\$ 6,314,181

City of Alamogordo, New Mexico
Notes to Financial Statements
June 30, 2019

NOTE 8: LONG-TERM DEBT (Continued)

Business-Type Activities (Continued)

Revenue Bonds

At June 30, 2019, 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:

<u>Description</u>	<u>Date of Issue</u>	<u>Due Date</u>	<u>Interest Rate</u>	<u>Original Amount of Issue</u>	<u>Outstanding June 30, 2019</u>
NMFA Refund Bond 1998	6/1/2012	6/1/2031	0.26-3.80%	\$ 9,812,674	\$ 6,528,967

The annual requirements to amortize the revenue bonds as of June 30, 2019, including interest payments, are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2020	\$ 463,568	\$ 209,569	\$ 673,137
2021	473,767	199,371	673,138
2022	485,137	188,000	673,137
2023	498,478	174,659	673,137
2024	512,885	160,253	673,138
2025-2029	2,821,582	544,105	3,365,687
2030-2031	1,273,550	72,725	1,346,275
	\$ 6,528,967	\$ 1,548,682	\$ 8,077,649

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:

<u>Description</u>	<u>Date of Issue</u>	<u>Due Date</u>	<u>Interest Rate</u>	<u>Original Amount of Issue</u>	<u>Outstanding June 30, 2019</u>
NMFA Drinking Water	5/1/2013	5/1/2032	1.75%	\$ 4,805,293	\$ 3,416,356
NMFA Westside	11/1/2006	5/1/2026	3.28-4.18%	730,453	328,922
NMFA Water-Wastewater	6/18/2009	6/1/2029	2.00-5.00%	5,340,000	3,220,000
NMFA WTB	6/1/2011	6/1/2030	0.00%	1,127,000	626,807
NMFA Drinking Water	5/1/2014	5/1/2025	2.00%	855,320	792,152
NMFA Desalination	5/1/2014	5/1/2035	2.00%	1,136,250	1,073,883
NMFA Refunding & Projects	12/1/2016	6/1/2025	0.670-1.350%	2,715,000	1,830,000

City of Alamogordo, New Mexico
Notes to Financial Statements
June 30, 2019

NOTE 8: LONG-TERM DEBT (Continued)

Business-Type Activities (Continued)

The annual requirements to amortize the loan payable as of June 30, 2019, including interest payments, are as follows:

Fiscal Year					Total Debt
Ending June 30,	Principal		Interest		Service
2020	\$	980,371	\$	260,719	\$ 1,241,090
2021		1,007,675		240,331	1,248,006
2022		1,025,195		218,811	1,244,006
2023		1,047,934		196,250	1,244,184
2024		1,069,906		172,762	1,242,668
2025-2029		4,319,380		503,284	4,822,664
2030-2034		1,479,173		91,403	1,570,576
2035		358,486		12,646	371,132
	\$	11,288,120	\$	1,696,206	\$ 12,984,326

Compensated Absences – Employees of the City are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year June 30, 2019, compensated absences increased \$53,005 in business-type funds from the prior year. Compensated absences are liquidated by the respective funds in which they are accrued.

Component Unit Activities

During the year ended June 30, 2019, the following changes occurred in the liabilities reported in the government-wide statement of net position:

	Balance				Balance		Due Within		
	June 30, 2018		Additions		Deletions		June 30, 2019		One Year
Compensated absences	\$	19,728	\$	20,127	\$	27,654	\$	12,201	\$ 12,201
Total long-term debt	\$	19,728	\$	20,127	\$	27,654	\$	12,201	\$ 12,201

Compensated Absences – Employees of the City are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year June 30, 2019, compensated absences decreased \$7,527 in the component unit from the prior year.

NOTE 9: 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 coverage's are expected to be continued.

At June 30, 2019, no unpaid claims have been filed which exceed the policy limits and to the best of management's knowledge and belief all known and unknown claims will be covered by insurance. No major lawsuits have been 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.

City of Alamogordo, New Mexico
Notes to Financial Statements
June 30, 2019

NOTE 10: OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

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

- A. Deficit fund balance of individual funds.

Governmental Funds	
Nonmajor Funds	
Corrections Fund	\$ (23,619)
Court Administration Fund	(10,197)
Police Contengency Fund	(38,308)
Leisure Service Fund	(23,635)
Transportation Fund	(56,162)
Grant Capital Improvement	(23,566)
<u>Total governmental funds</u>	<u>\$ (175,487)</u>

There were no business type funds with a deficit fund balance as of June 30, 2019.

- B. Actual expenditures in excess of amount budgeted at the budgetary authority level. Budgetary legal level of control is at the fund level. The following funds had expenditures in excess of budgetary authority for the year ended June 30, 2019.

Nonmajor funds	
1984 Gross Receipts Tax	\$ 31
Municipal Infrastructure 0.0625	7
1994 Gross Receipts Tax	30
<u>Total funds</u>	<u>\$ 68</u>

- C. Designated cash appropriations in excess of available balances. There were no funds that had designated cash appropriations in excess of available balances for the year ended June 30, 2019.

NOTE 11: PENSION PLAN- PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

General Information about the Pension Plan

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

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

Contributions. The contribution requirements of defined benefit plan members and the City are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY19 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on page 40 of the PERA FY18 annual audit report at <http://www.nmpera.org/financial-overview/comprehensive-annual-financial-report>. The PERA coverage options that apply to the City are: Municipal General Division. Municipal Fire Division and Municipal Police Division. Statutorily required contributions to the pension plan from the City were \$1,462,038 for the year ended June 30, 2019.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2018 using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date of June 30, 2018. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2018. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined.

City of Alamogordo, New Mexico
Notes to Financial Statements
June 30, 2019

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

For PERA Fund Municipal General Division, at June 30, 2019, City of Alamogordo reported a liability of \$16,122,270 for its proportionate share of the net pension liability. At June 30, 2018, Alamogordo's proportion was 1.01125 percent, which was increased from its proportion measured as of June 30, 2017, by 0.0920 percent.

For the year ended June 30, 2019, City of Alamogordo recognized PERA Fund Municipal General Division pension expense of \$1,990,460. At June 30, 2019, City of Alamogordo reported PERA Fund Municipal General Division deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 465,966	\$ 423,285
Net difference between projected and actual earnings on pension plan investments	1,195,709	-
Changes of assumption	1,461,712	92,697
Changes in proportion and differences between the City's contributions and proportionate share of contributions	848,416	155,894
The City's contributions subsequent to the measurement date	804,165	-
Total	\$ 4,775,968	\$ 671,876

\$804,165 reported as deferred outflows of resources related to pensions resulting from City of Alamogordo's contributions subsequent to the measurement date June 30, 2017 will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2018	\$ (1,858,129)
2019	(939,823)
2020	(439,823)
2021	(62,152)
Thereafter	-

City of Alamogordo, New Mexico
Notes to Financial Statements
June 30, 2019

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

For PERA Fund Municipal Police Division, at June 30, 2019, City of Alamogordo reported a liability of \$7,680,700 for its proportionate share of the net pension liability. At June 30, 2018, City of Alamogordo's proportion was 1.1257 percent, which was decreased from its proportion measured as of June 30, 2017, by 0.0641 percent.

For the year ended June 30, 2019, City of Alamogordo recognized PERA Fund Municipal Police Division pension expense of \$520,640. At June 30, 2019, City of Alamogordo reported PERA Fund Municipal Police Division deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 376,012	\$ 761,356
Net difference between projected and actual earnings on pension plan investments	528,541	-
Changes of assumption	876,378	46,955
Changes in proportion and differences between the City's contributions and proportionate share of contributions	20,285	400,492
The City's contributions subsequent to the measurement date	475,381	-
Total	\$ 2,276,597	\$ 1,208,803

\$475,381 reported as deferred outflows of resources related to pensions resulting from City of Alamogordo's contributions subsequent to the measurement date June 30, 2018 will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2018	(424,274)
2019	(51,890)
2020	(89,511)
2021	(26,738)
Thereafter	-

City of Alamogordo, New Mexico
Notes to Financial Statements
June 30, 2019

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

For PERA Fund Municipal Fire Division, at June 30, 2019, City of Alamogordo reported a liability of \$4,029,195 for its proportionate share of the net pension liability. At June 30, 2018, City of Alamogordo's proportion was 0.6295 percent, which increased from its proportion measured as of June 30, 2017, by 0.0601 percent.

For the year ended June 30, 2019, City of Alamogordo recognized PERA Fund Municipal Fire Division pension expense of \$491,204. At June 30, 2019, City of Alamogordo reported PERA Fund Municipal Fire Division deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 64,750	\$ 293,848
Net difference between projected and actual earnings on pension plan investments	141,293	-
Changes of assumptions	232,703	14,712
Changes in proportion and differences between the City's contributions and proportionate share of contributions	275,868	4,221
The City's contributions subsequent to the measurement date	182,492	-
Total	\$ 897,106	\$ 312,781

\$182,492 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date June 30, 2018 will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2018	\$ (211,451)
2019	(64,203)
2020	(118,193)
2021	(7,986)
Thereafter	-

City of Alamogordo, New Mexico
Notes to Financial Statements
June 30, 2019

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

Actuarial assumptions. As described above, the PERA Fund member group pension liabilities and net pension liabilities are based on actuarial valuations performed as of June 30, 2017 for each of the membership groups. Then each PERA Fund member group pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2019 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2019. These actuarial methods and assumptions were adopted by the PERA's Board of Trustees for use in the June 30, 2017, actuarial valuation.

Actuarial valuation date	June 30, 2017
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Pay
Amortization period	Solved for based on statutory rates
Asset valuation method	4 Year smoothed Market Value
Actuarial assumptions:	
Investment rate of return	7.25% annual rate, net of investment expense
Projected benefit payment	100 years
Payroll growth	2.75% for the first 9 years, then 3.25% annual rate
Projected salary increases	3.25% to 13.50% annual rate
Includes inflation at	2.50% annual rate first 9 years, 2.75% all other years
Mortality 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, 2017 (demographic) and July 1, 2010 through June 30, 2018 (economic)

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

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

ALL FUNDS - Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	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	100.00%	

City of Alamogordo, New Mexico
Notes to Financial Statements
June 30, 2019

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

Discount rate: The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan's fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASBS 67. Therefore, the 7.25% assumed long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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.

The discount rate used to measure the total pension liability of 7.25 percent was changed from the prior valuation where the discount rate used was 7.51 percent.

Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate. The following tables show the sensitivity of the net pension liability to changes in the discount rate. In particular, the tables present the City's net pension liability in each PERA Fund Division that the City participates in, under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.25%) or one percentage point higher (8.25%) than the single discount rate.

PERA Fund Municipal General Division	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
City of Alamogordo's proportionate share of the net pension liability	\$ 24,843,339	\$ 16,122,270	\$ 8,912,913

PERA Fund Municipal Police Division	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
City of Alamogordo's proportionate share of the net pension liability	\$ 11,809,764	\$ 7,680,700	\$ 4,314,534

PERA Fund Municipal Fire Division	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
City of Alamogordo's proportionate share of the net pension liability	\$ 5,378,669	\$ 4,029,335	\$ 2,923,695

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

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued FY18 PERA financial report. The report is available at <http://www.pera.state.nm.us/publications.html>.

Payables to the pension plan. At June 30, 2019 there were no contributions due and payable to PERA for the City.

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

General Information about the OPEB

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

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

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

City of Alamogordo, New Mexico
Notes to Financial Statements
June 30, 2019

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

Employees covered by benefit terms. At June 30, 2018, the Fund’s measurement date, the following employees were covered by the benefit terms:

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

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 \$252,470 for the year ended June 30, 2019.

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

At June 30, 2019, the City reported a liability of \$12,738,940 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017. The City’s proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2018. At June 30, 2019, the City’s proportion was 0.29296 percent.

City of Alamogordo, New Mexico
Notes to Financial Statements
June 30, 2019

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

For the year ended June 30, 2019, the recognized OPEB expense of \$105,902. At June 30, 2019 the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ -	\$ 2,378,304
Net difference between projected and actual earnings on pension plan investments	-	158,978
Changes in proportion and differences between contributions and proportionate share of contributions	579,783	-
District's contributions subsequent to the measurement date	252,470	-
Difference between expected and actual experience		754,229
Total	\$ 832,253	\$ 3,291,511

Deferred outflows of resources totaling \$252,470 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year ended June 30:	
2019	\$ (713,466)
2020	(713,466)
2021	(713,446)
2022	(523,001)
2023	(48,349)
Total	\$ (2,711,728)

City of Alamogordo, New Mexico
Notes to Financial Statements
June 30, 2019

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

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

Actuarial valuation date	June 30, 2017
Actuarial cost method	Entry age normal, level percent of pay, calculated on individual employee basis
Asset valuation method	Market value of assets
Actuarial assumptions:	
Inflation	2.50% for ERB; 2.25% for PERA
Projected payroll increases	3.50% to 12.50% based on years of service, including inflation
Investment rate of return	7.25%, net of OPEB plan investment expense and margin for adverse deviation including inflation
Health care cost trend rate	8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs and 7.5% graded down to 4.5% over 12 for Medicare medical plan costs
Mortality	ERB members: RP-2000 Combined Healthy Mortality Table with White Collar Adjustment (males) and GRS Southwest Region Teacher Mortality Table (females) PERA members: RP-2000 Combined Healthy Mortality

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

City of Alamogordo, New Mexico
Notes to Financial Statements
June 30, 2019

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

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

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

Discount Rate. The discount rate used to measure the Fund’s total OPEB liability is 4.08% as of June 30, 2018. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the actuary determined contribution rates. For this purpose, employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members through the fiscal year ending June 30, 2029. Thus, the 7.25% discount rate was used to calculate the net OPEB liability through 2029. Beyond 2029, the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher (3.87%) was applied. Thus, 4.08% is the blended discount rate.

Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates. The following presents the net OPEB liability of the City, as well as what the City’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.08 percent) or 1-percentage-point higher (5.08 percent) than the current discount rate:

1% Decrease (3.08%)	Current Discount Rate (4.08%)	1% Increase (5.08%)
\$ 10,768,871	\$ 12,738,940	\$ 14,283,519

City of Alamogordo, New Mexico
Notes to Financial Statements
June 30, 2019

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

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

1% Decrease	Current Trend Rates	1% Increase
\$ 10,768,871	\$ 12,738,940	\$ 14,283,519

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, 2019.

Payable Changes in the Net OPEB Liability. At June 30, 2019, the City did not have amounts payable to the NMRHCA.

NOTE 13: CONTINGENT LIABILITIES

The City is party to various claims and lawsuits arising in the normal course of business. The City is insured through the New Mexico Self Insurers Fund. The maximum exposure of the City is not estimable as of June 30, 2019 for any open claims and lawsuits.

NOTE 14: 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 15: 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.

NOTE 15: OTERO – GREENTREE REGIONAL LANDFILL (Continued)

The estimate of closure and post-closure costs was updated during the year ended June 30, 2019, and has increased by \$310,057, for a balance of \$1,508,632. The effect of this change in accounting estimate is that net position and the change in net position have increased by \$247,601, as of and for the year ended June 30, 2019.

The landfill current holds a 95-acre permit. The permit is defined as land that may be disturbed. To date 58% 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 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 \$911,581 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 continues 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 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 16: 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.

City of Alamogordo, New Mexico
Notes to Financial Statements
June 30, 2019

NOTE 17: RESTATEMENT OF NET POSITION AND RECLASSIFICATION OF FUND BALANCE

The objective of a net position restatement is to accurately reflect prior period's net position and improve the relevancy and usefulness of financial information. The City restated net position in relation to capital outlay (see FS 2019-001) within the component unit and for capital asset balances and unbilled receivables within the proprietary type funds. The effect of those restatements is as follows:

	Proprietary Activities		
	Water & Sewer Fund	Low Rent Housing Fund	Component Unit Activities
Net position - beginning as originally stated	63,822,621	4,829,457	\$ 5,907,996
Restatement for unbilled utility receivables	1,000,344	-	-
Restatement for public housing capital assets	-	(555,057)	-
Restatement for component unit capital assets	-	-	485,018
Net position - beginning, as restated	\$ 63,822,621	\$ 4,274,400	\$ 6,393,014

In addition to the restatements above, the City had reclassifications of fund balance. This reclassification was due to the movement of two funds out from within the general fund. The leisure services, special revenue fund, containing a fund balance of \$47,612 and the community development special revenue fund, containing \$390 in fund balance were previously combined into the general fund. In the current year the City determined that it was appropriate to report these two funds as individual Nonmajor governmental funds.

City of Alamogordo, New Mexico
Notes to Financial Statements
June 30, 2019

NOTE 18: COMMITMENTS

The City's commitments as of June 30, 2019 are as follows:

Contract	Project	Year Ending	Amount
Flood Control	EN0226	2021	\$ 3,563,543
Utility Relocation Corps PH 8	EN1609	2021	2,062,442
SMP 2017 (Street Maintenance Project	EN1701	2020	1,799,600
SMP 2017 (Street Maintenance Project	EN1701	2020	29,340
SMP 2018	EN1803	2022	1,696,267
Park Picnic Pavilions	NB1811	2020	34,985
Cell Development	PW1405	2020	798,803
1MG Desal - Capital Outlay	PW1406	2020	284,947
Bonito Lake Restoration	PW1501	2020	5,272,549
DR4199 - Bonito Lake	PW1605	2020	632,602
Scenic Dr Ext - WSB to RR	PW1606	2020	3,907,473
Fire Radio Voting System	PW1714	2020	4,588
APD Generator	PW1719	2020	23,386
Rehab Upper Heights GST	PW1802	2020	33,924
Wash Rack Building	PW1904	2020	27,249
Radio Read Program	UB2006	2020	96,644
Total commitments			\$ 20,268,341

NOTE 19: SUBSEQUENT EVENTS

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

NOTE 20: RESTRICTED NET POSITION

The government-wide statement of net position reports \$28,935,366 of restricted net position for governmental activities, all of which is restricted by enabling legislation. For descriptions of the related enabling legislation for special revenue, capital projects, and debt service funds, see pages 45, 51 and 106-109.

NOTE 21: TAX ABATEMENTS

The City of Alamogordo had no tax abatements during the year ended June 30, 2019. The City is not subject to any tax abatement agreements entered into by other governmental entities.

NOTE 22: SUBSEQUENT PRONOUNCEMENTS

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

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

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

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

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

Required Supplementary Information

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

	2019	2018
	Measurement	Measurement
	Date	Date
	As of and for the	As of and for the
	Year Ended	Year Ended
	June 30, 2018	June 30, 2017
City of Alamogordo's proportion of the net pension liability	1.0112%	0.9192%
City of Alamogordo's proportionate share of the net pension liability	\$ 16,122,270	\$ 12,630,586
City of Alamogordo's covered payroll	\$ 8,436,676	\$ 8,072,412
City of Alamogordo's proportionate share of the net pension liability as a percentage of its covered-employee payroll	191.10%	156.47%
Plan fiduciary net position as a percentage of the total pension liability	71.13%	73.74%

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

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

2017 Measurement Date As of and for the Year Ended June 30, 2016	2016 Measurement Date As of and for the Year Ended June 30, 2015	2015 Measurement Date As of and for the Year Ended June 30, 2014
0.9228%	0.9651%	0.9957%
\$ 14,743,243	\$ 9,840,030	\$ 7,767,529
\$ 8,519,979	\$ 8,002,462	\$ 8,370,704
173.04%	122.96%	92.79%
69.18%	76.99%	81.29%

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

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

	2019	2018
	Measurement	Measurement
	Date	Date
	As of and for the	As of and for the
	Year Ended	Year Ended
	June 30, 2018	June 30, 2017
City of Alamogordo's proportion of the net pension liability	1.1257%	1.1898%
City of Alamogordo's proportionate share of the net pension liability	\$ 7,680,700	\$ 6,610,256
City of Alamogordo's covered payroll	\$ 2,515,241	\$ 2,452,647
City of Alamogordo's proportionate share of the net pension liability as a percentage of its covered-employee payroll	305.37%	269.52%
Plan fiduciary net position as a percentage of the total pension liability	71.13%	73.74%

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

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

2017 Measurement Date As of and for the Year Ended June 30, 2016	2016 Measurement Date As of and for the Year Ended June 30, 2015	2015 Measurement Date As of and for the Year Ended June 30, 2014
1.1819%	1.2572%	1.3996%
\$ 8,720,409	\$ 6,045,322	\$ 4,562,544
\$ 2,350,723	\$ 2,460,929	\$ 2,789,369
370.97%	245.65%	163.57%
69.18%	76.99%	81.29%

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

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

	2019	2018
	Measurement	Measurement
	Date	Date
	As of and for the	As of and for the
	Year Ended	Year Ended
	June 30, 2018	June 30, 2017
City of Alamogordo's proportion of the net pension liability	0.6295%	0.5694%
City of Alamogordo's proportionate share of the net pension liability	\$ 4,029,335	\$ 3,257,791
City of Alamogordo's covered payroll	\$ 842,919	\$ 690,057
City of Alamogordo's proportionate share of the net pension liability as a percentage of its covered-employee payroll	478.02%	472.10%
Plan fiduciary net position as a percentage of the total pension liability	71.13%	73.74%

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

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

2017	2016	2015
Measurement	Measurement	Measurement
Date	Date	Date
As of and for the	As of and for the	As of and for the
Year Ended	Year Ended	Year Ended
June 30, 2016	June 30, 2015	June 30, 2014
0.5710%	0.5622%	0.5592%
\$ 3,809,151	\$ 2,901,616	\$ 2,334,097
\$ 665,639	\$ 637,580	\$ 646,276
572.25%	455.10%	361.16%
69.18%	76.99%	81.29%

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

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

	As of and for the Year Ended June 30, 2019	As of and for the Year Ended June 30, 2018
Contractually required contributions	\$ 804,165	\$ 846,350
Contributions in relation to the contractually required contribution	804,165	846,350
Contribution deficiency (excess)	\$ -	\$ -
City of Alamogordo's covered payroll	\$ 8,420,579	\$ 8,862,307
Contributions as a percentage of covered payroll	9.55%	9.55%

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

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

As of and for the Year Ended June 30, 2017	As of and for the Year Ended June 30, 2016	As of and for the Year Ended June 30, 2015
\$ 770,915	\$ 813,658	\$ 764,235
<hr/>	<hr/>	<hr/>
770,915	813,658	764,235
<hr/>	<hr/>	<hr/>
\$ -	\$ -	\$ -
<hr/>	<hr/>	<hr/>
\$ 8,072,412	\$ 8,519,979	\$ 8,002,462
9.55%	9.55%	9.55%

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

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

	As of and for the Year Ended June 30, 2019	As of and for the Year Ended June 30, 2018
Contractually required contributions	\$ 475,381	\$ 466,652
Contributions in relation to the contractually required contribution	475,381	466,652
Contribution deficiency (excess)	\$ -	\$ -
City of Alamogordo's covered payroll	\$ 2,515,241	\$ 2,469,059
Contributions as a percentage of covered payroll	18.90%	18.90%

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

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

As of and for the Year Ended June 30, 2017	As of and for the Year Ended June 30, 2016	As of and for the Year Ended June 30, 2015
\$ 463,550	\$ 444,287	\$ 465,116
463,550	444,287	465,116
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,452,647	\$ 2,350,723	\$ 2,460,929
18.90%	18.90%	18.90%

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

City of Alamogordo, New Mexico
Schedule of Contributions
Public Employees Retirement Association (PERA) Plan
Municipal Fire
Last 10 Fiscal Years*

	As of and for the Year Ended June 30, 2019	As of and for the Year Ended June 30, 2018
Contractually required contributions	\$ 182,492	\$ 180,022
Contributions in relation to the contractually required contribution	182,492	180,022
Contribution deficiency (excess)	\$ -	\$ -
City of Alamogordo's covered payroll	\$ 842,919	\$ 831,512
Contributions as a percentage of covered payroll	21.65%	21.65%

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

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

As of and for the Year Ended June 30, 2017	As of and for the Year Ended June 30, 2016	As of and for the Year Ended June 30, 2015
\$ 149,397	\$ 144,111	\$ 138,036
149,397	144,111	138,036
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 690,057	\$ 665,639	\$ 637,580
21.65%	21.65%	21.65%

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

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

	2019	2018
	Measurement	Measurement
	Date	Date
	(As of and for	(As of and for
	the Year Ended	the Year Ended
	June 30, 2018)	June 30, 2017)
City of Alamogordo's proportion of the net OPEB liability	0.29296%	0.28033%
City of Alamogordo's proportionate share of the net OPEB liability	\$ 12,738,940	\$ 12,703,639
City of Alamogordo's covered-employee payroll	\$ 11,775,275	\$ 11,677,559
City of Alamogordo's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	108.18%	108.79%
Plan fiduciary net position as a percentage of the total OPEB liability	11.34%	11.34%

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

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

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

	As of and for the Year Ended June 30, 2019	As of and for the Year Ended June 30, 2018
Contractually required contributions	\$ 252,470	\$ 250,375
Contributions in relation to the contractually required contribution	(252,470)	(250,375)
Contribution deficiency (excess)	\$ -	\$ -
City of Alamogordo's covered-employee payroll	\$ 11,775,275	\$ 11,677,559
Contributions as a percentage of covered-employee payroll	2.14%	2.14%

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

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

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

Public Employees Retirement Association (PERA) Plan

Changes of benefit terms. The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY18 audit available at: <http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/CAFR-2018-Final.pdf>.

Changes of assumptions. The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2017 report is available at: <http://www.nmpera.org/assets/uploads/downloads/retirement-fund-valuation-reports/6-30-2017-PERA-Valuation-Report-FINAL.pdf>. See the notes to the financial statements on page 57 which summarizes actuarial assumptions and methods effective with the June 30, 2017 valuation.

New Mexico Retiree Health Care Authority (MRHCA)

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

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

See independent auditors' report.

Supplementary Information

City of Alamogordo, New Mexico
Nonmajor Governmental and Proprietary Fund Descriptions
June 30, 2019

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.

Lodgers' 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 City (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.

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.

Leisure Services Fund (032) – This fund accounts for services and admission fees received by the various Community Services departments for the administration, maintenance, and improvements of facilities.

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.

H.I.D.A (035) – This fund accounts for all grant monies, initiated at the federal level, for the Narcotics Enforcement Unit's projects and services.

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.

City of Alamogordo, New Mexico
Nonmajor Governmental and Proprietary Fund Descriptions
June 30, 2019

SPECIAL REVENUE FUNDS (Continued)

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.

Community Development/Infrastructure Acquisition (063) – This fund accounts for the project planning, budgeting, engineering and design, and project management for the city's capital projects.

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

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

DEBT SERVICE FUNDS

General Obligation (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.

1994 & 1996 GRT Principal (059) – This fund accounts for the servicing of principal and interest payments for any debt pledged with Gross Receipts Tax revenues.

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.

City of Alamogordo, New Mexico
Nonmajor Governmental and Proprietary Fund Descriptions
June 30, 2019

CAPITAL PROJECTS FUNDS

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

1986 Gross Receipt Tax (049) – This fund accounts for ¼ of 1% Gross Receipts Tax Revenues that are dedicated to the purpose of repair, upgrade, rehabilitate, replace and install water facilities outside of the City limits

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.

Reverse Osmosis Project (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.

99 GRT 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 (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.

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.

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.

2014A GO Bond- (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.

City of Alamogordo, New Mexico
Nonmajor Governmental and Proprietary Fund Descriptions
June 30, 2019

PERMANENT FUNDS

Cemetery Perpetual (031) – 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.

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.

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.

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.

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.

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

	Special Revenue		
	Corrections Fund	Lodgers Tax- Promotional	Court Automation Fund
Assets			
Cash and cash equivalents	\$ 10,663	\$ 15,291	\$ 5,867
Investments	-	165,810	-
Receivables:			
Taxes receivable	-	-	-
Due from other governments	-	-	3,357
Other receivables, net	-	-	-
Total assets	\$ 10,663	\$ 181,101	\$ 9,224
Liabilities			
Accounts payable	\$ 34,282	\$ 32	\$ 325
Accrued payroll	-	747	326
Customer deposits	-	-	-
Unearned revenue	-	-	-
Due to other funds	-	-	-
Total liabilities	34,282	779	651
Deferred inflows of resources			
Unearned revenue - property taxes	-	-	-
Total deferred inflows of resources	-	-	-
Fund balances			
Restricted for:			
Government operations	-	180,322	8,573
Public safety	-	-	-
Public works	-	-	-
Culture and recreation	-	-	-
Health and welfare	-	-	-
Capital projects	-	-	-
Debt service	-	-	-
Permanent fund	-	-	-
Unassigned (deficit)	(23,619)	-	-
Total fund balances	(23,619)	180,322	8,573
Total liabilities, deferred inflows of resources, and fund balances	\$ 10,663	\$ 181,101	\$ 9,224

See independent auditor's report.

Special Revenue

Lodger's Tax- City Fund		D.A.R.E Donations Fund		Court Administration Fund		Police Contingency Fund		Leisure Services Fund		Fire Protection Fund	
\$	7,579	\$	7,924	\$	8,775	\$	10,296	\$	124,369	\$	199,466
	90,539		15,656		-		52,102		-		200,540
	-		-		-		-		-		-
	-		-		-		-		-		-
	1,400		-		-		-		21,183		-
\$	99,518	\$	23,580	\$	8,775	\$	62,398	\$	145,552	\$	400,006
\$	50,092	\$	-	\$	2,321	\$	100,706	\$	41,060	\$	9,872
	5,208		-		12,614		-		96,270		-
	-		-		-		-		20,013		-
	-		-		4,037		-		11,844		-
	-		-		-		-		-		-
	55,300		-		18,972		100,706		169,187		9,872
	-		-		-		-		-		-
	-		-		-		-		-		-
	-		-		-		-		-		-
	-		23,580		-		-		-		390,134
	-		-		-		-		-		-
	44,218		-		-		-		-		-
	-		-		-		-		-		-
	-		-		-		-		-		-
	-		-		-		-		-		-
	-		-		-		-		-		-
	-		-		(10,197)		(38,308)		(23,635)		-
	44,218		23,580		(10,197)		(38,308)		(23,635)		390,134
\$	99,518	\$	23,580	\$	8,775	\$	62,398	\$	145,552	\$	400,006

See independent auditor's report.

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

	Special Revenue		
	H.I.D.A Fund	Law Enforcement Fund	State Highway Fund
Assets			
Cash and cash equivalents	\$ -	\$ -	\$ 16,228
Investments	-	-	110,757
Receivables:			
Taxes receivable	-	-	-
Due from other governments	-	1,224	-
Other receivables, net	-	-	-
Total assets	\$ -	\$ 1,224	\$ 126,985
Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Accrued payroll	-	419	-
Customer deposits	-	-	-
Unearned revenue	-	-	-
Due to other funds	-	-	-
Total liabilities	-	419	-
Deferred inflows of resources			
Unearned revenue - property taxes	-	-	-
Total deferred inflows of resources	-	-	-
Fund balances			
Restricted for:			
Government operations	-	-	-
Public safety	-	805	-
Public works	-	-	126,985
Culture and recreation	-	-	-
Health and welfare	-	-	-
Capital projects	-	-	-
Debt service	-	-	-
Permanent fund	-	-	-
Unassigned (deficit)	-	-	-
Total fund balances	-	805	126,985
Total liabilities, deferred inflows of resources, and fund balances	\$ -	\$ 1,224	\$ 126,985

See independent auditor's report.

Special Revenue

Traffic Safety Fund	1984 Gross Receipts Fund	Transportation Fund	Community Development/ Infrastructure Acquisition Fund	Alamo Senior Center Fund	Alamo Senior Center Gift Fund
\$ 22,350	\$ 245,032	\$ -	\$ 33,500	\$ 21,630	\$ 55,043
46,617	-	-	-	-	86,446
-	305,423	184,184	-	-	-
-	-	-	-	98,103	-
-	-	537	-	-	-
<u>\$ 68,967</u>	<u>\$ 550,455</u>	<u>\$ 184,721</u>	<u>\$ 33,500</u>	<u>\$ 119,733</u>	<u>\$ 141,489</u>
\$ -	\$ -	\$ 53,670	\$ 786	\$ 9,921	\$ 244
-	-	20,402	10,863	24,152	-
-	-	-	63	-	-
-	-	-	-	-	-
-	-	166,811	-	-	-
-	-	240,883	11,712	34,073	244
-	-	-	-	-	-
-	-	-	-	-	-
-	550,455	-	21,788	-	-
68,967	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	85,660	141,245
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	(56,162)	-	-	-
<u>68,967</u>	<u>550,455</u>	<u>(56,162)</u>	<u>21,788</u>	<u>85,660</u>	<u>141,245</u>
<u>\$ 68,967</u>	<u>\$ 550,455</u>	<u>\$ 184,721</u>	<u>\$ 33,500</u>	<u>\$ 119,733</u>	<u>\$ 141,489</u>

See independent auditor's report.

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

	Special Revenue		Debt Service	
	Retired and Senior Volunteer Program Fund	ESGRT .0625% Fund	General Obligation Fund	
Assets				
Cash and cash equivalents	\$ 100	\$ 32,169	\$ 872,135	
Investments	-	2,495,651	-	
Receivables:				
Taxes receivable	-	76,356	69,741	
Due from other governments	29,328	-	-	
Other receivables, net	-	-	-	
Total assets	\$ 29,428	\$ 2,604,176	\$ 941,876	
Liabilities				
Accounts payable	\$ 1,305	\$ -	\$ -	
Accrued payroll	3,897	-	-	
Customer deposits	-	-	-	
Unearned revenue	-	-	-	
Due to other funds	9,039	-	-	
Total liabilities	14,241	-	-	
Deferred inflows of resources				
Unearned revenue - property taxes	-	-	44,063	
Total deferred inflows of resources	-	-	44,063	
Fund balances				
Restricted for:				
Government operations	-	-	-	
Public safety	-	-	-	
Public works	-	2,604,176	-	
Culture and recreation	-	-	-	
Health and welfare	15,187	-	-	
Capital projects	-	-	-	
Debt service	-	-	897,813	
Permanent fund	-	-	-	
Unassigned (deficit)	-	-	-	
Total fund balances	15,187	2,604,176	897,813	
Total liabilities, deferred inflows of resources, and fund balances	\$ 29,428	\$ 2,604,176	\$ 941,876	

See independent auditor's report.

Debt Service			Capital Projects			
1994 & 1996 GRT Principal Fund	1994 Gross Receipts Tax Fund	Grant Capital Improvements Fund	1986 Gross Receipt Tax Fund	Property Acquisition Fund	Reverse Osmosis Project Fund	
\$ 54,357	\$ 139,949	\$ -	\$ 490,609	\$ 84,410	\$ 21,967	
95,627	2,072,108	-	3,868,518	-	-	
-	305,423	-	305,423	-	-	
-	-	-	-	-	-	
-	-	-	-	600	-	
\$ 149,984	\$ 2,517,480	\$ -	\$ 4,664,550	\$ 85,010	\$ 21,967	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	23,566	-	-	-	
-	-	23,566	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	4,664,550	85,010	21,967	
149,984	2,517,480	-	-	-	-	
-	-	-	-	-	-	
-	-	(23,566)	-	-	-	
149,984	2,517,480	(23,566)	4,664,550	85,010	21,967	
\$ 149,984	\$ 2,517,480	\$ -	\$ 4,664,550	\$ 85,010	\$ 21,967	

See independent auditor's report.

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

	Capital Projects		
	99 GRT Flood Control Fund	Municipal Infrastructure Fund	Sidewalk Revolving Loans
Assets			
Cash and cash equivalents	\$ 373,493	\$ 297,139	\$ -
Investments	1,277,197	518,947	138,371
Receivables:			
Taxes receivable	-	76,356	-
Due from other governments	-	-	-
Other receivables, net	-	-	-
Total assets	\$ 1,650,690	\$ 892,442	\$ 138,371
Liabilities			
Accounts payable	\$ 1,745	\$ -	\$ -
Accrued payroll	-	-	-
Customer deposits	-	-	-
Unearned revenue	-	-	-
Due to other funds	1,512,587	-	-
Total liabilities	1,514,332	-	-
Deferred inflows of resources			
Unearned revenue - property taxes	-	-	-
Total deferred inflows of resources	-	-	-
Fund balances			
Restricted for:			
Government operations	-	-	-
Public safety	-	-	-
Public works	-	-	-
Culture and recreation	-	-	-
Health and welfare	-	-	-
Capital projects	136,358	892,442	138,371
Debt service	-	-	-
Permanent fund	-	-	-
Unassigned (deficit)	-	-	-
Total fund balances	136,358	892,442	138,371
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,650,690	\$ 892,442	\$ 138,371

See independent auditor's report.

<u>Capital Projects</u>			<u>Permanent Fund</u>		
2012 GRT Refunding & Improvement Revenue Bond Fund			2014B GO Bond- Streets Fund	Cemetery Perpetual Fund	Total Nonmajor Governmental Funds
\$ 203,772	\$ 415	\$ 780	\$ 3,529	\$ 3,358,837	
996,744	86,735	168,091	764,358	13,250,814	
-	-	-	-	1,322,906	
-	-	-	-	132,012	
-	-	-	-	23,720	
<u>\$ 1,200,516</u>	<u>\$ 87,150</u>	<u>\$ 168,871</u>	<u>\$ 767,887</u>	<u>\$ 18,088,289</u>	
\$ -	\$ -	\$ -	\$ -	\$ 306,361	
-	-	-	-	174,898	
-	-	-	-	20,076	
-	-	-	-	15,881	
-	-	-	-	1,712,003	
-	-	-	-	2,229,219	
-	-	-	-	44,063	
-	-	-	-	44,063	
-	-	-	-	761,138	
-	-	-	-	483,486	
-	-	-	-	2,731,161	
-	-	-	-	271,123	
-	-	-	-	15,187	
1,200,516	87,150	168,871	-	7,395,235	
-	-	-	-	3,565,277	
-	-	-	767,887	767,887	
-	-	-	-	(175,487)	
<u>1,200,516</u>	<u>87,150</u>	<u>168,871</u>	<u>767,887</u>	<u>15,815,007</u>	
<u>\$ 1,200,516</u>	<u>\$ 87,150</u>	<u>\$ 168,871</u>	<u>\$ 767,887</u>	<u>\$ 18,088,289</u>	

See independent auditor's report.

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

	Special Revenue		
	Corrections Fund	Lodgers Tax- Promotional	Court Automation Fund
Revenues			
Taxes:			
Property	\$ -	\$ -	\$ -
Gross receipts	-	-	-
Other taxes	-	236,060	-
Intergovernmental:			
Federal operating grants	-	-	-
Federal capital grants	-	-	-
State operating grants	-	5,500	22,313
State capital grants	-	-	-
Charges for services	112,680	-	47,221
Investment income	-	5,407	242
Miscellaneous	-	-	-
Total revenues	112,680	246,967	69,776
Expenditures			
Current:			
General government	-	235,390	44,248
Public safety	156,487	-	14,154
Public works	-	-	-
Culture and recreation	-	-	-
Health and welfare	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	156,487	235,390	58,402
Excess (deficiency) of revenues over expenditures	(43,807)	11,577	11,374
Other financing sources (uses)			
Proceeds from sale of assets	-	-	-
Transfers in	33,737	-	-
Transfers (out)	(1,097)	(2,164)	(20,738)
Total other financing sources (uses)	32,640	(2,164)	(20,738)
Net change in fund balances	(11,167)	9,413	(9,364)
Fund balances - beginning of year	(12,452)	170,909	17,937
Fund balances - reclassification (note 17)	-	-	-
Fund balances - as reclassified	(12,452)	170,909	17,937
Fund balances - end of year	\$ (23,619)	\$ 180,322	\$ 8,573

See independent auditor's report.

Special Revenue

Lodger's Tax- City Fund	D.A.R.E Donations Fund	Court Administration Fund	Police Contingency Fund	Leisure Services Fund	Fire Protection Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
354,090	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	57,510	724,060
-	-	-	-	-	-
71,673	6,770	16,018	2,025	431,257	-
4,582	510	-	1,700	-	17,924
18,936	-	-	2,844	24,532	5
449,281	7,280	16,018	6,569	513,299	741,989
-	-	343,752	-	1,344,400	-
-	7,664	49,534	8,311	3,925	595,951
-	-	11,617	-	238,755	-
525,605	-	-	-	2,213,482	-
-	-	-	-	-	-
-	-	-	-	98,922	-
-	-	-	-	-	43,715
-	-	-	-	-	5,142
525,605	7,664	404,903	8,311	3,899,484	644,808
(76,324)	(384)	(388,885)	(1,742)	(3,386,185)	97,181
-	-	-	-	-	-
40,031	-	405,646	-	3,978,856	-
(45,889)	-	(12,765)	-	(568,694)	-
(5,858)	-	392,881	-	3,410,162	-
(82,182)	(384)	3,996	(1,742)	23,977	97,181
126,400	23,964	(14,193)	(36,566)	-	292,953
-	-	-	-	(47,612)	-
126,400	23,964	(14,193)	(36,566)	(47,612)	292,953
\$ 44,218	\$ 23,580	\$ (10,197)	\$ (38,308)	\$ (23,635)	\$ 390,134

See independent auditor's report.

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

	<u>Special Revenue</u>		
	H.I.D.A Fund	Law Enforcement Fund	State Highway Fund
Revenues			
Taxes:			
Property	\$ -	\$ -	\$ -
Gross receipts	-	-	-
Other taxes	-	-	-
Intergovernmental:			
Federal operating grants	-	-	-
Federal capital grants	2,978	-	-
State operating grants	-	75,972	8,173
State capital grants	-	-	-
Charges for services	-	-	23,185
Investment income	-	-	3,612
Miscellaneous	-	-	-
Total revenues	2,978	75,972	34,970
Expenditures			
Current:			
General government	-	-	-
Public safety	2,978	80,111	3,909
Public works	-	-	30,096
Culture and recreation	-	-	-
Health and welfare	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	2,978	80,111	34,005
Excess (deficiency) of revenues over expenditures	-	(4,139)	965
Other financing sources (uses)			
Proceeds from sale of assets	-	-	-
Transfers in	-	-	-
Transfers (out)	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	-	(4,139)	965
Fund balances - beginning of year	-	4,944	126,020
Fund balances - reclassification (note 17)	-	-	-
Fund balances - as reclassified	-	4,944	126,020
Fund balances - end of year	\$ -	\$ 805	\$ 126,985

See independent auditor's report.

Special Revenue						
Traffic Safety Fund	1984 Gross Receipts Fund	Transportation Fund	Community Development/Infrastructure Acquisitions Fund	Alamo Senior Center Fund	Alamo Senior Center Gift Fund	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	1,687,586	421,896	-	-	-	-
-	-	651,455	-	-	-	-
-	-	861,388	-	121,082	-	-
-	-	-	-	-	-	-
-	-	-	-	446,242	-	-
-	-	36,627	-	-	-	-
29,135	-	6,322	80	120,173	51,934	-
1,520	80,331	-	-	-	2,819	-
-	-	15,424	-	11,672	-	-
30,655	1,767,917	1,993,112	80	699,169	54,753	-
-	28,470	-	319,610	-	-	-
22,460	-	141,719	8,814	-	-	-
-	-	1,309,077	-	-	-	-
-	-	-	-	1,089,116	11,450	-
-	-	-	-	-	-	-
-	-	1,635,547	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
22,460	28,470	3,086,343	328,424	1,089,116	11,450	-
8,195	1,739,447	(1,093,231)	(328,344)	(389,947)	43,303	-
-	-	-	-	-	-	-
-	125,500	1,062,844	390,314	374,411	-	-
-	(4,493,239)	(139,125)	(40,572)	(4,758)	(630)	-
-	(4,367,739)	923,719	349,742	369,653	(630)	-
8,195	(2,628,292)	(169,512)	21,398	(20,294)	42,673	-
60,772	3,178,747	113,350	-	105,954	98,572	-
-	-	-	390	-	-	-
60,772	3,178,747	113,350	390	105,954	98,572	-
\$ 68,967	\$ 550,455	\$ (56,162)	\$ 21,788	\$ 85,660	\$ 141,245	-

See independent auditor's report.

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

	Special Revenue		Debt Service
	Retired and Senior Volunteer Program Fund	ESGRT .0625% Fund	General Obligation Fund
Revenues			
Taxes:			
Property	\$ -	\$ -	\$ 1,061,474
Gross receipts	-	421,896	-
Other taxes	-	-	-
Intergovernmental:			
Federal operating grants	42,914	-	-
Federal capital grants	-	-	-
State operating grants	170,774	-	-
State capital grants	-	-	-
Charges for services	-	-	-
Investment income	-	66,607	16,630
Miscellaneous	6,000	-	-
Total revenues	219,688	488,503	1,078,104
Expenditures			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	-	20,275	-
Culture and recreation	-	-	-
Health and welfare	249,571	-	-
Capital outlay	-	-	-
Debt service:			
Principal	-	-	431,800
Interest	-	-	585,944
Total expenditures	249,571	20,275	1,017,744
Excess (deficiency) of revenues over expenditures	(29,883)	468,228	60,360
Other financing sources (uses)			
Proceeds from sale of assets	-	-	-
Transfers in	49,877	-	-
Transfers (out)	(15,931)	-	(85,000)
Total other financing sources (uses)	33,946	-	(85,000)
Net change in fund balances	4,063	468,228	(24,640)
Fund balances - beginning of year	11,124	2,135,948	922,453
Fund balances - reclassification (note 17)	-	-	-
Fund balances - as reclassified	11,124	2,135,948	922,453
Fund balances - end of year	\$ 15,187	\$ 2,604,176	\$ 897,813

See independent auditor's report.

Debt Service			Capital Projects		
1994 & 1996 GRT Principal Fund	1994 Gross Receipts Tax Fund	Grant Capital Improvement Fund	1986 Gross Receipt Tax Fund	Property Acquisition Fund	Reverse Osmosis Project Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	1,687,586	-	1,687,586	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	1,214	-	-	-
-	-	-	-	-	-
-	-	9,781	-	-	-
-	-	-	-	-	-
11,647	64,511	-	194,546	-	-
-	-	-	-	8,452	-
11,647	1,752,097	10,995	1,882,132	8,452	-
-	28,469	1,497	-	-	-
3,344	-	6,600	35,573	-	-
-	-	96,377	83,750	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	2,131,283
2,137,988	-	-	-	-	-
530,153	-	-	-	-	-
2,671,485	28,469	104,474	119,323	-	2,131,283
(2,659,838)	1,723,628	(93,479)	1,762,809	8,452	(2,131,283)
-	-	-	-	-	-
2,621,649	-	-	-	-	2,692,325
-	(2,019,625)	-	(3,231,213)	-	-
2,621,649	(2,019,625)	-	(3,231,213)	-	2,692,325
(38,189)	(295,997)	(93,479)	(1,468,404)	8,452	561,042
188,173	2,813,477	69,913	6,132,954	76,558	(539,075)
-	-	-	-	-	-
188,173	2,813,477	69,913	6,132,954	76,558	(539,075)
\$ 149,984	\$ 2,517,480	\$ (23,566)	\$ 4,664,550	\$ 85,010	\$ 21,967

See independent auditor's report.

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

	Capital Projects		
	99 GRT Flood Control Fund	Municipal Infrastructure Fund	Sidewalk Revolving Loans
Revenues			
Taxes:			
Property	\$ -	\$ -	\$ -
Gross receipts	-	421,896	-
Other taxes	-	-	-
Intergovernmental:			
Federal operating grants	-	-	-
Federal capital grants	-	-	-
State operating grants	-	-	-
State capital grants	-	-	-
Charges for services	-	-	-
Investment income	36,153	16,923	4,492
Miscellaneous	-	-	-
Total revenues	36,153	438,819	4,492
Expenditures			
Current:			
General government	-	7,117	-
Public safety	-	-	-
Public works	113,957	-	-
Culture and recreation	-	-	-
Health and welfare	-	-	-
Capital outlay	3,700,025	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	3,813,982	7,117	-
Excess (deficiency) of revenues over expenditures	(3,777,829)	431,702	4,492
Other financing sources (uses)			
Proceeds from sale of assets	-	-	-
Transfers in	3,701,948	-	-
Transfers (out)	-	(179,100)	-
Total other financing sources (uses)	3,701,948	(179,100)	-
Net change in fund balances	(75,881)	252,602	4,492
Fund balances - beginning of year	212,239	639,840	133,879
Fund balances - reclassification (note 17)	-	-	-
Fund balances - as reclassified	212,239	639,840	133,879
Fund balances - end of year	\$ 136,358	\$ 892,442	\$ 138,371

See independent auditor's report.

Capital Projects			Permanent Fund		
2012 GRT Refunding & Improvement Revenue Bond Fund	2014A Go Bond Fund	2014B Go Bond- Streets Fund	Cemetery Perpetual Fund	Total Nonmajor Governmental Funds	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,061,474
-	-	-	-	-	6,328,446
-	-	-	-	-	1,241,605
-	-	-	-	-	1,025,384
-	-	-	-	-	4,192
-	-	-	-	-	1,510,544
-	-	-	-	-	46,408
-	-	-	-	-	918,473
27,337	2,828	6,176	27,416	-	593,913
-	-	-	-	-	87,865
27,337	2,828	6,176	27,416	-	12,818,304
-	-	-	-	-	2,352,953
-	-	-	-	-	1,141,534
172,788	-	27,787	-	-	2,104,479
-	-	-	-	-	3,839,653
-	-	-	-	-	249,571
703,760	-	-	-	-	8,269,537
-	-	-	-	-	2,613,503
-	-	-	-	-	1,121,239
876,548	-	27,787	-	-	21,692,469
(849,211)	2,828	(21,611)	27,416	-	(8,874,165)
-	-	-	9,138	-	9,138
448,484	-	-	-	-	15,925,622
(32,277)	-	-	(86,857)	-	(10,979,674)
416,207	-	-	(77,719)	-	4,955,086
(433,004)	2,828	(21,611)	(50,303)	-	(3,919,079)
1,633,520	84,322	190,482	818,190	-	19,781,308
-	-	-	-	-	(47,222)
1,633,520	84,322	190,482	818,190	-	19,734,086
\$ 1,200,516	\$ 87,150	\$ 168,871	\$ 767,887	\$ -	\$ 15,815,007

See independent auditor's report.

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

	Nonmajor Enterprise Funds		
	Solid Waste Fund	Bonito Lake Fund	Golf Course Fund
Assets			
Current assets			
Cash and cash equivalents	\$ 20,434	\$ 52,068	\$ 11,600
Investments	436,650	257,393	-
Receivables:			
Due from other governments	-	-	-
Customer receivable, net	109,835	-	-
Inventory	-	-	-
Prepaid expenses	-	-	-
Due from other funds	-	-	-
Total current assets	566,919	309,461	11,600
Noncurrent assets			
Restricted cash and cash equivalents	-	-	-
Restricted investments	-	74,551	-
Other assets	-	-	-
Capital assets, not being depreciated	16,000	1,740,180	2,528,794
Capital assets, being depreciated	1,056,441	255,855	4,594,743
Less: accumulated depreciation	(711,720)	(232,245)	(2,537,948)
Total noncurrent assets	360,721	1,838,341	4,585,589
Total assets	927,640	2,147,802	4,597,189
Deferred outflows of resources			
Deferred outflow- pension	50,527	-	97,328
Deferred outflow- OPEB	5,393	-	11,590
Total deferred outflows of resources	55,920	-	108,918
Total assets and deferred outflows of resources	\$ 983,560	\$ 2,147,802	\$ 4,706,107

See independent auditors' report.

Nonmajor Enterprise Funds				
Airport Fund	Low Rent Public Housing Fund	Home Ownership Fund	Total	
\$ 12,569	\$ 754,246	\$ 613,615	\$ 1,464,532	
-	96,521	111,081	901,645	
85,969	157,368	-	243,337	
50,188	7,450	-	167,473	
-	11,227	-	11,227	
-	27,095	-	27,095	
-	-	11	11	
148,726	1,053,907	724,707	2,815,320	
-	46,327	21,349	67,676	
-	-	-	74,551	
-	-	88,338	88,338	
765,788	1,324,708	-	6,375,470	
12,673,612	13,898,069	3,735	32,482,455	
(4,774,304)	(11,454,714)	(3,735)	(19,714,666)	
8,665,096	3,814,390	109,687	19,373,824	
8,813,822	4,868,297	834,394	22,189,144	
33,386	233,011	5,590	419,842	
4,060	18,384	569	39,996	
37,446	251,395	6,159	459,838	
\$ 8,851,268	\$ 5,119,692	\$ 840,553	\$ 22,648,982	

See independent auditors' report.

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

	Nonmajor Enterprise Funds		
	Solid Waste Fund	Bonito Lake Fund	Golf Course Fund
Liabilities			
Current liabilities			
Accounts payable	\$ 154,383	\$ -	\$ 6,416
Accrued payroll	6,079	-	11,830
Accrued compensated absences	9,546	-	14,297
Customer deposits	-	-	-
Unearned revenue	-	-	-
Due to other funds	-	-	-
Total current liabilities	170,008	-	32,543
Noncurrent liabilities			
Net pension liability	162,700	-	317,223
Net OPEB liability	75,189	-	144,083
Total noncurrent liabilities	237,889	-	461,306
Total liabilities	407,897	-	493,849
Deferred inflows of resources			
Deferred inflows - pension	13,731	-	24,246
Deferred inflows - OPEB	19,752	-	38,700
Total deferred inflows of resources	33,483	-	62,946
Net position			
Net investment in capital assets	360,721	1,763,790	4,585,589
Unrestricted	181,459	384,012	(436,277)
Total net position	542,180	2,147,802	4,149,312
Total liabilities, deferred inflows of resources, and net position	\$ 983,560	\$ 2,147,802	\$ 4,706,107

See independent auditors' report.

Nonmajor Enterprise Funds				
Airport Fund	Low Rent Public Housing Fund	Home Ownership Fund	Total	
\$ 3,590	\$ 3,879	\$ 170	\$ 168,438	
3,618	13,923	596	36,046	
350	19,177	1,524	44,894	
10,834	43,531	-	54,365	
-	31,727	-	31,727	
-	3,419	22	3,441	
18,392	115,656	2,312	338,911	
118,296	556,769	15,917	1,170,905	
54,807	280,261	6,379	560,719	
173,103	837,030	22,296	1,731,624	
191,495	952,686	24,608	2,070,535	
9,729	68,865	1,637	118,208	
14,486	72,465	1,751	147,154	
24,215	141,330	3,388	265,362	
8,665,096	3,768,063	-	19,143,259	
(29,538)	257,613	812,557	1,169,826	
8,635,558	4,025,676	812,557	20,313,085	
\$ 8,851,268	\$ 5,119,692	\$ 840,553	\$ 22,648,982	

See independent auditors' report.

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

	Nonmajor Enterprise Funds		
	Solid Waste Fund	Bonito Lake Fund	Golf Course Fund
Operating revenues			
Charges for services	\$ 2,195,440	\$ -	\$ 1,557,019
Operating grants	-	-	-
Total operating revenues	2,195,440	-	1,557,019
Operating expenses			
Personnel services	150,564	-	303,556
Utilities	7,585	-	28,493
Contractual services	1,713,569	-	1,712
Supplies and purchased power	26,688	-	94,760
Repairs and maintenance	9,834	-	104,229
Depreciation expense	39,361	5,266	189,745
Miscellaneous expense	73,737	-	1,210,227
Total operating expenses	2,021,338	5,266	1,932,722
Operating income (loss)	174,102	(5,266)	(375,703)
Non-operating revenues (expenses)			
Investment income	15,979	10,825	-
Loss on disposition of asset	(39,300)	-	-
Miscellaneous	4,340	494	-
Total non-operating revenues (expenses)	(18,981)	11,319	-
Income (loss) before contributions and transfers	155,121	6,053	(375,703)
Capital grants	-	-	-
Transfers in	-	-	279,919
Transfers (out)	(141,428)	-	(78,149)
Change in net position	13,693	6,053	(173,933)
Net position - beginning, as originally stated	528,487	2,141,749	4,323,245
Net position - restatement (note 17)	-	-	-
Net position - beginning, as restated	528,487	2,141,749	4,323,245
Net position - end of year	\$ 542,180	\$ 2,147,802	\$ 4,149,312

See independent auditors' report.

Nonmajor Enterprise Funds				
	Low Rent	Home		
	Public Housing	Ownership		
Airport Fund	Fund	Fund		Total
\$ 172,952	\$ 260,871	\$ -	\$	4,186,282
34,883	731,638	-		766,521
207,835	992,509	-		4,952,803
96,280	393,301	13,786		957,487
29,925	-	-		66,003
-	119,923	1,330		1,836,534
22,625	118,354	698		263,125
18,931	161,789	1,076		295,859
374,973	351,180	-		960,525
27,794	116,646	1,590		1,429,994
570,528	1,261,193	18,480		5,809,527
(362,693)	(268,684)	(18,480)		(856,724)
-	2,812	2,145		31,761
-	-	-		(39,300)
1,683	3,313	10		9,840
1,683	6,125	2,155		2,301
(361,010)	(262,559)	(16,325)		(854,423)
464,712	14,052	-		478,764
91,081	-	-		371,000
(37,369)	(217)	-		(257,163)
157,414	(248,724)	(16,325)		(261,822)
8,478,144	4,829,457	828,882		21,129,964
-	(555,057)	-		(555,057)
8,478,144	4,274,400	828,882		20,574,907
\$ 8,635,558	\$ 4,025,676	\$ 812,557	\$	20,313,085

See independent auditors' report.

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

	Nonmajor Enterprise Funds		
	Solid Waste Fund	Bonito Lake Fund	Golf Course Fund
Cash flows from operating activities			
Cash received from user charges	\$ 2,193,868	\$ -	\$ 1,557,019
Cash received from subsidy grants	-	-	-
Cash payments to employees for services	(139,787)	-	(287,797)
Cash payments to suppliers for goods and services	(1,824,394)	-	(1,444,428)
Net cash provided (used) by operating activities	229,687	-	(175,206)
Cash flows from noncapital financing activities			
Miscellaneous income	4,340	494	-
Transfers and interfund balances	(141,428)	-	201,770
Net cash provided (used) by noncapital financing activities	(137,088)	494	201,770
Cash flows from investing activities			
Sale (Purchase) of investments	36,102	(9,259)	-
Interest on investments	15,979	10,825	-
Net cash provided (used) by investing activities	52,081	1,566	-
Cash flows from capital and related financing activities			
Acquisition of capital assets	(193,725)	-	(32,277)
Capital grants	-	-	-
Net cash provided (used) by capital and related financing activities	(193,725)	-	(32,277)
Net (decrease) increase in cash and cash equivalents	(49,045)	2,060	(5,713)
Cash and cash equivalents - beginning of year	69,479	50,008	17,313
Cash and cash equivalents - end of year	\$ 20,434	\$ 52,068	\$ 11,600

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Nonmajor Enterprise Funds				
	Low Rent		Home	
	Public Housing		Ownership	
Airport Fund	Fund	Fund	Fund	Total
\$ 159,554	\$ 283,045	\$ -	\$ -	\$ 4,193,486
34,883	574,270	-	-	609,153
(90,343)	(389,011)	(13,065)	-	(920,003)
(103,876)	(525,236)	(4,655)	-	(3,902,589)
218	(56,932)	(17,720)	-	(19,953)
1,683	3,313	10	-	9,840
53,712	88	4	-	114,146
55,395	3,401	14	-	123,986
-	(27)	(36)	-	26,780
-	2,812	2,145	-	31,761
-	2,785	2,109	-	58,541
(516,337)	(14,462)	-	-	(756,801)
383,075	14,052	-	-	397,127
(133,262)	(410)	-	-	(359,674)
(77,649)	(51,156)	(15,597)	-	(197,100)
90,218	851,729	650,561	-	1,729,308
\$ 12,569	\$ 800,573	\$ 634,964	\$ -	\$ 1,532,208

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

	Nonmajor Enterprise Funds		
	Solid Waste Fund	Bonito Lake Fund	Golf Course Fund
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 174,102	\$ (5,266)	\$ (375,703)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	39,361	5,266	189,745
Noncash pension expense	8,407	-	18,809
Noncash OPEB benefit	(971)		(5,681)
Changes in assets, deferred outflows, and liabilities:			
Receivables	(1,575)	-	-
Inventory	-	-	-
Prepaid expenses	-	-	-
Subsequent contributions-pension	166	-	372
Subsequent contributions-OPEB	(8)	-	3,490
Accounts payable	7,030	-	(3,060)
Accrued payroll expenses	116	-	797
Other accrued expenses	(11)	-	(1,947)
Accrued compensated absences	3,067	-	(2,028)
Unearned revenue	3	-	-
Customer deposits	-	-	-
Net cash provided (used) by operating activities	\$ 229,687	\$ -	\$ (175,206)

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Nonmajor Enterprise Funds				
Airport Fund	Low Rent Public Housing Fund	Home Ownership Fund	Total	
\$ (362,693)	\$ (268,684)	\$ (18,480)	\$ (856,724)	
374,973	351,180	-	960,525	
6,408	18,027	657	52,308	
(740)	(3,193)	(110)	(10,695)	
(13,101)	(160,459)	-	(175,135)	
-	(4,527)	-	(4,527)	
-	(4,217)	-	(4,217)	
127	357	13	1,035	
(6)	(26)	(1)	3,449	
(4,601)	220	39	(372)	
(29)	(4,166)	(16)	(3,298)	
-	-	-	(1,958)	
177	(6,709)	178	(5,315)	
-	26,308	-	26,311	
(297)	(1,043)	-	(1,340)	
<u>\$ 218</u>	<u>\$ (56,932)</u>	<u>\$ (17,720)</u>	<u>\$ (19,953)</u>	

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Internal Service Funds

City of Alamogordo, New Mexico
Combining Statement of Net Position
Internal Service Funds
June 30, 2019

	Internal Service Fund	Self-Insured Fund	Liability/ Deductibles Fund	Total Internal Service Funds
Assets				
Current assets				
Cash and cash equivalents	\$ 82,565	\$ 56,781	\$ 14,008	\$ 153,354
Investments	-	435,988	665,556	1,101,544
Receivables				
Other receivable	17,613	-	-	17,613
Inventory	151,052	-	-	151,052
Prepaid expenses	68,090	-	-	68,090
Total current assets	319,320	492,769	679,564	1,491,653
Total assets	\$ 319,320	\$ 492,769	\$ 679,564	\$ 1,491,653
Liabilities				
Current liabilities				
Accounts payable	\$ 38,347	\$ 262	\$ 18,577	\$ 57,186
Accrued payroll	53,232	-	-	53,232
Total current liabilities	91,579	262	18,577	110,418
Total liabilities	91,579	262	18,577	110,418
Net position				
Unrestricted	227,741	492,507	660,987	1,381,235
Total net position	227,741	492,507	660,987	1,381,235
Total liabilities and net position	\$ 319,320	\$ 492,769	\$ 679,564	\$ 1,491,653

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City of Alamogordo, New Mexico
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2019

	Internal Service Fund	Self-Insured Fund	Liability/ Deductibles Fund	Total Internal Service Funds
Operating revenues				
Charges for service	\$ 234,181	\$ 50,000	\$ -	\$ 284,181
Total operating revenues	234,181	50,000	-	284,181
Operating expenses				
Personnel expenses	1,473,900	-	-	1,473,900
Utilities	34,030			34,030
Contractual services	359,918	-	-	359,918
Supplies and purchase power	170,175			170,175
Repairs and maintenance	523,563			523,563
Miscellaneous expense	64,314	32,409	145,137	241,860
Total operating expenses	2,625,900	32,409	145,137	2,803,446
Operating income (loss)	(2,391,719)	17,591	(145,137)	(2,519,265)
Non-operating revenues (expenses)				
Investment income	-	14,218	29,032	43,250
Miscellaneous	136,068	10,000	430	146,498
Total non-operating revenues (expenses)	136,068	24,218	29,462	189,748
Income (loss) before contributions and transfers	(2,255,651)	41,809	(115,675)	(2,329,517)
Transfers in	2,270,882	-	330,000	2,600,882
Transfers (out)	(30,233)	(28,495)	(448,484)	(507,212)
Net transfers	2,240,649	(28,495)	(118,484)	2,093,670
Change in net position	(15,002)	13,314	(234,159)	(235,847)
Net position - beginning	242,743	479,193	895,146	1,617,082
Net position - end of year	\$ 227,741	\$ 492,507	\$ 660,987	\$ 1,381,235

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City of Alamogordo, New Mexico
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2019

	Internal Service Fund	Self-Insured Fund	Liability/ Deductibles Fund	Total Internal Service Funds
Cash flows from operating activities				
Cash received from user charges	\$ 216,938	\$ 50,000	\$ -	\$ 266,938
Cash payments to employees for services	(1,423,673)	-	-	(1,423,673)
Cash payments to suppliers for goods and services	(1,087,417)	(32,147)	(164,607)	(1,284,171)
Net cash provided (used) by operating activities	(2,294,152)	17,853	(164,607)	(2,440,906)
Cash flows from noncapital financing activities				
Miscellaneous income	136,068	10,000	430	146,498
Transfers and interfund balances	2,240,649	(28,495)	(118,484)	2,093,670
Net cash provided (used) by noncapital financing activities	2,376,717	(18,495)	(118,054)	2,240,168
Cash flows from investing activities				
Sale (Purchase) of investments	-	(12,161)	259,751	247,590
Interest on investments	-	14,218	29,032	43,250
Net cash provided (used) by investing activities	-	2,057	288,783	290,840
Net (decrease) increase in cash and cash equivalents	82,565	1,415	6,122	90,102
Cash and cash equivalents - beginning of year	-	55,366	7,886	63,252
Cash and cash equivalents - end of year	\$ 82,565	\$ 56,781	\$ 14,008	\$ 153,354

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	Internal Service Fund	Self-Insured Fund	Liability/ Deductibles Fund	Total Internal Service Funds
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating (loss) income	\$ (2,391,719)	\$ 17,591	\$ (145,137)	\$ (2,519,265)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Changes in assets, deferred outflows and liabilities:				
Receivables	(17,243)	-	-	(17,243)
Inventory	90,939	-	-	90,939
Prepaid expenses	(19,885)	-	-	(19,885)
Accounts payable	(6,471)	262	(19,470)	(25,679)
Accrued payroll expenses	50,227	-	-	50,227
Net cash provided (used) by operating activities	\$ (2,294,152)	\$ 17,853	\$ (164,607)	\$ (2,440,906)

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Component Unit

Otero – Greentree Regional Landfill

City of Alamogordo, New Mexico
Statement of Net Position
Otero - Greentree Regional Landfill
June 30, 2019

Assets

Current assets	
Cash and cash equivalents	\$ 730,550
Investments	3,041,945
Receivables	
Customer receivable, net	367,691
Total current assets	4,140,186
Noncurrent assets	
Restricted investments	911,581
Capital assets, not being depreciated	2,742,655
Capital assets, being depreciated	5,030,736
Less: accumulated depreciation	(3,451,128)
Total noncurrent assets	5,233,844
Total assets	9,374,030
Deferred outflows of resources	
Deferred outflow-pension	103,976
Deferred outflow-OPEB	11,678
Total deferred outflows of resources	115,654
Total assets and deferred outflows of resources	\$ 9,489,684

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Liabilities

Current liabilities		
Accounts payable	\$	57,338
Accrued payroll		10,839
Accrued compensated absences		12,201
Customer deposits		8,067
Unearned revenue		7,141
Total current liabilities		95,586
Noncurrent liabilities		
Accrued landfill closure costs		1,508,632
Net pension liability		347,740
Net OPEB liability		161,852
Total noncurrent liabilities		2,018,224
Total liabilities		2,113,810
Deferred inflows of resources		
Deferred inflows - pension		27,028
Deferred inflows - OPEB		42,566
Total deferred inflows of resources		69,594
Net position		
Net investment in capital assets		4,322,263
Unrestricted		2,984,017
Total net position		7,306,280
Total liabilities, deferred inflows of resources, and net position	\$	9,489,684

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City of Alamogordo, New Mexico
Statement of Revenues, Expenses, and Changes in Net Position
Otero - Greentree Regional Landfill
For the Year Ended June 30, 2019

Operating revenues	
Charges for service	\$ 2,260,068
Total operating revenues	2,260,068
Operating expenses	
Personnel expenses	341,059
Contractual services	217,253
Supplies expense	121,869
Repairs and maintenance	152,805
Depreciation expense	319,712
Miscellaneous expense	343,195
Total operating expenses	1,495,893
Operating income (loss)	764,175
Non-operating revenues (expenses)	
Investment income	140,934
Miscellaneous	10,753
Total non-operating revenues (expenses)	151,687
Income (loss) before contributions and transfers	915,862
Transfers (out)	(2,018)
Change in net position	913,844
Net position - beginning	5,907,418
Net position, restatement (note 17)	485,018
Net position - as restated	6,392,436
Net position - end of year	\$ 7,306,280

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City of Alamogordo, New Mexico
Statement of Cash Flows
Otero - Greentree Regional Landfill
June 30, 2019

Cash flows from operating activities	
Cash received from user charges	\$ 2,062,748
Cash payments to employees for services	(333,588)
Cash payments to suppliers for goods and services	(989,594)
Net cash provided (used) by operating activities	739,566
Cash flows from noncapital financing activities	
Miscellaneous income	10,753
Transfers	(2,018)
Net cash provided (used) by noncapital financing activities	8,735
Cash flows from investing activities	
Sale of investments	306,150
Interest on investments	140,934
Net cash provided (used) by investing activities	447,084
Cash flows from capital and related financing activities	
Acquisition of capital assets	(565,035)
Net cash provided (used) by capital and related financing activities	(565,035)
Net (decrease) increase in cash and cash equivalents	630,350
Cash and cash equivalents - beginning of year	100,200
Cash and cash equivalents - end of year	\$ 730,550

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Reconciliation of operating income (loss) to		
net cash provided (used) by operating activities:		
Operating income (loss)	\$	764,175
Adjustments to reconcile operating income (loss) to		
net cash provided (used) by operating activities:		
Depreciation		319,712
Noncash OPEB benefit		(2,108)
Noncash pension expense		18,245
Change in landfill liability		310,057
Changes in assets, deferred outflows and liabilities:		
Receivables		(197,058)
Contributions subsequent to measurement date-pension		361
Contributions subsequent to measurement date-OPEB		(17)
Accounts payable		(454,653)
Accrued payroll expenses		(1,483)
Other accrued expenses		(9,876)
Accrued compensated absences		(7,527)
Meter deposits		(3,326)
Unearned revenue		3,064
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Net cash provided (used) by operating activities	\$	739,566
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Supporting Schedules

City of Alamogordo, New Mexico
Schedule of Collateral Pledged by Depository For Public Funds
June 30, 2019

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number	Fair Market Value June 30, 2019
Bank of the West				
	GNMA2 ARM Multiple	1/20/2043	36179MYH7	\$ 11,152
	Total Bank of the West			11,152
First American Bank				
	FNMA 10YR 4.00%	10/1/2020	31417YS24	32,583
	TULAROSA SD 4 NM 22 3.250%	10/15/2022	899172JS0	83,154
	W LAS VEGAS SD #1 NM 27 2.250%	8/15/2027	9537969LC8	201,604
	Alamogordo Muni SD #1 2.25%	8/1/2028	011464KT0	196,127
	GNMA II 5x1 3.000%	1/20/2042	36225FLB3	267,033
	Total First American Bank			780,501
First National Bank, City Accounts				
	FNMA Pool #MA0979, 3.00%	2/1/2022	31418ACR7	78,300
	FNMA Pool #890306, 4.00%	4/1/2026	31410LDK5	205,105
	FNMA Pool # MA1059, 3.50%	5/1/2032	31418AE95	671,548
	FNMA Pool #MA2643, 3.00%	5/1/2036	31418B5D4	1,056,310
	FNMA Pool #256724, 5.00%	5/1/2037	31371ND51	28,001
	FNMA Pool #888737, 5.50%	10/1/2037	31410GLS0	25,967
	FNMA Pool #981747, 5.104%	2/1/2036	31418BY59	606,033
	FNMA Pool #AL0128, 3.534%	4/1/2041	3138EGEA8	593,847
	Total First National Bank			3,265,112
First National Bank of Alamogordo, Housing Authority				
	FNMA Pool #890263, 4.00%	11/1/2025	31410LB84	45,355
	FHLMC Pool #G18459, 2.50%	3/1/2028	3128MMQM8	554,654
	FHLMC Pool #C91247, 5.00%	4/1/2029	3128P7L43	125,894
	FNMA Pool #MA2579, 3.00%	4/1/2036	31418B2M7	646,176
	FNMA Pool #MA0711, 3.50%	4/1/2031	31417YYHA	119,043
	Total First National Bank of Alamogordo, Housing Authority			1,491,124
First Savings/Western Bank				
	FHLMC 10YR, 2.50%	3/1/2023	31307BJW1	144,554
	GNMA 15YR, 3.00%	3/15/2027	36176XE21	10,397
	FNR 2012-145 DC, 1.50%	1/25/2028	3136AA2L8	611,697
	FHLMC 15YR, 2.50%	6/1/2028	31307DB62	90,910
	FNMA 15YR, 3.50%	10/1/2028	3138ELUS0	372,489
	FNMA 15YR, 3.00%	7/1/2029	31410LN57	70,137
	FHLMC 15YR, 2.50%	8/31/2031	3132KFNN8	101,942
	FHLMC 15YR, 2.50%	1/1/2030	3128ME4V0	124,782
	Total First Savings/Western Bank			1,526,908

See independent auditors' report.

Location of Safekeeper

Bank of the West BNP Paribas

Federal Home Loan Bank, Dallas TX
Federal Home Loan Bank, Dallas TX

Federal Home Loan Bank, Dallas TX
Federal Home Loan Bank, Dallas TX

Federal Home Loan Bank, Dallas TX
Federal Home Loan Bank, Dallas TX

Federal Reserve Bank, Pierre SD
Federal Reserve Bank, Pierre SD

See independent auditors' report.

City of Alamogordo, New Mexico
Schedule of Collateral Pledged by Depository For Public Funds
June 30, 2019

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number	Fair Market Value June 30, 2019
Pioneer Bank				
	FNMA AJ1622, 3.000%	10/1/2026	313BASYU0	\$ 22,969
	Total Pioneer Bank			22,969
Washington Federal				
	FNMA PL#BC2636 3.000%	11/1/2046	3140RW4W2	1,312,072
	Total Washington Federal			1,312,072
Wells Fargo (Checking Account Collateral)				
	FNMA FNMS 2.5%	5/1/2031	31418B3V6	443,183
	FNMA FNMS 3.000%	9/1/2042	3138M0CP3	43,109
	Total Wells Fargo			486,292
Total pledged collateral				\$ 8,896,130

See independent auditors' report.

Location of Safekeeper

Federal Home Loan Bank, Dallas TX

Washington Federal, Seattle WA

Bank of New York Mellon, New York NY

See independent auditors' report.

City of Alamogordo, New Mexico
Schedule of Deposits and Investments
June 30, 2019

Bank Account Type/Name	Bank '34	Bank of the West	First American Bank	First National Bank	First Savings/ Western Bank
General Operating Account - Checking	\$ -	\$ -	\$ -	4,171,374	\$ -
Home Ownership Operating - Interest Bearing	-	-	-	613,615	-
Home Ownership Reserve - Interest Bearing	-	-	-	21,349	-
Low Rent Operating - Interest Bearing	-	-	-	754,874	-
Security Deposit - Interest Bearing	-	-	-	46,327	-
Money Market Investment - Interest Bearing - HA	-	-	-	-	-
General Operating Account - Interest Bearing	-	-	-	-	-
Escrow Account - Checking	-	-	-	-	-
Certificates of Deposit - Interest Bearing**	-	-	-	-	-
Certificates of Deposit - Interest Bearing	250,000	267,715	1,333,484	-	3,229,236
Money Market Investment - Interest Bearing	-	-	-	-	-
State of NM Bonds - Interest Bearing	-	-	-	-	-
Federal Home Loan Bank Bonds - Interest Bearing	-	-	-	-	-
State Investment Council	-	-	-	-	-
NMFA Reserve Account***	-	-	-	-	-
Total	250,000	267,715	1,333,484	5,607,539	3,229,236
Reconciling items	-	-	-	(602,705)	-
Reconciled balance	\$ 250,000	\$ 267,715	\$ 1,333,484	\$ 5,004,834	\$ 3,229,236

** Each account is a Certificate of Deposit from a separate institution is under \$250,000, and is invested with Moreton Capital
***Accounts are U.S. Treasury MM Mutual Funds

See independent auditors' report.

Moreton Capital Markets	Pioneer Bank	Washington Federal Bank	Wells Fargo Bank	State Treasurer LGIP	NMFA Accounts	Totals
\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ 4,171,374
-	-	-	-	-	-	613,615
-	-	-	-	-	-	21,349
-	-	-	-	-	-	754,874
-	-	-	-	-	-	46,327
-	-	-	207,601	-	-	207,601
-	-	-	1,237,071	-	-	1,237,071
-	-	-	154	-	-	154
8,995,155	-	-	-	-	-	8,995,155
-	268,635	1,368,931	-	-	-	6,718,001
1,251,263	-	-	-	-	-	1,251,263
-	-	-	-	-	-	-
32,107,423	-	-	-	-	-	32,107,423
-	-	-	-	5,508	-	5,508
-	-	-	-	-	3,697,081	3,697,081
42,353,841	268,635	1,368,931	1,444,826	5,508	3,697,081	59,826,796
-	-	-	78,127	-	-	(524,578)
<u>\$42,353,841</u>	<u>\$ 268,635</u>	<u>\$ 1,368,931</u>	<u>\$ 1,522,953</u>	<u>\$ 5,508</u>	<u>\$ 3,697,081</u>	<u>59,302,218</u>
Plus: petty cash						7,205
Less: restricted cash and cash equivalents per statement of net position						(67,676)
Less: agency funds cash and cash equivalents per statement of fiduciary assets and liabilities						(13,854)
Less: investments per statement of net position						(47,909,835)
Less: restricted investments per statement of net position						(74,551)
Less: component unit cash and cash equivalents per statement of net position						(730,550)
Less: component unit investments per statement of net position						(3,041,945)
Less: component unit restricted investments per statement of net position						(911,581)
Cash per statement of net position						<u>\$ 6,559,431</u>

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City of Alamogordo, New Mexico
Schedule of Changes in Fiduciary Assets and Liabilities - Agency Funds
For the Year Ended June 30, 2019

	Balance June 30, 2018		Additions		Deletions		Balance June 30, 2019
Assets							
Cash	\$ 2,012,645	\$	61,422	\$	2,060,213	\$	13,854
Total assets	\$ 2,012,645	\$	61,422	\$	2,060,213	\$	13,854
Liabilities							
Accounts payable	\$ -	\$	11,541	\$	-	\$	11,541
Due to others	2,012,645		49,881		2,060,213		2,313
Total liabilities	\$ 2,012,645	\$	61,422	\$	2,060,213	\$	13,854

See independent auditors' report.

City of Alamogordo, New Mexico
Financial Data Schedule
June 30, 2019

Line Item Number	Description	Low Rent Public wwwwww NM004000001		
		14.850	2. State/Local	Total
111	Cash - Unrestricted	\$ 754,246	\$ 613,615	\$ 1,367,861
112	Cash - Restricted - Modernization and Development	-	-	-
113	Cash - Other Restricted	-	21,349	21,349
114	Cash - Tenant Security Deposits	46,327	-	46,327
100	Total Cash	800,573	634,964	1,435,537
121	Accounts Receivable - PHA projects	157,368	-	157,368
126	Accounts Receivable - Tenants - Dwelling Rents	15,508	-	15,508
126.1	Allowance for Doubtful Accounts - Dwelling Rents	(8,058)	-	(8,058)
120	Total Receivables, Net of Allowance for Doubtful Accounts	164,818	-	164,818
131	Investments - Unrestricted	96,521	111,081	207,602
130	Total Investments	96,521	111,081	207,602
142	Prepaid Expenses and Other Assets	\$ 27,095	\$ -	\$ 27,095
143	Inventories	12,474	-	12,474
143.1	Allowance for Obsolete Inventories	(1,247)	-	(1,247)
145	Assets Held for Sale	-	88,338	88,338
150	Total Current Assets	1,100,234	834,383	1,934,617
161	Land	1,324,708	-	1,324,708
162	Buildings	13,630,415	-	13,630,415
164	Furniture, Equipment & Machinery - Administration	267,655	3,735	271,390
166	Accumulated Depreciation	(11,454,714)	(3,735)	(11,458,449)
160	Total Capital Assets, Net of Accumulated Depreciation	3,768,064	-	3,768,064
180	Total Non-Current Assets	3,768,064	-	3,768,064
190	Total Assets	4,868,298	834,383	5,702,681
200	Deferred Outflows of Resources	251,395	6,159	257,554
290	Total Assets and Deferred Outflows of Resources	\$ 5,119,693	\$ 840,542	\$ 5,960,235

See independent auditors' report.

City of Alamogordo, New Mexico
Financial Data Schedule
June 30, 2019

Line Item Number	Description	Low Rent Public Housing Program NM004000001 14.850	2. State/Local	Total
<i>(Continued)</i>				
312	Accounts Payable <= 90 Days	\$ 6,524	\$ 181	\$ 6,705
321	Accrued Wage/Payroll Taxes Payable	13,923	596	14,519
	Accrued Compensated Absences -			
322	Current Portion	19,178	1,524	20,702
341	Tenant Security Deposits	43,531	-	43,531
342	Deferred Revenues	31,727	-	31,727
346	Accrued Liabilities - Other	774	-	774
310	Total Current Liabilities	115,657	2,301	117,958
357	Accrued Pension and OPEB Liabilities	837,030	22,296	859,326
350	Total Non-Current Liabilities	837,030	22,296	859,326
300	Total Liabilities	952,687	24,597	977,284
400	Deferred Inflows of Resources	141,330	3,388	144,718
508.1	Net investment in capital assets	3,768,064	-	3,768,064
512.1	Unrestricted Net Position	257,612	812,557	1,070,169
513	Total Equity/Net Position	4,025,676	812,557	4,838,233
600	Total Liabilities, Deferred Inflows of Resources, and Equity/Net Position	\$ 5,119,693	\$ 840,542	\$ 5,960,235

See independent auditors' report.

City of Alamogordo, New Mexico
Financial Data Schedule
June 30, 2019

Line Item Number	Description	Low Rent Public Housing Program NM004000001		Capital Fund Program		Total
		14.850	2. State/Local	14.872		
70300	Net Tenant Rental Revenue	\$ 248,288	\$ -	\$ -	\$ -	248,288
70400	Tenant Revenue - Other	9,270	-	-	-	9,270
70500	Total Tenant Revenue	257,558	-	-	-	257,558
70600	HUD PHA Operating Grants	731,638	-	-	-	731,638
70610	Capital Grants	-	-	14,052	-	14,052
71100	Investment Income - Unrestricted	2,812	2,145	-	-	4,957
71500	Other Revenue	6,626	10	-	-	6,636
70000	Total Revenue	998,634	2,155	14,052	-	1,014,841
91100	Administrative Salaries	155,081	8,519	-	-	163,600
91200	Auditing Fees	7,698	855	-	-	8,553
91400	Advertising and Marketing	632	-	-	-	632
91500	Employee Benefit Contributions - Administrative	47,921	3,073	-	-	50,994
91600	Office Expenses	25,738	971	-	-	26,709
91800	Travel	8,220	-	-	-	8,220
91900	Other Operating - Administrative	96,005	475	-	-	96,480
91000	Total Operating - Administrative	341,295	13,893	-	-	355,188
93100	Water	4,228	261	-	-	4,489
93200	Electricity	12,054	151	-	-	12,205
93300	Gas	1,540	-	-	-	1,540
93600	Sewer	2,840	217	-	-	3,057
93800	Other Utilities Expense	59,400	-	-	-	59,400
93000	Total Utilities	80,062	629	-	-	80,691
94100	Ordinary Maintenance & Operation - Labor	116,071	-	-	-	116,071
94200	Ordinary Maintenance & Operation - Materials & Other	84,529	-	-	-	84,529
94300	Ordinary Maintenance & Operation Contracts	108,438	174	-	-	108,612
94500	Employee Benefit Contributions - Ordinary Maintenance	34,442	-	-	-	34,442
94000	Total Maintenance	343,480	174	-	-	343,654
96110	Property Insurance	42,553	-	-	-	42,553
96120	Liability Insurance	9,894	1,545	-	-	11,439
96130	Workmen's Compensation	14,506	486	-	-	14,992
96140	All Other Insurance	47,631	45	-	-	47,676
96100	Total Insurance Premiums	114,584	2,076	-	-	116,660

See independent auditors' report.

City of Alamogordo, New Mexico
Financial Data Schedule
June 30, 2019

Line Item Number	Description	Low Rent Public Housing Program NM004000001		Capital Fund Program	Total
		14.850	2. State/Local	14.872	
<i>(Continued)</i>					
96210	Compensated Absences	25,280	1,708	-	26,988
96400	Bad Debt - Tenant Rents	5,529	-	-	5,529
96000	Total Other General	30,809	1,708	-	32,517
96900	Total Operating Expenses	910,230	18,480	-	928,710
97000	Excess Operating Revenue Over Operating Expenses	88,404	(16,325)	14,052	86,131
97400	Depreciation Expense	351,180	-	-	351,180
90000	Total Expenses	\$ 1,261,410	\$ 18,480	\$ -	\$ 1,279,890
10000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	(262,776)	(16,325)	14,052	(265,049)
11030	Beginning Equity	4,829,457	828,882	-	5,658,339
11040-10	Prior Period Adjustments	(555,057)	-	-	(555,057)
11040-20	Equity Transfers	14,052	-	(14,052)	-
11040-30	Prior Year Voids	-	-	-	-
11040-40	Return of Funds to HUD	-	-	-	-
	Ending Equity (deficit)	\$ 4,025,676	\$ 812,557	\$ -	\$ 4,838,233
<i>(Continued)</i>					
11190	Unit Months Available	2,640	-	-	2,640
11210	Number of Unit Months Leased	2,445	-	-	2,445
11270	Excess Cash	\$ 878,176	\$ -	\$ -	\$ 878,176
11620	Building Purchases	\$ 14,460	\$ -	\$ -	\$ 14,460

See independent auditors' report.

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

Joint Power Agreement	Participants	Responsible Party	Description
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.
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.
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.
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.
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.
7 40 Year Water Study (A-4)	City of Alamogordo Village of Tularosa Otero County Lincoln County	City of Alamogordo Village of Tularosa Otero County Lincoln County	This 40 year water plan is done in consideration for the population/water demand and supply available for the future with the recommendations.
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.

See independent auditors' report.

Beginning and Ending Dates	Total Estimated Project Amount and Amount Applicable to Party	Amount contributed By City During Current Fiscal Year	Audit Responsibility	Fiscal Agent and Responsible Reporting Entity
8/19/2010- Indefinite	\$ 185,237.90	\$118,644.87 or 64.05%	Otero County	Otero County
1/14/1986- Indefinite	As budgeted per each department	As budgeted per each department	City of Alamogordo Otero County	City of Alamogordo Otero County
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
12/17/1985- 12/17/2035	N/A	N/A	City of Alamogordo	City of Alamogordo
8/9/1996- Indefinite	As budgeted per each department	As budgeted per each department	City of Alamogordo	City of Alamogordo
6/19/1987- 6/19/2027	As budgeted per each department	As budgeted per each department	City of Alamogordo Village of Tularosa Otero County Lincoln County	City of Alamogordo Village of Tularosa Otero County Lincoln County
5/8/1995- Indefinite	As budgeted per each department	As budgeted per each department	City of Alamogordo	City of Alamogordo

See independent auditors' report.

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

Joint Power Agreement	Participants	Responsible Party	Description
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 waste as required.
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.
11 Operation of the Otero/Greentree Landfill and Greenhouse Gas Reporting Service	City of Alamogordo and Otero/Lincoln County Regional Landfill (now known as the Otero/Greentree Landfill)	City of Alamogordo and Otero/Lincoln County Regional Landfill (now known as the Otero/Greentree Landfill)	City of Alamogordo and Otero/Lincoln County Regional Landfill (now known as the Otero/Greentree Landfill)
12 AFSCME - Collective Bargaining Unit	City of Alamogordo and AFSCME Local 3818	City of Alamogordo	Employee Personnel Policy
13 AFSCME - Wages and Recreational Facilities Benefits	City of Alamogordo and AFSCME Local 3818	City of Alamogordo	Employee Increases and Compensation Benefits
14 APSOA - Collectively Bargaining Unit	Alamogordo Public Safety Officers Association and City of Alamogordo	City of Alamogordo	Employee Personnel Policy

See independent auditors' report.

Beginning and Ending Dates	Total Estimated Project Amount and Amount Applicable to Party	Amount contributed By City During Current Fiscal Year	Audit Responsibility	Fiscal Agent and Responsible Reporting Entity
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
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
6/5/2019- 12/31/2020	Lump sum of \$8,000 for Landfill and lump sum of \$4,500 for the Greenhouse Gas Service.		City of Alamogordo	City of Alamogordo
9/13/2016 - 6/30/2020	N/A	N/A	City of Alamogordo	City of Alamogordo
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
9/15/2016 - 6/30/2020	N/A	N/A	City of Alamogordo	City of Alamogordo

See independent auditors' report.

City of Alamogordo, New Mexico
Schedule of Revenue and Expenses - Aging Programs
For the Year Ended June 30, 2019

	Congregate Meals (8023)	Home Delivered Meals (8024)	Transportation (8025)
Revenues and other support			
Contributions	\$ -	\$ -	\$ -
Governmental grants and contracts:			
NCNMEDD - Non Metro AAA	-	-	-
Title IIIB	-	-	27,308
Title IIIC-1	51,363	-	-
Title IIIC-2	-	20,688	-
State funds - program	92,040	124,058	51,210
Other grants and contracts:			
Otero County	-	-	-
United Way	-	-	-
Local match (transfer from City)	115,051	107,387	56,796
Program service revenue	-	-	-
Miscellaneous	-	-	-
Total revenue and other support	258,454	252,133	135,314
Expenses			
Program services	336,094	313,708	165,917
Total expenses	336,094	313,708	165,917
Excess (deficiency) of revenue over expenses	\$ (77,640)	\$ (61,575)	\$ (30,603)
Units provided	39,964	34,775	12,110

See independent auditors' report.

Homemaker (8026)		Total	Physical Fitness/Other	Total
\$	-	\$ -	\$ 97,872	\$ 97,872
	-	-	55,681	55,681
	-	27,308	-	27,308
	-	51,363	-	51,363
	-	20,688	21,723	42,411
	-	267,308	68,703	336,011
	-	-	54,550	54,550
	-	-	11,663	11,663
	1,961	281,195	93,216	374,411
	-	-	19,623	19,623
	-	-	2,687	2,687
	1,961	647,862	425,718	1,073,580
	5,728	821,447	272,310	1,093,757
	5,728	821,447	272,310	1,093,757
\$	(3,767)	\$ (173,585)	\$ 153,408	\$ (20,177)
	-	86,849	20,617	107,466

See independent auditors' report.

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Compliance Section

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

INDEPENDENT AUDITORS' REPORT

Brian S. Colón, Esq.
New Mexico State Auditor and
The Office of Management and Budget
To the City Commission
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 and the budgetary comparison of the general fund of the City of Alamogordo, New Mexico (the "City") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and the City's discretely presented component unit presented as supplementary information, and have issued our report thereon dated December 16, 2019.

Internal Control Over Financial Reporting

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

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 were not 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 deficiency described in the accompanying schedule of findings and questioned costs as item FS 2019-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as item FS 2019-002 and FS 2019-003 to be significant deficiencies.

Compliance and Other Matters

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

We noted certain matters that are required to be reported per section 12-6-5 NMSA 1978 that we have described in the accompanying schedule of findings and questioned costs pursuant to Section 12-6-5 NMSA 1978 as items NM 2017-001, NM 2018-006, NM 2019-001, NM 2019-002, and NM 2019-003.

City's Responses to Findings

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

Purpose of this Report

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

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

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

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Federal Financial Assistance

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

INDEPENDENT AUDITORS' REPORT

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

Report on Compliance for the Major Federal Program

We have audited the City of Alamogordo's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended June 30, 2019. The City's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2019.

Report on Internal Control over Compliance

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

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

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

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

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

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

City of Alamogordo, New Mexico
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

Federal Grantor or Pass- Through Grantor / Program Title	Pass Thru Number
U.S. Department of Commerce	
Economic Adjustment Assistance	08-79-05/04
Total U.S. Department of Commerce	
U.S. Department of Housing and Urban Development	
Public and Indian Housing	FW-5436
Public Housing Capital Fund	FW-5436
Total U.S. Department of Housing and Urban Development	
U.S. Department of Justice Bureau of Justice Assistance	
Edward Byrne Memorial Justice Assistance Grant Program: Bulletproof Vests	PSBV06
Total U.S. Department of Justice Bureau of Justice Assistance	
U.S. Department of Transportation	
Airport Improvement Program	3-35-0001-026-2018
<i>Passed through the New Mexico Department of Transportation</i>	
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	
ENDDWI	18-AL-64-001
ENDDWI	19-AL-64-001
Buckle UP/Click it or Ticket: BKLUP	18-OP-RF-001
Buckle UP/Click it or Ticket: BKLUP	19-OP-RF-001
Community DWI Program: CDWI	19-CD-05-001
<hr/>	
Subtotal Minimum Penalties for Repeat Offenders for Driving While Intoxicated	
Highway Safety Cluster: State and Community Highway Safety	
Selective Traffic Enforcement Programs: STEP	18-ST-RF-001
Selective Traffic Enforcement Programs: STEP	19-ST-RF-001
<hr/>	
Subtotal Highway Safety Cluster: State and Community Highway Safety	
<hr/>	
Subtotal - Pass through New Mexico Department of Transportation	
<hr/>	
Total U.S. Department of Transportation	

* Denotes Major Program

See independent auditors' report.
See accompanying notes to schedule of expenditures of federal awards.

Federal CFDA Number	Federal Expenditures	Program/ Cluster Subtotal	Funds Provided to Subrecipients	Noncash Assistance
11.307	\$ 645,729		\$ -	\$ -
	645,729		-	-
14.850	731,638		-	-
14.872	14,052		-	-
	745,690		-	-
16.738	1,214		-	-
	1,214		-	-
20.106	464,712		-	-
20.608	1,648		-	-
20.608	2,148		-	-
20.608	270		-	-
20.608	1,537		-	-
20.608	3,639		-	-
		9,242	-	-
20.600	1,447		-	-
20.600	5,283		-	-
		6,730	-	-
	15,972		-	-
	480,684			

See independent auditors' report.

See accompanying notes to schedule of expenditures of federal awards.

City of Alamogordo, New Mexico
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

Federal Grantor or Pass- Through Grantor / Program Title	Pass Thru Number
U.S. Department of Health and Human Services	
<i>Passed through the North Central New Mexico Economic District Non-Metro Area Agency</i>	
Aging Cluster	
Special Programs for the Aging: Title III Part B - Supportive Services & Senior Centers	2017-18-64012
Special Programs for the Aging: Title III Part C-I - Nutrition Services	2017-18-64012
Special Programs for the Aging: Title III- Part C-II - Nutrition Services Home Delivered	2017-18-64012
Nutrition Services Incentive Program (NSIP)	2017-18-64012
<hr/>	
Subtotal Aging Cluster	
Subtotal - Pass through North Central New Mexico Economic District	
<hr/>	
Total U.S. Department of Health and Human Services	
<hr/>	
Corporation for National Community Service	
<i>Passed through the New Mexico Aging & Long Term Services Department</i>	
Retired and Senior Volunteer Program	9-624-4000-00014
<hr/>	
Total Corporation for National Community Service	
<hr/>	
Office of the National Drug Control Policy	
<i>Passed through County of Lea</i>	
High Intensity Drug Trafficking Areas Program	G18SN0017A
<hr/>	
Total Office of the National Drug Control Policy	
<hr/>	
U.S. Department of Homeland Security	
<i>Passed through the New Mexico Department of Homeland Security and Emergency Management</i>	
Disaster Grants - Public Assistance	* FEMA-4079-001
Hazard Mitigation Grant	PDMC-PL-06-NM-2012
<hr/>	
Total U.S. Department of Homeland Security	
<hr/>	
United States Army Corps of Engineers	
Griggs Field Detention Basin -USACE	Cost Share Agreement
<hr/>	
Total United States Army Corps of Engineers	
<hr/>	
Total Federal Financial Assistance	
<hr/>	

* Denotes Major Program *See independent auditors' report.*
See accompanying notes to schedule of expenditures of federal awards.

Federal CFDA Number	Federal Expenditures	Program/ Cluster Subtotal	Funds Provided to Subrecipients	Noncash Assistance
93.044	\$ 27,308		\$ -	\$ -
93.045	51,363		-	-
93.045	20,687		-	-
93.053	21,724		-	-
		121,082	-	-
	121,082		-	-
	121,082		-	-
94.002	42,914		-	-
	42,914		-	-
95.011	2,977		-	-
	2,977		-	-
97.036	3,324,084		-	-
97.039	6,600		-	-
	3,330,684		-	-
12.U01	195,456		-	-
	195,456		-	-
	\$ 5,566,430		\$ -	\$ -

See independent auditors' report.

See accompanying notes to schedule of expenditures of federal awards.

City of Alamogordo, New Mexico
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

Notes to Schedule of Expenditures of Federal Awards

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the City of Alamogordo. (The City) and is presented on the full accrual basis of accounting, which is the same basis as was used to prepare the fund financial statements. The information in this Schedule is presented in accordance with the requirements of Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

2. Loans

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

3. 10% de minimus Indirect Cost Rate

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

4. Federally Funded Insurance

The District has no federally funded insurance.

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

Total federal awards expended per schedule of expenditures of federal awards	\$ 5,566,430
Total expenditures funded by other sources	51,151,792
<hr/>	
Total expenditures	\$ 56,718,222
<hr/>	

See independent auditors' report.

City of Alamogordo, New Mexico
Schedule of Findings and Questioned Costs
June 30, 2019

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements:

- | | |
|--|------------|
| 1. Type of auditors’ report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | Yes |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes |
| c. Noncompliance material to the financial statements? | None Noted |

Federal Awards:

- | | | | | | |
|--|------------------------------------|-----------------|--------|------------------------------------|--|
| 1. Type of auditors’ report issued on compliance for major programs | Unmodified | | | | |
| 2. Internal control over major programs: | | | | | |
| a. Material weaknesses identified? | None Noted | | | | |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted | | | | |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516 (a)? | No | | | | |
| 4. Identification of major programs: | | | | | |
| <table style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <tr> <td style="text-align: center; border-bottom: 1px solid black;">CFDA
Number</td> <td style="text-align: center; border-bottom: 1px solid black;">Federal Program</td> </tr> <tr> <td style="text-align: center;">97.036</td> <td style="text-align: center;">Disaster Grant – Public Assistance</td> </tr> </table> | CFDA
Number | Federal Program | 97.036 | Disaster Grant – Public Assistance | |
| CFDA
Number | Federal Program | | | | |
| 97.036 | Disaster Grant – Public Assistance | | | | |
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 | | | | |
| 6. Auditee qualified as low-risk auditee? | No | | | | |

City of Alamogordo, New Mexico
Schedule of Findings and Questioned Costs
June 30, 2019

SECTION II – FINANCIAL STATEMENT FINDINGS

FS 2019-001 — Internal Controls over Recognition of Construction in Progress (Material Weakness)

Condition: The following adjustment were made to construction in progress:

- \$728,018 adjustment for construction in progress.
- \$428,275 restatement for prior year construction in progress.

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

Effect: Failure to record capital outlay and construction in progress resulted in an understatement of current year construction in progress and capital outlay.

Cause: The City utilizes the H.T.E accounting system to track their capital assets and related balances. This system will not recognize accrual balances. After year end, any accruals made must be reversed. When this occurs it does not track which period the construction in progress should have been recorded in. For reconciling purposes, the City determined that all other documentation for capital asset tracking (excel spreadsheets, ect.) should be prepared on the same basis to avoid reconciling issues. This resulted in construction in progress expenses incurred in fiscal year 2019 but not paid until fiscal year 2020 being presented as 2020 construction in progress. Thereby understating the current year balance.

Auditors' Recommendation: CRI recommends that the City maintain a spreadsheet that contains reconciling items relating to year end accruals that impact capital assets. This spreadsheet can then be provided as audit support at year end for construction in progress and other capital assets balances that were impacted by year end accruals. The City should also focus on identifying such accruals at year end to ensure that all items that should be accrued are identified. This information should then be reviewed by another individual.

Views of Responsible Officials and Planned Corrective Action: The City uses spreadsheets that balance to project reports which include what has been paid in the current year. The City will add a column to include reconciling items relating to year-end adjustments. This action is effective immediately and is the responsibility of the Accounting Specialist, Accounting Manager, and Finance Director.

City of Alamogordo, New Mexico
Schedule of Findings and Questioned Costs
June 30, 2019

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

FS 2019-002 — Internal Controls over Utility Billings Cancelled Bills (Significant Deficiency)

Condition: It was noted that individuals have the ability to cancel utility bills without receiving approval from a second individual. In addition, no retrospective review is performed over cancelled bills over any given period.

Criteria: The COSO 2013 Internal Control Integrated Framework provides guidelines for designing and implementing a system of internal controls that incorporates five necessary components of internal controls. These five components consist of the control environment, risk assessment, control activities, information and communication, and monitoring. Good accounting practices require the City to implement and follow sound accounting and internal control policies and procedures. Proper internal controls include adequate segregation of duties and review by someone independent of the performance task. The City does not have a process in place requiring that a second approval of utility bills be processed or to ensure that all cancelled bills are identified.

Effect: Utility bills could be cancelled without legitimate reasons. These instances would not be identified, resulting in loss of revenue for the city.

Cause: The system used for utility billings does not prevent bills from being cancelled without secondary approval. The City has not implemented an alternative method of ensuring that cancelled bills are reviewed and approved by a second individual.

Auditors' Recommendation: CRI recommends that the City implement a formally documented process of internal control which prevents utility bills from being cancelled without proper approval or identifies cancelled bills so that a recurring retrospective review can take place.

Views of Responsible Officials and Planned Corrective Action: The internal controls over utility billing is currently under review. Access to the cancelled bill screen will be reviewed. Currently, there must be two person review and approval which is the customer service manager and utility billing manager. Once memo is signed and approved, the utility billing supervisor will cancel the bill. The Utility billing clerk/collections may also cancel in the absence of utility billing supervisor. The only exception is when an error was made by the city. These exceptions are incorrect dates, and activation of the wrong owner. In those situations, the utility billing supervisor has authority to cancel the bill, clearly noting the reason in the system. Will work with our Management of Information System department to determine if a report can be written to identify cancelled bills, who cancelled, and comments. Once the report is written, it will be reviewed monthly by Finance Director or Finance Director Designee. This action is effective immediately and is the responsibility of Customer Service manager and Finance Director.

City of Alamogordo, New Mexico
Schedule of Findings and Questioned Costs
June 30, 2019

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

FS 2019-003 — Internal Controls over Reconciliation of the SEFA (Significant Deficiency)

Condition: It was noted that the City's process for reconciling the year end SEFA to the trial balance did not result in a SEFA that was clear, consistent, or complete. Application of cutoff in recognition of current year receivables and prior year receivables was not consistently applied.

Criteria: The COSO 2013 Internal Control Integrated Framework provides guidelines for designing and implementing a system of internal controls that incorporates five necessary components of internal controls. These five components consist of the control environment, risk assessment, control activities, information and communication, and monitoring. Good accounting practices require the City to implement and follow sound accounting and internal control policies and procedures. Proper internal controls include adequate segregation of duties and review by someone independent of the performance task. The City does have a process in place requiring that the SEFA be prepared and reconciled, however this process did not ensure that cutoff was applied properly or that the information was displayed in a clear or understandable manner.

Effect: The year-end SEFA required significant time to reconcile to the trial balance for the final presentation of the SEFA.

Cause: The City manages a large number of Federal awards that require significant time and attention. As each award must be monitored for activity to be shown on the SEFA, it can be difficult to properly identify the cutoff period for each one and record that information in a manageable way.

Auditors' Recommendation: CRI recommends that each program director receive training on how this information should be accounted for and how to best communicate that information to the Grant Manager. The SEFA should then be fully reconciled to the trial balance on a monthly or quarterly basis to ensure that the yearend reconciliation contains all necessary information.

Views of Responsible Officials and Planned Corrective Action: Each director and program manager will be sent a copy of the City of Alamogordo's grant policy reminding them of proper grant procedures. The grant coordinator will reconcile the SEFA to the trial balance on a monthly basis. The program managers will be asked to complete a grant report form indicating expenses and revenues to date on a quarterly basis. The grant coordinator will review each grant report to verify that it reconciles to the SEFA and trail balance and work with the program managers to resolve any discrepancies on a quarterly basis. If necessary a training will be held with the program managers. This action is effective immediately and is the responsibility of the Grant Coordinator and Finance Director.

City of Alamogordo, New Mexico
Schedule of Findings and Questioned Costs
June 30, 2019

SECTION III — NEW MEXICO STATE AUDIT RULE SECTION 12-6-5 NMSA 1978 FINDINGS

NM 2017-001 — Travel and Per Diem (Other noncompliance) – Repeated Modified

Condition: Within six travel reimbursements tested, one of them utilized an incorrect reimbursement rate of \$64 instead of \$61. In addition the travel authorization form was not approved until a month after the travel took place.

Status of Prior Year Fining: The City has made progress to clear this finding as the current year finding dollar value is less than in the prior year.

Criteria: Per the City's travel policy, City travel reimbursements are to follow the U.S. General Services Administration reimbursement rates by travel area.

Effect: Due to the incorrect travel rate being used, the employee was reimbursed \$2.25 more than the individual should have been. In addition the travel was not in compliance with the City's travel policy as the authorization form was not approved until after the travel took place.

Cause: The City's travel policy requiring that travel authorizations be approved prior to travel was not followed. As it was not approved prior to travel, it was not noted that an incorrect travel rate was used.

Auditors' Recommendation: CRI recommend that the City ensure that all travel authorizations be approved prior to travel and that a focus on monitoring for use of correct rates be increased.

Views of Responsible Officials and Planned Corrective Action: The City will monitor that travel authorizations be approved prior to travel and that the correct rate is used. This action is effective immediately and is the responsibility of the Finance Director.

City of Alamogordo, New Mexico
Schedule of Findings and Questioned Costs
June 30, 2019

SECTION III — NEW MEXICO STATE AUDIT RULE SECTION 12-6-5 NMSA 1978 FINDINGS (Continued)

NM 2018-006 — Internal Controls and Lien Policy on Delinquent Utility Accounts (Other Noncompliance) –Repeated –Modified.

Condition: Out of five accounts tested for compliance with the City's lien policy. Each of the five accounts was not in compliance with the policy as the liens were not filed within the prescribed period.

Status of Prior Year Fining: The City has not made progress to clear this finding. It was determined that doing so was not time or cost efficient. The City has determined that changing the policy is the appropriate response.

Criteria: The City's Code of ordinances (Chapter 28 – Water, Sewers, and Sewage Disposal: 28:03:060 – Billing Procedures items (a)-(e)) states that the lien on property must be filed within 5 days of receiving a letter of notice from the collections company.

Effect: The City has potential to lose revenue if utility billing procedures are not followed as directed in the code of ordinance. Failure to file the liens in a timely manner delays the process that could result in the receipt of the funds owed.

Cause: The Utility's department has been short staffed. This has made it difficult to have the necessary paper work done on time in order file within the prescribed time frame.

Auditors' Recommendation: CRI recommends that the City maintain a list of accounts coming close to the lien filing step in the process of collections. Doing so insure that the City is aware that that action will be needed in a timely manner and the paper work will be filed on time.

Views of Responsible Officials and Planned Corrective Action: Due to continued shortages on staff and reviewing the lien policy it has been determined that some liens should not be sent for processing due to the amount owed, cost associated with processing leans, and staff availability. It is not cost effective to do every lien. A new policy will be drafted extending the time period and determining a feasible dollar amount that should go through the lien process. This action is expected to be completed by June 30, 2020 and is the responsibility of Customer Service manager and Finance Director.

City of Alamogordo, New Mexico
Schedule of Findings and Questioned Costs
June 30, 2019

SECTION III — NEW MEXICO STATE AUDIT RULE SECTION 12-6-5 NMSA 1978 FINDINGS (Continued)

NM 2019-001 — Travel and Per Diem Policy (Other noncompliance)

Condition: A City employee received a mileage and hotel upgrade in place of a standard room and airfare which would have been less expensive for the City.

Criteria: 2.2.2.15(A) (2) NMAC defines “abuse” as “behavior that is deficient or improper when compared to behavior that a prudent person would consider reasonable and necessary operational practice given the facts and circumstances.

Effect: Higher reimbursements than necessary were made as a result of employees selecting more expensive modes of travel and lodging than were necessary or appropriate. The City may be paying for travel reimbursements that are indicative of waste and abuse.

Cause: The City’s travel policy does not clearly state that travel authorizations should consider what costs are avoidable and a misuse of City funds.

Auditors’ Recommendation: CRI recommend that the City’s Travel and Per Diem policy be revised to include guidance that prevents waste and abuse.

Views of Responsible Officials and Planned Corrective Action: The City will review its current travel policy to include guidance that prevents waste and abuse and make any necessary changes to clarify, and define what constitutes waste. It will also be noted that the Finance Director has authority to reduce any reimbursement in the amount deemed to be considered waste or abuse. This action is effective immediately and is the responsibility of the Finance Director.

City of Alamogordo, New Mexico
Schedule of Findings and Questioned Costs
June 30, 2019

SECTION III — NEW MEXICO STATE AUDIT RULE SECTION 12-6-5 NMSA 1978 FINDINGS (Continued)

NM 2019-002 — Reconciliation of Quarterly reports. (Other noncompliance)

Condition: For the quarterly reports filed with the Department of Homeland Security the “expenditures to date” was not reconciled to the trial balance and the amount was overstated by \$66,678.

Criteria: Per 2 CFR 200.303 non-federal entities should have established an effective internal controls over compliance. The City should have controls in place to provide reasonable assurance that the quarterly reports being submitted are accurate and complete. CRI noted no noncompliance within the procedures performed however it was noted that the controls in place did not detect or correct the issue that the year to date expenditures were not reconciled to the year to date expenditures per the trial balance.

Effect: Quarterly reports submitted to the NM Department of Homeland Security had a year to date expenditure difference of \$66,678 from the trial balance.

Cause: The City should have controls in place to provide reasonable assurance that quarterly reports submitted to the NMDHS are complete and accurate. CRI noted that while the controls are in place, small errors over time had accumulated to the larger balance of \$66,678. The City was made aware of this during the prior year audit and they communicated to their contractor that an adjustment was needed, however monitoring was not carried out to ensure that the new years to date expenditure reconciled to the trial balance.

Auditors’ Recommendation: The City should communicate this difference with the NM department of homeland security and take the necessary steps to correct it. Going forward the City should reconcile all quarterly reports to the trial balance.

Views of Responsible Officials and Planned Corrective Action: The project manager will submit a copy of the quarterly reports to the grant coordinator at the end of each quarter. The grant coordinator will reconcile the quarterly report to the trial balance. If it does not balance corrections will be made at that time. This action is effective as of December 31, 2019 and is the responsibility of Program Director, Grant Coordinator and the Finance Director.

City of Alamogordo, New Mexico
Schedule of Findings and Questioned Costs
June 30, 2019

SECTION III — NEW MEXICO STATE AUDIT RULE SECTION 12-6-5 NMSA 1978 FINDINGS (Continued)

NM 2019-003 — Exceeded Budgetary Authority. (Other noncompliance)

Condition: The City has over expended its budget in the following funds:

1984 Gross Receipts Tax	#VALUE!
Municipal Infrastructure 0.0625	#VALUE!
1994 Gross Receipts Tax	#VALUE!
Total funds	#VALUE!

Criteria: All City funds, with the exception of agency funds, are to be budgeted by the local governing body and those budgets must be submitted to the Department of Budget and Finance –Local Government Division for approval. Once adopted, any claims or warrants in excess of budget are a violation of New Mexico State Statute 6-6-6, 1978.

Effect: The internal controls established by adherence to budgets has been compromised and excess spending could result in and has resulted in noncompliance with state requirements.

Cause: The City did not submit budget adjustments to cover expenditures in the above funds in which actual expenses were greater than final budget at the end of the fiscal year.

Auditors’ Recommendation: CRI recommends that the City monitor its budgets closely and prepare adjustments as necessary.

Views of Responsible Officials and Planned Corrective Action: The three funds listed are Gross Receipts Tax only funds, this fiscal year Department of Financed required separate reporting of the administrative fees as separate line item expenses. The expense lines can only be revised by the City Commission. The Budget Analyst will review all the lines at the beginning of June to project the final budget amount. A revision will be submitted on the final meeting of June to revise these administrative fee lines and any other lines as needed. This action is effectively immediately and is the responsibility of the Budget Analyst and the Finance Director.

City of Alamogordo, New Mexico
Schedule of Findings and Questioned Costs
June 30, 2019

SECTION IV – FEDERAL AWARD FINDINGS

None noted

SECTION V – SUMMARY OF PRIOR YEAR FINDINGS

FS 2018-003 Capital Assets – (Material Weakness) Resolved

FS 2018-003 Capital Assets – (Material Weakness) Resolved

FS 2018-007 Internal Controls –Vendor Master File (Significant Deficiency) - Resolved

NM 2017-001 Travel and Per Diem –Repeated and modified

NM 2018-002 Certification of Capital Assets Annual Inventory -Resolved

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

FS FA 2018-004 Recording of State and Federal Grants and Preparation of the Schedule of Expenditures of Federal Awards (Material Weakness) - Resolved

FA 2018-005 Federal Reporting (Significant Deficiency and Noncompliance) - Resolved

EXIT CONFERENCE

An exit conference was held on December 9, 2019. In attendance were the following:

Representing the City of Alamogordo:

Richard Boss	Mayor
Brian Cesar	City Manager*
Stephanie Hernandez	Finance Director
Evelyn Huff	Budget Analyst
Petria Bengoechea	Accounting Manager

Representing Carr, Riggs & Ingram, LLC:

Alan D. "A.J." Bowers, Jr., CPA, CITP	Partner
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*The City Manager is on the Board of the Component Unit Otero Greentree Regional Landfill and represented the component unit at the exit conference.

AUDITOR PREPARED FINANCIAL STATEMENTS

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