



State of  
New Mexico  
City of  
Alamogordo

Annual Financial Report  
For the Year Ended June 30, 2017



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## **INTRODUCTORY SECTION**

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**STATE OF NEW MEXICO**

City of Alamogordo

Official Roster

June 30, 2017

<u>Name</u>	<u>City Commission</u>	<u>Title</u>
Richard Boss		Mayor
Alfonso "Al" Hernandez		City Commissioner District 5 / Mayor Pro Tem
Jason Baldwin		City Commissioner District 1
Nadia Sikes		City Commissioner District 2
Susan Payne		City Commissioner District 3
Jenny Turnbull		City Commissioner District 4
Erica Martin		City Commissioner District 6

**Administration**

Margaret Paluch	City Manager
Julianne Hall	Finance Director
Rachel Hughs	City Clerk
Stella Bracamonte	Accounting Manager
Petria Schreiber	City Attorney

**Housing Authority**

Evelyn Huff	Housing Manager
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## **FINANCIAL SECTION**



## INDEPENDENT AUDITORS' REPORT

Wayne A. Johnson  
New Mexico State Auditor  
The Office of Management and Budget  
To the City Commission  
City of Alamogordo  
Alamogordo, New Mexico

### Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, the aggregate remaining fund information, and the budgetary comparison for the general fund of the City of Alamogordo (the "City"), as of and for the year ended June 30, 2017, and the related notes to the financial statements which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City'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 City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2017, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that *Management's Discussion and Analysis* on pages 11 through 21 and Schedules I and II and the Notes to the Required Supplementary Information on pages 88 through 94 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*

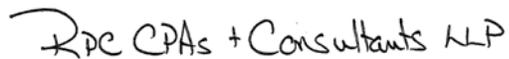
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, the combining and individual nonmajor fund financial statements, the budgetary comparison for the component unit with a legally adopted budget, 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 III through V and VII required by Section 2.2.2 NMAC are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule VI 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 accompanying Schedule VIII Schedule of Revenues and Expenses – Aging Programs is presented for purposes of additional analysis as required by the North Central New Mexico Economic Development District Non-Metro Area Agency on Aging and is not a required part of the financial statements.

The combining and individual nonmajor fund financial statements, the budgetary comparison for the component unit with a legally adopted budget, the Schedule of Expenditures of Federal Awards and Supporting Schedules III through VIII 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 budgetary comparison for the component unit with a legally adopted budget, the Schedule of Expenditures of Federal Awards and Supporting Schedules III through VIII are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory section has 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 it.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2017 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



RPC CPAs + Consultants, LLP  
Albuquerque, New Mexico  
December 13, 2017

**STATE OF NEW MEXICO**  
**CITY OF ALAMOGORDO**  
Management's Discussion and Analysis  
For the Year Ended June 30, 2017  
Unaudited

As management of the City of Alamogordo, we offer readers of the City of Alamogordo's financial statements this narrative overview and analysis of the financial activities of the City of Alamogordo for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with the financial statements of the City of Alamogordo and additional information provided.

### **Financial Highlights**

- The assets and deferred outflows of resources of the City of Alamogordo exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$161,796,136 (*net position*). Of this amount, \$10,078,286 represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.
- The City of Alamogordo's total net position increased \$5,797,020 due primarily to increases in charges for services in the proprietary and governmental funds and property taxes and other taxes in the governmental funds.
- At the close of the current fiscal year, the City of Alamogordo's governmental funds reported combined fund balances of \$61,088,372, an increase of \$559,247 in comparison with the prior year. Approximately 10.07% of the total fund balance, or \$7,041,996, is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unrestricted fund balance (the total of the *committed*, *assigned*, and *unassigned* components of *fund balance*) for the general fund was \$10,734,950, or approximately 59.53% of total general fund expenditures.
- The City of Alamogordo's total outstanding long-term debt increased by \$2,552,720 during the current fiscal year because there were several new debt issuances during the year.

### **Overview of the Financial Statements**

The discussion and analysis provided here are intended to serve as an introduction to the City of Alamogordo's basic financial statements. The City of Alamogordo's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

### **Government-wide Financial Statements**

The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Alamogordo's finances, in a manner similar to a private-sector business.

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

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

Both of the government-wide financial statements distinguish functions of the City of Alamogordo that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Alamogordo include general government, public safety, public works, and culture and recreation. The business-type activities of the City of Alamogordo include an airport, golf course, water and sewer, solid waste collections, Bonito Lake, and a public housing authority (PHA).

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

The government-wide financial statements can be found on pages 24-27 of this report.

### **Fund Financial Statements**

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

### **Governmental Funds**

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

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

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The City of Alamogordo maintains a number of individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the debt service fund and the capital projects funds, which are considered to be major funds. Data from the other non-major governmental funds are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report. The *Cemetery – Perpetual care fund* is a permanent fund established to report the accumulation of funds from designated sales of cemetery lots, for the future maintenance of the cemetery and is included in the nonmajor governmental funds.

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

The basic governmental fund financial statements can be found on pages 28-35 of this report.

### **Proprietary Funds**

The City of Alamogordo maintains two different types of proprietary funds; enterprise funds and internal service funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Alamogordo uses enterprise funds to account for its airport, golf course, water and sewer, solid waste collections, Bonito Lake, and public housing authority (PHA) funds. *Internal service funds* are used to provide financing for activities provided in-house to the City. The City of Alamogordo uses internal service funds to account for internal service, self-insurance, and liability/deductibles.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the airport, golf course, water and sewer, solid waste collections, Bonito Lake, and public housing authority (PHA) funds. The water & sewer fund is considered to be a major funds of the City of Alamogordo.

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

### **Fiduciary Funds**

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

The City of Alamogordo maintains three different types of fiduciary funds, and one permanent fund. The *Police Court bond fund* is used to report the collection, holding, and reimbursement of court bonds. The *State Judicial fund* is used to report the State's share of fines for persons convicted of traffic violations. The *Corps of Engineers reserve fund* is used to report amounts held in escrow by the City of Alamogordo for Corps of Engineers projects.

The fiduciary fund financial statements can be found on page 44 of this report.

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**Notes to the Financial Statements**

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 45-86 of this report.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents *required supplemental information* concerning the City of Alamogordo's progress in funding its obligation to provide pension and OPEB benefits to its employees. Required supplementary information can be found on pages 88-94 of this report.

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the required supplementary information on pensions and OPEB. Combining and individual fund statements and schedules can be found on pages 100-137 of this report.

**Government-wide Overall Financial Analysis**

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the City of Alamogordo, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$161,796,136, at the close of the most recent fiscal year.

**City of Alamogordo's Net Position**

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 65,545,697	\$ 63,830,357	\$ 19,797,207	\$ 19,473,808	\$ 85,342,904	\$ 83,304,165
Capital assets	69,210,209	62,170,190	95,113,602	93,004,243	164,323,811	155,174,433
Total assets	134,755,906	126,000,547	114,910,809	112,478,051	249,666,715	238,478,598
Deferred outflows of resources	8,160,779	1,708,757	1,461,820	395,598	9,622,599	2,104,355
Long-term liabilities outstanding	61,016,930	50,495,082	29,529,545	28,937,665	90,546,475	79,432,747
Other liabilities	3,722,348	2,431,856	1,807,486	1,552,371	5,529,834	3,984,227
Total liabilities	64,739,278	52,926,938	31,337,031	30,490,036	96,076,309	83,416,974
Deferred inflows of resources	1,194,090	1,008,428	222,779	158,435	1,416,869	1,166,863
Net investment in capital assets	37,273,827	37,518,235	69,660,674	66,824,255	106,934,501	104,342,490
Restricted	44,783,349	40,027,734	-	-	44,783,349	40,027,734
Unrestricted	(5,073,859)	(3,772,031)	15,152,145	15,400,923	10,078,286	11,628,892
Total net position	\$ 76,983,317	\$ 73,773,938	\$ 84,812,819	\$ 82,225,178	\$ 161,796,136	\$ 155,999,116

By far, the largest portion of the City of Alamogordo's net position (62.8%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure), less

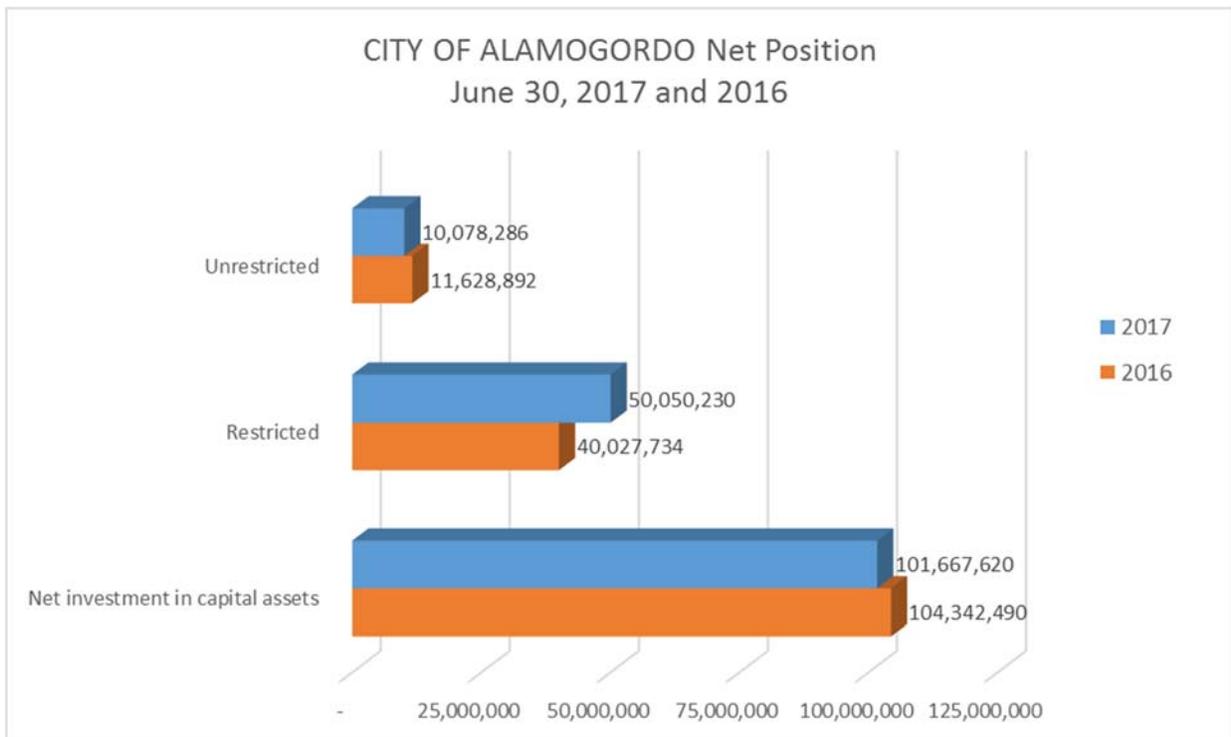
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any related outstanding debt that was used to acquire those assets. The City of Alamogordo uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City of Alamogordo's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Alamogordo's net position (30.93%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$10,078,286 is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors.

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

The City of Alamogordo's overall net position increased \$5,797,020 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.



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**Governmental Activities**

During the current fiscal year, net position for governmental activities increased \$3,209,379 from the prior fiscal year for an ending balance of \$76,983,317. The increase in the overall net position of governmental activities is the result of increases in charges for services, property taxes, and other taxes.

**City of Alamogordo's Changes in Net Position**

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
<b>Revenues:</b>						
<b>Program revenues</b>						
Charges for services	\$ 4,594,106	\$ 3,356,051	\$ 13,897,651	\$ 13,446,558	\$ 18,491,757	\$ 16,802,609
Operating grants and contributions	1,913,394	2,995,482	1,138,149	716,843	3,051,543	3,712,325
Capital grants and contributions	2,934,258	5,445,247	746,681	302,021	3,680,939	5,747,268
<b>General revenues:</b>						
Property taxes	4,022,781	4,011,022	-	-	4,022,781	4,011,022
Other taxes	22,742,093	22,489,402	-	-	22,742,093	22,489,402
Investment income (loss)	70,986	862,834	(5,434)	172,466	65,552	1,035,300
Other	914,646	646,409	61,042	904,015	975,688	1,550,424
<b>Total revenues</b>	<b>37,192,264</b>	<b>39,806,447</b>	<b>15,838,089</b>	<b>15,541,903</b>	<b>53,030,353</b>	<b>55,348,350</b>
<b>Expenses:</b>						
General government	8,867,527	8,443,386	-	-	8,867,527	8,443,386
Public safety	9,079,073	7,385,963	-	-	9,079,073	7,385,963
Public works	6,489,369	4,620,064	-	-	6,489,369	4,620,064
Culture and recreation	4,852,415	4,524,058	-	-	4,852,415	4,524,058
Health and welfare	252,908	238,127	-	-	252,908	238,127
Interest on long-term debt	1,415,931	1,572,575	-	-	1,415,931	1,572,575
Water and sewer	-	-	10,068,427	8,525,149	10,068,427	8,525,149
Solid waste collections	-	-	1,991,729	1,851,720	1,991,729	1,851,720
Bonito Lake	-	-	77,954	96,192	77,954	96,192
Desert Lakes golf course	-	-	1,786,544	1,598,121	1,786,544	1,598,121
White Sands regional airport	-	-	777,804	321,614	777,804	321,614
Public housing - rental program	-	-	1,306,936	1,253,146	1,306,936	1,253,146
Public housing - home ownership	-	-	268,436	25,341	268,436	25,341
<b>Total expenses</b>	<b>30,957,223</b>	<b>26,784,173</b>	<b>16,277,830</b>	<b>13,671,283</b>	<b>47,235,053</b>	<b>40,455,456</b>
Increase (decrease) in net position before transfers	6,235,041	13,022,274	(439,741)	1,870,620	5,795,300	14,892,894
Transfers	(2,889,046)	(7,434,176)	2,890,766	7,435,896	1,720	1,720
Increase (decrease) in net position	3,345,995	5,588,098	2,451,025	9,306,516	5,797,020	14,894,614
Net position - beginning	73,773,938	68,185,840	82,225,178	72,918,662	155,999,116	141,104,502
<b>Net position - ending</b>	<b>\$ 77,119,933</b>	<b>\$ 73,773,938</b>	<b>\$ 84,676,203</b>	<b>\$ 82,225,178</b>	<b>\$ 161,796,136</b>	<b>\$ 155,999,116</b>

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**Business-type Activities**

For the City of Alamogordo’s business-type activities, the results for the current fiscal year were positive in that overall net position increased by \$2,587,641 to reach an ending balance of \$84,812,819. The total unrestricted net position for business-type activities decreased \$248,778, or a decrease of 1.61% from the prior fiscal year.

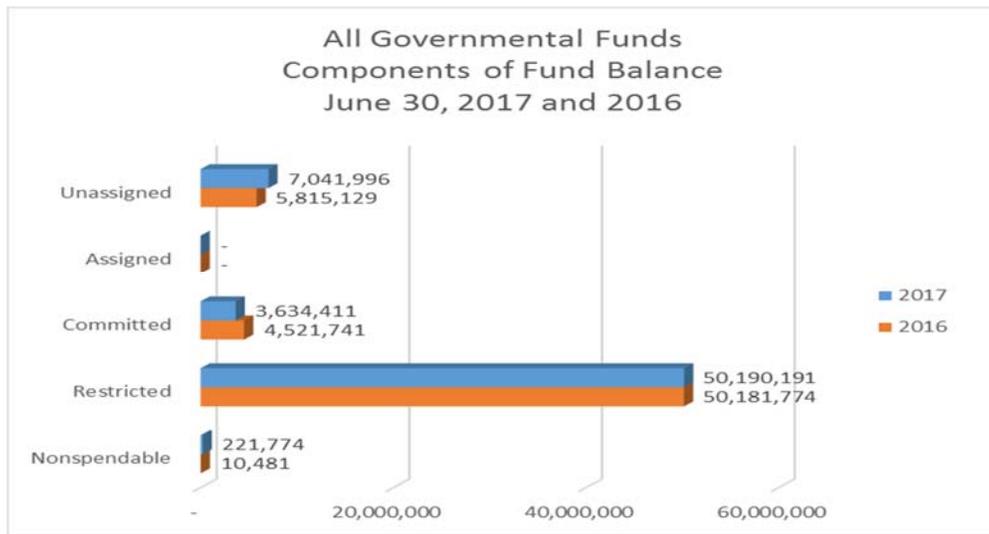
**Financial Analysis of Governmental Funds**

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

**Governmental Funds**

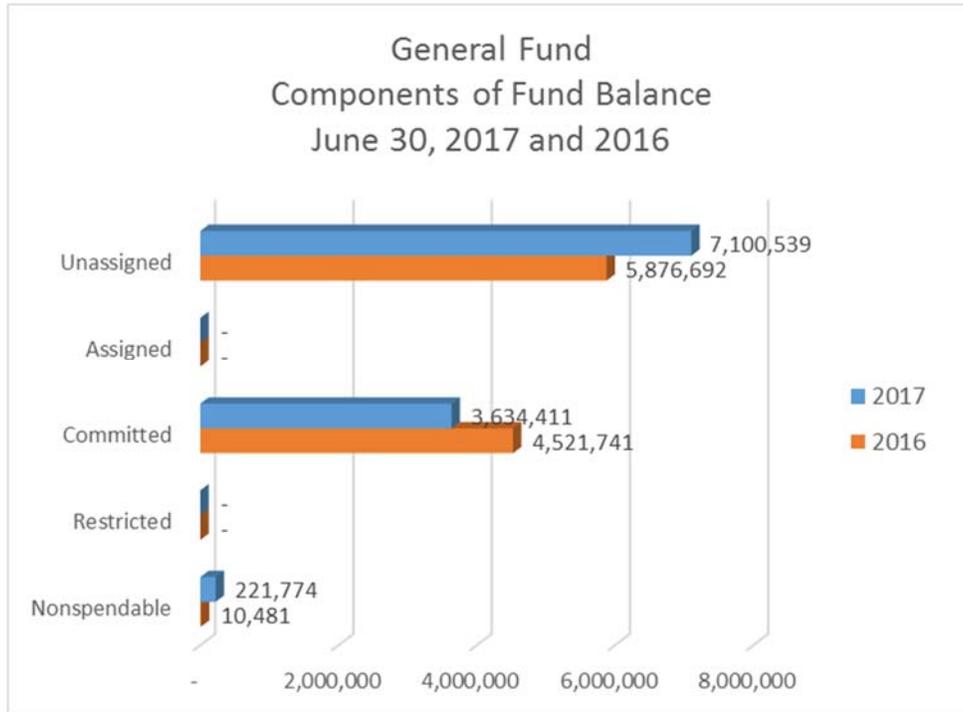
The focus of the City of Alamogordo’s *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Alamogordo’s financing requirements. In particular, unassigned fund balance may serve as a useful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

At June 30, 2017, the City of Alamogordo’s governmental funds reported combined fund balances of \$61,088,372, an increase of \$559,247 in comparison with the prior year. Approximately 11.63% of this amount \$7,041,996 constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is either *nonspendable*, *restricted*, *committed*, or *assigned* to indicate that it is 1) not in spendable form, \$221,774, 2) restricted for particular purposes \$50,190,191, 3) committed for particular purposes \$3,634,411, or 4) assigned for particular purposes \$(0).



**STATE OF NEW MEXICO**  
**CITY OF ALAMOGORDO**  
 Management's Discussion and Analysis  
 For the Year Ended June 30, 2017  
 Unaudited

The general fund is the chief operating fund of the City of Alamogordo. At the end of the current fiscal year, unassigned fund balance of the general fund was \$7,100,539, while total fund balance increased to \$10,956,724. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents approximately 39.38% of total general fund expenditures, while total fund balance represents approximately 60.76% of that same amount.



The fund balance of the City of Alamogordo's general fund increased by \$547,810 during the current fiscal year.

***Proprietary Funds***

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

Unrestricted net position of the Water and Sewer Utility at the end of the year was \$13,314,146. The total unrestricted net position for the business-type activities increased \$2,587,641, or a increase of 3.15% compared to the prior year.

**STATE OF NEW MEXICO**  
**CITY OF ALAMOGORDO**  
Management's Discussion and Analysis  
For the Year Ended June 30, 2017  
Unaudited

**General Fund Budgetary Highlights**

***Original budget compared to final budget***

There were increases to budgeted revenue and expenditures in the general fund of \$571,672 and \$1,967,527, respectively, between the original budget and the final amended budget for the general fund. The difference between expenses and revenues budgeted would be covered by existing cash balances.

***Final budget compared to actual results***

There were no significant difference between the final amended budget and actual revenues. Actual general fund expenditures were \$3,665,426 less than the final amended budget amount (favorable variance). This was due primarily to decreases in expenditures from the prior year.

**Capital Assets and Debt Administration**

**Capital assets**

The City of Alamogordo's investment in capital assets for its governmental and business-type activities as of June 30, 2017, amounts to \$164,323,811 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery, equipment, vehicles, park facilities, roads, highways, the water and sewer treatment plant, and other infrastructure. The total increase in capital assets for the current fiscal year was approximately \$9,149,378 or 5.90%.

**CITY OF ALAMOGORDO'S Capital Assets**  
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 9,301,471	\$ 9,301,471	\$ 6,970,263	\$ 6,970,263	\$ 16,271,734	\$ 16,271,734
Buildings	7,812,189	7,729,989	9,962,500	9,157,640	17,774,689	16,887,629
Machinery, equipment and vehicles	3,737,314	3,591,746	3,141,842	3,075,529	6,879,156	6,667,275
Infrastructure	36,137,843	39,066,747	65,010,580	57,615,153	101,148,423	96,681,900
Unscheduled property	1,322,562	830,310	527,554	662,434	1,850,116	1,492,744
Construction in progress	10,898,830	1,649,927	9,500,863	15,523,224	20,399,693	17,173,151
Total	<u>\$ 69,210,209</u>	<u>\$ 62,170,190</u>	<u>\$ 95,113,602</u>	<u>\$ 93,004,243</u>	<u>\$ 164,323,811</u>	<u>\$ 155,174,433</u>

Major capital asset events during the current fiscal year included the following:

- Continuing (additions) of \$10,943,784 in governmental activities and \$5,577,902 in business-type construction-in-progress projects.
- Significant additions in both governmental and business-type capital assets due to CIP being finished in prior year.

Additional information on the City of Alamogordo's capital assets can be found in Note 7 – Capital Assets on pages 66-68 of this report.

**STATE OF NEW MEXICO**  
**CITY OF ALAMOGORDO**  
Management's Discussion and Analysis  
For the Year Ended June 30, 2017  
Unaudited

**Long-term Debt**

At the end of the current fiscal year, the City of Alamogordo had total bonded debt outstanding of \$24,006,114, and loans and notes outstanding of \$39,286,741.

**CITY OF ALAMOGORDO'S Outstanding Debt**

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
General obligation bonds	\$ 11,463,840	\$ 11,687,720	\$ 5,111,460	\$ 5,238,480	\$ 16,575,300	\$ 16,926,200
Revenue bonds / loans	-	2,175,000	7,430,814	10,891,698	7,430,814	13,066,698
Other loans / notes payable	26,424,250	20,734,782	12,862,492	10,012,435	39,286,742	30,747,217
Compensated absences	844,605	684,565	197,288	176,185	1,041,893	860,750
Total	\$ 38,732,695	\$ 35,282,067	\$ 25,602,054	\$ 26,318,798	\$ 64,334,749	\$ 61,600,865

The City of Alamogordo's total debt, including compensated absences increased by \$2,733,884, or 4.44% during the current fiscal year. The reason for the increase is several new debt issuances during the year.

Additional information on the City of Alamogordo's long-term debt can be found in Note 8 – Long-Term Debt on pages 69-74 of this report.

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

The City of Alamogordo was founded in 1898 as a terminal for the railroad. It is the county seat, and commercial and governmental center of Otero County, New Mexico. Located in the Tularosa Basin, the City of Alamogordo is surrounded by the Organ, San Andres, and Sacramento mountain ranges, and has a population of approximately 35,000 citizens, many of which are military or retirees. The City of Alamogordo is closely linked to both Holloman Air Force Base and White Sands Missile Range. Tourism and the New Mexico Film Industry also contribute to the local economy with Whites Sands National Monument and the NM Museum of Space History being popular attractions.

The following economic factors currently affect the City of Alamogordo and were considered in developing the 2017-2018 fiscal year budget.

- **Unemployment Rate** - Per the New Mexico Department of Workforce Solutions, the unemployment rate for Otero County as of June 2017 was 6.9%, which is a slight increase from a rate of 6.8% in June 2016. We do not expect any significant changes in the unemployment rate for the City of Alamogordo over the next year.
- **Economic Growth** – Per the Bureau of Economic Analysis, the US Gross Domestic Product (GDP) increased 3.1% in the second quarter of 2017 (Apr-Jun). Locally, the White Sands Mall will be welcoming Hobby Lobby, Melrose Fashions, and Harbor Freight in early 2018. These stores will offset jobs lost with the departure of several other stores in 2017 including Kmart, Sears, Payless Shoes, and Foot Locker.

**STATE OF NEW MEXICO**  
**CITY OF ALAMOGORDO**  
Management's Discussion and Analysis  
For the Year Ended June 30, 2017  
Unaudited

- **Gross Receipts Tax** - During FY2017 the City of Alamogordo received approximately 80% of its annual operating budget for the General Fund from Gross Receipts Taxes. FY2016 was the first year that NM Taxation and Revenue Department started deducting the Hold Harmless food and medical portion of the GRT distribution at a rate of 6%. This deduction will be a cumulative 6% through FY2019, changing to a cumulative 7% in FY2020 thru FY2030, at which point 100% of the food and medical distribution will have been deducted. The rate for FY2018 will be 18% which is projected to result in a loss of approximately \$640,000 in GRT revenue for the City of Alamogordo.
- **Fee Increases** - The City Commission approved raising fees for the Planning and Zoning Department that will go into effect in March 2018. The increased fees are expected to generate an additional \$35,000 annually.
- **Workers Compensation** - The City's workers compensation modifier has risen to 1.21 for 2018, up from 1.14 in 2017. Due to completing all of our required safety training hours, the City received a workers compensation credit in the amount of \$113,560 for FY2018. This credit is deducted directly from the City's workers compensation payments to the NM Self Insurer's Fund until it is used up in full.
- **Salary and Benefits** – No salary or benefit increases are budgeted for FY2018, however, the City did add an additional holiday for all staff on Veteran's Day, effective November 10, 2017.
- **Health Insurance Costs** – For FY2018 the cost of health insurance will increase by 1%, effective July 1, 2017.

At the end of FY2017, the unassigned fund balance in the general fund was \$7,100,539. The City of Alamogordo has appropriated \$3,634,411 of this amount for spending in the FY2018 budget.

### **Requests for Information**

This financial report is designed to provide a general overview of the City of Alamogordo's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, 1376 East Ninth Street, City of Alamogordo, NM 88310.

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**BASIC  
FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO**

City of Alamogordo

Statement of Net Position

June 30, 2017

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ 8,206,906	\$ 2,910,133	\$ 11,117,039	\$ 120,816
Investments	45,669,395	14,211,152	59,880,547	3,690,591
Receivables:				
Taxes receivable	4,496,866	-	4,496,866	4,150
Due from other governments	1,019,886	152,912	1,172,798	-
Customer receivable, net	-	661,191	661,191	-
Other receivables, net	245,894	43,939	289,833	49,179
Inventory	214,465	384,643	599,108	-
Prepaid expenses	7,309	20,697	28,006	-
Internal balances	14,461	(14,461)	-	-
<i>Total current assets</i>	<u>59,875,182</u>	<u>18,370,206</u>	<u>78,245,388</u>	<u>3,864,736</u>
Noncurrent assets				
Restricted cash and cash equivalents	198,115	66,562	264,677	-
Restricted investments	5,266,881	1,233,360	6,500,241	789,642
Bond discounts, net of accumulated amortization of \$26,955 and \$153,133	205,519	38,741	244,260	-
Assets held for sale	-	88,338	88,338	-
Capital assets	254,086,563	147,886,589	401,973,152	6,643,240
Less: accumulated depreciation	(184,876,354)	(52,772,987)	(237,649,341)	(2,888,221)
<i>Total noncurrent assets</i>	<u>74,880,724</u>	<u>96,540,603</u>	<u>171,421,327</u>	<u>4,544,661</u>
<i>Total assets</i>	<u>134,755,906</u>	<u>114,910,809</u>	<u>249,666,715</u>	<u>8,409,397</u>
<b>Deferred outflows of resources</b>				
Loss on extinguishment of debt	719,428	-	719,428	-
Employer contributions subsequent to the measurement date	1,192,635	174,750	1,367,385	16,478
Changes of assumptions	1,374,026	246,877	1,620,903	22,702
Changes in proportion	32,916	6,118	39,034	533
Net difference between projected and actual investment earnings	3,555,197	791,960	4,347,157	62,036
Difference between expected and actual experience	1,286,577	242,115	1,528,692	20,643
<i>Total deferred outflows of resources</i>	<u>8,160,779</u>	<u>1,461,820</u>	<u>9,622,599</u>	<u>122,392</u>
<i>Total assets and deferred outflows of resources</i>	<u>\$ 142,916,685</u>	<u>\$ 116,372,629</u>	<u>\$ 259,289,314</u>	<u>\$ 8,531,789</u>

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

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>Liabilities</b>				
Current liabilities				
Accounts payable	\$ 1,931,823	\$ 629,524	\$ 2,561,347	\$ 26,576
Accrued payroll	682,290	122,270	804,560	12,336
Other accrued expenses	-	1,430	1,430	-
Accrued compensated absences	844,605	197,288	1,041,893	17,107
Funds held in trust for others	12,643	660,730	673,373	-
Accrued interest	233,442	135,237	368,679	-
Unearned revenue	17,545	61,007	78,552	845
Current portion of long-term debt	2,385,748	1,525,786	3,911,534	-
<i>Total current liabilities</i>	<u>6,108,096</u>	<u>3,333,272</u>	<u>9,441,368</u>	<u>56,864</u>
Noncurrent liabilities				
Accrued landfill closure costs	-	-	-	1,139,092
Bond premiums, net of accumulated amortization of \$40,859 and \$134,216	240,120	86,903	327,023	-
Long-term debt	35,502,342	23,878,980	59,381,322	-
Net pension liability	22,888,720	4,037,876	26,926,596	346,207
<i>Total noncurrent liabilities</i>	<u>58,631,182</u>	<u>28,003,759</u>	<u>86,634,941</u>	<u>1,485,299</u>
<i>Total liabilities</i>	<u>64,739,278</u>	<u>31,337,031</u>	<u>96,076,309</u>	<u>1,542,163</u>
<b>Deferred inflows of resources</b>				
Changes of assumptions	139,389	18,588	157,977	1,753
Changes in proportion	937,573	179,082	1,116,655	14,843
Difference between expected and actual experience	117,128	25,109	142,237	1,648
<i>Total deferred inflows of resources</i>	<u>1,194,090</u>	<u>222,779</u>	<u>1,416,869</u>	<u>18,244</u>
<b>Net position</b>				
Net investment in capital assets	37,273,827	69,660,674	106,934,501	3,755,019
Restricted for:				
Debt service	3,478,020	-	3,478,020	-
Capital projects	39,264,138	-	39,264,138	-
Special revenue	1,239,951	-	1,239,951	-
Permanent fund	801,240	-	801,240	-
Unrestricted	(5,073,859)	15,152,145	10,078,286	3,216,363
<i>Total net position</i>	<u>76,983,317</u>	<u>84,812,819</u>	<u>161,796,136</u>	<u>6,971,382</u>
<i>Total liabilities, deferred inflows of resources, and net position</i>	<u>\$ 142,916,685</u>	<u>\$ 116,372,629</u>	<u>\$ 259,289,314</u>	<u>\$ 8,531,789</u>

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

**STATE OF NEW MEXICO**  
City of Alamogordo  
Statement of Activities  
For the Year Ended June 30, 2017

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Governmental Activities</b>				
General government	\$ 8,836,212	\$ 3,517,310	\$ 131,467	\$ 479,166
Public safety	9,017,042	377,106	798,720	-
Public works	6,477,616	66,532	253,048	1,947,449
Culture and recreation	4,955,540	633,158	516,385	507,643
Health and welfare	250,901	-	213,774	-
Interest on long-term debt	1,415,931	-	-	-
<i>Total governmental activities</i>	<u>30,953,242</u>	<u>4,594,106</u>	<u>1,913,394</u>	<u>2,934,258</u>
<b>Business-type Activities:</b>				
Water and sewer	10,068,427	9,890,754	454,872	-
Solid waste	1,991,729	2,116,109	-	-
Bonito lake	77,954	-	71,286	-
Golf course	1,786,584	1,380,614	-	-
Airport	777,804	145,118	9,477	-
Low rent public housing	1,306,936	256,205	602,514	746,681
Home ownership	268,945	108,851	-	-
<i>Total business-type activities</i>	<u>16,278,379</u>	<u>13,897,651</u>	<u>1,138,149</u>	<u>746,681</u>
<i>Total primary government</i>	<u>\$ 47,231,621</u>	<u>\$ 18,491,757</u>	<u>\$ 3,051,543</u>	<u>\$ 3,680,939</u>
<b>Component Unit:</b>				
Otero - Greentree Regional Landfill	<u>\$ 1,126,789</u>	<u>\$ 1,759,391</u>	<u>\$ -</u>	<u>\$ -</u>

**General revenues and transfers:**

Taxes

Property taxes

Gross receipts taxes

Gasoline and motor vehicle taxes

Other taxes

Investment income (loss)

Miscellaneous revenue

Change in estimate (note 15)

Gain on disposition of assets

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning

*Net position, ending*

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

<b>Net (Expense) Revenue and Changes in Net Position</b>			
<b>Primary Government</b>			
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Component Unit</b>
\$ (4,708,269)	\$ -	\$ (4,708,269)	\$ -
(7,841,216)	-	(7,841,216)	-
(4,210,587)	-	(4,210,587)	-
(3,298,354)	-	(3,298,354)	-
(37,127)	-	(37,127)	-
(1,415,931)	-	(1,415,931)	-
<u>(21,511,484)</u>	<u>-</u>	<u>(21,511,484)</u>	<u>-</u>
-	277,199	277,199	-
-	124,380	124,380	-
-	(6,668)	(6,668)	-
-	(405,970)	(405,970)	-
-	(623,209)	(623,209)	-
-	298,464	298,464	-
-	(160,094)	(160,094)	-
<u>-</u>	<u>(495,898)</u>	<u>(495,898)</u>	<u>-</u>
(21,511,484)	(495,898)	(22,007,382)	-
-	-	-	632,602
4,022,781	-	4,022,781	-
21,583,502	-	21,583,502	-
607,489	-	607,489	-
551,102	-	551,102	-
70,986	(5,434)	65,552	36,316
748,249	198,207	946,456	36,172
-	-	-	(349,450)
25,800	-	25,800	9,887
<u>(2,889,046)</u>	<u>2,890,766</u>	<u>1,720</u>	<u>(1,720)</u>
<u>24,720,863</u>	<u>3,083,539</u>	<u>27,804,402</u>	<u>(268,795)</u>
3,209,379	2,587,641	5,797,020	363,807
<u>73,773,938</u>	<u>82,225,178</u>	<u>155,999,116</u>	<u>6,607,575</u>
<u>\$ 76,983,317</u>	<u>\$ 84,812,819</u>	<u>\$ 161,796,136</u>	<u>\$ 6,971,382</u>

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

**STATE OF NEW MEXICO**

City of Alamogordo  
Balance Sheet  
Governmental Funds  
June 30, 2017

	<b>General Fund</b>	<b>1986 Gross Receipts Tax Fund Capital Projects Fund</b>	<b>2004 Capital Outlay GRT Fund Capital Projects Fund</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 3,202,794	\$ 226,028	\$ 1,435,108
Investments	6,190,947	9,263,034	10,399,917
Receivables:			
Taxes receivables	2,370,734	312,531	625,062
Due from other governments	-	-	-
Other receivables, net	230,031	-	-
Inventory	214,465	-	-
Prepaid expenses	7,309	-	-
Due from other funds	16,630	-	-
<b>Total assets</b>	<b>\$ 12,232,910</b>	<b>\$ 9,801,593</b>	<b>\$ 12,460,087</b>
<b>Liabilities, deferred inflows of resources, and fund balances</b>			
<i>Liabilities</i>			
Accounts payable	\$ 488,196	\$ -	\$ 21,215
Accrued payroll	623,051	-	-
Fund held in trust for others	12,643	-	-
Unearned revenue	17,290	-	-
Due to other funds	-	-	-
<b>Total liabilities</b>	<b>1,141,180</b>	<b>-</b>	<b>21,215</b>
<i>Deferred inflows of resources</i>			
Unavailable revenues - property taxes	135,006	-	-
<b>Total deferred inflows of resources</b>	<b>135,006</b>	<b>-</b>	<b>-</b>
<i>Fund balances</i>			
Nonspendable			
Inventory	214,465	-	-
Prepaid expenses	7,309	-	-
Spendable			
Restricted for:			
Government operations	-	-	-
Public safety	-	-	-
Public works	-	-	-
Culture and recreation	-	-	-
Health and welfare	-	-	-
Capital projects	-	9,801,593	12,438,872
Debt service	-	-	-
Permanent fund	-	-	-
Committed to:			
Subsequent year's expenditures	3,634,411	-	-
Unassigned	7,100,539	-	-
<b>Total fund balances</b>	<b>10,956,724</b>	<b>9,801,593</b>	<b>12,438,872</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 12,232,910</b>	<b>\$ 9,801,593</b>	<b>\$ 12,460,087</b>

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

<b>1989 &amp; 1996 GRT Principal and Interest Debt Service</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 151,687	\$ 2,676,529	\$ 7,692,146
-	24,264,541	50,118,439
-	1,188,539	4,496,866
-	1,019,886	1,019,886
-	15,863	245,894
-	-	214,465
-	-	7,309
-	-	16,630
<u>\$ 151,687</u>	<u>\$ 29,165,358</u>	<u>\$ 63,811,635</u>
\$ -	\$ 1,321,399	\$ 1,830,810
-	59,239	682,290
-	-	12,643
-	255	17,545
-	2,169	2,169
-	<u>1,383,062</u>	<u>2,545,457</u>
-	42,800	177,806
-	<u>42,800</u>	<u>177,806</u>
-	-	214,465
-	-	7,309
-	53,801	53,801
-	686,538	686,538
-	235,860	235,860
-	440,342	440,342
-	21,020	21,020
-	22,316,255	44,556,720
151,687	3,242,983	3,394,670
-	801,240	801,240
-	-	3,634,411
-	(58,543)	7,041,996
<u>151,687</u>	<u>27,739,496</u>	<u>61,088,372</u>
<u>\$ 151,687</u>	<u>\$ 29,165,358</u>	<u>\$ 63,811,635</u>

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

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**STATE OF NEW MEXICO**

City of Alamogordo  
Governmental Funds

Exhibit B-1  
Page 2 of 2

Reconciliation of the Balance Sheet to the Statement of Net Position  
June 30, 2017

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

Fund balances - total governmental funds	\$	61,088,372
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		69,210,209
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		1,429,699
Delinquent property taxes and grants 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		177,806
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 extinguishment of debt		719,428
Deferred outflows and inflows of resources related to pensions are applicable to future periods and therefore, are not reported in funds		
Deferred outflows of resources related to employer contributions subsequent to the measurement date		1,192,635
Deferred outflows of resources related to changes in assumptions		1,374,026
Deferred outflows of resources related to changes in proportion		32,916
Deferred outflows of resources related to the net difference between projected and actual investment earnings		3,555,197
Deferred outflows of resources related to differences between expected and actual experience		1,286,577
Deferred inflows of resources related to changes in assumptions		(139,389)
Deferred inflows of resources related to changes in proportion		(937,573)
Deferred inflows of resources related to differences between expected and actual experience		(117,128)
Certain liabilities, including bonds payable, net pension liability, and current and long-term portions of accrued compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds:		
Accrued interest		(233,442)
Current portion of accrued compensated absences		(844,605)
Bond discounts		205,519
Bond premiums		(240,120)
Long-term debt payable		(37,888,090)
Net pension liability		(22,888,720)
		76,983,317
<i>Net position of governmental activities</i>	\$	<u><u>76,983,317</u></u>

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

**STATE OF NEW MEXICO**  
City of Alamogordo  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2017

	<u>General Fund</u>	<u>1986 Gross Receipts Tax Fund Capital Projects Fund</u>	<u>2004 Capital Outlay GRT Fund Capital Projects Fund</u>
<i>Revenues</i>			
Taxes:			
Property	\$ 3,002,169	\$ -	\$ -
Gross receipts	11,325,183	1,641,331	3,282,662
Gasoline and motor vehicle	-	-	-
Other	-	-	-
Intergovernmental:			
Federal operating grants	-	-	-
State operating grants	54,496	-	-
Federal capital grants	-	-	-
State capital grants	-	-	-
Charges for services	4,095,984	-	-
Investment income (loss)	12,317	(6,044)	(3,727)
Miscellaneous	112,472	-	-
<i>Total revenues</i>	<u>18,602,621</u>	<u>1,635,287</u>	<u>3,278,935</u>
<i>Expenditures</i>			
Current:			
General government	5,578,655	5,441	-
Public safety	7,861,169	-	-
Public works	878,893	39,722	-
Culture and recreation	2,508,998	-	-
Health and welfare	-	-	-
Capital outlay	1,204,975	-	779,857
Debt service:			
Principal	-	-	-
Interest	-	-	-
Issuance cost	-	-	-
<i>Total expenditures</i>	<u>18,032,690</u>	<u>45,163</u>	<u>779,857</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>569,931</u>	<u>1,590,124</u>	<u>2,499,078</u>
<i>Other financing sources (uses)</i>			
Proceeds from sale of assets	13,034	-	-
Proceeds from long term debt	-	-	-
Proceeds of refunding bonds	-	-	-
Payment to refunded bond escrow agent	-	-	-
Bond discounts	-	-	-
Transfers in	1,406,431	-	-
Transfers (out)	(1,441,586)	(1,429,272)	(1,094,924)
<i>Total other financing sources (uses)</i>	<u>(22,121)</u>	<u>(1,429,272)</u>	<u>(1,094,924)</u>
<i>Net change in fund balances</i>	547,810	160,852	1,404,154
<i>Fund balances - beginning of year</i>	<u>10,408,914</u>	<u>9,640,741</u>	<u>11,034,718</u>
<i>Fund balances - end of year</i>	<u>\$ 10,956,724</u>	<u>\$ 9,801,593</u>	<u>\$ 12,438,872</u>

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

<b>1989 &amp; 1996 GRT Principal and Interest Debt Service</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ 1,013,842	\$ 4,016,011
-	5,334,326	21,583,502
-	607,489	607,489
-	551,102	551,102
-	281,661	281,661
-	1,577,237	1,631,733
-	1,081,450	1,081,450
-	1,852,808	1,852,808
-	498,122	4,594,106
721	62,237	65,504
-	122,152	234,624
721	12,982,426	36,499,990
-	779,821	6,363,917
-	630,964	8,492,133
-	2,565,036	3,483,651
-	1,615,980	4,124,978
-	252,908	252,908
-	9,906,100	11,890,932
4,254,303	290,109	4,544,412
751,561	664,678	1,416,239
-	58,511	58,511
5,005,864	16,764,107	40,627,681
(5,005,143)	(3,781,681)	(4,127,691)
-	12,766	25,800
2,235,758	4,634,242	6,870,000
7,920,000	-	7,920,000
(7,705,707)	-	(7,705,707)
(59,400)	-	(59,400)
2,758,362	4,434,587	8,599,380
-	(6,997,353)	(10,963,135)
5,149,013	2,084,242	4,686,938
143,870	(1,697,439)	559,247
7,817	29,436,935	60,529,125
\$ 151,687	\$ 27,739,496	\$ 61,088,372

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

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**STATE OF NEW MEXICO**

City of Alamogordo

Governmental Funds

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, 2017

Exhibit B-2

Page 2 of 2

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

Net change in fund balances - total governmental funds	\$ 559,247
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	1,003,687
Net pension liability, and associated deferred outflows and deferred inflows transferred to the governmental activities from the internal service fund.	(1,148,883)
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	11,890,932
Loss on disposition of capital assets	(194,496)
Depreciation expense	(4,656,417)
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	6,770
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 contributions	1,192,635
Pension expense	(2,733,566)
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:	
Decrease in accrued interest	28,865
Increase in accrued compensated absences	(230,357)
Proceeds from refunding loans issued	(7,920,000)
Payments to refunded bond escrow agent	7,705,707
Proceeds from issuance of debt	(6,870,000)
Principal payments on debt payable	4,544,412
Discount on debt issuance	59,400
Amortization of bond discounts	(11,330)
Amortization of deferred loss on extinguishment of debt	(31,279)
Amortization of bond premiums	14,052
<i>Change in net position of governmental activities</i>	\$ 3,209,379

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

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## STATE OF NEW MEXICO

Exhibit C-1

City of Alamogordo

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property	\$ 2,940,928	\$ 3,082,634	\$ 3,002,169	\$ (80,465)
Gross receipts	11,004,738	11,231,942	11,325,183	93,241
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
State operating grants	335,450	342,183	54,496	(287,687)
Federal capital grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	4,113,798	4,186,199	4,095,984	(90,215)
Investment income	54,000	69,440	12,317	(57,123)
Miscellaneous	41,852	150,040	112,472	(37,568)
<i>Total revenues</i>	<u>18,490,766</u>	<u>19,062,438</u>	<u>18,602,621</u>	<u>(459,817)</u>
<i>Expenditures</i>				
Current:				
General government	6,092,160	6,752,422	5,585,422	1,167,000
Public safety	8,438,284	8,557,701	7,861,169	696,532
Public works	943,607	1,114,432	878,893	235,539
Culture and recreation	2,718,466	2,648,835	2,508,998	139,837
Health and welfare	-	-	-	-
Capital outlay	1,541,200	2,627,854	1,201,336	1,426,518
<i>Total expenditures</i>	<u>19,733,717</u>	<u>21,701,244</u>	<u>18,035,818</u>	<u>3,665,426</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,242,951)</u>	<u>(2,638,806)</u>	<u>566,803</u>	<u>3,205,609</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	1,218,936	2,407,956	-	(2,407,956)
Proceeds from sale of assets	14,525	10,350	13,034	2,684
Transfers in	1,233,392	2,073,985	1,408,408	(665,577)
Transfers (out)	(1,223,902)	(1,853,485)	(1,443,563)	409,922
<i>Total other financing sources (uses)</i>	<u>1,242,951</u>	<u>2,638,806</u>	<u>(22,121)</u>	<u>(2,660,927)</u>
<i>Net change in fund balances</i>	-	-	544,682	544,682
<i>Fund balances - beginning of year</i>	-	-	8,853,046	8,853,046
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,397,728</u>	<u>\$ 9,397,728</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 544,682
Adjustments to revenues for taxes, grant revenues and charges for services				(1,977)
Adjustments to expenditures for salaries and other expenses.				5,105
<i>Net change in fund balance (GAAP)</i>				<u>\$ 547,810</u>

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

**STATE OF NEW MEXICO**  
City of Alamogordo  
Statement of Net Position  
Proprietary Funds  
June 30, 2017

Exhibit D-1  
Page 1 of 2

	<b>Business-Type Activities - Enterprise Funds</b>			<b>Governmental Activities</b>
	<b>Water &amp; Sewer Fund</b>	<b>Total Nonmajor Funds</b>	<b>Total Funds</b>	<b>Total Internal Service Funds</b>
<i>Assets</i>				
Current assets				
Cash and cash equivalents	\$ 918,444	\$ 1,991,689	\$ 2,910,133	\$ 712,875
Investments	13,710,453	500,699	14,211,152	817,837
Receivables		-	-	
Due from other governments	83,809	69,103	152,912	-
Customer receivable, net	519,378	141,813	661,191	-
Other receivable	43,931	8	43,939	-
Inventory	377,517	7,126	384,643	-
Prepaid expenses	-	20,697	20,697	-
Due from other funds	-	162	162	-
<i>Total current assets</i>	<u>15,653,532</u>	<u>2,731,297</u>	<u>18,384,829</u>	<u>1,530,712</u>
Noncurrent assets				
Restricted cash and cash equivalents	-	66,562	66,562	-
Restricted investment	1,158,809	74,551	1,233,360	-
Bond discounts, net of accumulated amortization of \$153,133	38,741	-	38,741	-
Assets held for sale	-	88,338	88,338	-
Capital assets	109,874,543	38,012,046	147,886,589	-
Less: accumulated depreciation	(34,637,415)	(18,135,572)	(52,772,987)	-
<i>Total noncurrent assets</i>	<u>76,434,678</u>	<u>20,105,925</u>	<u>96,540,603</u>	<u>-</u>
<i>Total assets</i>	<u>92,088,210</u>	<u>22,837,222</u>	<u>114,925,432</u>	<u>1,530,712</u>
<i>Deferred outflows of resources</i>				
Employer contributions subsequent to the measurement date	138,071	36,679	174,750	-
Changes in assumptions	176,038	70,839	246,877	-
Changes in proportion	4,216	1,902	6,118	-
Net difference between projected and actual results on pension investments	484,234	307,726	791,960	-
Difference between expected and actual experience	164,558	77,557	242,115	-
<i>Total deferred outflows of resources</i>	<u>967,117</u>	<u>494,703</u>	<u>1,461,820</u>	<u>-</u>
<i>Total assets and deferred outflows of resources</i>	<u>\$ 93,055,327</u>	<u>\$ 23,331,925</u>	<u>\$ 116,387,252</u>	<u>\$ 1,530,712</u>

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

**STATE OF NEW MEXICO**  
City of Alamogordo  
Statement of Net Position  
Proprietary Funds  
June 30, 2017

Exhibit D-1  
Page 2 of 2

	<b>Business-Type Activities - Enterprise Funds</b>			<b>Governmental Activities</b>
	<b>Water &amp; Sewer Fund</b>	<b>Total Nonmajor Funds</b>	<b>Total Funds</b>	<b>Total Internal Service Funds</b>
<i>Liabilities</i>				
<i>Current liabilities</i>				
Accounts payable	\$ 463,446	\$ 166,078	\$ 629,524	\$ 101,013
Accrued payroll	82,090	40,180	122,270	-
Other accrued expenses	-	1,430	1,430	-
Accrued compensated absences	142,843	54,445	197,288	-
Funds held in trust for others	604,270	56,460	660,730	-
Accrued interest	135,237	-	135,237	-
Unearned revenue	52,318	8,689	61,007	-
Due to other funds	-	14,623	14,623	-
Current portion of long-term debt	1,525,786	-	1,525,786	-
<i>Total current liabilities</i>	<u>3,005,990</u>	<u>341,905</u>	<u>3,347,895</u>	<u>101,013</u>
<i>Noncurrent liabilities</i>				
Bond premiums, net of accumulated amortization of \$134,216	86,903	-	86,903	-
Long-term debt	23,878,980	-	23,878,980	-
Net pension liability	2,835,139	1,202,737	4,037,876	-
<i>Total noncurrent liabilities</i>	<u>26,801,022</u>	<u>1,202,737</u>	<u>28,003,759</u>	<u>-</u>
<i>Total liabilities</i>	<u>29,807,012</u>	<u>1,544,642</u>	<u>31,351,654</u>	<u>101,013</u>
<i>Deferred inflows of resources</i>				
Changes in assumptions	15,519	3,069	18,588	-
Changes in proportion	119,711	59,371	179,082	-
Difference between expected and actual experience	14,739	10,370	25,109	-
<i>Total deferred inflows of resources</i>	<u>149,969</u>	<u>72,810</u>	<u>222,779</u>	<u>-</u>
<i>Net Position</i>				
Net investment in capital assets	49,784,200	19,876,474	69,660,674	-
Unrestricted	13,314,146	1,837,999	15,152,145	1,429,699
<i>Total net position</i>	<u>63,098,346</u>	<u>21,714,473</u>	<u>84,812,819</u>	<u>1,429,699</u>
<i>Total liabilities, deferred inflows of resources, and net position</i>	<u>\$ 93,055,327</u>	<u>\$ 23,331,925</u>	<u>\$ 116,387,252</u>	<u>\$ 1,530,712</u>

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

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**STATE OF NEW MEXICO**  
City of Alamogordo  
Statement of Revenues, Expenses, and Changes in Net Position  
Proprietary Funds  
For the Year Ended June 30, 2017

Exhibit D-2

	<b>Business-Type Activities - Enterprise Funds</b>			<b>Governmental Activities</b>
	<b>Water &amp; Sewer Fund</b>	<b>Total Nonmajor Funds</b>	<b>Total Funds</b>	<b>Total Internal Service Funds</b>
<i>Operating revenues</i>				
Charges for service	\$ 9,890,754	\$ 4,006,897	\$ 13,897,651	\$ 140,597
Operating subsidy	454,872	683,277	1,138,149	-
<b>Total operating revenues</b>	<b>10,345,626</b>	<b>4,690,174</b>	<b>15,035,800</b>	<b>140,597</b>
<i>Operating expenses</i>				
Personnel expenses	2,640,765	1,105,057	3,745,822	-
Contractual services	775,274	1,903,032	2,678,306	249,417
Supplies expense	1,841,499	1,664,908	3,506,407	30,192
Repairs and maintenance	326,910	107,605	434,515	-
Utilities	636,721	134,052	770,773	-
Equipment	49,747	42,482	92,229	-
Cost of house sold	-	240,048	240,048	-
Depreciation expense	2,993,434	996,544	3,989,978	-
Miscellaneous expense	184,814	16,224	201,038	-
<b>Total operating expenses</b>	<b>9,449,164</b>	<b>6,209,952</b>	<b>15,659,116</b>	<b>279,609</b>
<b>Operating income (loss)</b>	<b>896,462</b>	<b>(1,519,778)</b>	<b>(623,316)</b>	<b>(139,012)</b>
<i>Non-operating revenues (expenses)</i>				
Interest expense	(619,263)	-	(619,263)	-
Investment income (loss)	(9,685)	4,251	(5,434)	5,482
Miscellaneous income	35,267	162,940	198,207	513,625
<b>Total non-operating revenues (expenses)</b>	<b>(593,681)</b>	<b>167,191</b>	<b>(426,490)</b>	<b>519,107</b>
<b>Income (loss) before contributions and transfers</b>	<b>302,781</b>	<b>(1,352,587)</b>	<b>(1,049,806)</b>	<b>380,095</b>
Capital grants	-	746,681	746,681	-
Transfers in	7,038,830	760,062	7,798,892	1,289,523
Transfers (out)	(1,208,826)	(3,699,300)	(4,908,126)	(665,931)
<b>Change in net position</b>	<b>6,132,785</b>	<b>(3,545,144)</b>	<b>2,587,641</b>	<b>1,003,687</b>
<b>Net position - beginning</b>	<b>56,965,561</b>	<b>25,259,617</b>	<b>82,225,178</b>	<b>426,012</b>
<b>Net position - end of year</b>	<b>\$ 63,098,346</b>	<b>\$ 21,714,473</b>	<b>\$ 84,812,819</b>	<b>\$ 1,429,699</b>

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

**STATE OF NEW MEXICO**  
City of Alamogordo  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2017

Exhibit D-3  
Page 1 of 2

	<b>Business-Type Activities - Enterprise Funds</b>			<b>Governmental Activities</b>
	<b>Water &amp; Sewer Fund</b>	<b>Total Nonmajor Funds</b>	<b>Total Funds</b>	<b>Total Internal Service Funds</b>
<i>Cash flows from operating activities</i>				
Cash received from user charges	\$ 10,046,329	\$ 4,300,983	\$ 14,347,312	\$ 343,825
Cash received from subsidy grants	371,063	617,407	988,470	-
Cash payments to employees for services	(2,418,146)	(1,012,128)	(3,430,274)	(1,257,180)
Cash payments to suppliers for goods and services	(3,626,477)	(4,094,905)	(7,721,382)	(351,068)
<i>Net cash provided (used) by operating activities</i>	<u>4,372,769</u>	<u>(188,643)</u>	<u>4,184,126</u>	<u>(1,264,423)</u>
<i>Cash flows from noncapital financing activities</i>				
Miscellaneous income	34,650	162,940	197,590	513,625
Transfers	5,830,004	(2,924,777)	2,905,227	623,592
<i>Net cash provided (used) by noncapital financing activities</i>	<u>5,864,654</u>	<u>(2,761,837)</u>	<u>3,102,817</u>	<u>1,137,217</u>
<i>Cash flows from investing activities</i>				
Sale (purchase) of investments	(3,069,448)	(33,953)	(3,103,401)	393,008
Interest on investments	-	4,251	4,251	5,482
<i>Net cash provided (used) by investing activities</i>	<u>(3,069,448)</u>	<u>(29,702)</u>	<u>(3,099,150)</u>	<u>398,490</u>
<i>Cash flows from capital and related financing activities</i>				
Acquisition of capital assets	(5,187,062)	(901,487)	(6,088,549)	-
Capital grants	-	746,681	746,681	-
Interest paid	(632,255)	-	(632,255)	-
Principal payments on bonds and loans payable	(737,847)	-	(737,847)	-
<i>Net cash provided (used) by capital and related financing activities</i>	<u>(6,557,164)</u>	<u>(154,806)</u>	<u>(6,711,970)</u>	<u>-</u>
<i>Net (decrease) increase in cash and cash equivalents</i>	610,811	(3,134,988)	(2,524,177)	271,284
<i>Cash and cash equivalents - beginning of year</i>	307,633	5,193,239	5,500,872	441,591
<i>Cash and cash equivalents - end of year</i>	<u>\$ 918,444</u>	<u>\$ 2,058,251</u>	<u>\$ 2,976,695</u>	<u>\$ 712,875</u>

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

**STATE OF NEW MEXICO**  
City of Alamogordo  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2017

Exhibit D-3  
Page 2 of 2

	<b>Business-Type Activities Enterprise Funds</b>			<b>Governmental Activities</b>
	<b>Water &amp; Sewer Fund</b>	<b>Total Nonmajor Funds</b>	<b>Total Nonmajor Funds</b>	<b>Total Internal Service Funds</b>
<i>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</i>				
Operating income (loss)	\$ 896,462	\$ (1,519,778)	\$ (623,316)	\$ (139,012)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	2,993,434	996,544	3,989,978	-
Noncash pension expense/pension transfer	196,057	79,519	275,576	(1,241,193)
Changes in assets, deferred outflows, and liabilities:				
Receivables	75,760	(69,173)	6,587	27
Inventory	(50,426)	2,064	(48,362)	203,201
Prepaid expenses	-	232	232	-
Accounts payable	238,914	12,166	251,080	(71,459)
Accrued payroll expenses	8,550	7,574	16,124	(37,980)
Other accrued expenses	-	(1,016)	(1,016)	-
Accrued compensated absences	16,059	5,044	21,103	(70,317)
Unearned revenue	6,537	1,524	8,061	-
Home ownership escrow	-	(18,826)	(18,826)	-
Meter deposits	(10,531)	2,112	(8,419)	-
Subsequent contributions	1,953	792	2,745	92,310
Assets held for sale	-	312,579	312,579	-
<i>Net cash provided (used) by operating activities</i>	<u>\$ 4,372,769</u>	<u>\$ (188,643)</u>	<u>\$ 4,184,126</u>	<u>\$ (1,264,423)</u>

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

**STATE OF NEW MEXICO**  
City of Alamogordo  
Statement of Fiduciary Assets and Liabilities - Agency Funds  
June 30, 2017

Exhibit E-1

<i>Assets</i>	
Cash	<u>\$ 2,031,775</u>
Total assets	<u><u>\$ 2,031,775</u></u>
<i>Liabilities</i>	
Due to others	<u>\$ 2,031,775</u>
Total liabilities	<u><u>\$ 2,031,775</u></u>

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

**STATE OF NEW MEXICO**  
City of Alamogordo  
Notes to the Financial Statements  
June 30, 2017

**NOTE 1. Summary of Significant Accounting Policies**

The City of Alamogordo (City) was incorporated in 1912. 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.

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, 2017, the City adopted GASB Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* (partial), No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, No. 77, *Tax Abatement Disclosures*, No. 78 *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*, and No. 82, *Pension Issues-an amendment of GASB Statements No. 67, No. 68, and No. 73* (partial). These six Statements are required to be implemented as of June 30, 2017, if applicable.

GASB Statement No. 73 establishes accounting and financial reporting standards for defined benefit pensions and defined contribution pensions that are not provided to employees of state and local government employers and are not within the scope of Statement 68. A portion of this pronouncement was effective and was implemented for the June 30, 2016 year end, and a portion is effective for June 30, 2017 year end. Effective for June 30, 2017 are the provisions of the statement that address accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68. This does not have a material effect on the financial statements of the City, as its pension plan is within the scope of Statement 68.

The objective of GASB Statement No. 74 is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with

**STATE OF NEW MEXICO**  
City of Alamogordo  
Notes to the Financial Statements  
June 30, 2017

**NOTE 1. Summary of Significant Accounting Policies (continued)**

regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement does not affect the City's financial statements directly; however, the effects on the City's OPEB plan, administered through the New Mexico Retiree Health Care Authority, will be seen in future periods.

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

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

The City had no tax abatements to disclose as of June 30, 2017.

The objective of GASB Statement No. 78 is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. This Statement amends the scope and applicability of Statement 68 to exclude certain pensions provided to employees of state or local governmental employers. The City's pension plan does not meet the criteria for exclusion.

The objective of GASB Statement No. 80 is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity*, as amended. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*.

GASB Statement No. 82 clarified and adjusted several items from GASB 67 and 68, including the definition of covered payroll, the presentation of payroll-related measures in required supplementary information, the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and the classification of payments made by employers to satisfy employee contribution requirements.

**STATE OF NEW MEXICO**  
City of Alamogordo  
Notes to the Financial Statements  
June 30, 2017

**NOTE 1. Summary of Significant Accounting Policies (continued)**

*A. Financial Reporting Entity*

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

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

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

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

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity. Based upon the application of these criteria, the City has one component unit required to be reported under GASB Statements No. 14, No. 39, No. 61, and No. 80 as a discretely presented component unit. The discretely presented component unit does not have separately issued financial statements.

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

It was mutually agreed and covenanted between the entities that:

1. The facility shall be known as the Otero-Greentree Regional Landfill;
2. Title to the facility shall be held in undivided-joint tenancy between the Otero and Lincoln Solid Waste Authorities;

**STATE OF NEW MEXICO**  
City of Alamogordo  
Notes to the Financial Statements  
June 30, 2017

**NOTE 1. Summary of Significant Accounting Policies (continued)**

*A. Financial Reporting Entity (continued)*

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.

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 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.

**STATE OF NEW MEXICO**  
City of Alamogordo  
Notes to the Financial Statements  
June 30, 2017

**NOTE 1. Summary of Significant Accounting Policies (continued)**

*B. Government-wide and fund financial statements (continued)*

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

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

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

**STATE OF NEW MEXICO**  
City of Alamogordo  
Notes to the Financial Statements  
June 30, 2017

**NOTE 1. Summary of Significant Accounting Policies (continued)**

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

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.

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 *1986 Gross Receipts Tax Fund Capital Projects Fund* is a capital projects fund used to account for one-quarter of one percent gross receipts increments dedicated for the cost of maintenance, repairs and activities related to the treatment of water facilities. 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.

**STATE OF NEW MEXICO**  
City of Alamogordo  
Notes to the Financial Statements  
June 30, 2017

**NOTE 1. Summary of Significant Accounting Policies (continued)**

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

The 1989 & 1996 GRT Principal and Interest Debt Service Fund is a debt service fund that is used to provide funds for the servicing of principal and interest payments for any debt pledged with Gross Receipts Tax revenues. 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.

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.

**STATE OF NEW MEXICO**  
City of Alamogordo  
Notes to the Financial Statements  
June 30, 2017

**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)*

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

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

Property taxes are levied on November 1 based on the assessed value of property as listed on the previous January 1 and are due in two payments by November 10<sup>th</sup> and April 10<sup>th</sup>. Property taxes uncollected after November 10<sup>th</sup> and April 10<sup>th</sup> are considered delinquent and the City may assess penalties and interest. The taxes attach as an enforceable lien on property thirty (30) days thereafter, at which time they become delinquent. Property taxes are collected by 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 estimated fair market value at the date of donation.

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

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

**STATE OF NEW MEXICO**  
City of Alamogordo  
Notes to the Financial Statements  
June 30, 2017

**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)*

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, 2017, 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 activities only, which is the loss on extinguishment of debt in the amount of \$719,428. The City has five other types of items that qualify for reporting in this category in the governmental activities, the business type activities, as well as for the discretely presented component unit. The City's employer contributions subsequent to the measurement date have been reported as a deferred outflow of resources in the amounts of \$1,192,635, \$174,750, and \$16,478, respectively. This item will directly reduce the net pension liability in the next fiscal year. The City's changes in assumptions has been reported as a deferred outflow of resources in the amounts of \$1,374,026, \$246,877, and \$22,702, respectively. The City's change in proportion has been reported as a deferred outflow of resources in the amounts of \$32,916, \$6,118, and \$533, respectively. The City's net difference between projected and actual investment earnings has been reported as a deferred outflow of resources in the amounts of \$3,555,197, \$791,960, and \$62,036, respectively. The City's difference between expected and actual experience has been reported as a deferred outflow of resources in the amounts of \$1,286,577, \$242,115, and \$20,643, respectively. These amount will reduce the net pension liability in future periods.

**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.

**STATE OF NEW MEXICO**  
City of Alamogordo  
Notes to the Financial Statements  
June 30, 2017

**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 City has recorded \$177,806 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 for the governmental activities, business-type activities, and the component unit, which arise due to the net pension liability. Accordingly, the items, changes in assumptions of \$139,389, \$18,588, and \$1,753, respectively; changes in proportion of \$937,573, \$179,082, and \$14,843, respectively; and difference between expected and actual experience of \$117,128, \$25,109, and \$1,648 are reported on the Statement of Net Position. These amounts are reported as deferred inflows and amortized into pension expense over the average remaining service life of employees.

**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.

**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, 2017.

**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.

**STATE OF NEW MEXICO**  
City of Alamogordo  
Notes to the Financial Statements  
June 30, 2017

**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, 2017, the nonspendable fund balance of the City is comprised of inventory and prepaid expenses in the general fund in the amount of \$221,774 which is not in spendable form.

**Restricted and Committed Fund Balance:** At June 30, 2017, the restricted fund balance on the governmental funds balance sheet totals \$50,190,191. The City also has \$3,634,411 of committed funds on the governmental funds balances sheet at June 30, 2017. The details of these fund balance items are located on the governmental funds balance sheet as detailed on pages 28-29.

**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 1/12<sup>th</sup> of the General Fund budgetary basis expenditures of \$1,502,985 and the City's self-imposed reserve of \$375,746 for the year ended June 30, 2017. 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.

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**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)*

**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 \$5,266,881 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 50-51 and 96-99.
- 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.

**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 Joint Utility fund have been combined with funds that have identical activities for financial statement reporting.

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

**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.

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**NOTE 2. Stewardship, Compliance and Accountability (continued)**

*Budgetary Information (continued)*

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.

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:

	<b>Excess (deficiency) of revenues over expenditures</b>	
	<b>Original Budget</b>	<b>Final Budget</b>
Budgeted Governmental Funds:		
General Fund	\$ (1,242,951)	\$ (2,638,806)
1986 Gross Receipts Tax Fund Capital Projects Fund	\$ 1,680,083	\$ 1,028,260
2004 Capital Outlay GRT Fund Capital Projects Fund	\$ (2,309,596)	\$ (7,693,353)
1989 & 1996 GRT Principal and Interest Debt Service Fund	\$ (2,798,395)	\$ (12,682,176)
Other Governmental Funds	\$ (6,383,097)	\$ (20,853,429)
 Budgeted Proprietary Funds:		
Water & Sewer Fund	\$ (3,479,191)	\$ (13,224,873)
Nonmajor proprietary funds	\$ (340,283)	\$ (1,000,309)
Internal Service Fund	\$ (165,151)	\$ (186,822)
 Component Unit:		
Otero - Greentree Regional Landfill	\$ (107,076)	\$ (1,315,920)

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, 2017 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.

**STATE OF NEW MEXICO**  
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**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, 2017.

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, 2017, \$17,624,494 of the City's bank balance of \$31,804,538 was subject to custodial credit risk. \$12,120,529 was uninsured and collateralized by collateral held by the pledging bank's trust department, not in the City's name and \$5,503,965 of the City's deposits was uninsured and uncollateralized at June 30, 2017.

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.

**STATE OF NEW MEXICO**  
City of Alamogordo  
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**NOTE 3. Deposits and Investments (continued)**

	<u>Bank '34</u>	<u>Bank of the West</u>	<u>First American Bank</u>	<u>First National Bank</u>	<u>First Savings Bank</u>	<u>Moreton Capital Markets*</u>
Amount of deposits	\$ 250,000	\$ 260,454	\$ 1,304,366	\$ 3,334,589	\$ 1,306,906	\$ 11,659,540
FDIC coverage	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)	(11,659,540)
Total uninsured public funds	<u>-</u>	<u>10,454</u>	<u>1,054,366</u>	<u>3,084,589</u>	<u>1,056,906</u>	<u>-</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the City's name	-	10,454	782,407	3,084,589	684,427	-
Uninsured and uncollateralized	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 271,959</u>	<u>\$ -</u>	<u>\$ 372,479</u>	<u>\$ -</u>
Collateral requirement (50%)	\$ -	\$ 5,227	\$ 527,183	\$ 1,542,295	\$ 528,453	\$ -
Pledged securities	-	24,269	782,408	4,011,848	684,428	-
Over (under) collateralized	<u>\$ -</u>	<u>\$ 19,042</u>	<u>\$ 255,225</u>	<u>\$ 2,469,553</u>	<u>\$ 155,975</u>	<u>\$ -</u>

	<u>Pioneer Bank</u>	<u>Washington Federal Bank</u>	<u>Wells Fargo Bank</u>	<u>Western Bank</u>	<u>First National Bank Housing Authority**</u>	<u>Total</u>
Amount of deposits	\$ 261,160	\$ 1,320,904	\$ 8,727,782	\$ 1,844,487	\$ 1,534,350	\$ 31,804,538
FDIC coverage	(250,000)	(250,000)	(250,000)	(250,000)	(270,504)	(14,180,044)
Total uninsured public funds	<u>11,160</u>	<u>1,070,904</u>	<u>8,477,782</u>	<u>1,594,487</u>	<u>1,263,846</u>	<u>17,624,494</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the City's name	11,160	1,070,904	3,618,255	1,594,487	1,263,846	12,120,529
Uninsured and uncollateralized	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,859,527</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,503,965</u>
Collateral requirement (50%)	\$ 5,580	\$ 535,452	\$ 4,238,891	\$ 797,244	\$ 1,263,846	\$ 9,444,171
Pledged securities	40,032	1,332,114	8,634,273	2,093,231	1,277,822	18,880,425
Over (under) collateralized	<u>\$ 34,452</u>	<u>\$ 796,662</u>	<u>\$ 4,395,382</u>	<u>\$ 1,295,987</u>	<u>\$ 13,976</u>	<u>\$ 9,436,254</u>

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

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

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**NOTE 3. Deposits and Investments (continued)**

The collateral pledged is listed on Schedule IV in this report. The types of collateral allowed are limited to direct obligations of the United States Government, all bonds issued by any agency, city or political subdivision of the State of New Mexico, or revenue bonds that are underwritten by a member of the financial industry regulatory authority, known as FINRA, and are rated BAA or above by a nationally recognized bond rating service.

**Investments**

The City's investments at June 30, 2017, include the following:

<u>Investment Type</u>	<u>Weighted Average Maturities</u>	<u>Fair Value</u>	<u>Rating**</u>
New MexiGROW LGIP	77 days	\$ 4,612,732	AAAm
Federal Home Loan Bank Bond	1 to 10 years	41,754,079	A-1+
State of NM Bonds	1 to 10 years	601,056	AAAm
Moreton Capital Money Market Mutual Fund*	<1 year	700,485	AA+
U.S. Treasury Money Market Mutual Fund	<1 year	4,984,852	AA+
		<u>\$ 52,653,204</u>	

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

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

In addition to the investments noted above, there are \$18,207,817 of certificates of deposits that are greater than 90 days and therefore are considered investments in the Statement of Net Position.

*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 \$39,868,667. 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, 2017:

<u>Investment Type</u>	<u>Investment Maturities</u>				
	<u>Fair Value</u>	<u>Not subject to Interest Rate Risk</u>	<u>Less than 1 Year</u>	<u>1-5 Years</u>	<u>5+ Years</u>
New MexiGROW LGIP	\$ 4,612,732	\$ -	\$ 4,612,732	\$ -	\$ -
Federal Home Loan Bank Bond	41,754,079	-	11,174,070	26,807,983	3,772,026
State of NM Bonds	601,056	-	-	493,678	107,378
Moreton Capital Money Market Mutual Fund	700,485	700,485	-	-	-
U.S. Treasury Money Market Mutual Fund	4,984,852	4,984,852	-	-	-
Certificates of Deposit	18,207,817	-	9,520,215	8,438,447	249,155
Total Investments	<u>\$ 70,861,021</u>	<u>\$ 5,685,337</u>	<u>\$ 25,307,017</u>	<u>\$ 35,740,108</u>	<u>\$ 4,128,559</u>

**STATE OF NEW MEXICO**  
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**NOTE 3. Deposits and Investments (continued)**

*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 79.3% of the investment portfolio, the U.S. Treasury Money Market Mutual Funds represent 9.47% and the investment in New MexiGROW LGIP represents 8.76%. 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 Exhibit A-1	\$ 11,117,039
Investments per Exhibit A-1	59,880,547
Restricted cash and cash equivalents per Exhibit A-1	264,677
Restricted investments per Exhibit A-1	6,500,241
Component unit cash and cash equivalents per Exhibit A-1	120,816
Component unit investments per Exhibit A-1	3,690,591
Component unit restricted investments per Exhibit A-1	789,642
Agency funds cash and cash equivalents per Exhibit E-1	<u>2,031,775</u>
 Total cash, cash equivalents and investments	 84,395,328
 Plus: outstanding checks	 74,327
Less outstanding deposits	(5,008)
Less: investments at Moreton Capital Markets	(43,055,620)
Less: investments in Local Government Investment Pool	(4,612,732)
Less: investments in U.S. Treasury money market mutual funds	(4,984,852)
Less: petty cash	<u>(6,905)</u>
 Bank balance of deposits	 <u><u>\$ 31,804,538</u></u>

**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.

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**NOTE 4. Fair Value Measurements (continued)**

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.

*New MexiGROW LGIP, State of NM Bonds, Wells Fargo Money Market Mutual Funds, Moreton Capital Money Market Mutual Funds, and U.S. Treasury Money Market Mutual Funds, and Certificates of Deposit* are valued at the daily closing price as reported by the fund. These investments held by the City are open-end funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the City are deemed to be actively traded.

*Federal Home Loan Bank Bonds* are valued at the daily closing price as reported by the fund. These investments held by the City are open-end funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The Federal Home Loan Bank Bonds held by the City are deemed to not be actively traded.

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

The City maintained a balance of \$52,653,204 in investments at June 30, 2017 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, 2017:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
New MexiGROW LGIP	\$ 4,612,732	\$ -	\$ -	\$ 4,612,732
Federal Home Loan Bank Bond	-	41,754,079	-	41,754,079
State of NM Bonds	601,056	-	-	601,056
Moreton Capital Money Market Mutual Fund	700,485	-	-	700,485
U.S. Treasury Money Market Mutual Fund	4,984,852	-	-	4,984,852
Total Investments	<u>\$ 10,899,125</u>	<u>\$ 41,754,079</u>	<u>\$ -</u>	<u>\$ 52,653,204</u>

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**NOTE 5. Receivables**

Receivables as of June 30, 2017, are as follows for the governmental activities:

	<u>General Fund</u>	<u>1986 Gross Receipts Tax Fund Capital Projects Fund</u>	<u>2004 Capital Outlay GRT Fund Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Taxes:					
Property	\$ 212,407	\$ -	\$ -	\$ 67,513	\$ 279,920
Gross receipts taxes	2,156,465	312,531	625,062	1,120,993	4,215,051
Other	1,862	-	-	33	1,895
Due from other governments:					
Federal	-	-	-	196,364	196,364
State	-	-	-	823,522	823,522
Other:					
Charges for services	1,030,270	-	-	166,118	1,196,388
Miscellaneous	172,093	-	-	94,037	266,130
Allowance - uncollectable other receivables	<u>(972,332)</u>	<u>-</u>	<u>-</u>	<u>(244,292)</u>	<u>(1,216,624)</u>
Totals	<u>\$ 2,600,765</u>	<u>\$ 312,531</u>	<u>\$ 625,062</u>	<u>\$ 2,224,288</u>	<u>\$ 5,762,646</u>

In accordance with GASB Statement No. 33, property tax revenues in the amount of \$177,806 that were not collected within the period of availability have been reclassified as deferred inflows of resources in the governmental fund financial statements.

**STATE OF NEW MEXICO**  
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**NOTE 5. Receivables (continued)**

Receivables as of June 30, 2017, are as follows for the business-type activities:

	<u>Water &amp; Sewer Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>	<u>Internal Service Fund</u>
Customer receivables				
Charges for services	\$ 832,805	\$ 170,599	\$ 1,003,404	\$ -
Due from other governments	83,809	69,103	152,912	-
Other:				
Miscellaneous	43,931	8	43,939	-
Allowance - uncollectable charges for services	<u>(313,427)</u>	<u>(28,786)</u>	<u>(342,213)</u>	<u>-</u>
Totals	<u>\$ 647,118</u>	<u>\$ 210,924</u>	<u>\$ 858,042</u>	<u>\$ -</u>

Receivables as of June 30, 2017, are as follows for the component unit:

	<u>Component Unit</u>
Taxes:	
Gross receipts taxes	\$ 4,150
Other:	
Charges for services	74,933
Allowance - uncollectable charges for services	<u>(25,754)</u>
Totals	<u>\$ 53,329</u>

**NOTE 6. Transfers and Interfund Receivables**

On the Statement of Activities, a transfer has been recorded in the amount of \$1,148,883 in order to transfer the prior year net pension liability and associated deferred outflows and deferred inflows from the internal service fund to the governmental activities.

**STATE OF NEW MEXICO**  
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**NOTE 6. Transfers and Interfund Receivables (continued)**

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

<u>Transfers Out</u>	<u>Transfers In</u>	<u>Amount</u>
General Fund	Corrections Fund	\$ 7,842
General Fund	Grant Capital Improvement	112,249
General Fund	Court Administration	381,825
General Fund	Law Enforcement Fund	5,000
General Fund	CDBG FUND	363,344
General Fund	Alamo Senior Center	347,696
General Fund	Retired & Senior Volunteer	31,316
General Fund	Golf Course	143,834
General Fund	Self Insurance Fund	33,000
Internal Service Fund	General Fund	665,931
Lodgers' Tax-City	Self Insurance Fund	1,720
General Fund	Self Insurance Fund	15,480
Airport Improvements	Airport Fund	523,763
1984 Gross Receipts Tax	General Fund	70,518
1984 Gross Receipts Tax	Transportation	1,086,111
1984 Gross Receipts Tax	1989 & 1996 GRT Principal and Interest	497,972
Transportation	Self Insurance Fund	17,200
1986 Gross Receipts Tax Fund	General Fund	300,000
1986 Gross Receipts Tax Fund	Reverse Osmosis Project Reserve	645,747
1986 Gross Receipts Tax Fund	Water & Sewer	53,649
1986 Gross Receipts Tax Fund	Sewer Plant	429,876
Property Acquisition	Water & Sewer	40,927
General Obligation	Water & Sewer	127,020
Reverse Osmosis Project Reserve	Water & Sewer	2,428,968
Municipal Infrastructure	Airport Improvements	36,667
Municipal Infrastructure	Transportation	300,000
Municipal Infrastructure	General Fund	163,393
1994 Gross Receipts Tax	General Fund	43,196
1994 Gross Receipts Tax	Lodgers' Tax-City	11,013
1994 Gross Receipts Tax	Property Acquisition	54,485
1994 Gross Receipts Tax	GRT Flood Control	74,659
1994 Gross Receipts Tax	1989 & 1996 GRT Principal and Interest	1,165,466
Water & Sewer	Reverse Osmosis Project Reserve	976,633
Water & Sewer	General Fund	163,393
Water & Sewer	Internal Service Fund	68,800
Solid Waste	Water & Sewer	98,413
Solid Waste	Self Insurance Fund	1,000
Bonito Lake	Water & Sewer	3,525,637
ESGRT .0625%	Water & Sewer	226,931
Golf Course	Internal Service Fund	1,720
Otero Greentree Regional Landfill (Component Unit)	Internal Service Fund	1,720
2004 Capital Outlay GRT Fund	1989 & 1996 GRT Principal and Interest	1,094,924
Sewer Plant	Water & Sewer	97,409
Home Ownership Fund	Low Rent Public Housing Fund	72,530
2011 JT W/S Refunding & Improvement Revenue Bond	Water & Sewer	10,000
2012 GRT Refunding & Improvement Revenue Bond	Golf Course	19,935
	Total Transfers	<u>\$ 16,538,912</u>

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**NOTE 6. Transfers and Interfund Receivables (continued)**

The City records temporary interfund receivables and payables to enable the funds to operate until monies are received. The composition of interfund balances during the year ended June 30, 2017 is as follows:

	<u>Due from other funds</u>	<u>Due to other funds</u>
General Fund	\$ 16,630	\$ -
Law Enforcement	-	2,169
Golf Course Fund	-	8,335
Home Ownership Fund	-	265
Low Rent Public Housing Fund	-	5,861
	<u>\$ 16,630</u>	<u>\$ 16,630</u>

**NOTE 7. Capital Assets**

A summary of capital assets and changes occurring during the year ended June 30, 2017 follows. Land and construction in progress are not subject to depreciation.

	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2017</u>
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 9,301,471	\$ -	\$ -	\$ 9,301,471
Construction in progress	1,649,927	10,943,784	1,694,881	10,898,830
	<u>10,951,398</u>	<u>10,943,784</u>	<u>1,694,881</u>	<u>20,200,301</u>
Capital assets being depreciated:				
Buildings and improvements	23,491,420	906,910	297,687	24,100,643
Mechanized equipment	11,154,791	798,471	552,288	11,400,974
Unscheduled property	4,611,936	790,750	244,069	5,158,617
Infrastructure	193,530,130	145,898	450,000	193,226,028
	<u>232,788,277</u>	<u>2,642,029</u>	<u>1,544,044</u>	<u>233,886,262</u>
Total capital assets	<u>243,739,675</u>	<u>13,585,813</u>	<u>3,238,925</u>	<u>254,086,563</u>
Less accumulated depreciation:				
Buildings and improvements	15,761,431	684,218	157,195	16,288,454
Mechanized equipment	7,563,045	600,848	500,233	7,663,660
Unscheduled property	3,781,626	296,549	242,120	3,836,055
Infrastructure	154,463,383	3,074,802	450,000	157,088,185
	<u>181,569,485</u>	<u>4,656,417</u>	<u>1,349,548</u>	<u>184,876,354</u>
Net capital assets	<u>\$ 62,170,190</u>	<u>\$ 8,929,396</u>	<u>\$ 1,889,377</u>	<u>\$ 69,210,209</u>

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**NOTE 7. Capital Assets (Continued)**

Depreciation expense for the year ended June 30, 2017 was charged to governmental activities as follows:

General government	\$ 947,725
Public safety	7,715
Public works	2,923,242
Culture and recreation	777,735
Total	\$ 4,656,417

	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Balance June 30, 2017</u>
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 6,970,263	\$ -	\$ -	\$ 6,970,263
Construction in progress	15,523,224	5,577,902	11,600,263	9,500,863
	22,493,487	5,577,902	11,600,263	16,471,126
Capital assets being depreciated:				
Buildings and improvements	26,416,170	1,838,003	-	28,254,173
Mechanized equipment	8,103,690	419,167	280,767	8,242,090
Unscheduled property	1,958,327	38,189	(4,525)	2,001,041
Infrastructure	83,091,821	9,826,338	-	92,918,159
	119,570,008	12,121,697	276,242	131,415,463
Total capital assets	142,063,495	17,699,599	11,876,505	147,886,589
Accumulated depreciation:				
Buildings and improvements	17,258,530	749,231	-	18,007,761
Mechanized equipment	5,028,161	571,317	280,767	5,318,711
Unscheduled property	1,295,891	238,520	(4,526)	1,538,937
Infrastructure	25,476,668	2,430,910	-	27,907,578
	49,059,250	3,989,978	276,241	52,772,987
Net capital assets	\$ 93,004,245	\$ 13,709,621	\$ 11,600,264	\$ 95,113,602

Depreciation expense for the year ended June 30, 2017 was charged to business-type activities as follows:

Water & Sewer Fund	\$ 2,993,434
Solid Waste Fund	20,006
Bonito Lake Fund	5,266
Golf Course Fund	180,123
Airport Fund	404,661
Low Rent Public Housing Fund	386,488
Total	\$ 3,989,978

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**NOTE 7. Capital Assets (continued)**

	<u>Balance</u> <u>June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
<b>Component unit:</b>				
Capital assets not being depreciated:				
Land	\$ 1,526,005	\$ -	\$ -	\$ 1,526,005
Construction in progress	-	171,439	170,861	578
	<u>1,526,005</u>	<u>171,439</u>	<u>170,861</u>	<u>1,526,583</u>
Capital assets being depreciated:				
Buildings and improvements	158,737	153,512		312,249
Mechanized equipment	3,219,247	854,952	677,057	3,397,142
Unscheduled property	136,602			136,602
Infrastructure	1,270,664			1,270,664
	<u>4,785,250</u>	<u>1,008,464</u>	<u>677,057</u>	<u>5,116,657</u>
Total capital assets	<u>6,311,255</u>	<u>1,179,903</u>	<u>847,918</u>	<u>6,643,240</u>
Accumulated depreciation:				
Buildings and improvements	158,737	5,907		164,644
Mechanized equipment	2,285,198	280,459	671,399	1,894,258
Unscheduled property	99,458	3,017		102,475
Infrastructure	687,111	39,733		726,844
	<u>3,230,504</u>	<u>329,116</u>	<u>671,399</u>	<u>2,888,221</u>
Net capital assets	<u>\$ 3,080,751</u>	<u>\$ 850,787</u>	<u>\$ 176,519</u>	<u>\$ 3,755,019</u>

Depreciation expense for the year ended June 30, 2017 was charged to the component unit as follows:

Otero - Greentree Regional Landfill	<u>\$ 329,116</u>
Total	<u>\$ 329,116</u>

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**NOTE 8. Long-term Debt**

**Governmental Activities:**

During the year ended June 30, 2017, the following changes occurred in the liabilities reported in the government-wide statement of net position:

	<u>Balance</u> <u>June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>	<u>Due Within</u> <u>One Year</u>
General obligation bonds	\$ 11,687,720	\$ -	\$ 223,880	\$ 11,463,840	\$ 251,740
Revenue bonds	2,175,000	-	2,175,000	-	-
NMFA loans	20,734,782	14,790,000	9,100,532	26,424,250	2,134,008
Compensated absences	684,565	1,094,483	934,443	844,605	844,605
<b>Total Long-term debt</b>	<u>\$ 35,282,067</u>	<u>\$ 15,884,483</u>	<u>\$ 12,433,855</u>	<u>\$ 38,732,695</u>	<u>\$ 3,230,353</u>

**General Obligation Bonds**

At June 30, 2017, 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</u> <u>Issue</u>	<u>Due</u> <u>Date</u>	<u>Interest</u> <u>Rate</u>	<u>Original</u> <u>Amount</u> <u>of Issue</u>	<u>Outstanding</u> <u>June 30, 2017</u>
Series 2009 GO Bond	8/19/2009	8/1/2029	3.75-4.35%	\$ 7,420,000	\$ 723,540
Series 2011 GO Bond	8/1/2011	8/1/2020	0.50-3.35%	1,350,000	545,300
Series 2014A GO Bond	12/24/2014	8/1/2034	4.00-4.50%	6,000,000	5,805,000
Series 2014B GO Bond	12/24/2014	8/1/2034	2.00-4.00%	4,500,000	4,390,000

The annual requirements to amortize the general obligation bonds as of June 30, 2017, including interest payments are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt</u> <u>Service</u>
2018	\$ 251,740	\$ 435,386	\$ 687,126
2019	274,120	427,538	701,658
2020	302,600	418,494	721,094
2021	336,080	408,302	744,382
2022	216,460	399,432	615,892
2023-2027	1,541,160	1,859,889	3,401,049
2028-2032	3,931,680	1,443,792	5,375,472
2033-2035	4,610,000	303,767	4,913,767
	<u>\$ 11,463,840</u>	<u>\$ 5,696,600</u>	<u>\$ 17,160,440</u>

**STATE OF NEW MEXICO**  
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**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:

<b>Description</b>	<b>Date of Issue</b>	<b>Due Date</b>	<b>Interest Rate</b>	<b>Original Amount of Issue</b>	<b>Outstanding June 30, 2017</b>
NMFA Fire Station	11/1/2000	5/1/2020	0.00%	\$ 572,223	\$ 131,149
NMFA Street Projects	6/1/2009	6/1/2028	2.18-5.30%	7,350,000	145,000
NMFA Flood Control 53	6/1/2011	6/1/2021	0.50-3.64%	2,735,456	345,000
NMFA Various Street Projects	6/1/2012	6/1/2031	0.27-3.96%	7,640,000	963,101
NMFA GRT	6/1/2012	6/1/2027	0.20-3.52%	8,130,000	5,820,000
NMFA GRT Ref/Imp	6/1/2012	6/1/2027	0.200-3.520%	8,130,000	4,705,000
NMFA Ref/Flood/Nat	12/1/2016	6/1/2029	0.700-2.510%	6,870,000	6,590,000
NMFA Adv Ref & Defeas	12/1/2016	6/1/2028	0.670-2.130%	5,150,000	5,020,000
NMFA Adv Ref & Defeas	12/1/2016	6/1/2028	0.670-2.130%	2,770,000	2,705,000

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

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

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

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**NOTE 8. Long-term Debt (continued)**

**Governmental Activities (continued)**

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

The annual requirements to amortize the NMFA loan as of June 30, 2017, including interest payments, are as follows:

<b>Fiscal Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>
2018	\$ 2,134,008	\$ 927,158	\$ 3,061,166
2019	2,181,703	535,075	2,716,778
2020	2,215,877	505,285	2,721,162
2021	2,209,662	466,540	2,676,202
2022	2,250,000	425,741	2,675,741
2023-2027	10,785,000	1,468,978	12,253,978
2028-2031	4,648,000	275,467	4,923,467
	<u>\$ 26,424,250</u>	<u>\$ 4,604,244</u>	<u>\$ 31,028,494</u>

**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, 2017, compensated absences increased \$160,040 from the prior year accrual. Compensated absences are liquidated by the respective funds in which they are accrued.

**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, 2017:

	<b>Balance June 30, 2016</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2017</b>	<b>Due Within One Year</b>
General obligation bonds	\$ 5,238,480	\$ -	\$ 127,020	\$ 5,111,460	\$ 140,160
Revenue bonds	10,891,698	-	3,460,884	7,430,814	447,145
NMFA loans	10,012,435	3,691,632	841,575	12,862,492	938,481
Compensated absences	176,185	274,170	253,067	197,288	197,288
<b>Total Long-term debt</b>	<u>\$ 26,318,798</u>	<u>\$ 3,965,802</u>	<u>\$ 4,682,546</u>	<u>\$ 25,602,054</u>	<u>\$ 1,723,074</u>

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**NOTE 8. Long-term Debt (continued)**

**Business-Type Activities (continued)**

**General Obligation Bonds**

At June 30, 2017, 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, 2017</u>
Series 2009 GO Bond	8/19/2009	8/1/2029	3.75-4.35%	\$ 7,420,000	\$ 5,111,460

The annual requirements to amortize the general obligation bond as of June 30, 2017, including interest payments, is as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2018	\$ 140,160	\$ 206,819	\$ 346,979
2019	157,680	200,862	358,542
2020	175,200	194,205	369,405
2021	192,720	186,846	379,566
2022	363,540	176,176	539,716
2023-2027	2,268,840	636,124	2,904,964
2028-2030	1,813,320	121,531	1,934,851
	<u>\$ 5,111,460</u>	<u>\$ 1,722,563</u>	<u>\$ 6,834,023</u>

**Revenue Bonds**

At June 30, 2017, 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, 2017</u>
NMFA Refund Bond 1998	6/1/2012	6/1/2031	0.26-3.80%	\$ 9,812,674	\$ 7,430,814

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**NOTE 8. Long-term Debt (continued)**

**Business-Type Activities (continued)**

The annual requirements to amortize the revenue bonds as of June 30, 2017, including interest payments, are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt</u> <u>Service</u>
2018	\$ 447,145	\$ 225,993	\$ 673,138
2019	454,702	218,436	673,138
2020	463,568	209,569	673,137
2021	473,767	199,371	673,138
2022	485,137	188,000	673,137
2023-2027	2,647,758	717,929	3,365,687
2028-2031	2,458,737	233,813	2,692,550
	<u>\$ 7,430,814</u>	<u>\$ 1,993,111</u>	<u>\$ 9,423,925</u>

**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</u> <u>Issue</u>	<u>Due</u> <u>Date</u>	<u>Interest</u> <u>Rate</u>	<u>Original</u> <u>Amount</u> <u>of Issue</u>	<u>Outstanding</u> <u>June 30, 2017</u>
NMFA Drinking Water	5/1/2013	5/1/2032	1.75%	\$ 4,805,293	\$ 3,868,190
NMFA Westside	11/1/2006	5/1/2026	3.28-4.18%	730,453	406,424
NMFA Water-Wastewater	6/18/2009	6/1/2029	2.00-5.00%	5,340,000	3,720,000
NMFA WTB	6/1/2011	6/1/2030	0.00%	1,127,000	738,935
NMFA Drinking Water	5/1/2014	5/1/2025	2.00%	855,320	855,319
NMFA Desalination	5/1/2014	5/1/1935	2.00%	1,136,250	853,624
NMFA Refunding & Projects	12/1/2016	6/1/2025	0.670-1.350%	2,715,000	2,420,000

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**NOTE 8. Long-term Debt (continued)**

**Business-Type Activities (continued)**

The annual requirements to amortize the loan payable as of June 30, 2017, including interest payments, are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt</u> <u>Service</u>
2018	\$ 938,481	\$ 304,821	\$ 1,243,302
2019	962,373	285,007	1,247,380
2020	980,467	262,617	1,243,084
2021	1,007,773	242,010	1,249,783
2022	1,025,294	220,266	1,245,560
2023-2027	4,810,746	742,974	5,553,720
2028-2032	2,878,566	203,353	3,081,919
2033-2037	258,792	18,997	277,789
	<u>\$ 12,862,492</u>	<u>\$ 2,280,045</u>	<u>\$ 15,142,537</u>

**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, 2017, compensated absences increased \$21,103 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, 2017, the following changes occurred in the liabilities reported in the government-wide statement of net position:

	<u>Balance</u> <u>June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>	<u>Due Within</u> <u>One Year</u>
Compensated absences	\$ 13,667	\$ 30,077	\$ 26,637	\$ 17,107	\$ 17,107
<b>Total Long-term debt</b>	<u>\$ 13,667</u>	<u>\$ 30,077</u>	<u>\$ 26,637</u>	<u>\$ 17,107</u>	<u>\$ 17,107</u>

**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, 2017, compensated absences increased \$3,440 in the component unit from the prior year. Compensated absences are liquidated by the respective fund in which they are accrued.

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**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, 2017, 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.

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**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.

**Nonmajor Funds**

Court Administration Special Revenue Fund	\$ (15,911)
Police Contingency Special Revenue Fund	<u>(42,632)</u>

<b>Total Governmental Funds</b>	<b><u>\$ (58,543)</u></b>
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There were no business type funds with a deficit fund balance as of June 30, 2017.

- B. Actual expenditures in excess of amount budgeted at the budgetary authority level. Budgetary legal level of control is at the fund level. There were no funds that exceeded approved budgetary authority for the year ended June 30, 2017.
- 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, 2017.

**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.

PERA issues a publicly available financial report and a comprehensive annual financial report that can be obtained at <http://saonm.org/> using the Audit Report Search function for agency 366.

**Benefits provided.** For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2016 available at: [http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/2016\\_CAFR\\_12.22.2016\\_FINAL-with-corrections.pdf](http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/2016_CAFR_12.22.2016_FINAL-with-corrections.pdf).

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City of Alamogordo  
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**NOTE 11. Pension Plan - Public Employees Retirement Association (continued)**

**General Information about the Pension Plan (continued)**

**Contributions.** The contribution requirements of defined benefit plan members and The City are established in State Statute under Chapter 10, Article 11 NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY16 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 29 through 31 of the PERA FY16 annual audit report at:

[http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/2016CA\\_FR\\_12.22.2016\\_FINAL-with-corrections.pdf](http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/2016CA_FR_12.22.2016_FINAL-with-corrections.pdf).

The PERA coverage options that apply to City of Alamogordo are: Municipal General Division, Municipal Police Division and Municipal Fire Division. Statutorily required contributions to the pension plan from City of Alamogordo were \$1,549,335 for the year ended June 30, 2017.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:** The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2015. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2016, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2016.

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred inflows and outflows were performed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members. City of Alamogordo's proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity's percentage of that membership group's total employer contributions for the fiscal year ended June 30, 2016. Only employer contributions for the pay period end dates that fell within the period of July 1, 2015 to June 30, 2016 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2016 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

**For PERA Fund Municipal General Division,** at June 30, 2017, City of Alamogordo reported a liability of \$14,743,243 for its proportionate share of the net pension liability. At June 30, 2016, Alamogordo's proportion was 0.9228 percent, which was decreased from its proportion measured as of June 30, 2015, by 0.0423 percent.

**STATE OF NEW MEXICO**  
City of Alamogordo  
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June 30, 2017

**NOTE 11. Pension Plan - Public Employees Retirement Association (continued)**

For the year ended June 30, 2017, City of Alamogordo recognized PERA Fund Municipal General Division pension expense of \$1,564,570. At June 30, 2017, 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:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 736,633	\$ 143,885
Net difference between projected and actual earnings on pension plan investments	2,712,728	-
Changes of assumption	864,525	2,452
Changes in proportion and differences between the City's contributions and proportionate share of contributions	-	509,377
The City's contributions subsequent to the measurement date	<u>770,916</u>	<u>-</u>
Total	<u><u>\$ 5,084,802</u></u>	<u><u>\$ 655,714</u></u>

\$770,916 reported as deferred outflows of resources related to pensions resulting from City of Alamogordo's contributions subsequent to the measurement date June 30, 2016 will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. 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	\$ (722,019)
2019	(722,019)
2020	(1,537,468)
2021	(676,666)
Thereafter	-

**STATE OF NEW MEXICO**  
City of Alamogordo  
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June 30, 2017

**NOTE 11. Pension Plan - Public Employees Retirement Association (continued)**

**General Information about the Pension Plan (continued)**

**For PERA Fund Municipal Police Division**, at June 30, 2017, City of Alamogordo reported a liability of \$8,720,409 for its proportionate share of the net pension liability. At June 30, 2016, City of Alamogordo's proportion was 1.1819 percent, which was decreased from its proportion measured as of June 30, 2015, by 0.0753 percent.

For the year ended June 30, 2017, City of Alamogordo recognized PERA Fund Municipal Police Division pension expense of \$1,102,867. At June 30, 2017, 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:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 640,205	\$ -
Net difference between projected and actual earnings on pension plan investments	1,379,183	-
Changes of assumption	577,591	157,278
Changes in proportion and differences between the City's contributions and proportionate share of contributions	-	622,121
The City's contributions subsequent to the measurement date	463,550	-
Total	\$ 3,060,529	\$ 779,399

\$463,550 reported as deferred outflows of resources related to pensions resulting from City of Alamogordo's contributions subsequent to the measurement date June 30, 2016 will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. 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	(336,638)
2019	(336,638)
2020	(799,222)
2021	(345,082)
Thereafter	-

**STATE OF NEW MEXICO**  
City of Alamogordo  
Notes to the Financial Statements  
June 30, 2017

**NOTE 11. Pension Plan - Public Employees Retirement Association (continued)**

**General Information about the Pension Plan (continued)**

**For PERA Fund Municipal Fire Division**, at June 30, 2017, City of Alamogordo reported a liability of \$3,809,151 for its proportionate share of the net pension liability. At June 30, 2016, City of Alamogordo's proportion was 0.5710 percent, which increased from its proportion measured as of June 30, 2015, by 0.0118 percent.

For the year ended June 30, 2017, City of Alamogordo recognized PERA Fund Municipal Fire Division pension expense of \$502,353. At June 30, 2017, 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:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 172,497	\$ -
Net difference between projected and actual earnings on pension plan investments	317,282	-
Changes of assumptions	201,489	-
Changes in proportion and differences between the City's contributions and proportionate share of contributions	39,567	-
The City's contributions subsequent to the measurement date	149,397	-
Total	\$ 880,232	\$ -

\$149,397 reported as deferred outflows of resources related to pensions resulting from City of Alamogordo's contributions subsequent to the measurement date June 30, 2016 will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. 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	\$ (205,181)
2019	(205,181)
2020	(237,357)
2021	(83,116)
Thereafter	-

**Actuarial assumptions.** As described above, the PERA Fund member group pension liabilities and net pension liabilities are based on actuarial valuations performed as of June 30, 2015 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, 2016 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, 2016. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2016 actuarial valuation.

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City of Alamogordo  
Notes to the Financial Statements  
June 30, 2017

**NOTE 11. Pension Plan - Public Employees Retirement Association (continued)**

**General Information about the Pension Plan (continued)**

Actuarial valuation date	June 30, 2015
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay, open
Amortization period	Solved for based on statutory rates
Asset valuation method	Fair value
Actuarial assumptions:	
Investment rate of return	7.48% annual rate, net of investment expense
Projected benefit payment	100 years
Payroll growth	2.75% for the first 10 years, then 3.25% all other years
Projected salary increases	2.75% to 14.25% annual rate
Includes inflation at	2.25% annual rate first 10 years, 2.75% all other years
Mortality assumptions	RP-2000 mortality tables (combined table for healthy post-retirements, Employee table for active members, and disabled table for disabled retirees before retirement age) with projections to 2018 using scale AA.
Experience study dates	July 1, 2008 to June 30, 2013 (demographic) and July 1, 2010 through June 20, 2015 (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%	

**Discount rate:** The discount rate used to measure the total pension liability was 7.48 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 7.48% 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.

**STATE OF NEW MEXICO**  
City of Alamogordo  
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**NOTE 11. Pension Plan - Public Employees Retirement Association (continued)**

**General Information about the Pension Plan (continued)**

***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 City of Alamogordo's net pension liability in each PERA Fund Division that City of Alamogordo participates in, under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.48%) or one percentage point higher (8.48%) than the single discount rate.

<b>PERA Fund Municipal General Division</b>	<b>1% Decrease (6.48%)</b>	<b>Discount Rate (7.48%)</b>	<b>1% Increase (8.48%)</b>
City of Alamogordo's proportionate share of the net pension liability	\$ 21,980,858	\$ 14,743,243	\$ 8,739,994

<b>PERA Fund Municipal Police Division</b>	<b>1% Decrease (6.48%)</b>	<b>Current Discount Rate (7.48%)</b>	<b>1% Increase (8.48%)</b>
City of Alamogordo's proportionate share of the net pension liability	\$ 12,829,887	\$ 8,720,409	\$ 5,359,338

<b>PERA Fund Municipal Fire Division</b>	<b>1% Decrease (6.48%)</b>	<b>Current Discount Rate (7.48%)</b>	<b>1% Increase (8.48%)</b>
City of Alamogordo's proportionate share of the net pension liability	\$ 4,982,349	\$ 3,809,151	\$ 2,845,490

**Pension plan fiduciary net position.** Detailed information about the pension plan's fiduciary net position is available in the separately issued FY16 PERA financial report. The report is available at [http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/2016CA\\_FR\\_12.22.2016\\_FINAL-with-corrections.pdf](http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/2016CA_FR_12.22.2016_FINAL-with-corrections.pdf).

**Payables to the pension plan.** At June 30, 2017 there were no contributions due and payable to PERA for the City.

**STATE OF NEW MEXICO**  
City of Alamogordo  
Notes to the Financial Statements  
June 30, 2017

**NOTE 12. Post-Employment Benefits – State Retiree Health Care Plan**

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

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

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

*Funding Policy.* The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at [www.nmrhca.state.nm.us](http://www.nmrhca.state.nm.us).

The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the board.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2017, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2017, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary.

**STATE OF NEW MEXICO**  
City of Alamogordo  
Notes to the Financial Statements  
June 30, 2017

**NOTE 12. Post-Employment Benefits – State Retiree Health Care Plan (continued)**

In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

City of Alamogordo's contributions to the RHCA for the years ended June 30, 2017, 2016, and 2015 were \$241,232, \$234,526, and \$232,365, respectively, which equal the required contributions for each year.

**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, 2017 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.

The estimate of closure and post-closure costs was updated during the year ended June 30, 2017, and has increased by \$349,450, for a balance of \$1,139,092. The effect of this change in accounting estimate is that net position and the change in net position have increased by \$349,450, as of and for the year ended June 30, 2017.

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 \$789,642 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.

**STATE OF NEW MEXICO**  
City of Alamogordo  
Notes to the Financial Statements  
June 30, 2017

**NOTE 15. Otero – Greentree Regional Landfill (continued)**

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.

**NOTE 17. Commitments**

The City’s commitments as of June 30, 2017 are as follows:

<u>Contract</u>	<u>Project</u>	<u>Year Ending</u>	<u>Amount</u>
1st / Florida Realignment	EN1405	2018	\$ 1,964,484
Desalination Plant - Design	PW1401	2018	2,900
Family Fun Center	PW1513	2018	3,161,121
Scenic Drive Extension	PW1606	2018	3,925,796
Radio Read Program	UB2006	2018	160,062
Flood Control	EN0226	2019	2,525,373
Desalination Plant - Capital Outlay	PW1406	2019	623,855
Bonito Lake Restoration	PW1501	2019	1,905,311
Total commitments			<u>\$ 14,268,902</u>

**NOTE 18. Subsequent Events**

On October 10, 2017, the City Commission approved a resolution authorizing publication of a notice of sale of \$5,285,000, City of Alamogordo, NM, general obligation refunding bonds, Series 2017, to be used for refunding the City’s Series 2009 GO Bonds. The bond sale was executed by auction on October 24, 2017, and the transaction between the City of Alamogordo and the bond purchaser, Raymond James, closed on November 30, 2017.

The date to which events occurring after June 30, 2017, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosure is December 13, 2017, which is the date on which the financial statements were issued.

**STATE OF NEW MEXICO**  
City of Alamogordo  
Notes to the Financial Statements  
June 30, 2017

**NOTE 19. Restricted Net Position**

The government-wide statement of net position reports \$44,783,349 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 50-51 and 96-99.

**NOTE 20. Subsequent Pronouncements**

In June 2015, GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2017. The standard will be implemented during the fiscal year ended June 30, 2018. The City expects this pronouncement to have a material effect on their financial statements as they participate in such a plan.

In March 2016, GASB Statement No. 81 *Irrevocable Split-Interest Agreements* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2016. Earlier application is encouraged. The City is still evaluating how this pronouncement will affect the financial statements.

In November 2016, GASB Statement No. 83, *Certain Asset Retirement Obligations* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. The City is still evaluating how this pronouncement will affect the financial statements.

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 March 2017, GASB Statement No. 85 *Omnibus 2017* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The City is still evaluating how this pronouncement will affect the financial statements.

In May 2017, GASB Statement No. 86 *Certain Debt Extinguishment Issues* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. 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.

**REQUIRED SUPPLEMENTARY INFORMATION**

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

	<b>2017</b> <b>Measurement</b> <b>Date</b> <b>As of and for the</b> <b>Year Ended</b> <b>June 30, 2016</b>	<b>2016</b> <b>Measurement</b> <b>Date</b> <b>As of and for the</b> <b>Year Ended</b> <b>June 30, 2015</b>	<b>2015</b> <b>Measurement</b> <b>Date</b> <b>As of and for the</b> <b>Year Ended</b> <b>June 30, 2014</b>
City of Alamogordo's proportion of the net pension liability	0.9228%	0.9651%	0.9957%
City of Alamogordo's proportionate share of the net pension liability	\$ 14,743,243	\$ 9,840,030	\$ 7,767,529
City of Alamogordo's covered payroll	\$ 8,519,979	\$ 8,002,462	\$ 8,370,704
City of Alamogordo's proportionate share of the net pension liability as a percentage of its covered-employee payroll	173.04%	122.96%	92.79%
Plan fiduciary net position as a percentage of the total pension liability	69.18%	76.99%	81.29%

\* 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.

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

	<b>2017</b> <b>Measurement</b> <b>Date</b> <b>As of and for the</b> <b>Year Ended</b> <b>June 30, 2016</b>	<b>2016</b> <b>Measurement</b> <b>Date</b> <b>As of and for the</b> <b>Year Ended</b> <b>June 30, 2015</b>	<b>2015</b> <b>Measurement</b> <b>Date</b> <b>As of and for the</b> <b>Year Ended</b> <b>June 30, 2014</b>
City of Alamogordo's proportion of the net pension liability	1.1819%	1.2572%	1.3996%
City of Alamogordo's proportionate share of the net pension liability	\$ 8,720,409	\$ 6,045,322	\$ 4,562,544
City of Alamogordo's covered payroll	\$ 2,350,723	\$ 2,460,929	\$ 2,789,369
City of Alamogordo's proportionate share of the net pension liability as a percentage of its covered-employee payroll	370.97%	245.65%	163.57%
Plan fiduciary net position as a percentage of the total pension liability	69.18%	76.99%	81.29%

\* 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.

**STATE OF NEW MEXICO**  
City of Alamogordo  
Schedule of the City's Proportionate Share of the Net Pension Liability  
of PERA Fund Municipal Fire Division  
Public Employees Retirement Association (PERA) Plan  
Last 10 Fiscal Years\*

	<b>2017</b> <b>Measurement</b> <b>Date</b> <b>As of and for the</b> <b>Year Ended</b> <b>June 30, 2016</b>	<b>2016</b> <b>Measurement</b> <b>Date</b> <b>As of and for the</b> <b>Year Ended</b> <b>June 30, 2015</b>	<b>2015</b> <b>Measurement</b> <b>Date</b> <b>As of and for the</b> <b>Year Ended</b> <b>June 30, 2014</b>
City of Alamogordo's proportion of the net pension liability	0.5710%	0.5622%	0.5592%
City of Alamogordo's proportionate share of the net pension liability	\$ 3,809,151	\$ 2,901,616	\$ 2,334,097
City of Alamogordo's covered payroll	\$ 665,639	\$ 637,580	\$ 646,276
City of Alamogordo's proportionate share of the net pension liability as a percentage of its covered-employee payroll	572.25%	455.10%	361.16%
Plan fiduciary net position as a percentage of the total pension liability	69.18%	76.99%	81.29%

\* 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.

**STATE OF NEW MEXICO**  
City of Alamogordo  
Schedule of Employer Contributions  
Public Employees Retirement Association (PERA) Plan  
PERA Municipal General Division  
Last 10 Fiscal Years\*

	<b>As of and for the Year Ended June 30, 2017</b>	<b>As of and for the Year Ended June 30, 2016</b>	<b>As of and for the Year Ended June 30, 2015</b>
Contractually required contributions	\$ 770,915	\$ 813,658	\$ 764,235
Contributions in relation to the contractually required contribution	(770,915)	(813,658)	(764,235)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City of Alamogordo's covered payroll	\$ 8,072,412	\$ 8,519,979	\$ 8,002,462
Contributions as a percentage of covered payroll	9.55%	9.55%	9.55%

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

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

**STATE OF NEW MEXICO**  
City of Alamogordo  
Schedule of Employer Contributions  
Public Employees Retirement Association (PERA) Plan  
PERA Municipal Police Division  
Last 10 Fiscal Years\*

	<b>As of and for the Year Ended June 30, 2017</b>	<b>As of and for the Year Ended June 30, 2016</b>	<b>As of and for the Year Ended June 30, 2015</b>
Contractually required contributions	\$ 463,550	\$ 444,287	\$ 465,116
Contributions in relation to the contractually required contribution	(463,550)	(444,287)	(465,116)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City of Alamogordo's covered payroll	\$ 2,452,647	\$ 2,350,723	\$ 2,460,929
Contributions as a percentage of covered payroll	18.9%	18.9%	18.9%

\* 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.

**STATE OF NEW MEXICO**  
City of Alamogordo  
Schedule of Employer Contributions  
Public Employees Retirement Association (PERA) Plan  
PERA Municipal Fire Division  
Last 10 Fiscal Years\*

	<u>As of and for the Year Ended June 30, 2017</u>	<u>As of and for the Year Ended June 30, 2016</u>	<u>As of and for the Year Ended June 30, 2015</u>
Contractually required contributions	\$ 149,397	\$ 144,111	\$ 138,036
Contributions in relation to the contractually required contribution	(149,397)	(144,111)	(138,036)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City of Alamogordo's covered payroll	\$ 690,057	\$ 665,639	\$ 637,580
Contributions as a percentage of covered payroll	21.65%	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.

**STATE OF NEW MEXICO**  
City of Alamogordo  
Notes to Required Supplementary Information  
June 30, 2017

***Changes of benefit terms.*** The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY15 audit available at [http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/2016-CAFR\\_12.22.2016\\_FINAL-with-corrections.pdf](http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/2016-CAFR_12.22.2016_FINAL-with-corrections.pdf)

***Changes of assumptions.*** The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2016 report is available at <http://s3.amazonaws.com/boardaudio/Final-Version-2016-PERA-GASB-68-Report.pdf>. See the notes to the financial statements on the CAFR pages 74-76 which summarizes actuarial assumptions and methods effective with the June 30, 2016 valuation.

See independent auditors' report.

## **SUPPLEMENTARY INFORMATION**

**STATE OF NEW MEXICO**  
City of Alamogordo  
Nonmajor Governmental and Proprietary Fund Descriptions  
June 30, 2017

**Special Revenue Funds**

**Corrections** – 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** – To account for various promotional and tourism attraction programs. NMSA 3-38-15.

**Court Automation** – 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** – To account for revenues generated through the use of the Civic Center. NMSA 3-38-25.

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

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

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

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

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

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

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

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

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

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

**STATE OF NEW MEXICO**  
City of Alamogordo  
Nonmajor Governmental and Proprietary Fund Descriptions  
June 30, 2017

**Special Revenue Funds (continued)**

**Alamo Senior Center Gift** – 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** – To account for grants used to recruit, train and place senior volunteers throughout Otero County. Domestic Volunteer Service Act of 1973; PL 93-113.

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

**Capital Projects Funds**

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

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

**Property Acquisition** – 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 Reserve** – 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 Gross Receipts Tax Flood Control** – To account for bond proceeds for the purpose of paying for flood control. This fund was authorized by the City Commission.

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

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

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

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

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

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

**11 NMFA St GRT Street** – The purpose of this fund is to provide funds for the acquisition, construction, installation, and improvement for various street projects. This fund is authorized by Ord. 1410 dated 11/15/2011.

**STATE OF NEW MEXICO**  
City of Alamogordo  
Nonmajor Governmental and Proprietary Fund Descriptions  
June 30, 2017

**Capital Projects Funds (continued)**

**2012 GRT Refunding and Improvement Revenue Bond** – 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- Fun Center** – 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** – 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.

**Debt Service Funds**

**General Obligation** – 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.

**Permanent Funds**

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

**Proprietary Funds**

**Solid Waste Fund** – 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** – 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** – 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** – 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** – 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** – 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.

**STATE OF NEW MEXICO**  
City of Alamogordo  
Nonmajor Governmental and Proprietary Fund Descriptions  
June 30, 2017

**Internal Service Funds**

**Internal Service Fund** – 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** – 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** – This fund was established to provide for the liabilities and deductibles related to the insurance expenses of the City. This fund was authorized by the City Commission

**STATE OF NEW MEXICO**  
City of Alamogordo  
Nonmajor Governmental Funds  
Combining Balance Sheet  
June 30, 2017

**Special Revenue**

	<u>Corrections</u>	<u>Lodgers' Tax- Promotional</u>	<u>Court Automation</u>	<u>Lodgers' Tax - City</u>
<i>Assets</i>				
Cash and cash equivalents	\$ 20,023	\$ 62,624	\$ 16,505	\$ 42,293
Investments	-	87,756	7,843	160,137
Receivables:				
Taxes receivables	-	-	-	-
Due from other governments	-	-	4,584	-
Other receivables, net	-	-	-	-
<i>Total assets</i>	<u>\$ 20,023</u>	<u>\$ 150,380</u>	<u>\$ 28,932</u>	<u>\$ 202,430</u>
<i>Liabilities, deferred inflows of resources, and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ 9,529	\$ 11,169	\$ 72	\$ 8,710
Accrued payroll	-	544	274	4,200
Unearned revenue	-	-	-	-
<i>Total liabilities</i>	<u>9,529</u>	<u>11,713</u>	<u>346</u>	<u>12,910</u>
<i>Deferred inflows of resources</i>				
Unavailable revenues - property taxes	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
<i>Spendable</i>				
<i>Restricted for:</i>				
Government operations	-	-	28,586	-
Public safety	10,494	-	-	-
Public works	-	-	-	-
Culture and recreation	-	138,667	-	189,520
Health and welfare	-	-	-	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Permanent fund	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>10,494</u>	<u>138,667</u>	<u>28,586</u>	<u>189,520</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 20,023</u>	<u>\$ 150,380</u>	<u>\$ 28,932</u>	<u>\$ 202,430</u>

See independent auditors' report.

**Special Revenue**

<u>D.A.R.E. Donations</u>	<u>Designated Gifts</u>	<u>Grant Capital Improvement</u>	<u>Court Administration</u>	<u>Police Contingency</u>	<u>Fire Protection</u>
\$ 12,327	\$ -	\$ -	\$ -	\$ 21,787	\$ 267,432
9,291	25,215	-	-	27,784	288,277
-	-	-	-	-	-
-	-	1,853	-	-	62,728
-	-	-	-	-	-
<u>\$ 21,618</u>	<u>\$ 25,215</u>	<u>\$ 1,853</u>	<u>\$ -</u>	<u>\$ 49,571</u>	<u>\$ 618,437</u>
\$ -	\$ -	\$ -	\$ 5,189	\$ 92,203	\$ 24,602
-	-	-	10,467	-	-
-	-	-	255	-	-
-	-	-	15,911	92,203	24,602
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	25,215	-	-	-	-
21,618	-	-	-	-	593,835
-	-	-	-	-	-
-	-	-	-	-	-
-	-	1,853	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	(15,911)	(42,632)	-
<u>21,618</u>	<u>25,215</u>	<u>1,853</u>	<u>(15,911)</u>	<u>(42,632)</u>	<u>593,835</u>
<u>\$ 21,618</u>	<u>\$ 25,215</u>	<u>\$ 1,853</u>	<u>\$ -</u>	<u>\$ 49,571</u>	<u>\$ 618,437</u>

See independent auditors' report.

**STATE OF NEW MEXICO**  
City of Alamogordo  
Nonmajor Governmental Funds  
Combining Balance Sheet  
June 30, 2017

**Special Revenue**

	<u>Law Enforcement</u>	<u>State Highway</u>	<u>Traffic Safety</u>	<u>1984 Gross Receipts Tax</u>
<i>Assets</i>				
Cash and cash equivalents	\$ -	\$ 35,851	\$ 17,807	\$ -
Investments	-	83,671	38,344	3,432,110
Receivables:				
Taxes receivables	-	-	-	312,531
Due from other governments	8,699	5,147	-	-
Other receivables, net	-	-	-	-
<i>Total assets</i>	<u>\$ 8,699</u>	<u>\$ 124,669</u>	<u>\$ 56,151</u>	<u>\$ 3,744,641</u>
<i>Liabilities, deferred inflows of resources, and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	2,090	-	-	-
Unearned revenue	-	-	-	-
<i>Total liabilities</i>	<u>4,259</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Deferred inflows of resources</i>				
Unavailable revenues - property taxes	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
<i>Spendable</i>				
<i>Restricted for:</i>				
Government operations	-	-	-	-
Public safety	4,440	-	56,151	-
Public works	-	124,669	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital projects	-	-	-	3,744,641
Debt service	-	-	-	-
Permanent fund	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>4,440</u>	<u>124,669</u>	<u>56,151</u>	<u>3,744,641</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 8,699</u>	<u>\$ 124,669</u>	<u>\$ 56,151</u>	<u>\$ 3,744,641</u>

See independent auditors' report.

**Special Revenue**

<u>Transportation</u>	<u>1994 Gross Receipts Tax</u>	<u>Alamo Senior Center</u>	<u>Alamo Senior Center Gift</u>	<u>Retired and Senior Volunteer Program</u>	<u>ESGRT .0625%</u>
\$ -	\$ 34,600	\$ 430	\$ 1,477	\$ 100	\$ 802,719
8,587	2,105,874	-	83,903	-	1,250,900
183,415	312,531	17	-	-	78,133
-	-	65,321	-	23,999	-
152	-	13,875	-	1,500	-
<u>\$ 192,154</u>	<u>\$ 2,453,005</u>	<u>\$ 79,643</u>	<u>\$ 85,380</u>	<u>\$ 25,599</u>	<u>\$ 2,131,752</u>
\$ 60,666	\$ -	\$ 34,972	\$ -	\$ 1,108	\$ -
20,297	-	17,896	-	3,471	-
-	-	-	-	-	-
<u>80,963</u>	<u>-</u>	<u>52,868</u>	<u>-</u>	<u>4,579</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
111,191	-	-	-	-	-
-	-	26,775	85,380	-	-
-	-	-	-	21,020	-
-	-	-	-	-	2,131,752
-	2,453,005	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>111,191</u>	<u>2,453,005</u>	<u>26,775</u>	<u>85,380</u>	<u>21,020</u>	<u>2,131,752</u>
<u>\$ 192,154</u>	<u>\$ 2,453,005</u>	<u>\$ 79,643</u>	<u>\$ 85,380</u>	<u>\$ 25,599</u>	<u>\$ 2,131,752</u>

See independent auditors' report.

**STATE OF NEW MEXICO**  
City of Alamogordo  
Nonmajor Governmental Funds  
Combining Balance Sheet  
June 30, 2017

	<b>Capital Projects</b>			
	<b>Airport Improvement Projects</b>	<b>New Mexico CDBG</b>	<b>Property Acquisition</b>	<b>Reverse Osmosis Project Reserve</b>
<i>Assets</i>				
Cash and cash equivalents	\$ 12,763	\$ -	\$ 24,719	\$ -
Investments	-	-	51,659	-
Receivables:				
Taxes receivables	-	-	-	-
Due from other governments	-	170,512	-	677,043
Other receivables, net	-	-	336	-
<i>Total assets</i>	<u>\$ 12,763</u>	<u>\$ 170,512</u>	<u>\$ 76,714</u>	<u>\$ 677,043</u>
<i>Liabilities, deferred inflows of resources, and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ 600	\$ 578,797
Accrued payroll	-	-	-	-
Unearned revenue	-	-	-	-
<i>Total liabilities</i>	-	-	600	578,797
<i>Deferred inflows of resources</i>				
Unavailable revenues - property taxes	-	-	-	-
<i>Total deferred inflows of resources</i>	-	-	-	-
<i>Fund balances</i>				
<i>Spendable</i>				
<i>Restricted for:</i>				
Government operations	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital projects	12,763	170,512	76,114	98,246
Debt service	-	-	-	-
Permanent fund	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	12,763	170,512	76,114	98,246
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 12,763</u>	<u>\$ 170,512</u>	<u>\$ 76,714</u>	<u>\$ 677,043</u>

See independent auditors' report.

**Capital Projects**

<b>99 GRT Flood Control</b>	<b>Municipal Infrastructure .0625%</b>	<b>Economic Development</b>	<b>Sewer Plant</b>	<b>Sidewalk Revolving Loans</b>	<b>Reg Water Supply Trans LN</b>
\$ 230,842	\$ 24,305	\$ 716,726	\$ 7,704	\$ -	\$ 2,886
-	532,965	6,186,984	-	133,637	-
-	78,133	156,266	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 230,842</u>	<u>\$ 635,403</u>	<u>\$ 7,059,976</u>	<u>\$ 7,704</u>	<u>\$ 133,637</u>	<u>\$ 2,886</u>
\$ 1,608	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,608</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
229,234	635,403	7,059,976	7,704	133,637	2,886
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>229,234</u>	<u>635,403</u>	<u>7,059,976</u>	<u>7,704</u>	<u>133,637</u>	<u>2,886</u>
<u>\$ 230,842</u>	<u>\$ 635,403</u>	<u>\$ 7,059,976</u>	<u>\$ 7,704</u>	<u>\$ 133,637</u>	<u>\$ 2,886</u>

See independent auditors' report.

**STATE OF NEW MEXICO**  
City of Alamogordo  
Nonmajor Governmental Funds  
Combining Balance Sheet  
June 30, 2017

	<b>Capital Projects</b>			
	<b>2011 JT W/S Refunding &amp; Improvement Revenue Bond</b>	<b>11 NMFA St GRT Street</b>	<b>2012 GRT Refunding &amp; Improvement Revenue Bond</b>	<b>2014A GO Bond Fun Center</b>
<i>Assets</i>				
Cash and cash equivalents	\$ 7,053	\$ -	\$ 119,144	\$ -
Investments	-	-	3,110,630	3,186,725
Receivables:				
Taxes receivables	-	-	-	-
Due from other governments	-	-	-	-
Other receivables, net	-	-	-	-
<i>Total assets</i>	<u>\$ 7,053</u>	<u>\$ -</u>	<u>\$ 3,229,774</u>	<u>\$ 3,186,725</u>
<i>Liabilities, deferred inflows of resources, and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ 3,695	\$ 461,810
Accrued payroll	-	-	-	-
Unearned revenue	-	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>3,695</u>	<u>461,810</u>
<i>Deferred inflows of resources</i>				
Unavailable revenues - property taxes	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
<i>Spendable</i>				
<i>Restricted for:</i>				
Government operations	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital projects	7,053	-	3,226,079	2,724,915
Debt service	-	-	-	-
Permanent fund	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>7,053</u>	<u>-</u>	<u>3,226,079</u>	<u>2,724,915</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 7,053</u>	<u>\$ -</u>	<u>\$ 3,229,774</u>	<u>\$ 3,186,725</u>

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<u>Capital Projects</u>	<u>Debt Service</u>	<u>Permanent</u>	
<u>2014B GO Bond Streets</u>	<u>General Obligation</u>	<u>Cemetery Perpetual Care</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ 192,662	\$ 1,750	\$ 2,676,529
2,080,156	572,603	799,490	24,264,541
-	67,513	-	1,188,539
-	-	-	1,019,886
-	-	-	15,863
<u>\$ 2,080,156</u>	<u>\$ 832,778</u>	<u>\$ 801,240</u>	<u>\$ 29,165,358</u>
\$ 26,669	\$ -	\$ -	\$ 1,321,399
-	-	-	59,239
-	-	-	255
<u>26,669</u>	<u>-</u>	<u>-</u>	<u>1,383,062</u>
-	42,800	-	42,800
<u>-</u>	<u>42,800</u>	<u>-</u>	<u>42,800</u>
-	-	-	53,801
-	-	-	686,538
-	-	-	235,860
-	-	-	440,342
-	-	-	21,020
2,053,487	-	-	22,316,255
-	789,978	-	3,242,983
-	-	801,240	801,240
-	-	-	(58,543)
<u>2,053,487</u>	<u>789,978</u>	<u>801,240</u>	<u>27,739,496</u>
<u>\$ 2,080,156</u>	<u>\$ 832,778</u>	<u>\$ 801,240</u>	<u>\$ 29,165,358</u>

See independent auditors' report.

**STATE OF NEW MEXICO**  
City of Alamogordo  
Nonmajor Governmental Funds  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
For the Year Ended June 30, 2017

	<b>Special Revenue</b>			
	<b>Corrections</b>	<b>Lodger's Tax- Promotional</b>	<b>Court Automation</b>	<b>Lodger's Tax - City</b>
<i>Revenues</i>				
<i>Taxes:</i>				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	220,441	-	330,661
<i>Intergovernmental:</i>				
Federal operating grants	-	-	-	-
State operating grants	-	-	23,631	-
Federal capital grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	95,931	-	40,142	55,608
Investment income (loss)	-	256	75	485
Miscellaneous	-	-	-	677
<i>Total revenues</i>	95,931	220,697	63,848	387,431
<i>Expenditures</i>				
<i>Current:</i>				
General government	-	205,522	57,485	-
Public safety	95,683	-	13,952	-
Public works	-	-	-	-
Culture and recreation	-	-	-	381,858
Health and welfare	-	-	-	-
Capital outlay	-	-	-	20,347
<i>Debt service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
Issuance cost	-	-	-	-
<i>Total expenditures</i>	95,683	205,522	71,437	402,205
<i>Excess (deficiency) of revenues over expenditures</i>	248	15,175	(7,589)	(14,774)
<i>Other financing sources (uses)</i>				
Proceeds from sale of assets	-	-	-	166
Proceeds from long term debt	-	-	-	-
Transfers in	7,842	-	-	11,013
Transfers (out)	-	-	-	(1,720)
<i>Total other financing sources (uses)</i>	7,842	-	-	9,459
<i>Net change in fund balances</i>	8,090	15,175	(7,589)	(5,315)
<i>Fund balances - beginning of year</i>	2,404	123,492	36,175	194,835
<i>Fund balances - end of year</i>	\$ 10,494	\$ 138,667	\$ 28,586	\$ 189,520

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**Special Revenue**

<b>D.A.R.E. Donations</b>	<b>Designated Gifts</b>	<b>Grant Capital Improvement</b>	<b>Court Administration</b>	<b>Police Contingency</b>	<b>Fire Protection</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	696,386
-	-	137,818	-	-	-
-	-	341,348	-	-	-
-	3,270	1	10,865	2,864	-
28	96	-	-	84	1,685
14,524	-	-	-	-	530
<u>14,552</u>	<u>3,366</u>	<u>479,167</u>	<u>10,865</u>	<u>2,948</u>	<u>698,601</u>
-	1,713	4,856	344,424	-	-
8,802	252	-	50,189	6,786	355,997
-	-	-	-	-	-
-	3,066	-	-	-	-
-	-	-	-	-	-
-	-	585,030	-	-	63,084
-	-	-	-	-	66,229
-	-	-	-	-	10,612
-	-	-	-	-	-
<u>8,802</u>	<u>5,031</u>	<u>589,886</u>	<u>394,613</u>	<u>6,786</u>	<u>495,922</u>
<u>5,750</u>	<u>(1,665)</u>	<u>(110,719)</u>	<u>(383,748)</u>	<u>(3,838)</u>	<u>202,679</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	112,249	381,825	-	-
-	-	-	-	-	-
-	-	<u>112,249</u>	<u>381,825</u>	<u>-</u>	<u>-</u>
5,750	(1,665)	1,530	(1,923)	(3,838)	202,679
15,868	26,880	323	(13,988)	(38,794)	391,156
<u>\$ 21,618</u>	<u>\$ 25,215</u>	<u>\$ 1,853</u>	<u>\$ (15,911)</u>	<u>\$ (42,632)</u>	<u>\$ 593,835</u>

See independent auditors' report.

**STATE OF NEW MEXICO**  
City of Alamogordo  
Nonmajor Governmental Funds  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
For the Year Ended June 30, 2017

	<b>Special Revenue</b>			
	<b>Law Enforcement</b>	<b>State Highway</b>	<b>Traffic Safety</b>	<b>1984 Gross Receipts Tax</b>
<i>Revenues</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	1,641,331
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
State operating grants	78,703	10,048	-	-
Federal capital grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	23,423	24,081	-
Investment income (loss)	-	254	116	4,595
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>78,703</u>	<u>33,725</u>	<u>24,197</u>	<u>1,645,926</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	78,266	-	21,037	-
Public works	-	18,898	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Issuance cost	-	-	-	-
<i>Total expenditures</i>	<u>78,266</u>	<u>18,898</u>	<u>21,037</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>437</u>	<u>14,827</u>	<u>3,160</u>	<u>1,645,926</u>
<i>Other financing sources (uses)</i>				
Proceeds from sale of assets	-	-	-	-
Proceeds from long term debt	-	-	-	-
Transfers in	5,000	-	-	-
Transfers (out)	-	-	-	(1,654,601)
<i>Total other financing sources (uses)</i>	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>(1,654,601)</u>
<i>Net change in fund balances</i>	5,437	14,827	3,160	(8,675)
<i>Fund balances - beginning of year</i>	(997)	109,842	52,991	3,753,316
<i>Fund balances - end of year</i>	<u>\$ 4,440</u>	<u>\$ 124,669</u>	<u>\$ 56,151</u>	<u>\$ 3,744,641</u>

See independent auditors' report.

**Special Revenue**

<u>Transportation</u>	<u>1989 Gross Receipts Tax</u>	<u>Alamo Senior Center</u>	<u>Alamo Senior Center Gift</u>	<u>Retired and Senior Volunteer Program</u>	<u>ESGRT .0625%</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
410,333	1,641,331	-	-	-	410,333
607,489	-	-	-	-	-
-	-	-	-	-	-
131,467	-	103,780	-	46,414	-
-	-	358,109	-	167,360	243,000
-	-	-	-	-	-
-	-	-	-	-	-
7,529	-	139,997	26,281	-	-
1,648	10,143	-	343	-	5,695
70,181	-	14,139	-	6,000	-
<u>1,228,647</u>	<u>1,651,474</u>	<u>616,025</u>	<u>26,624</u>	<u>219,774</u>	<u>659,028</u>
143,809	-	-	-	-	-
-	-	-	-	-	-
1,893,789	-	-	-	-	62,676
-	-	1,045,219	37,885	-	-
-	-	-	-	252,908	-
857,170	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>2,894,768</u>	<u>-</u>	<u>1,045,219</u>	<u>37,885</u>	<u>252,908</u>	<u>62,676</u>
<u>(1,666,121)</u>	<u>1,651,474</u>	<u>(429,194)</u>	<u>(11,261)</u>	<u>(33,134)</u>	<u>596,352</u>
-	-	-	-	-	-
-	-	-	-	-	-
1,386,111	-	347,696	-	31,316	-
(17,200)	(1,348,819)	-	-	-	(226,931)
<u>1,368,911</u>	<u>(1,348,819)</u>	<u>347,696</u>	<u>-</u>	<u>31,316</u>	<u>(226,931)</u>
(297,210)	302,655	(81,498)	(11,261)	(1,818)	369,421
408,401	2,150,350	108,273	96,641	22,838	1,762,331
<u>\$ 111,191</u>	<u>\$ 2,453,005</u>	<u>\$ 26,775</u>	<u>\$ 85,380</u>	<u>\$ 21,020</u>	<u>\$ 2,131,752</u>

See independent auditors' report.

**STATE OF NEW MEXICO**  
City of Alamogordo  
Nonmajor Governmental Funds  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
For the Year Ended June 30, 2017

	<b>Capital Projects</b>			
	<b>Airport Improvement Projects</b>	<b>New Mexico CDBG</b>	<b>Property Acquisition</b>	<b>Reverse Osmosis Project Reserve</b>
<i>Revenues</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
State operating grants	-	-	-	-
Federal capital grants	463,351	480,281	-	-
State capital grants	44,292	-	-	1,467,168
Charges for services	-	-	68,130	-
Investment income (loss)	-	-	157	(1)
Miscellaneous	-	-	1,201	-
<i>Total revenues</i>	<u>507,643</u>	<u>480,281</u>	<u>69,488</u>	<u>1,467,167</u>
<i>Expenditures</i>				
Current:				
General government	-	-	22,012	-
Public safety	-	-	-	-
Public works	-	9,416	-	580,257
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	753,973	39,188	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Issuance cost	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>763,389</u>	<u>61,200</u>	<u>580,257</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>507,643</u>	<u>(283,108)</u>	<u>8,288</u>	<u>886,910</u>
<i>Other financing sources (uses)</i>				
Proceeds from sale of assets	-	-	-	-
Proceeds from long term debt	-	-	-	-
Transfers in	36,667	363,344	54,485	1,622,380
Transfers (out)	(523,763)	-	(40,927)	(2,428,968)
<i>Total other financing sources (uses)</i>	<u>(487,096)</u>	<u>363,344</u>	<u>13,558</u>	<u>(806,588)</u>
<i>Net change in fund balances</i>	20,547	80,236	21,846	80,322
<i>Fund balances - beginning of year</i>	<u>(7,784)</u>	<u>90,276</u>	<u>54,268</u>	<u>17,924</u>
<i>Fund balances - end of year</i>	<u>\$ 12,763</u>	<u>\$ 170,512</u>	<u>\$ 76,114</u>	<u>\$ 98,246</u>

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**Capital Projects**

<b>GRT Flood Control</b>	<b>Municipal Infrastructure .01225%</b>	<b>Economic Development</b>	<b>Sewer Plant</b>	<b>Sidewalk Revolving Loans</b>	<b>Reg Water Supply Trans LN</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	410,333	820,665	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(1,253)	1,613	(2,217)	-	405	1
-	-	14,900	-	-	-
<u>(1,253)</u>	<u>411,946</u>	<u>833,348</u>	<u>-</u>	<u>405</u>	<u>1</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	147,952	-	-	-
-	-	-	-	-	-
2,714,822	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
31,968	-	-	-	-	-
<u>2,746,790</u>	<u>-</u>	<u>147,952</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(2,748,043)</u>	<u>411,946</u>	<u>685,396</u>	<u>-</u>	<u>405</u>	<u>1</u>
-	-	-	-	-	-
2,531,968	-	-	-	-	-
74,659	-	-	-	-	-
-	(500,060)	-	(97,409)	-	-
<u>2,606,627</u>	<u>(500,060)</u>	<u>-</u>	<u>(97,409)</u>	<u>-</u>	<u>-</u>
(141,416)	(88,114)	685,396	(97,409)	405	1
<u>370,650</u>	<u>723,517</u>	<u>6,374,580</u>	<u>105,113</u>	<u>133,232</u>	<u>2,885</u>
<u>\$ 229,234</u>	<u>\$ 635,403</u>	<u>\$ 7,059,976</u>	<u>\$ 7,704</u>	<u>\$ 133,637</u>	<u>\$ 2,886</u>

See independent auditors' report.

**STATE OF NEW MEXICO**  
City of Alamogordo  
Nonmajor Governmental Funds  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
For the Year Ended June 30, 2017

	<b>Capital Projects</b>			
	<b>2011 JT W/S Refunding &amp; Improvement Revenue Bond</b>	<b>11 NMFA St GRT Street</b>	<b>2012 GRT Refunding &amp; Improvement Revenue Bond</b>	<b>2014A GO Bond Fun Center</b>
<i>Revenues</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
State operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	17,263	11,887
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>17,263</u>	<u>11,887</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	294,320	3,238,530
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Issuance cost	-	-	26,543	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>320,863</u>	<u>3,238,530</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(303,600)</u>	<u>(3,226,643)</u>
<i>Other financing sources (uses)</i>				
Proceeds from sale of assets	-	-	-	-
Proceeds from long term debt	-	-	2,102,274	-
Transfers in	-	-	-	-
Transfers (out)	(10,000)	-	(19,935)	-
<i>Total other financing sources (uses)</i>	<u>(10,000)</u>	<u>-</u>	<u>2,082,339</u>	<u>-</u>
<i>Net change in fund balances</i>	(10,000)	-	1,778,739	(3,226,643)
<i>Fund balances - beginning of year</i>	<u>17,053</u>	<u>-</u>	<u>1,447,340</u>	<u>5,951,558</u>
<i>Fund balances - end of year</i>	<u>\$ 7,053</u>	<u>\$ -</u>	<u>\$ 3,226,079</u>	<u>\$ 2,724,915</u>

See independent auditors' report.

<u>Capital Projects</u>	<u>Debt Service</u>	<u>Permanent</u>	
<u>2014B GO Bond Streets</u>	<u>General Obligation</u>	<u>Cemetery Perpetual Care</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ 1,013,842	\$ -	\$ 1,013,842
-	-	-	5,334,326
-	-	-	607,489
-	-	-	551,102
-	-	-	281,661
-	-	-	1,577,237
-	-	-	1,081,450
-	-	-	1,852,808
-	-	-	498,122
7,789	(1,265)	2,355	62,237
-	-	-	122,152
<u>7,789</u>	<u>1,012,577</u>	<u>2,355</u>	<u>12,982,426</u>
-	-	-	779,821
-	-	-	630,964
-	-	-	2,565,036
-	-	-	1,615,980
-	-	-	252,908
1,339,636	-	-	9,906,100
-	223,880	-	290,109
-	654,066	-	664,678
-	-	-	58,511
<u>1,339,636</u>	<u>877,946</u>	<u>-</u>	<u>16,764,107</u>
<u>(1,331,847)</u>	<u>134,631</u>	<u>2,355</u>	<u>(3,781,681)</u>
-	-	12,600	12,766
-	-	-	4,634,242
-	-	-	4,434,587
-	(127,020)	-	(6,997,353)
-	(127,020)	12,600	2,084,242
(1,331,847)	7,611	14,955	(1,697,439)
<u>3,385,334</u>	<u>782,367</u>	<u>786,285</u>	<u>29,436,935</u>
<u>\$ 2,053,487</u>	<u>\$ 789,978</u>	<u>\$ 801,240</u>	<u>\$ 27,739,496</u>

See independent auditors' report.

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**NONMAJOR PROPRIETARY FUNDS**

**STATE OF NEW MEXICO**  
City of Alamogordo  
Combining Statement of Net Position  
Nonmajor Proprietary Funds  
June 30, 2017

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b>Solid Waste Fund</b>	<b>Bonito Lake Fund</b>	<b>Golf Course Fund</b>
<i>Assets</i>			
<i>Current assets</i>			
Cash and cash equivalents	\$ 236,492	\$ 235,568	\$ -
Investments	232,568	1,126	-
<i>Receivables</i>			
Due from other governments	-	65,871	-
Customer receivable, net	104,710	-	-
Other receivable	8	-	-
Inventory	-	-	-
Prepaid expenses	-	-	-
Due from other funds	-	-	-
<i>Total current assets</i>	<i>573,778</i>	<i>302,565</i>	<i>-</i>
<i>Noncurrent assets</i>			
Restricted cash and cash equivalents	-	-	-
Restricted investment	-	74,551	-
Assets held for sale	-	-	-
Capital assets	959,033	2,014,746	6,886,652
Less: accumulated depreciation	(805,161)	(240,424)	(2,260,145)
<i>Total noncurrent assets</i>	<i>153,872</i>	<i>1,848,873</i>	<i>4,626,507</i>
<i>Total assets</i>	<i>727,650</i>	<i>2,151,438</i>	<i>4,626,507</i>
<i>Deferred outflows of resources</i>			
Employer contributions subsequent to the measurement date	7,479	-	14,297
Changes in assumptions	10,578	-	19,102
Changes in proportion	251	-	462
Net difference between projected and actual results on pension investments	30,188	-	55,651
Difference between expected and actual experience	9,754	-	18,105
<i>Total deferred outflows of resources</i>	<i>58,250</i>	<i>-</i>	<i>107,617</i>
<i>Total assets and deferred outflows of resources</i>	<i>\$ 785,900</i>	<i>\$ 2,151,438</i>	<i>\$ 4,734,124</i>

See independent auditors' report.

<b>Business-Type Activities - Enterprise Funds</b>				
<b>Public Housing Authority</b>				
	<b>Low Rent</b>	<b>Home</b>		
<b>Airport Fund</b>	<b>Public Housing</b>	<b>Ownership</b>		<b>Total</b>
	<b>Fund</b>	<b>Fund</b>		
\$ 53,747	\$ 833,587	\$ 632,295	\$	1,991,689
59,529	96,465	111,011		500,699
3,232	-	-		69,103
35,114	1,989	-		141,813
-	-	-		8
-	7,126	-		7,126
-	20,697	-		20,697
-	-	162		162
<u>151,622</u>	<u>959,864</u>	<u>743,468</u>		<u>2,731,297</u>
-	46,058	20,504		66,562
-	-	-		74,551
-	-	88,338		88,338
12,918,416	15,229,464	3,735		38,012,046
(4,096,853)	(10,729,254)	(3,735)		(18,135,572)
<u>8,821,563</u>	<u>4,546,268</u>	<u>108,842</u>		<u>20,105,925</u>
<u>8,973,185</u>	<u>5,506,132</u>	<u>852,310</u>		<u>22,837,222</u>
5,789	8,857	257		36,679
6,824	33,957	378		70,839
167	1,002	20		1,902
19,159	197,991	4,737		307,726
6,610	42,141	947		77,557
<u>38,549</u>	<u>283,948</u>	<u>6,339</u>		<u>494,703</u>
<u>\$ 9,011,734</u>	<u>\$ 5,790,080</u>	<u>\$ 858,649</u>	<u>\$</u>	<u>23,331,925</u>

See independent auditors' report.

**STATE OF NEW MEXICO**  
City of Alamogordo  
Combining Statement of Net Position  
Nonmajor Proprietary Funds  
June 30, 2017

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b>Solid Waste Fund</b>	<b>Bonito Lake Fund</b>	<b>Golf Course Fund</b>
<i>Liabilities</i>			
<i>Current liabilities</i>			
Accounts payable	\$ 147,678	\$ -	\$ 9,127
Accrued payroll	5,100	-	11,711
Other accrued expenses	-	-	-
Accrued compensated absences	8,727	-	20,427
Funds held in trust for others	-	-	-
Unearned revenue	-	-	-
Due to other funds	-	-	8,335
	<b>161,505</b>	<b>-</b>	<b>49,600</b>
<i>Noncurrent liabilities</i>			
Net pension liability	162,221	-	307,075
<i>Total noncurrent liabilities</i>	<b>162,221</b>	<b>-</b>	<b>307,075</b>
<i>Total liabilities</i>	<b>323,726</b>	<b>-</b>	<b>356,675</b>
<i>Deferred inflows of resources</i>			
Changes in assumptions	784	-	1,565
Changes in proportion	7,050	-	13,233
Difference between expected and actual experience	821	-	1,693
	<b>8,655</b>	<b>-</b>	<b>16,491</b>
<i>Net Position</i>			
Net investment in capital assets	153,872	1,774,322	4,626,507
Unrestricted	299,647	377,116	(265,549)
<i>Total net position</i>	<b>453,519</b>	<b>2,151,438</b>	<b>4,360,958</b>
<i>Total liabilities, deferred inflows of resources, and net position</i>	<b>\$ 785,900</b>	<b>\$ 2,151,438</b>	<b>\$ 4,734,124</b>

See independent auditors' report.

<b>Business-Type Activities - Enterprise Funds</b>			
<b>Airport Fund</b>	<b>Public Housing Authority</b>		<b>Total</b>
	<b>Low Rent Public Housing Fund</b>	<b>Home Ownership Fund</b>	
\$ 6,876	\$ 2,328	\$ 69	\$ 166,078
3,107	19,662	600	40,180
-	1,430	-	1,430
638	23,374	1,279	54,445
10,297	46,097	66	56,460
-	8,689	-	8,689
-	5,861	427	14,623
<u>20,918</u>	<u>107,441</u>	<u>2,441</u>	<u>341,905</u>
<u>116,992</u>	<u>600,381</u>	<u>16,068</u>	<u>1,202,737</u>
<u>116,992</u>	<u>600,381</u>	<u>16,068</u>	<u>1,202,737</u>
<u>137,910</u>	<u>707,822</u>	<u>18,509</u>	<u>1,544,642</u>
683	-	37	3,069
4,878	33,356	854	59,371
<u>672</u>	<u>6,909</u>	<u>275</u>	<u>10,370</u>
<u>6,233</u>	<u>40,265</u>	<u>1,166</u>	<u>72,810</u>
8,821,563	4,500,210	-	19,876,474
<u>46,028</u>	<u>541,783</u>	<u>838,974</u>	<u>1,837,999</u>
<u>8,867,591</u>	<u>5,041,993</u>	<u>838,974</u>	<u>21,714,473</u>
<u>\$ 9,011,734</u>	<u>\$ 5,790,080</u>	<u>\$ 858,649</u>	<u>\$ 23,331,925</u>

See independent auditors' report.

**STATE OF NEW MEXICO**  
City of Alamogordo  
Combining Statement of Revenues, Expenses, and Changes in Net Position  
Nonmajor Proprietary Funds  
For the Year Ended June 30, 2017

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b>Solid Waste Fund</b>	<b>Bonito Lake Fund</b>	<b>Golf Course Fund</b>
<i>Operating revenues</i>			
Charges for service	\$ 2,116,109	\$ -	\$ 1,380,614
Operating subsidy	-	71,286	-
<i>Total operating revenues</i>	2,116,109	71,286	1,380,614
<i>Operating expenses</i>			
Personnel expenses	167,919	-	335,071
Contractual services	1,620,187	54,156	-
Supplies expense	129,552	1,402	1,192,058
Repairs and maintenance	42,227	-	47,414
Utilities	6,024	-	31,918
Equipment	100	17,130	-
Cost of house sold	-	-	-
Depreciation expense	20,006	5,266	180,123
Miscellaneous expense	5,714	-	-
<i>Total operating expenses</i>	1,991,729	77,954	1,786,584
<i>Operating income (loss)</i>	124,380	(6,668)	(405,970)
<i>Non-operating revenues (expenses)</i>			
Investment income (loss)	704	863	-
Miscellaneous income	1,124	198	818
<i>Total non-operating revenues (expenses)</i>	1,828	1,061	818
<i>Income (loss) before contributions and transfers</i>	126,208	(5,607)	(405,152)
Capital grants	-	-	-
Transfers in	-	-	163,769
Transfers (out)	(99,413)	(3,525,637)	(1,720)
<i>Change in net position</i>	26,795	(3,531,244)	(243,103)
<i>Net position - beginning</i>	426,724	5,682,682	4,604,061
<i>Net position - end of year</i>	\$ 453,519	\$ 2,151,438	\$ 4,360,958

See independent auditors' report

<b>Business-Type Activities - Enterprise Funds</b>				
<b>Airport Fund</b>	<b>Public Housing Authority</b>		<b>Total</b>	
	<b>Low Rent Public Housing Fund</b>	<b>Home Ownership Fund</b>		
\$ 145,118	\$ 256,205	\$ 108,851	\$ 4,006,897	
9,477	602,514	-	683,277	
<u>154,595</u>	<u>858,719</u>	<u>108,851</u>	<u>4,690,174</u>	
94,595	492,402	15,070	1,105,057	
-	216,055	12,634	1,903,032	
233,951	107,910	35	1,664,908	
16,000	1,246	718	107,605	
23,300	72,370	440	134,052	
5,275	19,977	-	42,482	
-	-	240,048	240,048	
404,661	386,488	-	996,544	
22	10,488	-	16,224	
<u>777,804</u>	<u>1,306,936</u>	<u>268,945</u>	<u>6,209,952</u>	
<u>(623,209)</u>	<u>(448,217)</u>	<u>(160,094)</u>	<u>(1,519,778)</u>	
552	1,215	917	4,251	
136,805	3,514	20,481	162,940	
<u>137,357</u>	<u>4,729</u>	<u>21,398</u>	<u>167,191</u>	
<u>(485,852)</u>	<u>(443,488)</u>	<u>(138,696)</u>	<u>(1,352,587)</u>	
-	746,681	-	746,681	
523,763	72,530	-	760,062	
-	-	(72,530)	(3,699,300)	
37,911	375,723	(211,226)	(3,545,144)	
<u>8,829,680</u>	<u>4,666,270</u>	<u>1,050,200</u>	<u>25,259,617</u>	
<u>\$ 8,867,591</u>	<u>\$ 5,041,993</u>	<u>\$ 838,974</u>	<u>\$ 21,714,473</u>	

See independent auditors' report

**STATE OF NEW MEXICO**  
City of Alamogordo  
Combining Statement of Cash Flows  
Nonmajor Proprietary Funds  
For the Year Ended June 30, 2017

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b>Solid Waste Fund</b>	<b>Bonito Lake Fund</b>	<b>Golf Course Fund</b>
<i>Cash flows from operating activities</i>			
Cash received from user charges	\$ 2,123,386	\$ -	\$ 1,380,614
Cash received from subsidy grants	-	5,416	-
Cash payments to employees for services	(153,552)	-	(307,719)
Cash payments to suppliers for goods and services	(1,794,756)	(72,688)	(1,268,467)
<i>Net cash provided (used) by operating activities</i>	<u>175,078</u>	<u>(67,272)</u>	<u>(195,572)</u>
<i>Cash flows from noncapital financing activities</i>			
Gross receipts taxes	26	-	-
Miscellaneous income	1,124	198	818
Transfers	(99,413)	(3,525,637)	170,384
<i>Net cash provided (used) by noncapital financing activities</i>	<u>(98,263)</u>	<u>(3,525,439)</u>	<u>171,202</u>
<i>Cash flows from investing activities</i>			
Sale (Purchase) of investments	(596)	(75,378)	-
Interest on investments	704	863	-
<i>Net cash provided (used) by investing activities</i>	<u>108</u>	<u>(74,515)</u>	<u>-</u>
<i>Cash flows from capital and related financing activities</i>			
Acquisition of capital assets	-	545,223	(90,663)
Capital grants	-	-	-
<i>Net cash provided (used) by capital and related financing activities</i>	<u>-</u>	<u>545,223</u>	<u>(90,663)</u>
<i>Net (decrease) increase in cash and cash equivalents</i>	76,923	(3,122,003)	(115,033)
<i>Cash and cash equivalents - beginning of year</i>	<u>159,569</u>	<u>3,357,571</u>	<u>115,033</u>
<i>Cash and cash equivalents - end of year</i>	<u>\$ 236,492</u>	<u>\$ 235,568</u>	<u>\$ -</u>

See independent auditors' report.

**Business-Type Activities - Enterprise Funds**

<b>Airport Fund</b>	<b>Public Housing Authority</b>		<b>Total</b>
	<b>Low Rent Public Housing Fund</b>	<b>Home Ownership Fund</b>	
\$ 130,426	\$ 264,697	\$ 401,695	\$ 4,300,818
9,477	602,514	-	617,407
(88,452)	(449,047)	(13,358)	(1,012,128)
(277,861)	(426,980)	(254,153)	(4,094,905)
(226,410)	(8,816)	134,184	(188,808)
-	-	139	165
136,805	3,514	20,481	162,940
523,763	77,796	(71,670)	(2,924,777)
660,568	81,310	(51,050)	(2,761,672)
42,047	(15)	(11)	(33,953)
552	1,215	917	4,251
42,599	1,200	906	(29,702)
(523,418)	(832,629)	-	(901,487)
-	746,681	-	746,681
(523,418)	(85,948)	-	(154,806)
(46,661)	(12,254)	84,040	(3,134,988)
100,408	891,899	568,759	5,193,239
\$ 53,747	\$ 879,645	\$ 652,799	\$ 2,058,251

See independent auditors' report.

**STATE OF NEW MEXICO**  
City of Alamogordo  
Statement of Cash Flows  
Nonmajor Proprietary Funds  
For the Year Ended June 30, 2017

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b>Solid Waste Fund</b>	<b>Bonito Lake Fund</b>	<b>Golf Course Fund</b>
<i>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</i>			
Operating income (loss)	\$ 124,380	\$ (6,668)	\$ (405,970)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	20,006	5,266	180,123
Noncash pension expense/pension transfer	11,820	-	21,298
Changes in assets, deferred outflows, and liabilities:			
Receivables	7,277	(65,870)	-
Inventory	-	-	-
Prepaid expenses	-	-	-
Accounts payable	9,048	-	2,923
Accrued payroll expenses	757	-	2,044
Other accrued expenses	-	-	-
Accrued compensated absences	1,672	-	3,798
Unearned revenue	-	-	-
Home ownership escrow	-	-	-
Meter deposits	-	-	-
Subsequent contributions	118	-	212
Assets held for sale	-	-	-
	<b>\$ 175,078</b>	<b>\$ (67,272)</b>	<b>\$ (195,572)</b>
<i>Net cash provided (used) by operating activities</i>	<b>\$ 175,078</b>	<b>\$ (67,272)</b>	<b>\$ (195,572)</b>

See independent auditors' report.

<b>Business-Type Activities - Enterprise Funds</b>			
<b>Airport Fund</b>	<b>Public Housing Authority</b>		<b>Total</b>
	<b>Low Rent Public Housing Fund</b>	<b>Home Ownership Fund</b>	
\$ (623,209)	\$ (448,217)	\$ (160,094)	\$ (1,519,778)
404,661	386,488	-	996,544
7,577	38,409	415	79,519
(14,692)	2,759	1,188	(69,338)
-	2,064	-	2,064
-	232	-	232
687	(500)	8	12,166
434	4,325	14	7,574
-	(730)	(286)	(1,016)
(1,943)	238	1,279	5,044
-	3,387	(1,863)	1,524
-	-	(18,826)	(18,826)
-	2,346	(234)	2,112
75	383	4	792
-	-	312,579	312,579
<u>\$ (226,410)</u>	<u>\$ (8,816)</u>	<u>\$ 134,184</u>	<u>\$ (188,808)</u>

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**INTERNAL SERVICE FUNDS**

**STATE OF NEW MEXICO**  
City of Alamogordo  
Combining Statement of Net Position  
Internal Service Funds  
June 30, 2017

Statement C-1

	<u>Internal Service Fund</u>	<u>Self-Insured Fund</u>	<u>Liability/ Deductibles Fund</u>	<u>Total Internal Service Funds</u>
<i>Assets</i>				
<i>Current assets</i>				
Cash and cash equivalents	\$ -	\$ 102,972	\$ 609,903	\$ 712,875
Investments	-	374,119	443,718	817,837
<i>Total current assets</i>	<u>-</u>	<u>477,091</u>	<u>1,053,621</u>	<u>1,530,712</u>
<i>Total assets</i>	<u>\$ -</u>	<u>\$ 477,091</u>	<u>\$ 1,053,621</u>	<u>\$ 1,530,712</u>
<i>Liabilities</i>				
<i>Current liabilities</i>				
Accounts payable	\$ -	\$ 100,710	\$ 303	\$ 101,013
<i>Total current liabilities</i>	<u>-</u>	<u>100,710</u>	<u>303</u>	<u>101,013</u>
<i>Total liabilities</i>	<u>-</u>	<u>100,710</u>	<u>303</u>	<u>101,013</u>
<i>Net position</i>				
Unrestricted	-	376,381	1,053,318	1,429,699
<i>Total net position</i>	<u>-</u>	<u>376,381</u>	<u>1,053,318</u>	<u>1,429,699</u>
<i>Total liabilities and net position</i>	<u>\$ -</u>	<u>\$ 477,091</u>	<u>\$ 1,053,621</u>	<u>\$ 1,530,712</u>

See independent auditors' report.

**STATE OF NEW MEXICO**  
City of Alamogordo  
Combining Statement of Revenues, Expenses, and Changes in Net Position  
Internal Service Funds  
For the Year Ended June 30, 2017

Statement C-2

	<u>Internal Service Fund</u>	<u>Self-Insured Fund</u>	<u>Liability/ Deductibles Fund</u>	<u>Total Internal Service Funds</u>
<i>Operating revenues</i>				
Charges for service	\$ -	\$ 140,597	\$ -	\$ 140,597
<i>Total operating revenues</i>	<u>-</u>	<u>140,597</u>	<u>-</u>	<u>140,597</u>
<i>Operating expenses</i>				
Contractual services	-	211,154	38,263	249,417
Supplies expense	-	30,192	-	30,192
<i>Total operating expenses</i>	<u>-</u>	<u>241,346</u>	<u>38,263</u>	<u>279,609</u>
<i>Operating income (loss)</i>	<u>-</u>	<u>(100,749)</u>	<u>(38,263)</u>	<u>(139,012)</u>
<i>Non-operating revenues (expenses)</i>				
Investment income	-	4,137	1,345	5,482
Miscellaneous income	60,720	4,421	448,484	513,625
<i>Total non-operating revenues (expenses)</i>	<u>60,720</u>	<u>8,558</u>	<u>449,829</u>	<u>519,107</u>
<i>Income (loss) before contributions and transfers</i>	<u>60,720</u>	<u>(92,191)</u>	<u>411,566</u>	<u>380,095</u>
Transfers in	1,148,883	-	140,640	1,289,523
Transfers (out)	<u>(365,931)</u>	<u>(300,000)</u>	<u>-</u>	<u>(665,931)</u>
<i>Change in net position</i>	843,672	(392,191)	552,206	1,003,687
<i>Net position - beginning</i>	<u>(843,672)</u>	<u>768,572</u>	<u>501,112</u>	<u>426,012</u>
<i>Net position - end of year</i>	<u>\$ -</u>	<u>\$ 376,381</u>	<u>\$ 1,053,318</u>	<u>\$ 1,429,699</u>

See independent auditors' report.

**STATE OF NEW MEXICO**  
City of Alamogordo  
Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended June 30, 2017

Statement C-3

	<b>Internal Service Fund</b>	<b>Self-Insured Fund</b>	<b>Liability/ Deductibles Fund</b>	<b>Total</b>
<i>Cash flows from operating activities</i>				
Cash received from user charges	\$ 203,228	\$ 140,597	\$ -	\$ 343,825
Cash payments to employees for services	(1,257,180)	-	-	(1,257,180)
Cash payments to suppliers for goods and services	(155,651)	(140,956)	(54,461)	(351,068)
<i>Net cash provided (used) by operating activities</i>	<u>(1,209,603)</u>	<u>(359)</u>	<u>(54,461)</u>	<u>(1,264,423)</u>
<i>Cash flows from noncapital financing activities</i>				
Miscellaneous income	60,720	4,421	448,484	513,625
Transfers	782,952	(300,000)	140,640	623,592
<i>Net cash provided (used) by noncapital financing activities</i>	<u>843,672</u>	<u>(295,579)</u>	<u>589,124</u>	<u>1,137,217</u>
<i>Cash flows from investing activities</i>				
Sale (Purchase) of investments	40,695	353,450	(1,137)	393,008
Interest on investments	-	4,137	1,345	5,482
<i>Net cash provided (used) by investing activities</i>	<u>40,695</u>	<u>357,587</u>	<u>208</u>	<u>398,490</u>
<i>Net (decrease) increase in cash and cash equivalents</i>	(325,236)	61,649	534,871	271,284
<i>Cash and cash equivalents - beginning of year</i>	<u>325,236</u>	<u>41,323</u>	<u>75,032</u>	<u>441,591</u>
<i>Cash and cash equivalents - end of year</i>	<u>\$ -</u>	<u>\$ 102,972</u>	<u>\$ 609,903</u>	<u>\$ 712,875</u>
<i>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</i>				
Operating income (loss)	\$ -	\$ (100,749)	\$ (38,263)	\$ (139,012)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Noncash pension expense/pension transfer	(1,241,193)	-	-	(1,241,193)
Changes in assets, deferred outflows and liabilities:				
Receivables	27	-	-	27
Inventory	203,201	-	-	203,201
Accounts payable	(155,651)	100,390	(16,198)	(71,459)
Accrued payroll expenses	(37,980)	-	-	(37,980)
Contributions subsequent to measurement date	92,310	-	-	92,310
Accrued compensated absences	(70,317)	-	-	(70,317)
<i>Net cash provided (used) by operating activities</i>	<u>\$ (1,209,603)</u>	<u>\$ (359)</u>	<u>\$ (54,461)</u>	<u>\$ (1,264,423)</u>

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**COMPONENT UNIT**  
**OTERO - GREENTREE REGIONAL LANDFILL**

**STATE OF NEW MEXICO**  
City of Alamogordo  
Statement of Net Position  
Otero - Greentree Regional Landfill  
June 30, 2017

**Assets**

Current assets	
Cash and cash equivalents	\$ 120,816
Investments	3,690,591
Receivables	
Taxes receivables	4,150
Other receivable, net	49,179
<i>Total current assets</i>	<u>3,864,736</u>
Noncurrent assets	
Restricted investments	789,642
Capital assets	6,643,240
Less: accumulated depreciation	<u>(2,888,221)</u>
<i>Total noncurrent assets</i>	<u>4,544,661</u>
<i>Total assets</i>	<u>8,409,397</u>
<b>Deferred outflows of resources</b>	
Employer contributions subsequent to the measurement date	16,478
Changes in assumptions	22,702
Changes in proportion	533
Net difference between projected and actual investment earnings	62,036
Difference between expected and actual experience	<u>20,643</u>
<i>Total deferred outflows of resources</i>	<u>122,392</u>
<i>Total assets and deferred outflows of resources</i>	<u><u>\$ 8,531,789</u></u>

See independent auditors' report.

**Liabilities**

Current liabilities	
Accounts payable	\$ 26,576
Accrued payroll	12,336
Accrued compensated absences	17,107
Unearned revenue	845
	<hr/>
<i>Total current liabilities</i>	56,864
	<hr/>
Noncurrent liabilities	
Accrued landfill closure costs	1,139,092
Net pension liability	346,207
	<hr/>
<i>Total noncurrent liabilities</i>	1,485,299
	<hr/>
<i>Total liabilities</i>	1,542,163
	<hr/>
<b>Deferred inflows of resources</b>	
Changes in assumptions	1,753
Changes in proportion	14,843
Difference between expected and actual experience	1,648
	<hr/>
<i>Total deferred inflows of resources</i>	18,244
	<hr/>
<b>Net position</b>	
Net investment in capital assets	3,755,019
Unrestricted	3,216,363
	<hr/>
<i>Total net position</i>	6,971,382
	<hr/>
<i>Total liabilities, deferred inflows of resources, and net position</i>	\$ 8,531,789
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See independent auditors' report.

**STATE OF NEW MEXICO**  
City of Alamogordo  
Statement of Revenues, Expenses, and Changes in Net Position  
Otero - Greentree Regional Landfill  
For the Year Ended June 30, 2017

Statement D-2

<i>Operating revenues</i>	
Charges for service	\$ 1,759,391
<i>Total operating revenues</i>	<u>1,759,391</u>
 <i>Operating expenses</i>	
Personnel expenses	378,497
Contractual services	112,968
Supplies expense	166,642
Repairs and maintenance	115,767
Utilities	11,063
Depreciation expense	329,116
Miscellaneous expense	12,736
<i>Total operating expenses</i>	<u>1,126,789</u>
 <i>Operating income (loss)</i>	 <u>632,602</u>
 <i>Non-operating revenues (expenses)</i>	
Investment income	36,316
Effect of change in accounting estimate (Note 15)	(349,450)
Miscellaneous income	36,172
Gain on disposition of asset	9,887
<i>Total non-operating revenues (expenses)</i>	<u>(267,075)</u>
 <i>Income (loss) before contributions and transfers</i>	 <u>365,527</u>
Transfers (out)	<u>(1,720)</u>
 <i>Change in net position</i>	 363,807
 <i>Net position - beginning</i>	 <u>6,607,575</u>
 <i>Net position - end of year</i>	 <u><u>\$ 6,971,382</u></u>

See independent auditors' report.

**STATE OF NEW MEXICO**  
City of Alamogordo  
Statement of Cash Flows  
Otero - Greentree Regional Landfill  
For the Year Ended June 30, 2017

Statement D-3

<i>Cash flows from operating activities</i>	
Cash received from user charges	\$ 1,720,273
Cash payments to employees for services	(346,474)
Cash payments to suppliers for goods and services	(433,366)
<i>Net cash provided (used) by operating activities</i>	940,433
 <i>Cash flows from noncapital financing activities</i>	
Government contributions	739
Miscellaneous income	51,717
Transfers	(1,720)
<i>Net cash provided (used) by noncapital financing activities</i>	50,736
 <i>Cash flows from investing activities</i>	
Sale (Purchase) of investements	22,644
Interest on investments	36,316
<i>Net cash provided (used) by investing activities</i>	58,960
 <i>Cash flows from capital and related financing activities</i>	
Acquisition of capital assets	(974,513)
<i>Net cash provided (used) by capital and related financing activities</i>	(974,513)
 <i>Net (decrease) increase in cash and cash equivalents</i>	 75,616
 <i>Cash and cash equivalents - beginning of year</i>	 45,200
 <i>Cash and cash equivalents - end of year</i>	 \$ 120,816
 <i>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</i>	
Operating income (loss)	\$ 632,602
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	329,116
Noncash pension expense	25,352
Changes in assets, deferred outflows and liabilities:	
Receivables	(39,118)
Accounts payable	(14,190)
Accrued payroll expenses	2,979
Accrued compensated absences	3,440
Contributions subsequent to measurement date	252
 <i>Net cash provided (used) by operating activities</i>	 \$ 940,433

See independent auditors' report.

**STATE OF NEW MEXICO**  
City of Alamogordo  
Statement of Revenues, Expenses, and Changes in Net Position  
Budget (Non-GAAP Budgetary Basis) and Actual  
Otero - Greentree Regional Landfill  
For the Year Ended June 30, 2017

Statement D-4

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variances</b>
	<b>Original</b>	<b>Final</b>		<b>Favorable (Unfavorable) Final to Actual</b>
<i>Operating revenues</i>				
Charges for services	\$ 954,360	\$ 1,754,047	\$ 1,759,391	\$ 5,344
<i>Total operating revenues</i>	954,360	1,754,047	1,759,391	5,344
<i>Operating expenses</i>				
Personnel expenses	305,743	341,513	352,893	(11,380)
Contractual services	130,026	198,309	112,968	85,341
Supplies expense	314,292	275,926	232,681	43,245
Repairs and maintenance	108,213	214,864	115,767	99,097
Utilities	14,758	14,758	11,063	3,695
Equipment	232,493	2,069,441	948,966	1,120,475
Miscellaneous expense	6,525	14,525	12,736	1,789
<i>Total operating expenses</i>	1,112,050	3,129,336	1,787,074	1,342,262
<i>Operating income (loss)</i>	(157,690)	(1,375,289)	(27,683)	1,347,606
<i>Non-operating revenues (expenses)</i>				
Investment income	45,114	50,369	36,316	(14,053)
Miscellaneous income	2,500	2,500	36,172	33,672
Gain (loss) on disposition of asset	3,000	6,500	9,887	3,387
<i>Total non-operating revenues (expenses)</i>	50,614	59,369	82,375	23,006
<i>Income (loss) before contributions and transfers</i>	(107,076)	(1,315,920)	54,692	1,370,612
Transfers (out)	(1,720)	(1,720)	(1,720)	-
<i>Change in net position</i>	(108,796)	(1,317,640)	52,972	1,370,612
Designated cash	108,796	1,317,640	-	1,317,640
<i>Net position - beginning</i>	-	-	4,548,077	4,548,077
<i>Net position - end of year</i>	\$ -	\$ -	\$ 4,601,049	\$ 4,601,049
Change in net position (non-GAAP budgetary basis)				\$ 52,972
No adjustments to revenues				-
Adjustments to expenses for salaries and general operating expenses				310,835
<i>Change in net position (GAAP)</i>				\$ 363,807

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

## **SUPPORTING SCHEDULES**

**STATE OF NEW MEXICO**  
City of Alamogordo  
Schedule of Deposit and Investment Accounts  
June 30, 2017

<b>Bank Account Type/Name</b>	<b>Bank '34</b>	<b>Bank of the West</b>	<b>First American Bank</b>	<b>First National Bank</b>	<b>First Savings Bank</b>
General Operating Account - Checking	\$ -	\$ -	\$ -	\$ 3,334,589	\$ -
Home Ownership Operating - Interest Bearing	-	-	-	632,374	-
Home Ownership Reserve - Interest Bearing	-	-	-	20,504	-
Low Rent Operating - Interest Bearing	-	-	-	835,414	-
Security Deposit - Interest Bearing	-	-	-	46,058	-
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	260,454	1,304,366	-	1,306,906
Money Market Investment - Interest Bearing	-	-	-	-	-
State of NM Bonds - Interest Bearing	-	-	-	-	-
Federal Home Loan Bank Bonds - Interest Bearing	-	-	-	-	-
State Investment Council	-	-	-	-	-
NMFA Reserve Account***	-	-	-	-	-
<i>Total</i>	250,000	260,454	1,304,366	4,868,939	1,306,906
Reconciling items	-	-	-	(69,582)	-
<i>Reconciled balance</i>	<u>\$ 250,000</u>	<u>\$ 260,454</u>	<u>\$ 1,304,366</u>	<u>\$ 4,799,357</u>	<u>\$ 1,306,906</u>

\*\* 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	Western Bank	State Treasurer LGIP	Bank of NY Mellon	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,334,589
-	-	-	-	-	-	-	632,374
-	-	-	-	-	-	-	20,504
-	-	-	-	-	-	-	835,414
-	-	-	-	-	-	-	46,058
-	-	-	207,477	-	-	-	207,477
-	-	-	6,143,120	-	-	-	6,143,120
-	-	-	2,000,000	-	-	-	2,000,000
11,659,540	-	-	-	-	-	-	11,659,540
-	261,160	1,320,904	-	1,844,487	-	-	6,548,277
700,485	-	-	377,185	-	-	-	1,077,670
601,056	-	-	-	-	-	-	601,056
41,754,079	-	-	-	-	-	-	41,754,079
-	-	-	-	-	4,612,732	-	4,612,732
-	-	-	-	-	-	4,984,852	4,984,852
54,715,160	261,160	1,320,904	8,727,782	1,844,487	4,612,732	4,984,852	84,457,742
-	-	-	263	-	-	-	(69,319)
<u>\$ 54,715,160</u>	<u>\$ 261,160</u>	<u>\$ 1,320,904</u>	<u>\$ 8,728,045</u>	<u>\$ 1,844,487</u>	<u>\$ 4,612,732</u>	<u>\$ 4,984,852</u>	84,388,423
Plus: petty cash							6,905
Less: restricted cash and cash equivalents per Exhibit A-1							(264,677)
Less: agency funds cash and cash equivalents per Exhibit E-1							(2,031,775)
Less: investments per Exhibit A-1							(59,880,547)
Less: restricted investments per Exhibit A-1							(6,500,241)
Less: component unit cash and cash equivalents per Exhibit A-1							(120,816)
Less: component unit investments per Exhibit A-1							(3,690,591)
Less: component unit restricted investments per Exhibit A-1							(789,642)
<i>Cash and cash equivalents per Exhibit A-1</i>							<u>\$ 11,117,039</u>

See independent auditors' report.

**STATE OF NEW MEXICO**  
City of Alamogordo  
Schedule of Collateral Pledged by Depository For Public Funds  
June 30, 2017

<u>Name of Depository</u>	<u>Description of Pledged Collateral</u>	<u>Maturity</u>	<u>CUSIP Number</u>	<u>Fair Market Value June 30, 2017</u>
<b>Bank of the West</b>				
	GNMA2 ARM Multiple 2.500%	1/20/2043	36179MYH7	\$ 24,269
<b>Total Bank of the West</b>				<u>24,269</u>
Name and location of safekeeper for above pledged collateral: Wells Fargo Bank, Minneapolis, MN				
<b>First American Bank</b>				
	FNMA 10YR 4.00%	10/1/2020	31417YS24	152,116
	TULAROSA SD 4 NM 22 3.250%	10/15/2022	899172JS0	84,385
	W LAS VEGAS SD #1 NM 27 2.250%	8/15/2027	9537969LC8	203,430
	GNMA II 5x1 3.000%	1/20/2042	36225FLB3	<u>342,477</u>
<b>Total First American Bank</b>				<u>782,408</u>
Name and location of safekeeper for above pledged collateral: Federal Home Loan Bank, 8500 Freeport Parkway South, Irving, TX 75063				
<b>First National Bank (City Accounts)</b>				
	FNMA Pool #MA0979, 3.00%	2/1/2022	31418ACR7	219,400
	FNMA Pool #890306, 4.00%	4/1/2026	31410LDK5	363,021
	FNMA Pool #MA1059, 3.50%	5/1/2032	31418AE95	952,215
	FNMA Pool #MA2643, 3.00%	5/1/2036	31418B5D4	1,380,077
	FNMA Pool #256724, 5.00%	5/1/2037	31371ND51	60,623
	FNMA Pool #888737, 5.50%	10/1/2037	31410GLS0	68,432
	FNMA Pool #981747, 5.104%	8/1/2038	31415BEU9	179,376
	FNMA Pool #AL0128, 3.534%	4/1/2041	3138EGEA8	<u>788,704</u>
<b>Total First National Bank</b>				<u>4,011,848</u>
Name and location of safekeeper for above pledged collateral: Federal Home Loan Bank, 8500 Freeport Parkway South, Irving, TX 75063				

See independent auditors' report.

<u>Name of Depository</u>	<u>Description of Pledged Collateral</u>	<u>Maturity</u>	<u>CUSIP Number</u>	<u>Fair Market Value June 30, 2017</u>
<b>First National Bank (Housing Authority Accounts)</b>				
	FNMA Pool #890263 4.00%	11/1/2025	31410LB84	\$ 79,826
	FHLMC Pool #G18459, 2.50%	3/1/2028	3128MMQM8	838,894
	FHLMC Pool #C91247, 5.00%	4/1/2029	3128P7L43	192,280
	FNMA Pool #MA0711, 3.50%	4/1/2031	31417YYHA	166,822
<b>Total First National Bank</b>				<u>1,277,822</u>

Name and location of safekeeper for above pledged collateral:  
Federal Home Loan Bank, 8500 Freepport Parkway South, Irving, TX 75063

<b>First Savings Bank</b>				
	FHLMC 10YR, 2.50%	3/1/2023	31307BJW1	290,182
	GNMA 15YR, 3.00%	3/15/2027	36176XE21	18,209
	FNR 2012-145 DC, 1.50%	1/25/2028	3136AA2L8	46,155
	FHLMC 15Y, 2.50%	6/1/2028	31307DB62	140,372
	FHLMC 15YR, 2.50%	1/1/2030	3128ME4V0	189,510
<b>Total First Savings Bank</b>				<u>684,428</u>

Name and location of safekeeper for above pledged collateral:

Federal Reserve Bank, Pierre, SD

<b>Pioneer Bank</b>				
	FNMA AJ1622, 3.000%	10/1/2026	313BASYU0	40,032
<b>Total Pioneer Bank</b>				<u>40,032</u>

Name and location of safekeeper for above pledged collateral:

Federal Home Loan Bank, Dallas, Texas

<b>Washington Federal Bank</b>				
	FNMA PL #BC2636 3.000%	11/1/2046	3140RW4W2	1,332,114
<b>Total Washington Federal Bank</b>				<u>1,332,114</u>

Name and location of safekeeper for above pledged collateral:

Washington Federal Bank, Seattle, WA

See independent auditors' report.

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**STATE OF NEW MEXICO**  
City of Alamogordo  
Schedule of Collateral Pledged by Depository For Public Funds  
June 30, 2017

<u>Name of Depository</u>	<u>Description of Pledged Collateral</u>	<u>Maturity</u>	<u>CUSIP Number</u>	<u>Fair Market Value June 30, 2017</u>
<b>Wells Fargo Bank (Checking Account Collateral)</b>				
	FNMA FNMS 3.00%	11/1/2042	3138MFHC4	\$ 8,634,273
<b>Total Wells Fargo Bank (Checking Account Collateral)</b>				<u>8,634,273</u>
Name and location of safekeeper for above pledged collateral:				
Bank of New York Mellon, NY				
<b>Western Bank</b>				
	GNMA	5/20/2039	36202E5E5	427,752
	SBAP	2/1/2032	83162CUP6	394,507
	FHLMC	1/1/2029	3128MD5C3	343,005
	SBAP	3/1/2034	83162CWD1	460,960
	SBAP	9/1/2035	83162CXG3	<u>467,007</u>
<b>Total Western Bank</b>				<u>2,093,231</u>
Name and location of safekeeper for above pledged collateral:				
Federal Home Loan Bank, 8500 Freeport Parkway South, Irving, TX 75063				
<b>Total Pledged Collateral</b>				<u>\$ 18,880,425</u>

See independent auditors' report.

**STATE OF NEW MEXICO**  
City of Alamogordo  
Schedule of Changes in Fiduciary Assets and Liabilities - Agency Funds  
For the Year Ended June 30, 2017

Schedule V

	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2017</u>
<i>Assets</i>				
Cash	\$ 9,591	\$ 2,074,374	\$ 52,190	\$ 2,031,775
Total assets	<u>\$ 9,591</u>	<u>\$ 2,074,374</u>	<u>\$ 52,190</u>	<u>\$ 2,031,775</u>
<i>Liabilities</i>				
Due to others	\$ 9,591	2,074,374	52,190	\$ 2,031,775
Total liabilities	<u>\$ 9,591</u>	<u>\$ 2,074,374</u>	<u>\$ 52,190</u>	<u>\$ 2,031,775</u>

See independent auditors' report.

**STATE OF NEW MEXICO**  
Housing Authority of the City of Alamogordo  
Financial Data Schedule  
June 30, 2017

Schedule VI  
Page 1 of 5

Line Item Number	Description	<b>Low Rent Public Housing Program NM004000001</b>		<b>Total</b>
		<b>14.850</b>	<b>2. State/Local</b>	
111	Cash - Unrestricted	\$ 930,052	\$ 743,306	\$ 1,673,358
113	Cash - Other Restricted	-	20,504	20,504
114	Cash - Tenant Security Deposits	46,058	-	46,058
100	Total Cash	<u>976,110</u>	<u>763,810</u>	<u>1,739,920</u>
125	Accounts Receivable - Miscellaneous	-	-	-
	Accounts Receivable - Tenants -			
126	Dwelling Rents	4,706	-	4,706
	Allowance for Doubtful Accounts -			
126.1	Dwelling Rents	<u>(2,717)</u>	-	<u>(2,717)</u>
120	Total Receivables, Net of Allowance for Doubtful Accounts	<u>1,989</u>	-	<u>1,989</u>
131	Investments - Unrestricted	-	-	-
130	Total Investments	-	-	-
142	Prepaid Expenses and Other Assets	20,697	-	20,697
143	Inventories	7,918	-	7,918
143.1	Allowance for Obsolete Inventories	(792)	-	(792)
144	Inter Program Due From	-	-	-
145	Assets Held for Sale	-	88,338	88,338
150	Total Current Assets	<u>1,005,922</u>	<u>852,148</u>	<u>1,858,070</u>
161	Land	1,324,708	-	1,324,708
162	Buildings	13,615,956	-	13,615,956
	Furniture, Equipment & Machinery -			
163	Dwellings	-	-	-
	Furniture, Equipment & Machinery -			
164	Administration	288,800	3,735	292,535
165	Leasehold Improvements	-	-	-
166	Accumulated Depreciation	(10,729,254)	(3,735)	(10,732,989)
167	Construction in progress	-	-	-
168	Infrastructure	-	-	-
160	Total Capital Assets, Net of Accumulated Depreciation	<u>4,500,210</u>	-	<u>4,500,210</u>
180	Total Non-Current Assets	<u>4,500,210</u>	-	<u>4,500,210</u>
190	Total Assets	<u>5,506,132</u>	<u>852,148</u>	<u>6,358,280</u>
200	Deferred Outflows of Resources	<u>283,941</u>	<u>6,339</u>	<u>290,280</u>
290	Total Assets and Deferred Outflows of Resources	<u>\$ 5,790,073</u>	<u>\$ 858,487</u>	<u>\$ 6,648,560</u>

See independent auditors' report.

**STATE OF NEW MEXICO**  
Housing Authority of the City of Alamogordo  
Financial Data Schedule  
June 30, 2017

<b>Line Item Number</b>	<b>Description</b>	<b>Low Rent Public Housing Program NM004000001 14.850</b>	<b>2. State/Local</b>	<b>Total</b>
312	Accounts Payable <= 90 Days	\$ 3,758	\$ 69	\$ 3,827
321	Accrued Wage/Payroll Taxes Payable	19,662	600	20,262
	Accrued Compensated Absences -			
322	Current Portion	23,374	1,279	24,653
341	Tenant Security Deposits	46,097	66	46,163
342	Deferred Revenues	8,689	-	8,689
346	Accrued Liabilities - Other	-	-	-
347	Inter Program Due To	-	-	-
		<hr/>	<hr/>	<hr/>
310	Total Current Liabilities	107,441	2,279	109,720
		<hr/>	<hr/>	<hr/>
353	Non-current Liabilities - Other	-	-	-
	Accrued Compensated Absences - Non-			
354	Current	-	-	-
357	Accrued Pension and OPEB Liabilities	600,381	16,068	616,449
		<hr/>	<hr/>	<hr/>
350	Total Non-Current Liabilities	600,381	16,068	616,449
		<hr/>	<hr/>	<hr/>
300	Total Liabilities	707,822	18,347	726,169
		<hr/>	<hr/>	<hr/>
400	Deferred Inflows of Resources	40,258	1,166	41,424
		<hr/>	<hr/>	<hr/>
508.1	Net investment in capital assets	4,500,210	-	4,500,210
512.1	Unrestricted Net Position	541,783	838,974	1,380,757
		<hr/>	<hr/>	<hr/>
513	Total Equity/Net Position	5,041,993	838,974	5,880,967
		<hr/>	<hr/>	<hr/>
600	Total Liabilities, Deferred Inflows of Resources, and Equity/Net Position	<u>\$ 5,790,073</u>	<u>\$ 858,487</u>	<u>\$ 6,648,560</u>

See independent auditors' report.

**STATE OF NEW MEXICO**  
Housing Authority of the City of Alamogordo  
Financial Data Schedule  
June 30, 2017

Schedule VI  
Pages 3 of 5

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	\$ 251,417	\$ -	\$ -	\$ 251,417
70400	Tenant Revenue - Other	4,452	108,851	-	113,303
70500	Total Tenant Revenue	255,869	108,851	-	364,720
70600	HUD PHA Operating Grants	602,514	-	-	602,514
70610	Capital Grants	-	-	746,681	746,681
70800	Other Governmental Grants	-	-	-	-
71100	Investment Income - Unrestricted Proceeds from Disposition of Assets	1,215	917	-	2,132
71300	Held for Sale	-	-	-	-
71310	Cost of Sale of Assets	-	-	-	-
71400	Fraud Recovery	-	-	-	-
71500	Other Revenue	3,850	20,481	-	24,331
70000	Total Revenue	863,448	130,249	746,681	1,740,378
91100	Administrative Salaries	189,407	10,315	-	199,722
91200	Auditing Fees	12,350	805	-	13,155
91310	Book-keeping Fee	-	-	-	-
91400	Advertising and Marketing	700	-	-	700
91500	Employee Benefit Contributions - Administrative	47,629	2,950	-	50,579
91600	Office Expenses	14,496	292	-	14,788
91700	Legal Expense	-	-	-	-
91800	Travel	4,581	-	-	4,581
91900	Other Operating - Administrative	89,141	10,271	-	99,412
91000	Total Operating - Administrative	358,304	24,633	-	382,937
92100	Tenant Services - Salaries	-	-	-	-
92300	Employee Benefit Contributions - Tenant Services	-	-	-	-
92500	Total Tenant Services	-	-	-	-
93100	Water	5,373	141	-	5,514
93200	Electricity	12,292	27	-	12,319
93300	Gas	2,049	13	-	2,062
93400	Fuel	465	-	-	465
93600	Sewer	3,461	144	-	3,605
93800	Other Utilities Expense	45,086	113	-	45,199
93000	Total Utilities	68,726	438	-	69,164

See independent auditors' report.

**STATE OF NEW MEXICO**  
Housing Authority of the City of Alamogordo  
Financial Data Schedule  
June 30, 2017

Schedule VI  
Pages 4 of 5

Line Item Number	Description	Low Rent Public Housing Program NM004000001		Capital Fund Program	Total
		14.850	2. State/Local	14.872	
94100	Ordinary Maintenance & Operation -	\$ 131,020	\$ -	\$ -	\$ 131,020
94200	Ordinary Maintenance & Operation - Materials & Other	81,267	472	-	81,739
94300	Ordinary Maintenance & Operation	56,319	-	-	56,319
94500	Employee Benefit Contributions - Ordinary Maintenance	76,807	-	-	76,807
94000	Total Maintenance	<u>345,413</u>	<u>472</u>	<u>-</u>	<u>345,885</u>
96110	Property Insurance	33,343	-	-	33,343
96120	Liability Insurance	9,627	1,504	-	11,131
96130	Workmen's Compensation	22,442	496	-	22,938
96140	All Other Insurance	45,280	45	-	45,325
96100	Total Insurance Premiums	<u>110,692</u>	<u>2,045</u>	<u>-</u>	<u>112,737</u>
96210	Compensated Absences	33,349	1,309	-	34,658
96400	Bad Debt - Tenant Rents	3,964	-	-	3,964
96000	Total Other General	<u>37,313</u>	<u>241,357</u>	<u>-</u>	<u>278,670</u>
96900	Total Operating Expenses	<u>920,448</u>	<u>268,945</u>	<u>-</u>	<u>1,189,393</u>
97000	Excess Operating Revenue Over Operating Expenses	<u>(57,000)</u>	<u>(138,696)</u>	<u>746,681</u>	<u>550,985</u>
97400	Depreciation Expense	<u>386,488</u>	<u>-</u>	<u>-</u>	<u>386,488</u>
90000	Total Expenses	<u>\$ 1,306,936</u>	<u>\$ 268,945</u>	<u>\$ -</u>	<u>\$ 1,575,881</u>
10010	Operating Transfers In	\$ 72,530	\$ -	\$ -	\$ 72,530
10020	Operating Transfers Out	<u>-</u>	<u>(72,530)</u>	<u>-</u>	<u>(72,530)</u>
10100	Total Other Financing Sources (Uses)	<u>72,530</u>	<u>(72,530)</u>	<u>-</u>	<u>-</u>
10000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	<u>(370,958)</u>	<u>(211,226)</u>	<u>746,681</u>	<u>164,497</u>

See independent auditors' report.

**STATE OF NEW MEXICO**  
Housing Authority of the City of Alamogordo  
Financial Data Schedule  
June 30, 2017

Schedule VI  
Pages 5 of 5

<b>Line Item Number</b>	<b>Description</b>	<b>Low Rent Public Housing Program NM004000001 14.850</b>	<b>2. State/Local</b>	<b>Capital Fund Program 14.872</b>	<b>Total</b>
11030	Beginning Equity	\$ 4,666,270	\$ 1,050,200	\$ -	\$ 5,716,470
11040-20	Equity Transfers	746,681	-	(746,681)	-
	Ending Equity (deficit)	<u>\$ 5,041,993</u>	<u>\$ 838,974</u>	<u>\$ -</u>	<u>\$ 5,880,967</u>
11190	Unit Months Available	<u>\$ 2,616</u>	<u>\$ 12</u>	<u>\$ -</u>	<u>\$ 2,628</u>
11210	Number of Unit Months Leased	<u>\$ 2,484</u>	<u>\$ 12</u>	<u>\$ -</u>	<u>\$ 2,496</u>
11270	Excess Cash	<u>\$ 833,577</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 833,577</u>
11620	Building Purchases	<u>\$ 14,481</u>	<u>\$ -</u>	<u>\$ 746,681</u>	<u>\$ 761,162</u>

See independent auditors' report.

**STATE OF NEW MEXICO**  
City of Alamogordo  
Schedule of Joint Powers Agreements  
For the Year Ended June 30, 2017

<b>Joint Power Agreement</b>	<b>Participants</b>	<b>Responsible Party</b>	<b>Description</b>
1 Dispatch Services (C-1)	City of Alamogordo Otero County Village of Tularosa	Otero County City of Alamogordo	Utilization of ambulance services as required with dispatch services.
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.
6 Ambulance Services & Medical Response (A-1)	City of Alamogordo Otero County Village of Tularosa Village of Cloudcroft	City of Alamogordo Otero County Village of Tularosa Village of Cloudcroft	Participation in a combined ambulance operation to provide efficient & emergency medical services.
7 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.
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.

See independent auditors' report.

<b>Beginning and Ending Dates</b>	<b>Total Estimated Project Amount and Amount Applicable to Party</b>	<b>Amount contributed By City During Current Fiscal Year</b>	<b>Audit Responsibility</b>	<b>Fiscal Agent and Responsible Reporting Entity</b>
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
7/1/2009- 6/30/2017	\$ 180,433.04	\$ 118,644.87	City of Alamogordo Otero County Village of Tularosa Village of Cloudcroft	City of Alamogordo Otero County Village of Tularosa Village of Cloudcroft
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
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

See independent auditors' report.

**STATE OF NEW MEXICO**  
City of Alamogordo  
Schedule of Joint Powers Agreements  
For the Year Ended June 30, 2017

<b>Joint Power Agreement</b>	<b>Participants</b>	<b>Responsible Party</b>	<b>Description</b>
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.

<b>Beginning and Ending Dates</b>	<b>Total Estimated Project Amount and Amount Applicable to Party</b>	<b>Amount contributed By City During Current Fiscal Year</b>	<b>Audit Responsibility</b>	<b>Fiscal Agent and Responsible Reporting Entity</b>
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
5/26/2016-12/31/2017	Lump sum of \$8,000 for Landfill and lump sum of \$4,500 for the Greenhouse Gas Service.		City of Alamogordo	City of Alamogordo
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.

**STATE OF NEW MEXICO**  
City of Alamogordo  
Schedule of Revenue and Expenses - Aging Programs  
For the Year Ended June 30, 2017

	<b>Congregate Meals (8023)</b>	<b>Home Delivered Meals (8024)</b>	<b>Transportation (8025)</b>
<b>Revenues and Other Support</b>			
Contributions	\$ 64,214	\$ 33,152	\$ 4,707
Governmental grants and contracts			
NCNMEDD - Non Metro AAA			
Title IIIB	-	-	38,820
Title IIIC-1	55,428	-	-
Title IIIC-2	-	17,990	-
NSIP	35,186	35,187	-
State funds - program	77,442	93,043	28,888
State funds - capital outlay	-	-	-
Other grants and contracts			
Otero County	-	30,050	24,502
United Way	-	8,993	4,986
Local match (transfer from City)	132,826	131,993	65,912
Program service revenue	-	-	-
Miscellaneous	-	-	-
Total revenue and other support	<u>365,096</u>	<u>350,408</u>	<u>167,815</u>
<b>Expenses</b>			
Program services	84,499	90,044	19,993
Supporting services	235,423	227,870	138,761
Total expenses	<u>319,922</u>	<u>317,914</u>	<u>158,754</u>
Excess (deficiency) of revenue over expenses	<u>\$ 45,174</u>	<u>\$ 32,494</u>	<u>\$ 9,061</u>
Units Provided	<u>39,532</u>	<u>38,216</u>	<u>13,210</u>

See independent auditors' report.

<b>Homemaker (8026)</b>	<b>Total</b>	<b>Physical Fitness/Other</b>	<b>Total</b>
\$ 3,179	\$ 105,252	\$ 3,391	\$ 108,643
-	38,820	-	38,820
-	55,428	-	55,428
-	17,990	-	17,990
-	70,373	-	70,373
1,564	200,937	14,740	215,677
-	-	-	-
-	54,552	-	54,552
-	13,979	-	13,979
12,378	343,109	4,587	347,696
-	-	-	-
-	-	-	-
<u>17,121</u>	<u>900,440</u>	<u>22,718</u>	<u>923,158</u>
1,328	195,864	455	196,319
28,485	630,539	10,593	641,132
<u>29,813</u>	<u>826,403</u>	<u>11,048</u>	<u>837,451</u>
<u>\$ (12,692)</u>	<u>\$ 74,037</u>	<u>\$ 11,670</u>	<u>\$ 85,707</u>
<u>775</u>	<u>91,733</u>	<u>9,976</u>	<u>193,442</u>

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**

Wayne A. Johnson  
New Mexico State Auditor  
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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 13, 2017.

**Internal Control Over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free of 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*.

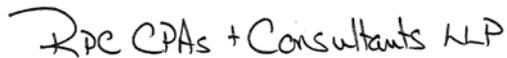
We noted certain matters that are required to be reported per section 12-6-5 NMSA 1978 that we have described in the accompanying schedule of Section 12-6-5 NMSA 1978 Findings as items NM 2017-001 and NM 2017-002.

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



RPC CPAs + Consultants, LLP  
Albuquerque, New Mexico  
December 13, 2017

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**FEDERAL FINANCIAL ASSISTANCE**



**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**

Wayne A. Johnson  
New Mexico State Auditor  
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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 13, 2017.

**Internal Control Over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free of 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*.

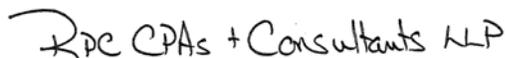
We noted certain matters that are required to be reported per section 12-6-5 NMSA 1978 that we have described in the accompanying schedule of Section 12-6-5 NMSA 1978 Findings as items NM 2017-001 and NM 2017-002.

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



RPC CPAs + Consultants, LLP  
Albuquerque, New Mexico  
December 13, 2017

**STATE OF NEW MEXICO**  
City of Alamogordo  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2017

Schedule IX  
Page 1 of 2

Funding Source/Grant or Contact Name	CFDA Number	Federal Grant Number	Federal Expenditures	Funds Provided to Subrecipients	Noncash Assistance
<b>U.S. Department of Agriculture</b>					
Collaborative Forest Restoration	10.679	GC1501	\$ 177,475	\$ -	-
<b>U.S. Department of Commerce</b>					
Economic Adjustment Assistance	11.307	EDA 08-79-051074	75,868	-	-
<b>U.S. Department of Housing and Urban Development</b>					
Community Development Block Grant	14.228	14-C-NR-I-03-G-15 *	766,041	-	-
Public and Indian Housing	14.850	NM004-00000114/5D	602,514	-	-
Public Housing Capital Fund	14.872	NM02P04501-14	191,624	-	-
Public Housing Capital Fund	14.872	NM02P04501-15	271,108	-	-
Public Housing Capital Fund	14.872	NM02P04501-16	283,948	-	-
<b>U.S. Department of Justice Bureau of Justice Assistance</b>					
Bulletproof Vest Partnership Program	16.607	PSBV06	1,139	-	-
Bulletproof Vest Partnership Program	16.607	PSBV16	3,718	-	-
<b>U.S. Department of Transportation</b>					
Airport Improvement Program	20.106	3-35-0001-022-2014	522,800	-	-
<b>Passed through the New Mexico Department of Transportation</b>					
Minimum Penalties for Repeat Offenders for Driving Intoxicated: ENDDWI	20.608	17-AL-64-001	2,587	-	-
<b>U.S. Department of Health and Human Services Passed through the North Central New Mexico Economic District Non- Metro Area Agency</b>					
Aging Cluster - Part B - Supportive Services & Senior Centers	93.044	2016-17-64012 (1)	38,820	-	-
Aging Cluster - Part C-I - Nutrition Services	93.045	2016-17-64012 (1)	55,428	-	-
Aging Cluster - Part C-II - Nutrition Services Home Delivered	93.045	2016-17-64012 (1)	20,477	-	-
Aging Cluster - Nutrition Services Incentive Program (NSIP)	93.053	2016-17-64012 (1)	70,373	-	-

(1) Denotes Cluster

\* Denotes Major Program

See independent auditors' report.

See accompanying notes to schedule of expenditures of federal awards.

**STATE OF NEW MEXICO**  
 City of Alamogordo  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended June 30, 2017

Funding Source/Grant or Contact Name	CFDA Number	Federal Grant Number	Federal Expenditures	Funds Provided to Subrecipients	Noncash Assistance
<b>Corporation for National Community Service Passed through the New Mexico Aging &amp; Long Term Services Department</b>					
Retired and Senior Volunteer	94.002	17SRWNM002	\$ 46,414	\$ -	\$ -
<b>U.S. Department of Homeland Security Passed through the New Mexico Department of Homeland Security and Emergency Management</b>					
Disaster Grants - Public Assistance	97.036	FEMA-4197-DR-NM	322,687		
Disaster Grants - Public Assistance	97.036	FEMA-4079-DR-NM	556,278		
Hazard Mitigation Plan	97.039	FEMA-4199-DR-NM	4,304	-	-
Assistance to Firefighters Grant	97.044	2015	69,000	-	-
<b>Total Federal Financial Assistance</b>			<b>\$ 4,082,603</b>	<b>\$ -</b>	<b>\$ -</b>

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

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*

Federally Funded Loans

The City has no federally funded loans or loan guarantee programs as of June 30, 2017.

10% de minimis Indirect Cost Rate

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

Federally Funded Insurance

The City has no federally funded insurance.

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

<i>Total federal awards expended per Schedule of Expenditures of Federal Awards</i>	\$ 4,082,603
<i>Total expenditures funded by other sources</i>	<u>49,113,088</u>
<i>Total expenditures</i>	<u><u>\$ 53,195,691</u></u>

See independent auditors' report.

**STATE OF NEW MEXICO**  
City of Alamogordo  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2017

**Section I – Summary of Auditors’ Results**

*Financial Statements:*

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

*Federal Awards:*

- |                                                                                                                       |            |
|-----------------------------------------------------------------------------------------------------------------------|------------|
| 1. Internal control over major programs:                                                                              |            |
| a. Material weaknesses identified?                                                                                    | None noted |
| b. Significant deficiencies identified not considered to be material weaknesses?                                      | None noted |
| 2. Type of auditors’ report issued on compliance for major programs                                                   | Unmodified |
| 3. Any audit findings disclosed that are required to be reported in accordance with section 2 CFR section 200.516(a)? | None noted |
| 4. Identification of major programs:                                                                                  |            |

CFDA Number	Federal Program
14.228	Community Development Block Grant
97.036	Disaster Grants – Public Assistance

- |                                                                             |           |
|-----------------------------------------------------------------------------|-----------|
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| 6. Auditee qualified as low-risk auditee?                                   | Yes       |

**Section II – Prior Year Audit Findings**

None Noted

**Section III – Financial Statement Findings**

None Noted

**Section IV – Federal Award Findings**

None Noted

**Section V –Section 12-65-8 NMSA Findings**

**NM 2017-001 – Travel and Per Diem – Other Noncompliance**

*Condition:* The City paid for lodging in excess of \$215 per night without the prior approval of the appropriate individual.

*Criteria:* Per 2.42.2.9 B (1) NMAC, “Whenever possible, public officers and employees should stay in hotels which offer government rates. Agencies, public officers or employees who incur lodging expenses in excess of \$215.00 per night must obtain the signature of the agency head or chairperson of the governing board on the travel voucher prior to requesting reimbursement and on the encumbering document at the time of encumbering the expenditure. The segregation of duties aspect of proper internal control precludes an individual from authorizing an expenditure for him/herself.

*Effect:* The City paid more than state approved rates without proper authorization.

*Cause:* The City’s policy allowed for an individual to approve their own travel request.

*Auditor’s Recommendation:* We recommend that the City’s policy be amended to require chairperson of the commission approval of expenses for lodging in excess of \$215 for all upper level management employees, and that the City Manager approve any commission travel with lodging in excess of \$215.

*Management Response:* As a Charter City, (Home Ruled), the City of Alamogordo has chosen to implement its own travel policy, as allowed by state statute. Effective November 1, 2017 the City’s new travel policy utilizes the Government Services Administration (GSA) travel and per diem rates. The GSA rates allow for variances in lodging and per diem based upon established rates for each location traveled to. The area traveled to in this instance was Washington, DC, which is a high cost area. The maximum DFA lodging rate is \$215 per night no matter if the location is a high cost area or not. By utilizing the GSA rates which fluctuate based upon location, it is unlikely there will be an issue in the future with exceeding the established per diem and lodging rates.

Additionally, City Attorney is reviewing the City’s new travel policy to determine the best way to implement controls to properly reduce the risk of self-approval of travel by the City Manager.

**Section V –Section 12-65-8 NMSA Findings (continued)**

**NM 2017-002 – Procurement – Other Noncompliance**

*Condition:* The City purchased four items totaling \$145 from an employee.

*Criteria:* Per the Alamogordo Code of Ordinances, Section 2-13-280(a)(1) “It shall be unlawful for any city employee to participate directly or indirectly in a purchase when the employee knows that: The employee or any member of the employee’s immediate family has a financial interest pertaining to the purchase”

*Effect:* The City is in violation of its own policy regarding purchases when an employee has a financial interest in the purchase.

*Cause:* The City’s policy allowed for an individual to sell property to the City.

*Auditor’s Recommendation:* We recommend that the City’s policy be enforced, and that the City emphasize the importance to employees of being familiar with City policies.

*Management Response:* Management of the City have thoroughly reviewed our purchasing policy to ensure all sections are understood, especially by those who approve of purchasing transactions. All requests for payment will be carefully reviewed by the requesting department before submission, as well as by the finance department before being entered into our system for processing and payment. Any purchasing transactions that do not comply with the City’s policy will be rejected and returned to the requesting department with an explanation as to why it is being rejected.

The Purchasing department reports directly to the Assistant City Manager, who shall be responsible for ensuring the policy is followed. This corrective action plan was implemented in December 2017.

**STATE OF NEW MEXICO**

City of Alamogordo

Other Disclosures

June 30, 2017

**Exit Conference**

An exit conference was held on December 13, 2017. In attendance were the following:

**Representing the City of Alamogordo:**

Richard Boss	Mayor
Margaret Paluch	City Manager
Bryan Cesar	Assistant City Manager
Julianne Hall	Finance Director
Stella Bracamonte	Accounting Manager

**Representing RPC CPAs + Consultants, LLP:**

Alan D. "A.J." Bowers, Jr., CPA	Audit Partner
Benjamin A. Martinez, CPA	Audit Manager

**Auditor Prepared Financial Statements**

RPC CPAs + Consultants, LLP 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.