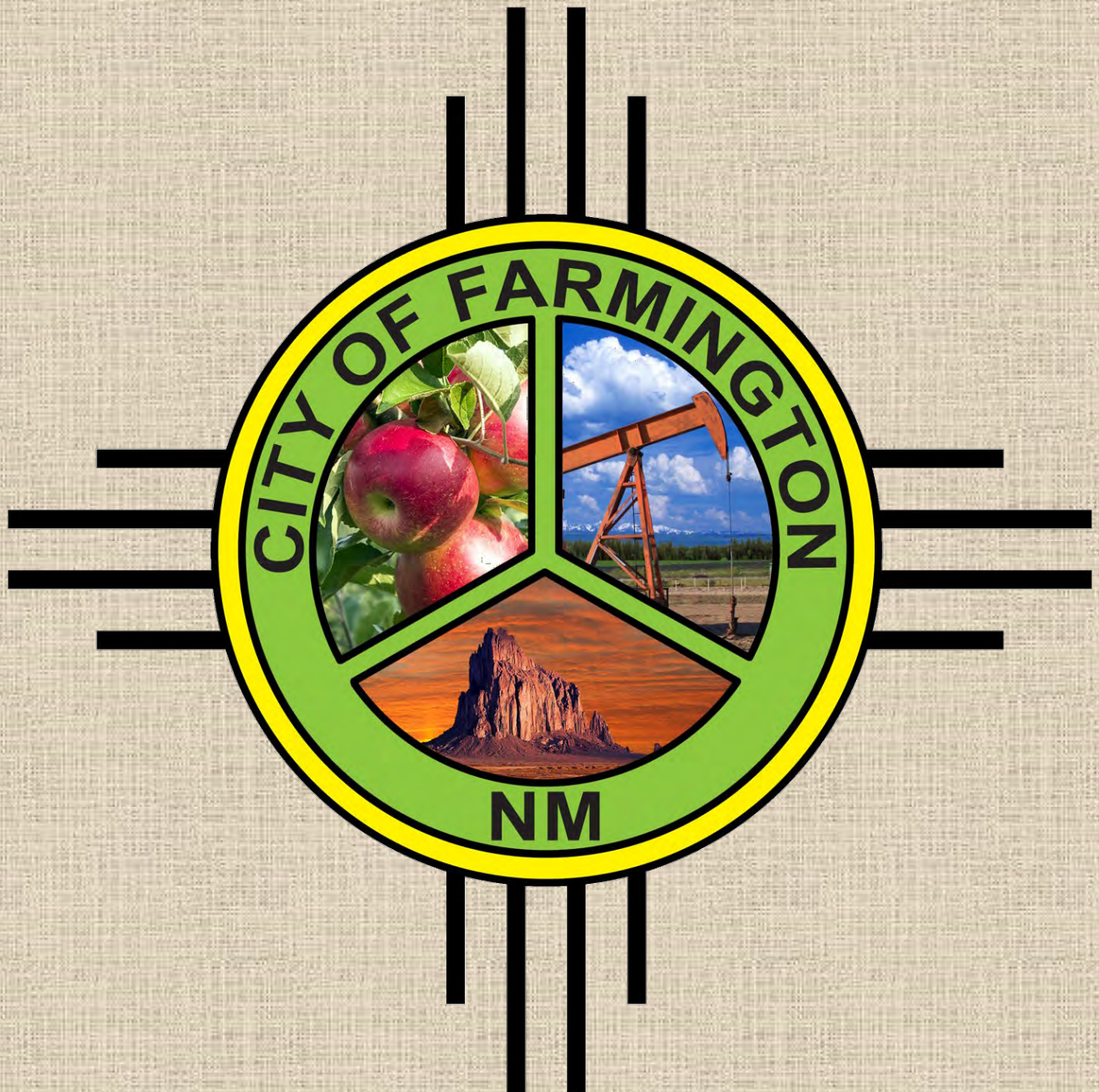


# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**



**For the Fiscal Year Ended June 30, 2015**



**CITY OF FARMINGTON  
NEW MEXICO  
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For The Year Ended June 30, 2015**

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# INTRODUCTORY SECTION





November 25, 2015

To the Honorable Mayor, City Council Members, and Citizens of the City of Farmington, New Mexico:

State law requires that all general-purpose local governments publish, within five months of the close of each fiscal year, a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Farmington for the fiscal year ended June 30, 2015.

This report consists of management's representations concerning the finances of the City of Farmington. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Farmington has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the City of Farmington's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Farmington's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Moss Adams, LLP, has audited the City of Farmington's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Farmington, for the fiscal year ended June 30, 2015, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Farmington's financial statements, for the fiscal year ended June 30, 2015, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Farmington was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. This information is presented in the Single Audit section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter

**OFFICE of the CITY MANAGER**

of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Farmington's MD&A can be found immediately following the report of the independent auditors.

## **Profile of the Government**

The City of Farmington is located in the northwest corner of the State of New Mexico in what is commonly called the Four Corners area (see map on page xiii). The City was originally incorporated in 1901 and has a current land area of 34.6 square miles and serves a population of 44,445. The government is empowered to levy a property tax on both real and personal property located within its boundaries. However, the majority of City revenue is generated by a local option and state shared Gross Receipts Tax (GRT) collected by the New Mexico Taxation and Revenue Department on most business services and sales of tangible personal property. A portion of the State's share of this tax (1.225%) plus local municipal option components are then distributed back to the municipality by the Department on a monthly basis.

As of June 30, 2015, the total in-city GRT rate was 7.375% and includes the City's local option taxes in the amount of 1.1875%. Together with the 1.225% State share, the City's tax rate amounts to 2.4125%. Another 1.125% in local option tax authority is available to the City plus another .375% referred to as "hold harmless" increments and described in more detail in the "Financial Picture" section below, but to date, none of these options have been imposed.

The City of Farmington has operated under the council/manager form of government since 1965. Policy-making and legislative authority are vested in a governing council consisting of the Mayor and four Council members. The City Council's responsibilities include adopting ordinances, adopting the budget, appointing committees, and appointing the City Manager, City Clerk, City Treasurer, and the City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the City Council, overseeing the day-to-day operations of the City, and appointing directors of the various departments. The Council is elected on a non-partisan basis. Council members serve four-year staggered terms, with two Council members elected every two years. The Mayor is elected to serve a four-year term. The four Council members are elected by district and the Mayor is elected at large.

The City of Farmington provides a full range of services including police and fire protection; the construction, operation, and maintenance of electric, water, and wastewater systems; the construction and maintenance of highways, streets, parks, and other infrastructure; and recreational activities, libraries, museums, and cultural events.

The annual budget serves as the foundation for the City of Farmington's financial planning and control. All departments of the City of Farmington are required to submit requests for appropriation to the City Manager on or before the last day in February each year. The City Manager evaluates department requests and subsequently develops a proposed budget. The City Manager presents the proposed budget to the Council for review prior to May 10. The City Council is required to hold public hearings on the proposed budget and to adopt a preliminary budget by June 1 and a final budget no later than July 31 of each year. The City of Farmington's fiscal year begins July 1 of each year and ends on June 30. The appropriated budget is prepared according to fund, function (e.g. public safety), and department (e.g. police). Department directors may make transfers of appropriations within a fund and between their divisions. Transfers of appropriations between funds, however, require the special approval of the City Council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund and gross receipts tax streets fund, this comparison is presented on pages 24 and 25 as part of the basic financial statements for the governmental funds. Budget-to-actual comparisons for all other funds are presented in the non-major governmental funds, internal service fund, and enterprise funds sections of this report.

## **Factors Affecting Financial Condition**

The information presented in the financial statements is perhaps best understood when considered from the broader perspective of the specific environment within which the City of Farmington operates.

## Local economy

Farmington is a Sun Belt city and marked by a local economy that has historically been based on the natural resources extractive industry, two large coal-fired electric generating stations, and the city's geographical position as a regional retail center catering to a retail trade market population base of more than 350,000. The city's population more than doubles on weekends as shoppers from the Navajo Nation and other regional neighborhoods flock into town. The city's average of 273 sunny days per year means that outdoor activities can be enjoyed year-round.

Historically, the local economy has fluctuated in cycles that correspond to the price of oil and particularly natural gas. Natural gas prices have remained low through FY2015 and the local natural gas industry continues in a depressed state. Crude oil prices have dropped by almost 50% to six-year lows and natural gas, which has not reclaimed its previous pricing after its value last crashed in 2008, has been cut by a third. Crude oil prices dropped from \$93 a barrel in September 2014 to \$53 a barrel by June 30, 2015 while natural gas prices dropped from \$4 per BTU to \$2.77 per BTU during the same time period.

Although the Farmington, NM, unemployment rate began FY2015 at 7.2% and ended FY2015 at 7.9%, the average rate was 6.2% during the fiscal year according to the U.S. Bureau of Labor Statistics. The reported numbers for unemployment increased from 3,948 at the start of FY2015 to 4,410 at the end of FY2015. The New Mexico Department of Workforce Solutions reported that total nonfarm employment in the Farmington MSA was 51,000 beginning in FY2015 and 52,100 at the conclusion of FY2015 or a 2.2% increase. Employment in the private sector increased by 800 jobs, or 2.0%. The goods-producing industries added 1,000 jobs, representing an increase of 8.5%. Employment within the private service-providing industries was down 200 jobs over the year, representing a decline of 0.7%. Government employment, including school districts, colleges, and local governments, increased by 300 jobs, or 2.6%.

In 2004, the U.S. Office of Management and Budget designated Farmington as the central city of the Farmington-San Juan County Metropolitan Statistical Area (MSA). MSAs have at least one urbanized area with a population of at least 50,000. The MSA designation qualifies Farmington for various federal entitlement programs and, more importantly, increases the visibility of Farmington in various national economic databases that should highlight the desirability of Farmington as a potential business location.

There are 381 MSAs in the U.S. that are annually ranked according to economic strength by POLICOM Corporation, an independent economic research firm specializing in analyzing local and state economies. POLICOM addresses the condition of an economy from the viewpoint of its impact upon the "standard of living" of the people who live and work in an area. The highest ranked areas have had rapid, consistent growth in both size and quality for an extended period of time. The lowest ranked areas have been in volatile decline for an extended period of time. An MSA's economic strength is measured according to earnings, jobs, and wages for all workers, personal income per capita, per capita earnings by residence, etc. In 2015, Farmington was ranked 320 for its relative economic strength when compared to all 381 MSAs. In 2014, Farmington was ranked 274 out of 381 MSAs.

Major employers include the regional medical center, four public school districts, a community college, city and county local governments, a coal mining operation, two electrical power generation plants, two Wal-Mart superstores, Sam's Club, and various oil and gas companies. Additionally, the Farmington community continues to attract new businesses with Dick's Sporting Goods, Freddy's Steakburgers, Dickey's BBQ, and Del Taco opening in 2015 which bodes well for the local economy's future. Also to be noted, land acquisitions have been made by Chick-fil-A and Carl's Jr. fast food restaurants.

## **Financial picture**

The City's largest revenue stream for the general fund is gross receipts tax revenue (GRT) which comprises 65% of the City's FY2015 general fund total revenue sources. Overall, the gross receipt tax revenue (GRT) in FY2015 gained a respectable 5.7% over FY2014. An increase in some major community construction projects was reflected in GRT generated by the construction industry sector and increased by 28% in FY2015 as compared to FY2014. Other industry sectors that showed strength include the wholesale trade sector which produced a 17% increase in GRT. Healthcare and the unclassified sectors also gained 8% and 33% respectively as compared to FY2014. The retail sector, which gained a modest 1% in FY2015, comprises 40% of Farmington's total GRT. The largest industry decliner in FY2015 was the oil and gas sector which dropped 26% as compared to FY2014 and reflecting the continuing slow-down in the energy sector.

During FY2015, the 1,152 building permits issued dropped 4% from FY2014 permits. With respect to building permit valuations, the \$38.4 million in FY2015 valuations totaled a \$17 million decrease or a 31% reduction from FY2014. Timing differences between permits issued for several major construction projects in FY2014 as compared to the actual construction GRT paid by contractors accounts for the disparity between permits issued and GRT collected.

A major challenge facing the City in the coming years is preparation and planning for the reduction of gross receipts tax (GRT) revenue. This pending revenue reduction is the result of legislation that was passed by the New Mexico legislature in 2013 and referred to as the repeal of the gross receipts tax "hold harmless" provision. In 2004, the State of New Mexico removed food sales and certain medical services from the gross receipts tax base. Also included in the legislation was the provision that local governments would be "held harmless" by this action and the state would reimburse local governments monthly for the loss of GRT on food sales and medical services. However, the reimbursement to local governments was removed by legislation passed in 2013 and, beginning in July 2015, the "hold harmless" distributions to the City of Farmington will be phased out over a period of 15 years. GRT on food sales and medical services currently represents 11% of all GRT received by the City or approximately \$5.8 million annually. Consequently, beginning in July 2015, the City's GRT revenue will be reduced by an estimated \$390K every fiscal year. The first year's reduction will be \$390K, the second year \$780K, the third year \$1.2 million, and so forth until year fifteen (15) when the annual loss will total \$5.8 million when ignoring inflation. The cumulative loss over the 15 year period will amount to almost \$47 million. Nevertheless, the 2013 legislation also granted local governments three (3) new one-eighth percent (1/8%) "hold harmless" GRT increments that local governments could impose on the remaining tax base to "cover" the loss of the hold harmless reimbursements. For the City of Farmington, a one-eighth percent (1/8%) increment would raise \$2.3 million in GRT revenue, but would eventually require the imposition of all three increments to fully cover the \$5.8 million loss. Presently, the City Council has planned to impose two of the 1/8% increments beginning January 1, 2016.

## **Long-term financial planning**

In FY2011, the City Council formally adopted a cash reserve policy for the City's general fund whereby funds exceeding a threshold equal to 2½ months of the annual expenditure budget would be transferred to a capital projects fund. In FY2012, FY2013, FY2014, and FY2015 surplus amounts of \$3.6 million, \$4.1 million, \$2.9 million, and \$3.2 million respectively, were transferred from the general fund to the governmental capital projects fund (fund 408) with the City Council approving and appropriating funding for a number of specific projects. The projects have included replacing a fire engine truck, roof replacements for several city buildings, downtown improvements, paving a municipal parking lot, street paving, fire facilities construction, police facilities improvements, airport taxiway maintenance, upgrading city-wide communication equipment, baseball stadium renovation, vehicle replacements, storm drainage improvements, metropolitan redevelopment area improvements, and constructing fiber optic connectivity to various city facilities. The cash balance at June 30, 2015 in the governmental capital projects fund totals \$2.2 million. At the end of FY2015, the City Council approved amending the general fund cash reserve policy by modifying the "prudent cash reserve" level from 20.8% of the annual



expenditures budget to 16.7% (two months of expenditures) of the annual expenditure budget. Consequently, at the conclusion of FY2015, the general fund's cash balance was at a sufficient level that an additional \$5.9 million will be available in FY2016 for transfer to the governmental capital projects fund.

With respect to debt-funded capital projects, in FY2012, \$11.3 million in GRT (sales tax) revenue bonds were issued for the construction of five identified capital projects. Together with \$855K of sinking funds on hand, \$2.2 million of the \$11.3 million bond issue was applied to the refunding of the City's 2001 outstanding sales tax revenue bonds. Concurrently, net bond proceeds of \$9.1 million were deposited to a new capital projects fund to be used to construct a new animal shelter, the civic center remodel, Gateway Museum expansion, replacement of fire station #1, and a new storm water detention pond.

As of June 30, 2015, the civic center remodel was fully complete at a final cost of \$1.2 million. The renovation allows the civic center to host a greater variety of events including wedding receptions and banquets.

During FY2014, the new animal shelter project was completed. At 14,542 square feet, the new shelter is almost twice the size of the old building and can hold 358 animals or double the number of animals of the old shelter. In addition to \$712K in bond proceeds that were utilized, funding for the animal shelter included a \$2.7 million grant from the state of New Mexico, \$650K from San Juan County, \$333K from additional city funds, and \$191K in local donations all helped finance the \$4.6 million facility.

The Farmington Museum at Gateway Park also completed its \$2.3 million wing expansion during FY2014. About 7,500 of the 10,000-square-foot addition serves as exhibit space for the energy industry. Previously, 1,500 square feet was dedicated to oil and gas. The new energy exhibit showcases oil, gas and coal and also displays information on alternative forms of energy. Various museum collections such as Farmington history and traveling exhibits will occupy the balance of the new expansion space.

The Lakewood Detention pond construction project was completed in FY2015 at a cost of \$852K. Consequently, there is confidence that during times of flooding, peak flows and releases will be impounded at a controlled rate. The pond will decrease flows for a 100-year flood event to a level under a 10-year event and will help protect downstream properties east of Foothills Drive. In addition to protecting homes between Lakewood Drive and Rinconada along the Carl Arroyo, the Lakewood Detention Pond substantially decreases the likelihood of the Hawkeye Pond being overtopped in the future, thereby preventing damage to public infrastructure and private residences below Rinconada as well.

The final project receiving funding from the 2012 bond proceeds is the demolition and new construction of fire station #1. The construction includes a new fire operations center plus a new fire administration building to replace the present station which was originally built in the 1950's. As of June 30, 2015, the old fire station facility had been demolished and new construction was 75% complete. Estimated final cost is in excess of \$4 million and occupancy of the new fire station is expected in the fall of 2015.

Relative to the City's downtown street routes, the City has engaged consultants to develop a design-ready plan to rebuild downtown's Main Street using a concept called "Complete Streets." The plan would revitalize the City's Main Street by including roundabouts, fewer traffic lights, fewer lanes, more parking, wider sidewalks and additional green space. A street that meets the concept's standards is designed for all users, i.e., pedestrians, bicyclists, drivers, motorists and bus riders, so that crossing the street and walking to stores and biking to work are safe and easy. The concept is that if a city is going to be sustainable, it must plan its downtown around the human footprint and therefore attract the public to downtown. With the project estimated to cost between \$2 and \$3 million, the City will seek funding through state and federal grants.

With the goal of creating a financing plan for improvements to the City's civic center, in FY2015 the City Council approved the passage of a convention center fee which imposes a \$2.50 fee per room night on vendees for the use of lodging facilities. The new revenue is expected to generate in excess of \$800K

annually and will be used to fund civic center land acquisition, expand the civic center's outdoor arena, expand the civic center's meeting space, and make improvements to the civic center's indoor theater, box office, kitchen, and loading access.

With regard to the City's water utility debt, water meter improvements to the City's water utility system were completed in the 4<sup>th</sup> quarter of FY2015. The City's water utility system includes 16,500 water meters which are now equipped with automatic meter reading (AMR) and meter readers walk or drive by the meter and use a handheld device to collect information from the meter via radio frequency. An AMR system provides more frequent, efficient, and accurate meter readings. This project was accomplished through a loan for from the New Mexico Finance Authority (NMFA) and the state Environment Department Drinking Water State Revolving Loan Fund at a 2% interest rate for 20 years with a 25% forgiveness of the principal. The 25% forgiveness on the loan principal calculates to a net loan repayment of \$5.8 million including interest and fees over the 20-year period.

In 2004, the City completed its wastewater treatment plant expansion Phases I and II which were financed with a 3%, \$14.2 million, 20 year loan from the New Mexico Environment Department (NMED). Phases I and II were constructed to comply with the EPA's discharge permit requirements and to begin the phasing in of new biological wastewater treatment processes. Phases I and II increased the treatment plant's capacity by 15% to meet a projected 6.67 mgd flow rate. Reliability and flexibility were improved through the rehabilitation of the primary clarifiers and sludge drying beds as well as the capacity expansion of the disinfection process. On the horizon, and at an estimated cost of \$14 million, Phase III of continued improvements to treatment processes include constructing a second sludge (MRAS) basin, an additional final clarifier, a new solids handling facility, and a new state of the art ultraviolet (UV) disinfection system. Phase III will add redundancy to the wastewater treatment plant plus reduce the discharge of chemicals into the San Juan River. On February 5, 2015, the City completed the process of obtaining project financing through the New Mexico Environmental Department (NMED) for a 3% interest, 20 year, \$14 million construction loan from the State's Clean Water Revolving Fund (CWSRF) Program. The Phase III construction will begin in spring 2016 and require approximately two years to complete.

With regard to the City's water and wastewater utility revenue, in FY2015 a water and wastewater financial plan and rate design study were completed by Red Oak Consulting. The purpose of the study was to recommend fees and charges sufficient to: fund utility revenue requirements, appropriately allocate costs across customer classes, and meet established financial objectives. The final rate structure adopted by the City put in place a 5-year rate plan to increase water rates 10% per year and increase wastewater rates 15% per year. The combined effect of the water and wastewater increase for the total utility system was an 11.5% increase. A major component of the rate structure increased the renewal and replacement (R&R) fee structure which will enable the replacement of aging infrastructure in both the water distribution system and wastewater collection system. A major project completed in FY2015 in the water system was the replacement of the existing 16" steel waterline with a 24" PVC waterline in 20th St. from Municipal Drive to Sunset Avenue, at a cost of \$1 million. A major project completed on the wastewater system was the rehabilitation of sewer lift station #5 on the Bisti Highway at a cost of \$1.1 million.

The Farmington Electric Utility System's (FEUS) distributes power to more than 44,000 customers located in a 1,718 square mile service territory that includes the cities of Farmington and Bloomfield, NM, and a large rural area extending outside the municipal boundaries. Power is delivered to customers through a system of more than 2,500 line miles. FEUS maintains a number of facilities that include power generation, transmission, and distribution operations. Total generation capacity is 154 megawatts plus another 44 megawatts of outside purchased power capacity. In FY2015, the Animas Power Plant became a peaking unit providing 18 MW of power from a gas turbine. Previously it was a combined cycle gas-fired power plant providing 25 MW of baseload power. Two steam units at the plant were retired due to new restrictions for discharge of plant cooling water into the nearby Animas River. The Bluffview Power Plant, placed into service in 2005, remains as FEUS' only combined cycle power plant providing 63 MW of baseload power to the City's electric utility customers.

One of the FEUS primary objectives is to continue to ensure a secure, reliable, and economical power source for its utility customers. The electric utility is fiscally sound and has no outstanding utility debt. Through the years the municipal structure of the electric utility has kept customer electric rates very reasonable and Farmington customers enjoy the lowest rates in the region. Based upon a cost of service study, in FY2014 the electric utility increased base rates for all customers for the first time in over 30 years. Additional revenue requirements were needed to update and improve the infrastructure of the utility system. The study pointed out that \$20 million in projects need to be completed each year for the next five years. The rate increase is expected to generate \$8 million of additional revenue. Residential rates were increased by a phase-in plan over a three-year period, with approximately a 3% increase each year. A residential customer who uses 700 kilowatt hours of electricity per month will see a bill increase from \$67.75 to \$74.43 once the rate increase is entirely implemented. Non-residential rates were increased only in the first year by approximately 1%.

Other long-term financial planning is incorporated into the City of Farmington's Comprehensive Plan which was initially approved by the City Council in October, 2002. The City's Comprehensive Plan is the guide to the future of Farmington and was developed by the citizenry through high level community participation and input. The plan was originally developed in a multi-stage process and its foundation is set on core community values and quality of life goals identified into the future. As such, the document serves as the guide for policy decisions relating to the physical, social, and economic growth of the community as well as future financial capital investments. In addition to providing goals and objectives, the plan assesses the opportunities and challenges facing the City and sets priorities for an implementation program that outlines specific actions and practical results. As comprehensive plans require updating every 10 years, an update is anticipated to begin in the near future. In addition, the Comprehensive Plan served as a springboard for the designation of the Metropolitan Redevelopment Area (MRA) which covers the City's downtown area plus guided the development of the MRA Plan which was adopted in 2009. The MRA Plan sets forth the City's priorities, goals, and implementation plans which are specific to the MRA.

### **Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Farmington for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2014. This was the 21th consecutive year that the City of Farmington received this prestigious award. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The City of Farmington also received its 18<sup>th</sup> consecutive Distinguished Budget Presentation Award from GFOA for its annual budget document for FY2015. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

In addition, the City of Farmington's FY2014 Citizen's Financial Report was judged for the 5th consecutive year as a recipient of GFOA's Outstanding Achievement in Popular Annual Financial Reporting award. This award represents special recognition for a top-quality annual report specifically designed to be readily accessible and easily understandable to the City's general public and other interested parties without a background in public finance.

In closing, the preparation of this annual financial report would not have been possible without the efficient and dedicated services of the entire staff of the City's Finance division. We would like to express our appreciation to all members of the division who assisted and contributed to the preparation of this report. Credit must also be given to the Mayor and City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Farmington's finances.

Respectfully submitted,



Robert Mayes  
City Manager



H. Andrew Mason  
Administrative Services Director



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Farmington  
New Mexico**

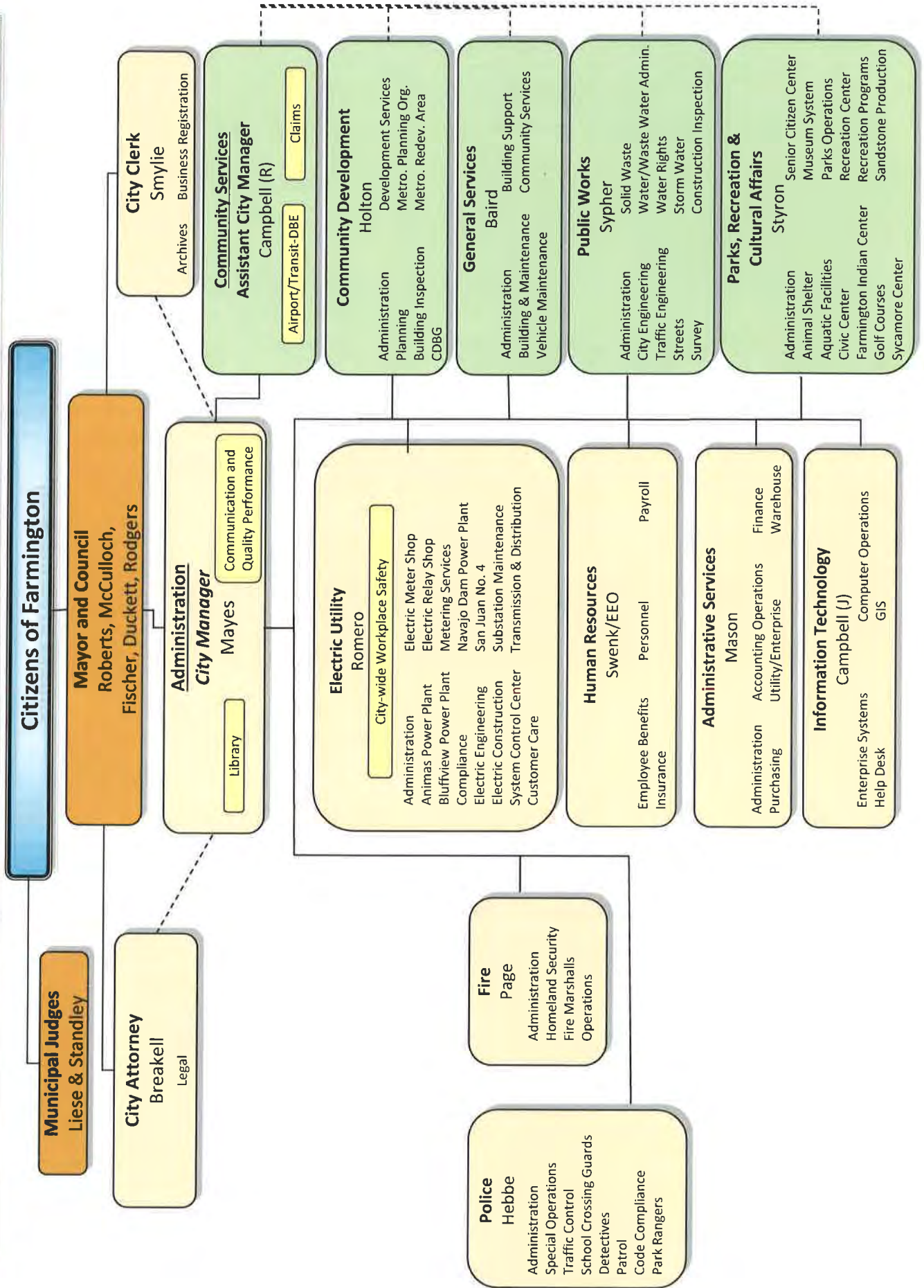
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**

Executive Director/CEO

# City of Farmington – Organizational Chart

August 2015



# **CITY OF FARMINGTON**

## **Principal Officials**

**June 30, 2015**

---

**MAYOR**

Tommy Roberts

**CITY COUNCIL**

Linda Rodgers  
Nate Duckett  
Mary Fischer  
Gayla McCulloch

**CITY MANAGER**

Robert Mayes

**ASSISTANT CITY MANAGER**

Robert Campbell

**ADMINISTRATIVE SERVICES DIRECTOR**

H. Andrew Mason

**COMMUNITY DEVELOPMENT DIRECTOR**

Mary Holton

**ELECTRIC UTILITY DIRECTOR**

Rodney Romero

**FIRE CHIEF**

Terry Page

**GENERAL SERVICES DIRECTOR**

Julie Baird

**HUMAN RESOURCES DIRECTOR**

Tom Swenk

**INFORMATION TECHNOLOGY DIRECTOR**

James Campbell

**PARKS & RECREATION DIRECTOR**

Cory Styron

**POLICE CHIEF**

Steven Hebbe

**PUBLIC WORKS DIRECTOR**

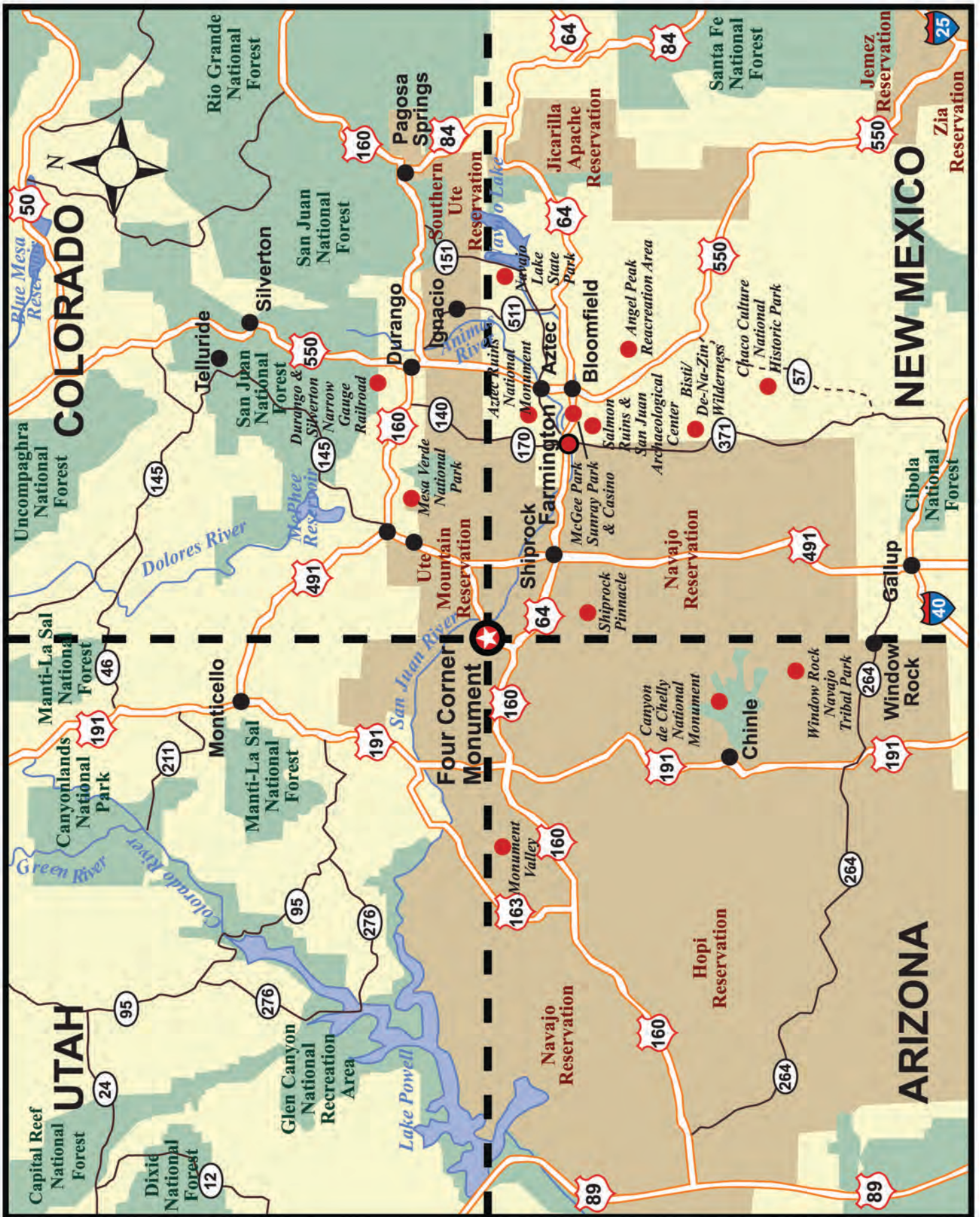
David Sypher

**CONTROLLER**

Eric Schlotthauer







MAP COURTESY OF FARMINGTON CONVENTION & VISITORS BUREAU



CITY HALL

# FINANCIAL SECTION



## REPORT OF INDEPENDENT AUDITORS

City of Farmington, New Mexico  
Honorable Mayor and City Council and  
Mr. Timothy Keller, New Mexico State Auditor

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information and the budgetary comparisons for the general fund and major special revenue fund of the City of Farmington, New Mexico (the "City") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the City's nonmajor governmental funds, internal service fund and the budgetary comparisons for the enterprise funds, internal service fund, and all nonmajor funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2015, 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 misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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

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

City of Farmington, New Mexico  
Honorable Mayor and City Council and  
Mr. Timothy Keller, New Mexico State Auditor

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and major special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to the above present fairly, in all material respects, the financial position of each nonmajor governmental funds and internal service fund of the City, as of June 30, 2015, and the respective changes in financial position and cash flows, where applicable thereof, and the respective budgetary comparisons for the enterprise funds, internal service fund and all nonmajor funds for the year ended, in conformity with accounting principles generally accepted in the United States of America.

### ***Emphasis of a Matter***

As discussed in Note V.D to the financial statements, during the year ended June 30, 2015 the City adopted new accounting guidance, GASB Statement No. 68 *Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of City's proportionate share of the net pension liability and the schedule of the City's contributions on pages 5 through 17 and 63 through 67 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.

City of Farmington, New Mexico  
Honorable Mayor and City Council and  
Mr. Timothy Keller, New Mexico State Auditor

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The accompanying schedule of expenditures of federal awards as required by *Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, the schedule of PFC revenues and expenditures as specified in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration, schedules of capital assets used in the operation of governmental funds, *introductory and statistical section and other the other schedules required by 2.2.2 NMAC* included as Other Information as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards, the schedule of PFC revenues and expenditures, schedules of capital assets used in the operation of governmental funds, and other schedules required by 2.2.2 NMAC included as Other Information as listed in the table of contents are the responsibility of management and was derived from and relates 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 schedule of expenditures of federal awards, the schedule of PFC revenues and expenditures, schedules of capital assets used in the operation of governmental funds, and other schedules required by 2.2.2 NMAC included as Other Information as listed in the table of contents, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2015 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 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 City of Farmington's internal control over financial reporting and compliance.

*Mess Adams LLP*

Albuquerque, New Mexico  
November 25, 2015

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# **Management Discussion and Analysis**

**Management  
Discussion and  
Analysis**



## Management's Discussion and Analysis

As management of the City of Farmington, we offer readers of the City of Farmington's financial statements this narrative overview and analysis of the financial activities of the City of Farmington for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which starts on page i of this report.

### Financial Highlights

- The assets of the City of Farmington exceeded its liabilities at the close of FY2015 by \$530,172,314 (net position). Of this amount, \$68,395,215 represents unrestricted net position, which may be used to meet the City's ongoing obligations.
- As of June 30, 2015, the City of Farmington's governmental funds reported combined ending fund balances of \$33,040,316, a decrease of \$6,717,209, or 16.9% in comparison with the prior year. A total of \$16,912,629 (unassigned fund balance) is available for spending at the City's discretion.
- 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 \$17,777,859, or 30.2 % of the total general fund expenditures.
- The City's total net debt increased by \$1,019,372, or 4.3% during the current fiscal year.

### Overview of Financial Statements

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

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

The *statement of net position* presents information on all of the City of Farmington'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 Farmington is improving or deteriorating.

The *statement of activities* presents information showing how the City of Farmington'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 in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave, etc.).

Both government-wide financial statements distinguish functions of the City of Farmington 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 Farmington include general government, police, fire, parks, recreation, cultural affairs, community development, public works, highways, streets, and airport operations. The business-type activities of the City of Farmington include electric, water, wastewater, and sanitation operations. The government-wide financial statements can be found on pages 19-20 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 Farmington, 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 Farmington can be divided into two categories: (1) governmental funds and (2) proprietary funds.

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

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

The City of Farmington maintains twenty-five (25) 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 and gross receipts tax streets fund, both of which are considered to be major funds. Data from the other twenty-three (23) governmental funds are combined into a single, aggregated presentation. Individual fund data for these nonmajor governmental funds is provided in the form of *combining statements* (pages 71-82).

The City of Farmington adopts an annual appropriated budget for each of its funds. Budgetary comparative statements have been provided for these funds to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on pages 21-25 of this report.

**Proprietary funds.** The City of Farmington maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Farmington uses enterprise funds to account for its electric, water, wastewater, and sanitation operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of Farmington's various functions. The City of Farmington uses an internal service fund to account for its self-funded health insurance operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The individual proprietary fund financial statements provide separate information for the electric, water, wastewater, and sanitation operations and are found on pages 109-112 of this report. Fund data for the internal service fund is provided on page 108 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to 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 31-59 of this report.

### **Government-wide Financial Analysis**

As noted earlier, over time, net position may serve as a useful indicator of a government's financial position. In the case of the City of Farmington, assets exceeded liabilities by \$530,172,314 at the close of FY2015.

The largest portion of the City of Farmington's net position (\$456,953,430 or 86.2%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City of Farmington uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Farmington's investment in its capital assets is reported net of related debt, it should be noted that the resources required to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Farmington's Net Position						
	Governmental Activities		Business-type Activities		Total	
	FY2015	FY2014	FY2015	FY2014	FY2015	FY2014
Current and other assets	\$ 46,480,988	\$ 49,943,138	\$ 122,129,332	\$ 114,687,784	\$ 168,610,320	\$ 164,630,922
Capital assets	116,370,658	110,646,692	365,004,699	357,534,822	481,375,357	468,181,514
Total assets	162,851,646	160,589,830	487,134,031	472,222,606	649,985,677	632,812,436
Deferred outflow from pension	4,626,687	-	1,073,032	-	5,699,719	-
Long-term liabilities outstanding	63,292,173	18,843,890	25,227,456	12,611,827	88,519,629	31,455,717
Other liabilities	6,092,477	4,602,946	12,853,377	12,747,603	18,945,854	17,350,549
Total liabilities	69,384,650	23,446,836	38,080,833	25,359,430	107,465,483	48,806,266
Deferred inflow from pension	13,983,439	-	4,064,160	-	18,047,599	-
Net position						
Net investment in capital assets	105,735,450	102,345,158	351,217,980	345,992,235	456,953,430	448,337,393
Restricted	3,161,762	5,936,973	1,661,907	1,661,907	4,823,669	7,598,880
Unrestricted (deficit)	(24,786,968)	28,860,863	93,182,183	99,209,034	68,395,215	128,069,897
Total net position	\$ 84,110,244	\$ 137,142,994	\$ 446,062,070	\$ 446,863,176	\$ 530,172,314	\$ 584,006,170

Another portion of the City of Farmington's net position, \$4,823,669 or 0.9%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$68,395,215 or 12.9% is unrestricted and may be used to meet the City's ongoing obligations.

At the end of the current fiscal year, the City of Farmington has achieved positive balances in all three 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 Farmington's net position decreased \$53,833,856 during the current fiscal year. Almost all of this decrease represents the cumulative effect of implementing GASB Statement No. 68, Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27. This implementation of GASB Statement No. 68 has no impact on the City's governmental fund financial statements. However, this implementation has resulted in the restatement of the City's FY2014 government-wide financial statements to reflect the reporting of net pension liabilities and deferred inflows of resources and deferred outflows of resources for its qualified pension plan and the recognition of pension expense in accordance with the provisions of the Statement. More information about pensions is available in Note V.D.

**Governmental activities.** Governmental activities increased the City of Farmington's net position by \$2,129,077. Key elements of the change in net position are as follows:

City of Farmington's Changes in Net Position						
	Governmental Activities		Business-type Activities		Total	
	FY2015	FY2014	FY2015	FY2014	FY2015	FY2014
Revenues:						
Program revenues:						
Charges for services	\$ 15,714,730	\$ 15,789,160	\$ 132,383,325	\$ 124,949,350	\$ 148,098,055	\$ 140,738,510
Operating grants and Contributions	5,254,695	5,188,416	-	-	5,254,695	5,188,416
Capital grants and Contributions	2,873,756	3,761,866	1,886,666	2,067,760	4,760,422	5,829,626
General revenues:						
Property taxes	1,907,059	1,864,221	-	-	1,907,059	1,864,221
GRT taxes	52,453,868	49,107,699	-	-	52,453,868	49,107,699
Other taxes	4,504,082	4,197,365	1,384,982	1,298,901	5,889,064	5,496,266
Other	1,410,359	1,322,072	742,813	824,967	2,153,172	2,147,039
Total revenues	84,118,549	81,230,799	136,397,786	129,140,978	220,516,335	210,371,777
Expenses:						
General Government	38,752,681	36,141,755	-	-	38,752,681	36,141,755
Police	16,544,038	16,371,812	-	-	16,544,038	16,371,812
Fire	7,460,513	10,009,200	-	-	7,460,513	10,009,200
Parks, rec & cultural affairs	17,017,698	12,873,292	-	-	17,017,698	12,873,292
Public Works	9,708,202	8,778,072	-	-	9,708,202	8,778,072
Electric	-	-	93,164,509	86,071,781	93,164,509	86,071,781
Water	-	-	10,362,693	9,895,015	10,362,693	9,895,015
Wastewater	-	-	6,239,817	6,014,663	6,239,817	6,014,663
Sanitation	-	-	5,529,374	5,239,556	5,529,374	5,239,556
Other	407,023	441,145	-	-	407,023	441,145
Total expenses	89,890,155	84,615,276	115,296,393	107,221,015	205,186,548	191,836,291
Increase in net position before transfers	(5,771,606)	(3,384,477)	21,101,393	21,919,963	15,329,787	18,535,486
Transfers	7,900,683	9,041,293	(7,900,683)	(9,041,293)	-	-
Increase in net position	2,129,077	5,656,816	13,200,710	12,878,670	15,329,787	18,535,486
Net position - 7/01/14	137,142,994	131,486,178	446,863,176	433,984,506	584,006,170	565,470,684
Cumulative effect of GASB No. 68	(55,161,827)	-	(14,001,816)	-	(69,163,643)	-
Net position - 6/30/15	\$ 84,110,244	\$ 137,142,994	\$ 446,062,070	\$ 446,863,176	\$ 530,172,314	\$ 584,006,170

Total accrued gross receipts tax (GRT) increased by \$3,346,169 or 6.8%. This was due to an overall increase in receipts from the construction, wholesale trade, retail, and accommodations/food service sectors.

Operating grants increased \$66,279 mainly due to decreases in federal funding for public safety (\$318,954), Red Apple Transit (\$49,295), and in funding from the state for court automation (\$28,577); increases in federal funding for public works (\$343,850), and MPO (\$99,474).

Capital grants and contributions decreased \$888,110 during the year. This was due mainly to a decrease in federal and local funding for the new regional animal shelter

(\$1,640,396), a decrease in federal funding for the airport (\$445,357), and increases in federal and state funding for various traffic and road improvements (\$1,237,028).

Charges for services decreased \$74,430 or (0.47%) due mainly to increases in animal shelter and parks and recreation fees (\$43,854) and decrease in licenses and permits issued (\$24,573). Fines collected during the year increased (\$68,111).

Total transfers decreased \$1,140,610 due to an increase in dividends from the electric utility (\$440,892) caused in part to an increase in purchased power and fuel costs in FY2014 (the year that the current dividend is based upon) and increasing electric revenues in FY2015, and a decrease due to a nonrecurring transfer of the Pinon Hills Golf Course into the general fund in FY2014 (\$1,530,020).

Total expenses increased \$5,274,879 or 6.2% during the year due to higher overall health costs for the City and investment in capital projects. Increases were incurred in pharmacy charges (\$151,329) and health care premiums (\$234,837), and decreases in health claims (\$340,296), and substantial completion of the new fire station and paving of streets (\$4,206,645) during FY2015.

**Business-type activities.** Business-type activities increased the City of Farmington's net position by \$13,200,710, accounting for 86.1% of the total growth in the government's net position. Key financial elements of the past fiscal year are as follows:

- Operating expenses are 86.8% of operating revenues, resulting in \$17,468,259 in operating income.
- Total electric revenue increased by \$5.8 million or 5.7%. Electric sales to customers were \$6.3 million higher. Sales to residential, commercial, industrial, and wholesale customers had a combined increase of \$3.6 million for FY2015. The power cost adjustment (PCA) increased a net total of \$2.9 million. Billed revenues for the PCA decreased \$1.7 million and per FASB 71, revenues were increased by \$4.6 million for the regulatory asset. In FY2014 the electric utility had its first rate increase in over 30 years. These rate increases will be phased in over three years, FY2014 through FY2016.
- Total water revenue increased \$1.4 million or 10.1%. Much of the revenue increase was due to capital contributions. In FY2015 the water fund received funds from the state for capital improvements. Water sales to customers increased \$691,924 but consumption was down 2.8% over last year.
- Total wastewater revenue increased by \$223,463 or 2.7%. Wastewater sales to customers were up \$44,847. Other revenues had increased \$189,922, due to a settlement agreement for a sewer lift station. Wastewater construction contributions decreased \$88,765, there were no capital contributions in FY2015.
- Total sanitation revenue increased \$119,680 or 2.1% due to higher demand for sanitation services.



- Investment earnings for business-type activities decreased \$82,154, a 10% decrease over last year.

## Financial Analysis of the Government's Funds

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

**Governmental funds.** The focus of the City of Farmington'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 Farmington's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2015, the City of Farmington's governmental funds reported combined ending fund balances of \$33,040,316, a decrease of \$6,717,209 in comparison with the prior year. Approximately 51.2% of this total amount or \$16,912,629 constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it is *nonspendable* (\$498,907), *restricted* (\$3,161,762), *committed* (\$9,477,535), or *assigned* (\$2,989,483).

The general fund is the chief operating fund of the City of Farmington. At the end of the current fiscal year, unassigned fund balance of the general fund was \$17,777,859, while total fund balance was \$18,276,766. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 30.2% of total general fund expenditures, while total fund balance represents 31% of that same amount. The fund balance of the City of Farmington's general fund decreased \$670,250 or 3.5% during the current fiscal year.

The total increase in general fund revenue was \$3,004,800 or 6%. This is due partly because an increase in GRT collections (\$2,657,642) in the manufacturing, oil & gas, wholesale, and retail sectors. Other factors affecting general fund revenues are increases in damage recoveries (\$222,516).

Total general fund expenditures increased \$4,467,905 or 8.2% over the prior year. Key elements of this change were increases in: fire operations mainly due to an increase in salary expense (\$338,726), an increase of lawsuit settlements (\$630,000), increased estimated claim costs for IBNR (\$1,525,023), and other salary increases partially due to a 2% pay increase (\$1,066,069).

Total incoming transfers decreased by \$445,590 or (4.1%) due to a decrease in the transfer from the governmental capital projects fund (\$900,000) and an increase in dividends transferred from the electric utility (\$440,892) caused in part to an increase in purchased power and fuel costs in the prior year (the year that the current dividend is based upon) and increasing electric revenues in FY2015.

Other key governmental-type funds include the GRT streets fund and GRT parks fund. Both of these funds are funded primarily with gross receipt tax revenue earmarked specifically for streets, public works, and parks activities. GRT revenues in both GRT funds, GRT streets (\$516,395) and GRT parks (\$172,132), increased in FY2015 when compared to the prior year. This corresponds with the increase in GRT revenues in the general fund.

Total revenues in the nonmajor governmental funds decreased \$963,966 or (8.1%) due mainly to decreases in: state grants for the library (\$93,143), the transfer of charges for services (\$307,070) from parks/recreation gifts and grants to the general fund, federal funding for Red Apple Transit (\$57,844), state fire fund (\$155,431), and the Region II fund (\$129,005) due to change in state law regarding federal forfeitures.

Expenditures in the governmental funds (not including the general fund) increased \$1,991,038 or 7.3% during FY2015. Key elements of this increase are expenditures in the GRT street fund (\$939,890) due to a large one-time vehicle purchase in FY2015, increased street resurfacing due to more major resurfacing and increased spending for new road construction. GRT parks fund expenditures increased (\$148,844) due mainly to increases in vehicle and land purchases. Other governmental funds showed increases in expenditures for Metro Redevelopment Authority fund (\$122,998) for land purchase and consulting fees for the development of the downtown area, and CDBG (\$165,713) for various community services. Spending decreased in the airport construction grant projects fund (\$569,655) due to decreased FAA funding during FY2015. Expenditures decreased in the parks gifts and grants fund (\$126,682) due to less grant funding available. The community development grants projects fund increased expenditures (\$201,178) for additional projects such as the Pinon Hills Pedestrian and Bike Facilities and Safe Routes to School infrastructure. The planned Civic Center expansion incurred expenses for purchase of property and demolition costs (\$866,357).

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

Unrestricted net position at the end of the year amounted to \$67,455,398 in the electric utility system, \$14,147,044 in the water utility system, \$9,131,471 in the wastewater utility system, and \$2,448,270 in the sanitation utility. The total growth in net position was \$7,253,060 in the electric fund, \$4,021,138 in the water fund, \$1,767,058 in the wastewater fund, and \$159,454 in the sanitation fund.

## **Budgetary Highlights**

Gross Receipts Tax (GRT) is the largest revenue source for the City of Farmington general fund. In FY2008, GRT was 88% of the total general fund revenue. This percentage, however, has dropped significantly over the last 7 years. In FY2015, only 65% (cash basis) of the total general fund revenue was received from GRT. As the Farmington economy declined, the amount of GRT decreased significantly although the budgetary requests of the citizens of Farmington did not decrease. The City Council had to identify other forms of revenue in order to continue the services offered by the City of Farmington. In FY2011, the City Council implemented a new policy to allow the general fund to receive a dividend from the Farmington Electric Utility. In FY2015, the electric dividend comprised 10.9%, or \$6.9 million, of the general fund revenue. Also in FY2011,

the Cash Reserve Policy was approved by the Council which allowed excess cash to be moved from the general fund to the general government capital project fund to be used for capital projects and help mitigate future risks due to temporary revenue shortfalls in the general fund. This policy proved to be significant to the balancing of the City's budget. In FY2015, \$2.6 million of the cash reserve transfer monies were transferred back to the general fund and budgeted to cover expenses in the general fund. Fortunately, due to a 5.7% (cash basis) increase in GRT and conservative spending, the general fund generated a budget vs actual surplus of \$3.5 million.

The budget for FY2015 predicted a 0.5% decrease in GRT revenue. This conservative forecast for Farmington's economy in FY2015 was based on several factors. The history of Farmington's economy was a large factor in the GRT projection for FY2015. In FY2010, GRT plummeted 17.3%, which had a financial effect of almost \$7.5 million less revenue dollars than the previous year. FY2011 and FY2012 showed slight improvement with a 4% increase and 7.7% increase, respectively, giving the impression the recession was lifting and hinting at a more optimistic economic outlook. FY2013 dampened that optimistic spirit with GRT dropping 4.7% (cash basis). In FY2014, GRT slowly climbed 1.8% but still remains 5.1% below the City's historically highest GRT in FY2009.

Another factor relates to the importance of the natural gas and oil production industry to the City of Farmington. Natural gas and oil production are among the leading industries supporting Farmington and this industry has been struggling, not only locally but nationally and internationally as well. Natural gas and oil prices have been dropping significantly forcing companies to decommission rigs, sharply cut investments and lay off thousands of employees nationwide. In 2012, natural gas markets became saturated with supply stifling production and resulting in a low market value. This low market value, combined with new industry regulations and increased fees, created an unprofitable situation for companies to continue exploration and drilling operations. Although the natural gas industry has recovered slightly from 2012, the oil industry decline has had a much harder effect on the economy.

Once trading over \$100 per barrel, oil prices currently trade around \$50 per barrel with a low in August 2015 of \$42 per barrel. Although there are many factors to the falling oil prices, the reason for the oil bust can be explained using the simple economics of supply and demand. The boom and bust of the oil industry must be viewed on an international level as opposed to local level. Over the last six years, United States domestic production has nearly doubled saturating the national market forcing Saudi, Nigerian, and Algerian oil once sold in the U.S. to compete for Asian market share. Canadian, Russian, and Iraqi oil production and exports also are rising year after year. A central factor in the oversupply of the market is the continued unwillingness of OPEC to intervene to stabilize markets. OPEC (primarily Saudi), afraid of losing market share, has declined to cut production. Many feel there are political ambitions that fuel their refusal to adversely affect the economy of countries such as Russia and Iran. The demand for fuel is lagging as a result of more energy-efficient vehicles and the weakening of developing countries thus increasing the fuel surplus and reducing price further.

Although Farmington does not directly receive large amounts of GRT from the production of natural gas and oil, the benefit is derived from a large population of residents employed in the oil and gas industry. Benefit is received in the way of retail, lodging and real estate, entertainment, and recreation to name a few industry sectors. Forecasters of this industry

do not believe there will be much improvement any time soon. Oil production is expected to decrease in 2016 and the demand for fuel is beginning to increase in some countries that could help crude prices recover in the next year or two but forecasters believe it will be years before prices return to \$100 per barrel.

Although having once experienced unemployment rates of 4-5%, the average unemployment rate for Farmington was 6.2% for FY2015. This rate, however, is not likely a true number. The unknown factor is the number of citizens who left the area to find work elsewhere. Many of the higher-wage Farmington residents involved in the oil and gas industry left Farmington for oil-rich areas such as Texas and North Dakota. According to the USA Today article dated April 19, 2014, "America's Fastest Shrinking Cities", the City of Farmington population shrank 2.72% from 2010 to 2013 and was among the highest outward migration in the nation. In addition to the depressed oil and gas industry, it is anticipated that electric power production will be reduced as a result of EPA mandates at the San Juan Generating Station. This looming threat will result in the loss of well-paying jobs which will have a dramatic effect on the Farmington economy.

On the expenditure side, the original general fund budget of \$62.7 million was increased to \$64.6 million during FY2015. The \$1.9 million difference is comprised of several adjustments. The largest general fund budget expenditure adjustment was related to the cash reserve transfer. Council adopted the Cash Reserve Policy designating any general fund cash balance greater than 20.8% of the current expenditure budget as available for transfer to the general governmental capital projects fund and to be spent on Council-designated projects. The total FY2015 cash reserve transfer of \$3.2 million, made in accordance with the Council approved Cash Reserve Transfer Policy to the general governmental capital projects fund, was originally estimated at \$2.6 million. Once the FY2014 final cash balance was determined, an additional transfer was made for \$606 thousand to the general government capital projects fund. Additionally, \$188 thousand in capital projects not budgeted in the original budget were accounted for in the general fund. An unanticipated expenditure of \$452 thousand was incurred with the unfavorable settlement of an employee lawsuit. Due to recent regulations in conjunction with the Affordable Health Care Act, health insurance benefits were offered to qualified temporary employees resulting in an increased expenditure of \$12,726. Four additional police officer positions were funded for \$251 thousand. The remaining adjustments reflected grants received during the year.

During the year, five separate budget revisions were presented to Council for approval to adjust the original FY2015 expenditure budget. For the City as a whole, these adjustments totaled \$14,183,868 and equaled 5% of the original total budget. The number of revisions is indicative of the ongoing budget process during the year of controlling expenditures to adjust to available revenue. The largest percentage increase in budgeted expenditures during the year was in the special revenue, capital funds, and internal service fund. Large adjustments include a budget increase as a result of establishing project budgets for the general government capital projects fund, which is funded by monies transferred in accordance with the Cash Reserve Transfer Policy. Additional grant funds were received during FY2015 for the airport and Public Works capital projects resulting in an increase in expenditures relative to the increase in revenue. Numerous other grant related budget adjustments were made to reflect the actual grant receipts and related expenditures. The health fund, an internal service fund, required the largest adjustment of \$3.0 million, due to higher than expected health insurance claims.

In FY2015 for the City as a whole, capital expenditures were less the previous year by \$5.4 million or 13.5%. Of the \$3.2 million transferred to the general government capital project fund, Council designated \$700 thousand to be invested in vehicle purchases, \$500 thousand to be invested in the Metropolitan Redevelopment Authority (MRA), and \$2.6 million to be transferred to the general fund to help balance the FY2015 budget. In FY2012, Sales Tax Revenue Improvement and Refunding Bonds, Series 2012, were issued to refund the Series 2001 bonds and finance several projects. The high-dollar, long-term projects funded with the bond proceeds include the new Farmington Regional Animal Shelter, remodel of the Farmington Civic Center exhibit hall, Farmington Museum expansion, replacement of Fire Station #1, and the installation of the Lakewood Detention Pond. Finally, approximately \$866 thousand was used to purchase the Daily Times building and land for future convention center development.

Relative to the City's enterprise funds, in FY2014 and FY2015, the electric fund has been using cash reserves to make large improvements in the electric infrastructure. FY2015 Electric capital expenditures were \$13.8 million, down \$5.1 million or 27% from FY2014 capital expenditures of \$19.0 million.

The most favorable budget highlight for the year was the revenue/expenditure budget to actual comparison for the general fund at year-end. Actual expenses ended the year at 97% of budget and actual revenues at 104% of budget. With revenue exceeding budget and expenses less than budget, the general fund concluded FY2015 with a \$3.5 million budget versus actual surplus. As a result of conservative spending and revenues exceeding expectations, the City of Farmington's general fund will have sufficient cash funds to transfer an additional \$3.8 million as per the Cash Reserve Policy to the general governmental capital projects fund in FY2016.

### **Capital Asset and Debt Administration**

**Capital Assets.** The City of Farmington's investment in capital assets for governmental and business type activities as of June 30, 2015, was \$481,375,357 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, utility systems, machinery and equipment, park facilities, roads, highways, and bridges. The business-type capital assets accounted for \$365,004,699 or 75.8% of the total City of Farmington capital assets. The total increase in the business-type investment in capital assets for the current fiscal year was \$7,469,877 or 2.1%. The governmental activities investment in capital assets accounted for \$116,370,658 or 24.2% of all capital assets owned by the City. The total increase in governmental activities investment in capital assets for the current year was \$5,723,966 or 5.2%.

Major capital asset investment activities during the current fiscal year included the following:

City of Farmington's Capital Assets (net of depreciation)						
	Governmental Activities		Business-type Activities		Total	
	FY2015	FY2014	FY2015	FY2014	FY2015	FY2014
Land	\$ 29,552,553	\$ 27,761,044	\$ 3,884,334	\$ 3,884,334	\$ 33,436,887	\$ 31,645,378
Land rights	-	-	2,257,360	2,088,708	2,257,360	2,088,708
Buildings	33,510,060	28,348,440	57,068,896	55,742,011	90,578,956	84,090,451
Improvements	12,891,618	11,350,723	98,319,288	93,213,627	111,210,906	104,564,350
Equipment	8,402,433	8,795,243	163,554,798	159,424,863	171,957,231	168,220,106
Infrastructure	15,868,790	16,815,513	-	-	15,868,790	16,815,513
Construction in progress	16,145,204	17,575,729	39,920,023	43,181,279	56,065,227	60,757,008
Total	\$ 116,370,658	\$ 110,646,692	\$ 365,004,699	\$ 357,534,822	\$ 481,375,357	\$ 468,181,514

Capital expenditures for the electric utility system will average approximately \$28,317,404 per year over the next five fiscal years. Some large projects included in the FY2016 capital budget are truck-equipment canopy (\$1,600,000), underground distribution projects (\$1,500,000), distribution upgrades (\$1,200,000), feeder rebuild (\$1,000,000), customer work order system (\$2,800,000), upgrade TS1 to PLX (\$1,090,000), 5 MW Solar Facility (\$4,000,000), a new Bergin substation (\$1,750,000), and a new Aztec substation (\$1,500,000). The City expects to fund these projects from electric customer-generated revenues.

Capital expenditures for the water utility system scheduled in the current five-year capital improvements plan principally include upgrades and replacements of existing facilities to maintain the existing system and meet future demand requirements. Capital expenditures average \$8,841,000 per year, totaling \$44,205,000 for fiscal years 2016 through 2020.

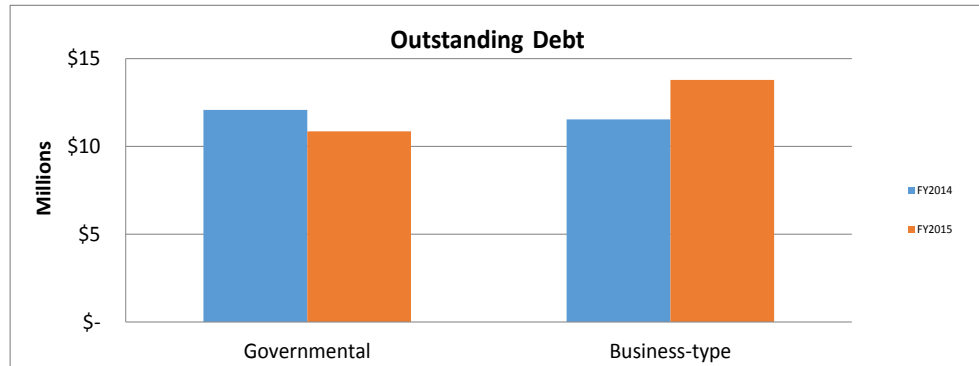
Capital expenditures scheduled for the wastewater utility system in FY2016 include lift station upgrades (\$1,350,000) and the expansion of the Wastewater Treatment Plant (\$4,250,000).

Additional information on the City of Farmington's capital assets can be found in Note IV.C on pages 43-44 of this report.

**Long-term debt.** At the end of the current fiscal year, the City of Farmington had total bonded debt outstanding of \$10,515,000, all of which constitutes special, limited obligations of the City government, payable solely from the City's existing 1.225% state-shared gross receipts tax. This tax is collected by the State and distributed monthly to the City. Per the bond ordinance, interest may be earned on cash balances held by the City until debt payments are made. The bonds are not an indebtedness of the City within any constitutional or statutory provision or limitation and are not general obligations of the City. Consequently, the registered owners cannot look to the general fund or other fund for any payment that becomes due on the bonds other than the special funds that are specifically pledged for their payment under the terms of the bond ordinance. The remainder of the City's debt is secured solely by specified revenue sources. The City of Farmington's total net debt increased \$1,019,372 or 4.3% during FY2015.

### City of Farmington's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	FY2015	FY2014	FY2015	FY2014	FY2015	FY2014
Sales tax bonds	\$ 10,515,000	\$ 11,695,000	\$ -	\$ -	\$ 10,515,000	\$ 11,695,000
NMFA fire pumper loan	342,550	387,310	-	-	342,550	387,310
NMED loan	-	-	8,817,724	9,486,137	8,817,724	9,486,137
NMFA loans:						
Animas Waterline	-	-	909,684	958,553	909,684	958,553
Meter Replacement	-	-	4,059,311	1,097,897	4,059,311	1,097,897
<b>Total</b>	<b>\$ 10,857,550</b>	<b>\$ 12,082,310</b>	<b>\$ 13,786,719</b>	<b>\$ 11,542,587</b>	<b>\$ 24,644,269</b>	<b>\$ 23,624,897</b>



**Credit ratings.** Standard & Poor's Rating Group and Moody's Investors Service have assigned the most recent bond issuance the insured ratings of AAA and Aaa, respectively. The underlying ratings, however, are AA- and A1, respectively. These ratings have not changed significantly in comparison to prior ratings.

**Debt limitation.** Article IX, Section 13 of the State Constitution limits the powers of the City to incur general obligation debt in an aggregate amount, including existing indebtedness, not to exceed four (4) percent of the value of the taxable property in the City as shown by the last preceding general assessments. The City may, however, contract debt in excess of such limitation for the construction or purchase of a system for supplying water or a sewer system for the City. Based on the 2015 assessed valuation of \$1,095,071,044, the City's general obligation debt limit is \$43,802,842. The City presently has no general obligation bonds outstanding. For more detailed information on the City's debt, see pages 46-49 in the Notes to the Financial Statements.

### Requests for Information

This financial report is designed to provide a general overview of the City of Farmington's finances for all those with an interest in the City'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 Controller, 800 Municipal Drive, Farmington, NM 87401.



# CIVIC CENTER



# Basic Financial Statements



**CITY OF FARMINGTON, NEW MEXICO**  
**Statement of Net Position**  
**June 30, 2015**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 33,482,080	\$ 82,133,800	\$ 115,615,880
Receivables (net, where applicable, of allowances for uncollectibles):	759,686	6,106,629	6,866,315
Accrued unbilled revenues	-	6,830,552	6,830,552
Intergovernmental receivable	12,840,315	-	12,840,315
Regulatory Asset	-	14,303,496	14,303,496
Internal balances	(1,100,000)	1,100,000	-
Inventories	182,313	6,431,178	6,613,491
Prepays	316,594	122,281	438,875
Restricted assets			
Temporarily restricted:			
Cash and cash equivalents	-	5,101,396	5,101,396
Capital assets (not being depreciated):			
Land	29,552,553	3,884,334	33,436,887
Construction in progress	16,145,204	39,920,023	56,065,227
Capital assets (net of accumulated depreciation):			
Land rights	-	2,257,360	2,257,360
Buildings	33,510,060	57,068,896	90,578,956
Improvements other than buildings	12,891,618	98,319,288	111,210,906
Equipment	8,402,433	163,554,798	171,957,231
Infrastructure	15,868,790	-	15,868,790
Total assets	<u>162,851,646</u>	<u>487,134,031</u>	<u>649,985,677</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows from pension	4,626,687	1,073,032	5,699,719
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	3,572,777	6,911,441	10,484,218
Wages and benefits payable	2,241,070	737,387	2,978,457
Other accrued liabilities	150,203	1,424,160	1,574,363
Accrued claims liabilities	-	341,000	341,000
Retainage deposits payable	36,309	-	36,309
Unearned revenue	66,846	-	66,846
Accrued interest payable	25,272	-	25,272
Customer deposits	-	3,439,489	3,439,489
Non-current liabilities:			
Due within one year	3,744,894	1,458,846	5,203,740
Due in more than one year	14,823,882	13,398,217	28,222,099
Net pension liability	44,723,397	10,370,293	55,093,690
Total liabilities	<u>69,384,650</u>	<u>38,080,833</u>	<u>107,465,483</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows from pension	13,983,439	4,064,160	18,047,599
<b>NET POSITION</b>			
Net investment in capital assets	105,735,450	351,217,980	456,953,430
Restricted for:			
Fire	19,007	-	19,007
Lodgers promotion	636,998	-	636,998
Capital projects	2,302,345	-	2,302,345
Debt service	203,412	1,661,907	1,865,319
Unrestricted (deficit)	(24,786,968)	93,182,183	68,395,215
Total net position	<u>\$ 84,110,244</u>	<u>\$ 446,062,070</u>	<u>\$ 530,172,314</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF FARMINGTON, NEW MEXICO**  
**Statement of Activities**  
**For the Year Ended June 30, 2015**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Primary government:</b>							
Governmental activities:							
General government	\$ 38,752,681	\$ 11,688,723	\$ 3,136,140	\$ 1,302,871	\$ (22,624,947)	\$ -	\$ (22,624,947)
Police	16,544,038	1,148,476	454,637	-	(14,940,925)	-	(14,940,925)
Fire	7,460,513	-	648,142	-	(6,812,371)	-	(6,812,371)
Parks, recreation, cultural affairs	17,017,698	2,818,948	23,849	-	(14,174,901)	-	(14,174,901)
Public works	9,708,202	58,583	991,927	1,570,885	(7,086,807)	-	(7,086,807)
Interest on long-term debt	407,023	-	-	-	(407,023)	-	(407,023)
Total governmental activities	89,890,155	15,714,730	5,254,695	2,873,756	(66,046,974)	-	(66,046,974)
Business-type activities:							
Electric	93,164,509	105,907,531	-	842,095	-	13,585,117	13,585,117
Water	10,362,693	13,932,663	-	1,044,571	-	4,614,541	4,614,541
Wastewater	6,239,817	6,875,136	-	-	-	635,319	635,319
Sanitation	5,529,374	5,667,995	-	-	-	138,621	138,621
Total business-type activities	115,296,393	132,383,325	-	1,886,666	-	18,973,598	18,973,598
Total government	\$ 205,186,548	\$ 148,098,055	\$ 5,254,695	\$ 4,760,422	(66,046,974)	18,973,598	(47,073,376)
General revenues:							
Property taxes					1,907,059	-	1,907,059
Sales taxes					52,453,868	-	52,453,868
Franchise taxes					2,308,529	-	2,308,529
Gasoline taxes					574,631	-	574,631
Lodgers' taxes					1,620,922	-	1,620,922
Environmental taxes					-	1,384,982	1,384,982
Miscellaneous					1,093,197	-	1,093,197
Unrestricted investment earnings					317,162	742,813	1,059,975
Transfers					7,900,683	(7,900,683)	-
Total general revenues and transfers					68,176,051	(5,772,888)	62,403,163
Change in net position					2,129,077	13,200,710	15,329,787
Net position - beginning as previously reported					137,142,994	446,863,176	584,006,170
Cumulative effect of implementing GASB 68					(55,161,827)	(14,001,816)	(69,163,643)
Net position - beginning as restated					81,981,167	432,861,360	514,842,527
Net position - ending					\$ 84,110,244	\$ 446,062,070	\$ 530,172,314

The notes to the financial statements are an integral part of this statement.

**CITY OF FARMINGTON, NEW MEXICO**

**Balance Sheet  
Governmental Funds  
June 30, 2015**

	<u>General</u>	<u>Gross Receipts Tax Streets</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS:</b>				
Pooled cash and investments	\$ 15,996,074	\$ 7,750,031	\$ 7,625,540	\$ 31,371,645
Receivables (net, where applicable, of allowances for uncollectibles):	288,238	-	444	288,682
Due from other funds	624,602	-	-	624,602
Inventories, at cost	182,313	-	-	182,313
Prepaid items	316,594	-	-	316,594
Intergovernmental	8,944,578	1,685,438	2,210,299	12,840,315
Total assets	<u>\$ 26,352,399</u>	<u>\$ 9,435,469</u>	<u>\$ 9,836,283</u>	<u>\$ 45,624,151</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:</b>				
Liabilities:				
Accounts payable	\$ 994,253	\$ 2,125,784	\$ 452,740	\$ 3,572,777
Wages and benefits payable	2,102,840	1,953	136,277	2,241,070
Other accrued liabilities	35,327	-	-	35,327
Accrued claims payable	2,910,640	-	-	2,910,640
Retainage/deposits payable	36,309	-	-	36,309
Unearned revenue	-	-	66,846	66,846
Due to other funds	-	-	624,602	624,602
Advance from other funds	-	-	1,100,000	1,100,000
Total liabilities	<u>6,079,369</u>	<u>2,127,737</u>	<u>2,380,465</u>	<u>10,587,571</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Unavailable revenue - property taxes	<u>1,996,264</u>	<u>-</u>	<u>-</u>	<u>1,996,264</u>
<b>Fund Balances:</b>				
Nonspendable:				
Inventories and prepaids	498,907	-	-	498,907
Restricted to:				
Fire	-	-	19,007	19,007
Lodgers' promotion	-	-	636,998	636,998
Capital projects	-	-	2,302,345	2,302,345
Debt service	-	-	203,412	203,412
Committed to:				
Police	-	-	236,291	236,291
Parks, recreation, cultural affairs	-	-	1,933,512	1,933,512
Public works	-	7,307,732	-	7,307,732
Assigned to:				
Parks, recreation, cultural affairs	-	-	394,599	394,599
Library	-	-	310,575	310,575
Community development	-	-	130,139	130,139
Capital projects	-	-	2,154,170	2,154,170
Unassigned	17,777,859	-	(865,230)	16,912,629
Total fund balances	<u>18,276,766</u>	<u>7,307,732</u>	<u>7,455,818</u>	<u>33,040,316</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 26,352,399</u>	<u>\$ 9,435,469</u>	<u>\$ 9,836,283</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	116,370,658
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	1,996,264
Internal service funds are used by management to charge the costs of healthcare to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	1,657,211
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(14,874,056)
Net pension liability	(44,723,397)
Deferred outflows from pension	4,626,687
Deferred inflows from pension	(13,983,439)
Net position of governmental activities	<u>\$ 84,110,244</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF FARMINGTON, NEW MEXICO**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2015**

	<u>General</u>	<u>Gross Receipts Tax Streets</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES:</b>				
Taxes:				
Property	\$ 1,862,087	\$ -	\$ -	\$ 1,862,087
Gross receipts	41,373,524	8,310,258	2,770,086	52,453,868
Franchise	2,308,529	-	-	2,308,529
Gasoline	-	574,631	-	574,631
Lodgers' taxes/fees	-	-	1,620,922	1,620,922
Licenses and permits	607,964	-	6,881	614,845
Intergovernmental:				
Federal	196,642	991,927	2,893,283	4,081,852
State	167,158	-	2,674,651	2,841,809
Other	1,108,862	-	95,928	1,204,790
Charges for services	3,370,359	-	360,529	3,730,888
Fines	958,716	-	155,497	1,114,213
Investment earnings	142,690	68,161	92,926	303,777
Miscellaneous	739,858	49,272	304,067	1,093,197
Total revenues	<u>52,836,389</u>	<u>9,994,249</u>	<u>10,974,770</u>	<u>73,805,408</u>
<b>EXPENDITURES:</b>				
Current:				
General government	21,522,167	-	2,132,275	23,654,442
Police	16,455,267	-	734,487	17,189,754
Fire	9,147,473	-	391,360	9,538,833
Parks, recreation and cultural affairs	10,835,530	-	4,040,648	14,876,178
Public works	1,006,382	5,619,806	-	6,626,188
Debt service:				
Principal	-	-	1,224,760	1,224,760
Interest	-	-	411,133	411,133
Capital outlay:				
General government	-	-	5,078,977	5,078,977
Police operations	-	-	54,102	54,102
Fire operations	-	-	172,724	172,724
Parks, recreation and cultural affairs	-	-	1,842,065	1,842,065
Airport	-	-	1,417,327	1,417,327
Highways and streets	-	4,976,544	1,360,273	6,336,817
Total expenditures	<u>58,966,819</u>	<u>10,596,350</u>	<u>18,860,131</u>	<u>88,423,300</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,130,430)</u>	<u>(602,101)</u>	<u>(7,885,361)</u>	<u>(14,617,892)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	10,507,351	-	6,016,114	16,523,465
Transfers out	(5,047,171)	(304,538)	(3,271,073)	(8,622,782)
Total other financing sources (uses)	<u>5,460,180</u>	<u>(304,538)</u>	<u>2,745,041</u>	<u>7,900,683</u>
Net change in fund balances	(670,250)	(906,639)	(5,140,320)	(6,717,209)
Fund balances-beginning	18,947,016	8,214,371	12,596,138	39,757,525
Fund balances-ending	<u>\$ 18,276,766</u>	<u>\$ 7,307,732</u>	<u>\$ 7,455,818</u>	<u>\$ 33,040,316</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF FARMINGTON, NEW MEXICO**  
**Reconciliation of the Statement of Revenues**  
**Expenditures, and Changes in Fund Balances of Governmental Funds**  
**To the Statement of Activities**  
**For the Year Ended June 30, 2015**

Amounts reported for governmental activities in the statement of activities (page 20) are different because:

Net change in fund balances-total governmental funds (page 22)	\$ (6,717,209)
Governmental funds report capital outlays as expenditures. However, in the statements of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	5,723,966
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	44,972
The issuance of long-term debt (e.g., bonds, 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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This is the net effect of these differences in the treatment of long-term debt and related items.	1,224,744
The net revenue/expense of certain activities of internal service funds is reported with governmental activities.	770,926
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds	<u>1,081,678</u>
Change in net position of governmental activities (page 20)	<u>\$ 2,129,077</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF FARMINGTON, NEW MEXICO**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Budget to Actual**  
**For the Year Ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Taxes:				
Property taxes	\$ 1,775,627	\$ 1,775,627	\$ 1,855,541	\$ 79,914
Gross receipts tax	38,464,583	38,464,583	40,988,208	2,523,625
Franchise taxes	2,273,180	2,273,180	2,325,127	51,947
Licenses and permits	670,250	670,250	607,964	(62,286)
Intergovernmental:				
Federal	218,000	301,701	208,408	(93,293)
State	16,800	88,261	261,219	172,958
Other	1,096,009	1,101,608	1,132,808	31,200
Charges for services	3,672,898	3,849,498	3,411,226	(438,272)
Fines	985,000	985,000	958,716	(26,284)
Investment earnings	85,000	85,000	115,255	30,255
Miscellaneous	255,578	478,540	743,200	264,660
Total revenues	<u>49,512,925</u>	<u>50,073,248</u>	<u>52,607,672</u>	<u>2,534,424</u>
<b>EXPENDITURES:</b>				
Current:				
General government:				
Council	294,248	295,448	275,596	19,852
Municipal court	2,683,454	2,684,254	2,603,250	81,004
Administrative	9,417,605	9,458,910	9,309,015	149,895
Legal	954,569	1,406,669	1,335,150	71,519
Administrative services	817,073	839,073	809,428	29,645
General services	5,039,724	5,197,524	4,969,202	228,322
Community development	1,219,028	1,223,128	1,026,919	196,209
Total general government	<u>20,425,701</u>	<u>21,105,006</u>	<u>20,328,560</u>	<u>776,446</u>
Public safety:				
Police	16,717,640	17,141,134	16,412,937	728,197
Fire	8,993,335	9,023,335	9,152,941	(129,606)
Total public safety	<u>25,710,975</u>	<u>26,164,469</u>	<u>25,565,878</u>	<u>598,591</u>
Public works	1,229,986	1,232,056	995,267	236,789
Parks, recreation and cultural affairs	10,982,726	11,099,496	10,880,879	218,617
Total expenditures	<u>58,349,388</u>	<u>59,601,027</u>	<u>57,770,584</u>	<u>1,830,443</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,836,463)</u>	<u>(9,527,779)</u>	<u>(5,162,912)</u>	<u>4,364,867</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	10,597,396	10,604,064	10,507,351	(96,713)
Transfers out	<u>(4,389,612)</u>	<u>(5,047,171)</u>	<u>(5,047,171)</u>	<u>-</u>
Total other financing sources and uses	<u>6,207,784</u>	<u>5,556,893</u>	<u>5,460,180</u>	<u>(96,713)</u>
Net change in fund balances	(2,628,679)	(3,970,886)	297,268	<u>\$ 4,268,154</u>
<b>ADJUSTMENTS TO GAAP:</b>				
Change in receivables			(16,774)	
Change in intergovernmental			245,491	
Change in accrued payables			<u>(1,196,235)</u>	
			<u>(967,518)</u>	
<b>GAAP BASIS CHANGE IN FUND BALANCES:</b>				
			(670,250)	
Fund balances-beginning	18,947,016	18,947,016	18,947,016	
Fund balances-ending	<u>\$ 16,318,337</u>	<u>\$ 14,976,130</u>	<u>\$ 18,276,766</u>	

The notes to the financial statements are an integral part of this statement.



**CITY OF FARMINGTON, NEW MEXICO**  
**Gross Receipts Tax Streets Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Budget to Actual**  
**For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Gross receipts taxes	\$ 7,817,348	\$ 7,817,348	\$ 8,233,243	\$ 415,895
Intergovernmental:				
Federal	2,000,000	2,000,000	1,105,280	(894,720)
State	504,000	504,000	-	(504,000)
Gasoline taxes	775,000	568,042	574,538	6,496
Investment earnings	53,000	53,000	63,318	10,318
Miscellaneous	500	41,265	57,798	16,533
Total revenues	11,149,848	10,983,655	10,034,177	(949,478)
<b>EXPENDITURES:</b>				
Current:				
Public Works	8,174,750	7,634,701	5,257,644	2,377,057
Capital Outlay:				
Highways and streets	5,994,000	6,574,814	3,423,964	3,150,850
Total expenditures	14,168,750	14,209,515	8,681,608	5,527,907
Excess (deficiency) of revenues over (under) expenditures	(3,018,902)	(3,225,860)	1,352,569	4,578,429
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(304,538)	(304,538)	(304,538)	-
Net change in fund balances	(3,323,440)	(3,530,398)	1,048,031	\$ 4,578,429
<b>ADJUSTMENTS TO GAAP:</b>				
Change in accounts receivable			68,582	
Change in intergovernmental receivable - federal			(113,353)	
Change in fair market value - investments			4,843	
Change in accounts payable			(1,914,742)	
			(1,954,670)	
<b>GAAP BASIS CHANGE IN FUND BALANCES:</b>			(906,639)	
Fund balances-beginning	8,214,371	8,214,371	8,214,371	
Fund balances-ending	\$ 4,890,931	\$ 4,683,973	\$ 7,307,732	

The notes to the financial statements are an integral part of this statement.

(Continued)

CITY OF FARMINGTON, NEW MEXICO  
Statement of Net Position  
Proprietary Funds  
June 30, 2015

	Business-type Activities Enterprise Funds					Governmental Activities Internal Service Fund
	Electric Utility	Water Utility	Wastewater Utility	Sanitation	Totals	
<b>ASSETS</b>						
Current assets:						
Pooled cash and investments	\$ 57,729,883	\$ 13,327,150	\$ 8,490,045	\$ 2,586,722	\$ 82,133,800	\$ 2,110,435
Accounts receivable (net of allowance for doubtful accounts)	3,915,371	1,032,465	844,187	314,606	6,106,629	471,004
Accrued unbilled revenues	5,531,074	797,013	273,739	228,726	6,830,552	-
Regulatory asset	14,303,496	-	-	-	14,303,496	-
Inventories	6,431,178	-	-	-	6,431,178	-
Prepaid items	106,758	9,155	6,368	-	122,281	-
Restricted cash, cash equivalents and investments	3,001,606	437,883	1,661,907	-	5,101,396	-
Total current assets	91,019,366	15,603,666	11,276,246	3,130,054	121,029,332	2,581,439
Noncurrent assets:						
Advance to other funds	1,100,000	-	-	-	1,100,000	-
Capital assets:						
Land and land rights	3,624,763	3,036,947	479,388	23,341	7,164,439	-
Building and system	73,950,614	14,008,573	24,306,649	80,323	112,346,159	-
Improvements other than buildings	78,089,958	61,525,060	17,725,712	-	157,340,730	-
Machinery and equipment	313,527,537	10,666,583	4,880,850	-	329,074,970	-
Construction in progress	29,665,168	7,065,178	3,189,677	-	39,920,023	-
Less accumulated depreciation	(218,429,884)	(39,427,183)	(22,904,232)	(80,323)	(280,841,622)	-
Total capital assets	280,428,156	56,875,158	27,678,044	23,341	365,004,699	-
(net of accumulated depreciation)	280,428,156	56,875,158	27,678,044	23,341	365,004,699	-
Total noncurrent assets	372,547,522	72,478,824	38,954,290	3,153,395	487,134,031	2,581,439
Total assets						
	\$ 1,028,955	\$ 22,878	\$ 16,661	\$ 4,538	\$ 1,073,032	\$ -
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred amount on pension						

The notes to the financial statements are an integral part of this statement.

CITY OF FARMINGTON, NEW MEXICO  
Statement of Net Position  
Proprietary Funds  
June 30, 2015

	Business-type Activities Enterprise Funds					Governmental Activities Internal Service Fund
	Electric Utility	Water Utility	Wastewater Utility	Sanitation	Totals	
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	\$ 5,575,840	\$ 517,635	\$ 176,481	\$ 641,485	\$ 6,911,441	\$ -
Accrued liabilities	2,020,845	127,079	10,699	2,924	2,161,547	114,876
Compensated absences	539,502	9,538	9,538	-	558,578	-
Accrued claims payable	221,000	60,000	60,000	-	341,000	809,352
Liabilities payable - restricted assets	3,001,606	437,883	-	-	3,439,489	-
NMED loan	-	-	688,465	-	688,465	-
NMFA loan	-	211,803	-	-	211,803	-
Total current liabilities	<u>11,358,793</u>	<u>1,363,938</u>	<u>945,183</u>	<u>644,409</u>	<u>14,312,323</u>	<u>924,228</u>
Noncurrent liabilities:						
Compensated absences	429,966	40,900	40,900	-	511,766	-
NMED loan	-	-	8,129,259	-	8,129,259	-
NMFA loan	-	4,757,192	-	-	4,757,192	-
Net Pension Liability	9,989,312	205,808	145,061	30,112	10,370,293	-
Total noncurrent liabilities	<u>10,419,278</u>	<u>5,003,900</u>	<u>8,315,220</u>	<u>30,112</u>	<u>23,768,510</u>	<u>-</u>
Total liabilities	<u>21,778,071</u>	<u>6,367,838</u>	<u>9,260,403</u>	<u>674,521</u>	<u>38,080,833</u>	<u>924,228</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred amount on pension	3,914,852	80,657	56,850	11,801	4,064,160	-
<b>NET POSITION</b>						
Net investment in capital assets	280,428,156	51,906,163	18,860,320	23,341	351,217,980	-
Restricted for debt service	-	-	1,661,907	-	1,661,907	-
Unrestricted	67,455,398	14,147,044	9,131,471	2,448,270	93,182,183	1,657,211
Total net position	<u>\$ 347,883,554</u>	<u>\$ 66,053,207</u>	<u>\$ 29,653,698</u>	<u>\$ 2,471,611</u>	<u>\$ 446,062,070</u>	<u>\$ 1,657,211</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF FARMINGTON, NEW MEXICO**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2015**

	Business-type Activities Enterprise Funds					Governmental Activities Internal Service Fund
	Electric Utility	Water Utility	Wastewater Utility	Sanitation	Totals	
Operating revenues:						
Charges for sales and services:						
Electric	\$ 104,932,650	\$ -	\$ -	\$ -	\$ 104,932,650	\$ -
Water	-	13,915,096	-	-	13,915,096	-
Wastewater	-	-	6,678,826	-	6,678,826	-
Sanitation	-	-	-	5,586,188	5,586,188	-
Health	-	-	-	-	-	10,254,784
Other revenues	974,881	17,567	196,310	81,807	1,270,565	-
Total operating revenues	<u>105,907,531</u>	<u>13,932,663</u>	<u>6,875,136</u>	<u>5,667,995</u>	<u>132,383,325</u>	<u>10,254,784</u>
Operating expenses:						
Salaries and fringe benefits	12,509,523	707,155	339,279	59,328	13,615,285	-
Purchased power, fuel and chemicals	47,014,521	-	-	-	47,014,521	-
Other operating expenses	17,268,077	6,902,361	4,154,539	5,470,046	33,795,023	9,497,243
Depreciation and amortization	16,372,388	2,656,434	1,461,415	-	20,490,237	-
Total operating expenses	<u>93,164,509</u>	<u>10,265,950</u>	<u>5,955,233</u>	<u>5,529,374</u>	<u>114,915,066</u>	<u>9,497,243</u>
Operating income	<u>12,743,022</u>	<u>3,666,713</u>	<u>919,903</u>	<u>138,621</u>	<u>17,468,259</u>	<u>757,541</u>
Nonoperating revenues (expenses):						
Intergovernmental-environmental tax	-	-	1,384,982	-	1,384,982	-
Investment earnings	538,339	102,054	81,587	20,833	742,813	13,385
Interest expense	-	(67,020)	(284,584)	-	(351,604)	-
Loan issuance costs	-	(29,723)	-	-	(29,723)	-
Total nonoperating revenues (expenses)	<u>538,339</u>	<u>5,311</u>	<u>1,181,985</u>	<u>20,833</u>	<u>1,746,468</u>	<u>13,385</u>
Income (loss) before transfers	<u>13,281,361</u>	<u>3,672,024</u>	<u>2,101,888</u>	<u>159,454</u>	<u>19,214,727</u>	<u>770,926</u>
Capital contributions	842,095	1,044,571	-	-	1,886,666	-
Transfers out	(6,870,396)	(695,457)	(334,830)	-	(7,900,683)	-
Change in net position	<u>7,253,060</u>	<u>4,021,138</u>	<u>1,767,058</u>	<u>159,454</u>	<u>13,200,710</u>	<u>770,926</u>
Net position - beginning as previously reported	354,117,915	62,309,948	28,082,499	2,352,814	446,863,176	886,285
Cumulative effect of implementing GASB 68	(13,487,421)	(277,879)	(195,859)	(40,657)	(14,001,816)	-
Net position - beginning as restated	<u>340,630,494</u>	<u>62,032,069</u>	<u>27,886,640</u>	<u>2,312,157</u>	<u>432,861,360</u>	<u>886,285</u>
Net position - ending	<u>\$ 347,883,554</u>	<u>\$ 66,053,207</u>	<u>\$ 29,653,698</u>	<u>\$ 2,471,611</u>	<u>\$ 446,062,070</u>	<u>\$ 1,657,211</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF FARMINGTON, NEW MEXICO**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2015**

	Business-type Activities				Governmental Activities Internal Service Fund
	Enterprise Funds				
	Electric Utility	Water Utility	Wastewater Utility	Sanitation	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers/users	\$ 101,435,864	\$ 13,998,226	\$ 6,677,370	\$ 5,679,320	\$ 127,790,780
Payments to suppliers	(64,972,196)	(6,815,179)	(4,271,792)	(5,465,462)	(81,524,629)
Payments to employees	(12,372,852)	(697,966)	(333,077)	(59,116)	(13,463,011)
Net cash provided by operating activities	24,090,816	6,485,081	2,072,501	154,742	32,803,140
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfer to other funds	(6,870,396)	(695,457)	(334,830)	-	(7,900,683)
Advances from other funds	(1,100,000)	-	-	-	(1,100,000)
Intergovernmental-environmental tax	-	-	1,384,982	-	1,384,982
Net cash provided (used) by capital and related financing activities	(7,970,396)	(695,457)	1,050,152	-	(7,615,701)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Proceeds from capital debt	-	2,961,414	-	-	2,961,414
Capital contributions	842,095	1,044,571	-	-	1,886,666
Acquisition and construction of capital assets	(21,117,438)	(5,582,829)	(1,259,847)	-	(27,960,114)
Principal paid on capital debt	-	(48,869)	(668,413)	-	(717,282)
Interest paid on capital debt	-	(67,020)	(284,584)	-	(351,604)
Loan issuance cost	-	(29,723)	-	-	(29,723)
Net cash used by capital and related financing activities	(20,275,343)	(1,722,456)	(2,212,844)	-	(24,210,643)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest and dividends received	538,339	102,054	81,587	20,833	742,813
Net increase (decrease) in cash and cash equivalents	(3,616,584)	4,169,222	991,396	175,575	1,719,609
Cash and cash equivalents - beginning	64,348,073	9,595,811	9,160,556	2,411,147	85,515,587
Cash and cash equivalents - ending	\$ 60,731,489	\$ 13,765,033	\$ 10,151,952	\$ 2,586,722	\$ 87,235,196

The notes to the financial statements are an integral part of this statement.

**CITY OF FARMINGTON, NEW MEXICO**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2015**

	Business-type Activities Enterprise Funds					Governmental Activities Internal Service Fund
	Electric Utility	Water Utility	Wastewater Utility	Sanitation	Totals	
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>						
Operating income	\$ 12,743,022	\$ 3,666,713	\$ 919,903	\$ 138,621	\$ 17,468,259	\$ 757,541
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation and amortization	16,372,388	2,656,434	1,461,415	-	20,490,237	-
(Increase) decrease in accounts receivable	481,082	36,369	(209,582)	3,712	311,581	21,309
(Increase) decrease in accrued unbilled revenues	382,510	(6,857)	11,816	7,613	395,082	-
(Increase) decrease in regulatory asset	(5,569,875)	-	-	-	(5,569,875)	-
(Increase) decrease in inventories	217,355	-	-	-	217,355	-
(Increase) decrease in prepaid items	7,462	4,578	11,878	-	23,918	-
(Increase) decrease in deferred outflow on pension	(1,028,955)	(22,878)	(16,661)	(4,538)	(1,073,032)	-
Increase (decrease) in other accrued expenses	136,671	9,189	6,202	212	152,274	-
Increase (decrease) in accrued claims payable	25,750	40,000	40,000	-	105,750	(18,351)
Increase (decrease) in customer deposits	234,616	36,051	-	-	270,667	-
Increase (decrease) in accounts payable	(327,953)	56,896	(158,522)	7,866	(421,713)	-
Increase (decrease) in net pension liability	(3,498,109)	(72,071)	(50,798)	(10,545)	(3,631,523)	-
Increase (decrease) in deferred inflow on pension	3,914,852	80,657	56,850	11,801	4,064,160	-
Total adjustments	11,347,794	2,818,368	1,152,598	16,121	15,334,881	2,958
Net cash provided by operating activities	\$ 24,090,816	\$ 6,485,081	\$ 2,072,501	\$ 154,742	\$ 32,803,140	\$ 760,499

The notes to the financial statements are an integral part of this statement.

# Notes to the Financial Statements





**CITY OF FARMINGTON, NEW MEXICO**  
**NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2015**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The City of Farmington (City), New Mexico, which was incorporated in 1901, has a population of 44,445 living within an area of 34.6 square miles. The City operates under a Council/Manager form of government. Four councilors are elected from designated districts with the Mayor serving at-large. This reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the City's financial statements to be misleading or incomplete.

The City had no blended or discrete component units during the fiscal year ended June 30, 2015.

**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 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 activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Indirect costs are not allocated to functions in the statement of activities. *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. 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 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 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. Derived tax revenues (gross receipts taxes, cigarette taxes, and gas taxes) are recognized when the underlying transaction takes place. 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 City.

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.

The *gross receipts tax-streets* fund accounts for the City's share of gross receipts tax that is legally restricted to the maintenance of streets and storm drainage.

The government reports the following major proprietary funds:

The *electric fund* accounts for the activities of the City's electric utility.

The *water fund* accounts for the activities of the City's water utility.

The *wastewater fund* accounts for the activities of the City's wastewater utility.

The *sanitation fund* accounts for the activities of the City's sanitation utility.

Additionally, the government reports the following fund type:

The *internal service fund* accounts for health insurance services provided to City employees on a cost reimbursement basis.

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

Amounts reported as *program revenues* include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds and internal service funds are charges to customers for sales and services. The utilities also recognize as operating revenue the portion of tap fees intended to

recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

#### **D. Assets, liabilities, deferred outflows/inflows or resources, and net position/fund balance**

##### ***1. 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.

For purposes of the statement of cash flows for the proprietary funds, the City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

State statutes authorize the government to invest in obligations of the U.S. Treasury, U.S. Securities, repurchase agreements, Certificates of Deposits, and the State Treasurer's Investment Pool.

Investments for the government are reported at fair value. The State Treasurer's Investment 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.

##### ***2. Receivables and payables***

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

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.

All trade receivables are shown net of an allowance for uncollectibles. Trade accounts in excess of 180 days comprise the trade accounts receivable allowance for uncollectibles.

Property taxes are levied and collected by San Juan County. The County remits to the City amounts collected for the applicable portion of the property taxes in the month following the date of receipt. The City recognizes property taxes as revenue on the modified accrual basis. Oil and gas taxes received from the County are recognized as revenue when received by the City.

Property taxes are levied as of January 1st on property values assessed on the same date. The tax levy is payable in two installments, November 10th and May 10th. The property taxes are considered delinquent and subject to lien, penalty, and interest, 30 days after the date on which they are due.

### **3. Inventories and prepaid items**

All inventories are valued at cost using the weighted-average method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

### **4. Regulatory Assets**

The City's electric utility enterprise fund has regulatory activities whose rates are determined based on cost of service (power cost adjustment - PCA). Revenues are recognized based on the PCA when the costs are incurred but will be billed and collected in the future to recover such costs, and a regulatory liability/asset is recorded. The PCA regulatory asset is recorded on the statement of net position (\$3,213,726 as of June 30, 2015) and the related additional revenue is part of electric charges for services recorded on the statement of activities (\$601,362 for the year ended June 30, 2015).

The City's electric utility incurs large maintenance costs for their two generation plants, Bluffview and Animas Power Plants. The electric utility has the ability to charge rates that are intended to produce revenue to recover these maintenance costs. The City intends to include these allowable costs in periods other than just the current period. This regulatory asset was \$11,089,770 as of June 30, 2015.

### **5. Restricted assets**

Certain resources of enterprise funds are classified as restricted assets on the balance sheet because their use is limited by applicable debt covenants or other restrictions. The NMED debt service reserve and replacement reserve accounts are used to segregate resources accumulated for future debt service payments. The amount paid to the San Juan Coal Company trust for reclamation costs is also classified as a restricted asset. Customer deposits, as well as customer overpayments, are also classified as restricted assets. The deposits and overpayments remain the property of the customers, and the restricted account reports these assets separately from current assets available for operations to demonstrate the fiduciary relationship with the customers.

### **6. 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 City as assets with an initial, individual cost of more than \$5,000 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. 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. Such assets, including infrastructure, have higher limits that must be met before they are capitalized. 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. Computer software costs, whether externally purchased or developed in-house, shall be capitalized if the total cost of the software equals or exceeds \$5,000 and has a life of at least two years. Library books are not capitalized.

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

	<u>Threshold</u>	<u>Estimated Useful Life</u>
Buildings and structures	\$ 10,000	7 - 45 years
Improvements other than buildings	\$ 10,000	5 - 75 years
Infrastructure	\$ 50,000	3 - 50 years
Personal property	\$ 5,000	5 - 45 years

**7. Compensated absences**

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Accrued sick leave over 520 hours (728 hours for fire shift personnel) may be converted to vacation time at the conversion ratio of three sick days to one vacation day at any time. A liability for accrued convertible sick leave is reported in the proprietary funds. A liability for these amounts is reported in the governmental funds only if they have matured (i.e., unused reimbursable leave still outstanding following an employee's resignation or retirement). Payments of accrued compensated absences are made upon employee termination and usually are paid from either the general or electric fund.

**8. Deferred outflows/inflows of resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. As a result of implementing GASB Statement No.68, the City has recognized deferred outflows of resources for its FY2015 pension contributions.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available. Again, as part of implementing GASB Statement No. 68, the City has recognized deferred inflows of resources for its pension liability based on actuarial valuation that was performed.

For additional information regarding GASB Statement No. 68, refer to Note V.D.

**9. Net Position**

In the government-wide financial statements and proprietary fund financial statements, net position is reported in three categories: net investment in capital assets, restricted net position, and unrestricted net position. Restricted net position represents restrictions by parties outside of the City (such as creditors, grantors, contributors, laws and regulations of other governments). The City's restricted net position in the government-wide financial statements are \$4,823,669 as of June 30, 2015.

## **10. Net position flow assumption**

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

## **11. Fund balance flow assumptions**

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

## **12. Fund balance policies**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance). The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation. Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City Council may assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

As of June 30, 2015, fund balances of the governmental funds are classified as follows:

*Nonspendable* — amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

*Restricted* — amounts that can be spent only for specific purposes because of constitutional provisions, or enabling legislation, or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

*Committed* — amounts that can be used only for specific purposes determined by a formal action of City Council. City Council is the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only through ordinances approved by City Council.

*Assigned* — amounts that are constrained by the City’s intent to use them for a specific purpose, but are neither restricted nor committed. Intent is expressed by (1) the City Council or by (2) the City Manager to which the City Council has delegated the authority to assign amounts to be used for specific purposes.

*Unassigned* — amounts in the general fund and nonmajor governmental funds that have not been restricted, committed, or assigned to specific purposes within the general fund.

As of June 30, 2015, fund balances are composed of the following:

	<b>General Fund</b>	<b>Gross Receipts Tax Streets Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
Nonspendable:				
Inventories/prepays	\$ 498,907	\$ -	\$ -	\$ 498,907
Restricted:				
Fire	-	-	19,007	19,007
Lodgers’ promotion	-	-	636,998	636,998
Capital projects	-	-	2,302,345	2,302,345
Debt service	-	-	203,412	203,412
Committed:				
Police	-	-	236,291	236,291
Parks, rec, cultural affairs	-	-	1,933,512	1,933,512
Public works	-	7,307,732	-	7,307,732
Assigned:				
Parks, rec, cultural affairs	-	-	394,599	394,599
Library	-	-	310,575	310,575
Community development	-	-	130,139	130,139
Capital projects	-	-	2,154,170	2,154,170
Unassigned	17,777,859	-	(865,230)	16,912,629
Total fund balances	<u>\$ 18,276,766</u>	<u>\$ 7,307,732</u>	<u>\$ 7,455,818</u>	<u>\$ 33,040,316</u>

### 13. 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.

## II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

### A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

The governmental fund balance sheet includes a reconciliation between *fund balance-total governmental funds* and *net position-governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$14,874,056 difference are as follows:

Bond payable	\$ 10,515,000
Bond premium (to be amortized over the life of the debt)	573,902
Accrued interest payable	25,272
NMFA loan payable	342,550
Compensated absences payable	<u>3,417,332</u>
Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net position-governmental activities</i>	\$ <u>14,874,056</u>

**B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balance-total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “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.” Details of this \$5,723,966 are as follows:

Capital outlay	\$ 15,368,409
Depreciation	<u>(9,644,443)</u>
Net adjustment to increase <i>net changes in fund balance – total governmental funds</i> to arrive at changes in <i>net position of governmental activities</i>	\$ <u>5,723,966</u>

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, 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 issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities”. Details of this \$1,224,744 are as follows:

Principal repayments	\$ 1,224,760
Amortization of bond premium	64,476
Accrued interest	4,110
Compensated absences	<u>(68,602)</u>
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$ <u>1,224,744</u>

Another element of that reconciliation states that: “the net revenue/expense of certain activities of internal service funds is reported with governmental funds.” The details of this \$770,926 difference are as follows:

Internal service charges for services and other non-operating revenue	\$ 10,268,169
Internal service operating expenses	<u>(9,497,243)</u>
Net adjustment to decrease <i>net changes in fund balance – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$ <u>770,926</u>

**III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary information**

Annual budgets are adopted for all funds. All budgets are prepared on a basis consistent with generally accepted accounting principles (GAAP). All annual appropriations lapse at fiscal year end. Carryover funds must be appropriated in the budget of the subsequent fiscal year.



Actual expenditures may not exceed the budget on a fund basis. Budgets may be amended by City Council ordinance with approval by the State Department of Finance and Administration. City department heads may make transfers of appropriations within a fund. The legal level of budgetary control is the fund level. Increases or decreases of appropriations between funds require the approval of the City Council.

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

1. In April or May, the City Manager submits to the Council a proposed preliminary operating budget for the fiscal year commencing the following July 1st. The budget includes proposed expenditures and the means of financing them. The budget is prepared by fund, department, and function.
2. In late June, after there has been an opportunity for public comment, the City Council adopts the budget as finalized.
3. By the end of July, the Local Government Division of the State Department of Finance and Administration approves the final budget.
4. After the budget is adopted, any supplemental appropriations must be approved by the City Council.

Encumbrance accounting is employed by the City. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are carried forward to the new fiscal year and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

The City had the following encumbrances outstanding at June 30, 2015:

General Fund	\$	621,478
Gross Receipts Tax Streets Fund		2,835,131
Gross Receipts Tax Parks Fund		117,352
Parks/Rec Gifts and Grants Fund		318
Red Apple Grant Fund		244,994
Lodgers' Tax Fund		23,650
State Police Protection Fund		248
Region II Narcotics Grant Fund		98,816
Community Development Capital Projects Fund		468,474
Gross Receipts Tax 2012 Bond Capital Projects Fund		19,855
Electric Utility Fund		2,563,391
Water Utility Fund		2,263,393
Wastewater Utility Fund		1,030,556
Sanitation Fund		10,531
<b>Total Encumbrances</b>	<b>\$</b>	<b><u>10,298,187</u></b>

**B. Excess of expenditures over appropriations**

Expenditures for all funds were within budgeted appropriations for FY2015.

**C. Deficit Fund Equity**

As of June 30, 2015, the convention center capital projects fund had a deficit fund balance of (\$865,230). This is a new fund created to account for capital expenditures for Civic Center

improvements and will be funded by a new convention center lodgers fee enacted in March of 2015. The FY2015 capital expenditures in this fund were funded by a \$1,100,000 inter-fund loan from the electric utility fund. The loan will be repaid as the new fees are collected and it is expected that this fund will have a positive fund balance in the very near future.

**IV. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and investments**

Cash and investments		
Governmental activities	\$	33,482,080
Business activities		82,133,800
Restricted cash and investments		
Business activities		5,101,396
Total cash and investments	\$	<u>120,717,276</u>

As of June 30, 2015, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Money markets	\$ 17,081,233	0.08
Certificates of deposit	79,000,000	1.20
State treasurer’s pool	50,575	0.15
Federal agency securities	22,590,078	3.36
Total Fair Value	\$ <u>118,721,886</u>	
Portfolio weighted average maturity		<u>1.71</u>

**Interest rate risk.** Interest rate risk is the risk that interest rate variations may adversely affect the fair value of an investment. An acceptable method for reporting interest rate risk is weighted average maturity (WAM). The State Treasurer’s Office uses this method for reporting purposes for the Local Government Investment Pool. The weighted average maturity at June 30, 2015, was 55 days for the Local Government Investment Pool.

In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than five years.

**Concentration of Credit Risk.** The City had investments at June 30, 2015, with more than 5% of the total in securities of the federal agency securities. These investments represented 19% of total investments.

**Credit risk.** As per the City’s policy and as directed by State Statute 6-10-36, E. and F., excess funds may be invested in securities backed by the full faith and credit of the United States Government, such as treasury notes, bills and bonds; in securities of Agencies that are guaranteed by the United States Government; bonds or negotiable securities of the State of New Mexico or of any county, municipality or school district in the State of New Mexico which has a taxable valuation of real property for the last preceding year of at least one million dollars (\$1,000,000) and has not defaulted in the payment of any interest or sinking fund obligation or failed to meet any bonds at maturity at any time within five years last preceding. The City’s investment policy does not include any credit rating limitations. The City’s investments in federal agency securities were rated AA+ by Standard and Poor’s and Aaa by Moody’s Investment Service.

**Custodial credit risk – deposits.** In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City’s investment policy and state statute require that the bank deposits be 50% collateralized and repurchase agreements be 102% collateralized. As of June 30, 2015, the City was in compliance with state statute. The City’s carrying amount of deposits as of June 30, 2015, was \$97,406,190 and the bank balance was \$101,403,558. Of the bank balance, \$1,000,000 was covered by federal depository insurance, \$68,169,517 was collateralized with securities held by the pledging financial institution’s trust department or agent in the City’s name, and \$32,234,041 was uncollateralized, and subject to custodial credit risk.

**Custodial credit risk – investments.** In the case of investments, this is the risk that in the event of a failure of the counter-party, the City will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The City does not have any investments at June 30, 2015, that are exposed to custodial credit risk.

**Collateral.** The following guidelines are used to determine the level of collateral required from each financial institution. These ratios are in agreement with those set by the State Board of Finance for the State of New Mexico. The City Council authorizes the City Manager or his/her designee to set a higher level of collateral required based on criteria other than the ratios below. In no case shall the requirements be less than 50%.

<b>Banking Institutions</b>			
<b>Percentage Level of Collateralization Required</b>			
<b>Ratios</b>	<b>50%</b>	<b>75%</b>	<b>100%</b>
<u>Primary Capital Assets</u>	Above 6%	5% - 6%	Less than 5%
<u>Net Operating Income Total Average Assets</u>	Above .60%	.051% - .60%	Less than .51%
<u>Non-Performing Loans Primary Capital</u>	Under 35%	35% - 49.9%	Above 49.9%

<b>Savings and Loan Institutions</b>			
<b>Percentage Level of Collateralization Required</b>			
<b>Ratios</b>	<b>50%</b>	<b>75%</b>	<b>100%</b>
<u>Net Worth Average Assets</u>	Above 3%	2% - 3%	Less than 2%
<u>4 Qtrs Avg Net Income Before Tax 4 Qtrs Avg Assets</u>	Above .3%	.2% - .3%	Less than .2%
2 Consecutive Quarters of After Tax Losses		Yes	
3 Consecutive Quarters of After Tax Losses			Yes

Only securities backed by the full faith and credit of the United States Government will be accepted as collateral. The City may make an exception and accept as collateral securities from a governmental entity within the State of New Mexico as described by State Statute 6-10-16, B. All securities pledged as collateral shall be held by a third-party financial institution approved by the City Manager or his/her designee. Any change in the institution holding the collateral must have prior approval of the City Manager or his/her designee.

The City has investments in the State Treasurer external investment pool (the Local Government Investment Pool). The investments are valued at fair value based on quoted market prices as of June 30, 2015. The State Treasurer Local Government Investment Pool (LGIP) is not SEC registered. Section 6-10-10 (I) NMSA 1978, empowers the State Treasurer, with the advice and consent of the

State Board of Finance, to invest money held in the short-term investment fund in securities that are issued by the United States government or by its departments or agencies and are either direct obligations of the United States or are backed by the full faith and credit of the United States government or are agencies sponsored by the United States government. The Local Government Investment Pool investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments. The pool does not have unit shares. Per Section 6-10-10.1 (F) NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the amounts were invested. Participation in the Local Government Investment Pool is voluntary. The LGIP has been rated by Standard & Poor's and has received an AAAM rating.

The LGIP was invested in the Reserve Primary Fund (RPF) at September 15, 2008. On September 16, 2008, the RPF's net assets fell below \$1.00 and holdings in the fund were frozen. Since that date, approximately 98.7% of the City's investment in the RPF has been returned. In June 2012, the State Treasurer's Office made the decision to officially "write down" a portion of the remaining investment held in the Reserve Primary Fund. The City's share of this write down was \$77,077. As of June 30, 2015, the State Treasurer's Office wrote down their remaining share of the RPF. The City has also written down their share (\$6,267) of the RPF and we do not expect to receive any more distributions.

**B. Receivables**

Receivables as of June 30, 2015, are as follows:

	<u>General</u>	<u>Gross Receipts Tax Streets</u>	<u>Nonmajor Govern- mental Funds</u>	<u>Enterprise</u>	<u>Internal Service Fund</u>	<u>Total</u>
<b>Receivables:</b>						
Accounts Receivable	\$ 288,238	\$ -	\$ 444	\$ 6,551,863	\$ 471,004	\$ 7,311,549
Unbilled Revenue	-	-	-	6,830,552	-	6,830,552
Intergovernmental	<u>8,944,578</u>	<u>1,685,438</u>	<u>2,210,299</u>	<u>-</u>	<u>-</u>	<u>12,840,315</u>
Gross Receivables	9,232,816	1,685,438	2,210,743	13,382,415	471,004	26,982,416
<b>Less:</b> Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>(445,234)</u>	<u>-</u>	<u>(445,234)</u>
<b>Net Total Receivables:</b>	<u>\$ 9,232,816</u>	<u>\$ 1,685,438</u>	<u>\$ 2,210,743</u>	<u>\$ 12,937,181</u>	<u>\$ 471,004</u>	<u>\$ 26,537,182</u>

Intergovernmental receivables are made up of the following amounts in the general and special revenue funds: gross receipts taxes \$8,587,981, property taxes \$1,996,264, federal and state grants \$1,855,730, franchise taxes \$125,910, lodgers' taxes and fees \$201,474, and other taxes \$72,956.

Revenues of the utilities are reported net of uncollectible amounts. Total uncollectible amounts related to revenues of the current period are as follows:

Uncollectibles related to electric sales	\$ 49,251
Uncollectibles related to water sales	19,056
Uncollectibles related to wastewater charges	8,196
Uncollectibles related to sanitation charges	<u>2,938</u>
Total uncollectibles of the current fiscal year	<u>\$ 79,441</u>

## C. Capital assets

Capital asset activity for the year ended June 30, 2015, was as follows:

<b><u>Governmental activities:</u></b>	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Non-Depreciable Assets:				
Land	\$ 27,761,044	\$ 1,791,509	\$ -	\$ 29,552,553
Construction in progress	17,575,729	11,345,689	(12,776,214)	16,145,204
Total Non-Depreciable Assets	<u>45,336,773</u>	<u>13,137,198</u>	<u>(12,776,214)</u>	<u>45,697,757</u>
Depreciable Assets:				
Buildings	68,428,651	7,051,236	(101,272)	75,378,615
Improvements other than buildings	29,356,330	3,413,333	-	32,769,663
Equipment	34,158,227	2,365,859	(1,805,991)	34,718,095
Infrastructure	67,825,462	2,267,370	-	70,092,832
Total Depreciable Assets	<u>199,768,670</u>	<u>15,097,798</u>	<u>(1,907,263)</u>	<u>212,959,205</u>
Total Governmental Asset	<u>245,105,443</u>	<u>28,234,996</u>	<u>(14,683,477)</u>	<u>258,656,962</u>
Accumulated Depreciation:				
Buildings	(40,080,211)	(1,862,408)	74,064	(41,868,555)
Improvements other than buildings	(18,005,607)	(1,872,438)	-	(19,878,045)
Equipment	(25,362,984)	(2,695,504)	1,742,826	(26,315,662)
Infrastructure	(51,009,949)	(3,214,093)	-	(54,224,042)
Total Accumulated Depreciation	<u>(134,458,751)</u>	<u>(9,644,443)</u>	<u>1,816,890</u>	<u>(142,286,304)</u>
Net Governmental Assets	\$ <u>110,646,692</u>	\$ <u>18,590,553</u>	\$ <u>(12,866,587)</u>	\$ <u>116,370,658</u>
<b><u>Business-type activities:</u></b>	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Non-Depreciable Capital Assets:				
Land	\$ 3,884,334	\$ -	\$ -	\$ 3,884,334
Construction in progress	43,181,279	26,527,316	(29,788,572)	39,920,023
Total Non-Depreciable Capital Assets	<u>47,065,613</u>	<u>26,527,316</u>	<u>(29,788,572)</u>	<u>43,804,357</u>
Depreciable Capital Assets:				
Land Rights	3,072,346	207,759	-	3,280,105
Buildings	107,928,372	4,417,787	-	112,346,159
*Improvements other than buildings	148,307,378	9,167,590	(134,238)	157,340,730
Equipment	314,913,801	14,623,884	(462,715)	329,074,970
Total Depreciable Capital Assets	<u>574,221,897</u>	<u>28,417,020</u>	<u>(596,953)</u>	<u>602,041,964</u>
Total Business-type Capital Assets	<u>621,287,510</u>	<u>54,944,336</u>	<u>(30,385,525)</u>	<u>645,846,321</u>
Accumulated Depreciation:				
Land rights	(983,638)	(39,107)	-	(1,022,745)
Buildings	(52,186,361)	(3,090,902)	-	(55,277,263)
*Improvements other than building	(55,093,751)	(4,574,371)	646,680	(59,021,442)
Equipment	(155,488,938)	(10,493,949)	462,715	(165,520,172)
Total Accumulated Depreciation	<u>(263,752,688)</u>	<u>(18,198,329)</u>	<u>1,109,395</u>	<u>(280,841,622)</u>
Net Business-type Capital Assets	\$ <u>357,534,822</u>	\$ <u>36,746,007</u>	\$ <u>(29,276,130)</u>	\$ <u>365,004,699</u>

\*According to FERC (Federal Energy Regulatory Commission), a retired Electric asset is fully depreciated, plant-in-service and accumulated depreciation are the same amount. But retirements also include cost of removal, which will increase the total of deletions for accumulated depreciation.

## Business-type Capital Assets – by fund

	<u>Electric</u>	<u>Water</u>	<u>Wastewater</u>	<u>Sanitation</u>
Land and Land Rights	\$ 3,624,763	\$ 3,036,947	\$ 479,388	\$ 23,341
Buildings and Structures	73,950,614	14,008,573	24,306,649	80,323
Improvements other than buildings	78,089,958	61,525,060	17,725,712	-
Equipment	313,527,537	10,666,583	4,880,850	-
Total	<u>469,192,872</u>	<u>89,237,163</u>	<u>47,392,599</u>	<u>103,664</u>
Less accumulated depreciation	(218,429,884)	(39,427,183)	(22,904,232)	(80,323)
Construction in progress	29,665,168	7,065,178	3,189,677	-
Net Enterprise Capital Assets	<u>\$ 280,428,156</u>	<u>\$ 56,875,158</u>	<u>\$ 27,678,044</u>	<u>\$ 23,341</u>

Depreciation expense was charged to functions/programs of the government as follows:

### Governmental activities:

General government	\$ 893,776
Airport	1,064,301
Police	530,765
Fire	787,477
Parks, recreation, cultural affairs	2,502,162
Public works/Community development	175,774
Highways and streets	3,690,188
Total depreciation expense – governmental activities	<u>\$ 9,644,443</u>

### Business-type activities:

Electric	\$ 14,080,480
Water	2,656,434
Wastewater	1,461,415
Total depreciation expense – business-type activities	<u>\$ 18,198,329</u>

## D. Interfund receivables, payables and transfers

The composition of other accrued liabilities as of June 30, 2015, is as follows:

<u>Other Accrued Liabilities</u>	<u>Governmental Funds</u>
Taxes	\$ 9,710
Intergovernmental	8,199
Court collections	17,418
Miscellaneous insurance	114,876
	<u>\$ 150,203</u>

The composition of other accrued liabilities as of June 30, 2015, is as follows:

<u>Other Accrued Liabilities</u>	<u>Electric</u>	<u>Water</u>	<u>Wastewater</u>	<u>Sanitation</u>	<u>Total</u>
Wages & benefits	\$ 707,077	\$ 16,705	\$ 10,699	\$ 2,906	\$ 737,387
Gross receipt taxes	467,255	95,973	-	18	563,246
Water conservation fee	-	14,401	-	-	14,401
Compensating taxes	8,710	-	-	-	8,710
Ad valorem taxes	365,000	-	-	-	365,000
Franchise taxes	410,146	-	-	-	410,146
Other PNM liabilities	30,672	-	-	-	30,672
Billed customer deposits	31,985	-	-	-	31,985
Total	<u>\$ 2,020,845</u>	<u>\$ 127,079</u>	<u>\$ 10,699</u>	<u>\$ 2,924</u>	<u>\$ 2,161,547</u>

The composition of interfund balances as of June 30, 2015, is as follows:

	<u>Due from other funds</u>	<u>Due to other funds</u>
Major Fund:		
General fund	\$ 624,602	\$ -
Nonmajor governmental funds:		
General government grant fund	-	169,881
Region II Narcotics grant fund	-	63,592
Community Development grant projects fund	-	391,129
	<u>\$ 624,602</u>	<u>\$ 624,602</u>

Federal and state grants (e.g., General Government grants, Region II Narcotics grant fund, and Community Development grant projects fund) are normally reimbursement oriented; therefore, the payable represents the unreimbursed expenditures at year end. All other interfund transactions represent cash transfers for operating purposes.

Interfund advances not expected to be repaid within one year are to be repaid from revenues is as follows as of June 30, 2015:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Electric Utility Enterprise Fund	Convention Center Capital Project Fund	\$ 1,100,000

Receivable set up to reimburse Electric Utility Enterprise fund for purchasing convention center property.

Interfund transfers for the year ended June 30, 2015, are as follows:

**Fund Financial Statements – Transfers**

**Governmental Funds**

	<u>In</u>	<u>Out</u>
General fund – operating transfer to airport construction grant projects fund	\$ -	\$ 41,795
General fund – operating transfer to debt service fund	-	1,166,950
General fund – operating transfer from governmental capital projects fund	2,600,000	-
General fund – operating transfer to region II fund	-	30,000
General fund – operating transfer to governmental capital projects fund	-	3,234,827
General fund – operating transfer from electric/water/wastewater utility funds	7,900,683	-
General fund – operating transfer to red apple transit grant fund	-	369,116
General fund – operating transfer to general government grant fund	-	54,600
General fund – operating transfer to COPS program grant fund	-	149,883
General fund – operating transfer from parks/recreation gifts and grants fund	6,668	-
GRT streets fund – operating transfer to debt service fund	-	304,538
Parks/recreation gifts and grants fund – operating transfer to general fund	-	6,668
Red apple transit – operating transfer from general fund	369,116	-
General government grant – operating transfer from general fund	54,600	-
Region II fund – matching funds for grant from general fund	30,000	-
COPS program grant fund – matching funds for grant from general fund	149,883	-
State fire grant fund – operating transfer to debt service fund	-	164,405
Governmental capital projects fund – operating transfer from general fund	3,234,827	-
Governmental capital projects fund – operating transfer to general fund	-	2,600,000
Governmental capital projects fund – operating transfer to metro redevelopment authority fund	-	500,000

Metro redevelopment authority fund – transfer from governmental capital projects fund	500,000	-
Airport construction grant projects fund – operating transfer from general fund	41,795	-
Debt service fund – operating transfer from state fire grant fund	164,405	-
Debt service fund – operating transfer from GRT streets fund	304,538	-
Debt service fund – operating transfer from general fund	1,166,950	-
	<hr/>	<hr/>
Total governmental funds transfers	16,523,465	\$ 8,622,782
	<hr/>	<hr/>
<b>Net governmental funds transfers</b>	<b>\$ 7,900,683</b>	
	<hr/>	
<b>Business-type funds</b>		
Electric utility fund – operating transfer to general fund	\$ -	\$ 6,870,396
Water utility fund – operating transfer to general fund	-	695,457
Wastewater utility fund – operating transfer to general fund	-	334,830
	<hr/>	<hr/>
Total business-type funds transfers	\$ -	7,900,683
	<hr/>	<hr/>
<b>Net business-type transfers</b>		<b>\$ 7,900,683</b>
		<hr/>
<b><u>Government-wide Financial Statements – Transfers</u></b>		
	<b>In</b>	<b>Out</b>
	<hr/>	<hr/>
Net governmental and business-type transfers	7,900,683	7,900,683
	<hr/>	<hr/>
	<b>\$ 7,900,683</b>	<b>\$ 7,900,683</b>
	<hr/>	<hr/>

**E. Leases**

**Operating Leases**

The City leases equipment (golf carts) under a non-cancelable operating lease. The future minimum lease payment for this lease is as follows:

<u>Year Ending</u>	<u>Amount</u>
2016	\$ 83,881
2017	83,881
2018	83,881
2019	20,970
	<hr/>
	<b>\$ 272,613</b>
	<hr/>

**F. Long-term debt**

**General Obligation bonds**

The City has the capacity to issue general obligation bonds to provide funds for the acquisition and/or construction of major capital projects, but as of June 30, 2015, no general obligation bonds had been issued.

**Revenue bonds**

The City also has the capacity and has issued Sales Tax Revenue Bonds whereby the City has pledged income derived from the Gross Receipts Tax to pay the required debt service on the bonds.

In FY2005, the City issued \$5,725,000 of Series 2005 Sales Tax Revenue Bonds to provide funds to construct, furnish, equip and improve fire-fighting facilities and acquire and rehabilitate fire-fighting equipment.



In April 2012, the City issued \$10,655,000 of Series 2012 Sales Tax Refunding and Improvement Revenue Bonds through the New Mexico Finance Authority (NMFA). A portion of the proceeds (\$2,231,667) was used to refund the 2001 Sales Tax Revenue Improvement and Refunding Bonds. The refunding resulted in both a reduction of debt service of \$94,520 over three years and also an economic gain (the difference between the present value of the debt service payments on the old and new debt) of \$98,612. The balance of the proceeds were used to build a new animal shelter, renovate the Civic Center, expand the Gateway Museum, remodel Fire Station 1, and to complete various drainage improvement projects. By the end of FY2015 most of the improvements were completed. The remaining projects (Fire Station 1 and various drainage projects) should be completed in FY2016.

Revenue bonds outstanding as of June 30, 2015, are as follows:

<b>Governmental Activities</b>	<u>Interest Rates</u>	<u>General Govt.</u>
Sales Tax Bonds 2005	4.00%	\$ 1,960,000
Sales Tax Bonds 2012	1.50 – 5.00%	8,555,000
Total		<u>\$ 10,515,000</u>

Annual debt service requirements to maturity for revenue bonds are as follows:

<u>Year Ending June 30</u>	<b>General Govt.</b>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 1,235,000	\$ 342,463
2017	1,265,000	308,563
2018	1,305,000	277,588
2019	1,355,000	225,388
2020	1,080,000	185,800
2021-2024	4,275,000	367,950
Total	<u>\$ 10,515,000</u>	<u>\$ 1,707,752</u>

For governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized in the current period. Bond proceeds are reported as other 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.

**New Mexico Environment Department Loan.** In FY2007, the City entered into a loan agreement with the New Mexico Environment Department (NMED) for a \$14.2 million, 3% loan for expansion of the wastewater treatment plant. The NMED loan repayment schedule is as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 688,465	\$ 264,532
2017	709,119	243,878
2018	730,393	222,604
2019	752,305	200,692
2020	774,874	178,123
2021-2025	4,237,328	527,658
2026	925,240	27,757
Total	<u>\$ 8,817,724</u>	<u>\$ 1,665,244</u>

**New Mexico Finance Authority Loan – Animas Waterline.** In January 2010, the City entered into a loan and subsidy agreement with the New Mexico Finance Authority (NMFA) for \$2,109,688, for improving approximately 13,900 feet of existing waterline in the City's water utility system. Of this

amount 50% of the amount is forgiven and the amount repayable is \$1,054,844 at a 1% interest rate (includes 0.25% for administrative fees).

The NMFA loan repayment schedule for the Animas Waterline is as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Administrative Fee</u>
2016	\$ 49,358	\$ 6,823	\$ 2,274
2017	49,851	6,452	2,151
2018	50,350	6,079	2,026
2019	50,853	5,701	1,900
2020	51,362	5,319	1,773
2021-2025	264,616	20,742	6,914
2026-2030	278,115	10,618	3,540
2031-2032	115,179	1,298	433
<b>Total</b>	<b>\$ 909,684</b>	<b>\$ 63,032</b>	<b>\$ 21,011</b>

**New Mexico Finance Authority Loan – Water Meter Replacement.** In January 2013, the City entered into a loan and subsidy agreement with the New Mexico Finance Authority (NMFA) for \$5,959,000, for replacing and upgrading water meters and any ancillary equipment for reading the meters in the City’s water utility system. At the end of FY2015, the project was completed and the loan was finalized in August 2015. Of the original amount, only \$5,412,414 was used for the project. As part of the original agreement 25% of the total would be forgiven and the loan would have a 2% interest rate (includes .025% for administrative fees). The final loan amount is \$4,059,311. The first debt payment will be paid in FY2016 along with the issuance cost of \$40,593.

The Water Meter Replacement project was less than the original loan/subsidy agreement. The final NMFA loan repayment schedule for the project is as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Administrative Fee</u>
2016	\$ 162,445	\$ 72,489	\$ 10,356
2017	173,363	68,195	9,742
2018	176,830	65,161	9,309
2019	180,366	62,067	8,867
2020	183,973	58,910	8,416
2021-2025	976,554	244,952	34,993
2026-2030	1,078,193	156,016	22,288
2031-2035	1,127,587	57,825	8,260
<b>Total</b>	<b>\$ 4,059,311</b>	<b>\$ 785,615</b>	<b>\$ 112,231</b>

**NMFA Fire Pumper Loan.** In June 2011, the City also entered into a loan agreement with NMFA for \$475,426 at a 2.775% blended interest rate for the purchase of two new fire pumpers. The NMFA loan repayment schedule is as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 45,467	\$ 9,738
2017	46,322	8,883
2018	47,355	7,851
2019	48,576	6,629
2020	49,980	5,225
2021-2022	104,850	5,559
<b>Total</b>	<b>\$ 342,550</b>	<b>\$ 43,885</b>

## **Changes in Long-term Liabilities**

During the year ended June 30, 2015, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Bonds payable:					
2005 Sales tax revenue bonds	\$ 2,405,000	\$ -	\$ (445,000)	\$ 1,960,000	\$ 460,000
2012 Sales tax revenue bonds	9,290,000	-	(735,000)	8,555,000	775,000
Premium on bonds - 2012 bonds	638,378	-	(64,476)	573,902	64,476
Total Bonds payable	12,333,378	-	(1,244,476)	11,088,902	1,299,476
NMFA Fire Pumper Loan	387,310	-	(44,760)	342,550	45,467
Claims and judgments	2,774,472	10,537,541	(9,592,021)	3,719,992	2,229,084
Compensated absences	3,348,730	1,538,201	(1,469,599)	3,417,332	170,867
Total long-term liabilities					
Governmental activities	\$ 18,843,890	\$ 12,075,742	\$ (12,350,856)	\$ 18,568,776	\$ 3,744,894
<b>Business-type activities:</b>					
NMED loan	\$ 9,486,137	\$ -	\$ (668,413)	\$ 8,817,724	\$ 688,465
NMFA loan - Animas Waterline	958,553	-	(48,869)	909,684	49,358
NMFA loan – Meter Replacement	1,097,897	2,972,284	(10,870)	4,059,311	162,445
Compensated absences	1,069,240	559,682	(558,578)	1,070,344	558,578
Total long-term liabilities					
Net Business-type Capital Assets	\$ 12,611,827	\$ 3,531,966	\$ (1,286,730)	\$ 14,857,063	\$ 1,458,846

The liability for compensated absences will be liquidated by the general fund and electric fund. The liability for claims and judgments has been historically liquidated by the general and electric funds.

## **G. Restricted Assets**

The following is a summary of restricted assets as of June 30, 2015:

### ***Business-Type Activities***

	Electric	Water	Wastewater	Total
NMED loan debt service reserves	\$ -	\$ -	\$ 1,661,907	\$ 1,661,907
San Juan Coal Co. Coal Reclamation	571,515	-	-	571,515
Customer deposits/overpayments	2,430,091	437,883	-	2,867,974
	\$ 3,001,606	\$ 437,883	\$ 1,661,907	\$ 5,101,396

## **V. OTHER INFORMATION**

### **A. Risk Management**

The government is exposed to various risks of loss related to torts, theft, property damage, errors and omissions, and natural disasters for which the government has designed a self insurance program in conjunction with commercial insurance coverage. The amount of settlement has not exceeded insurance coverage for the past three fiscal years. The self insured retention for excess liability coverage is \$500,000.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payments, and other economic and social factors. Changes in the balances of claims liabilities during the past two years are as follows:

	FY2014		FY2015	
	Health	Risk Mgmt	Health	Risk Mgmt
Unpaid claims, beginning of fiscal year	\$ 694,525	\$ 2,210,492	\$ 831,732	\$ 1,942,740
Incurred claims and changes in estimate	7,641,554	1,530,248	7,204,641	3,332,900
Claim payments	(7,504,347)	(1,798,000)	(7,227,021)	(2,365,000)
Unpaid claims, end of fiscal year	<u>\$ 831,732</u>	<u>\$ 1,942,740</u>	<u>\$ 809,352</u>	<u>\$ 2,910,640</u>
Due within one year			<u>\$ 809,352</u>	<u>\$ 1,419,732</u>

City management's estimates of current portion are based on historical data.

## **B. Contingent liabilities**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial. The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of City Council that resolution of these matters will not have a material adverse effect on the financial condition of the government.

**San Juan Coal Company Reclamation.** The City acquired an 8.475% undivided interest in Unit #4 of the San Juan Generating Station (SJGS) in 1981 to provide a long term supply of coal-fired base load electricity for its electric utility customers. Other owners in the project include Public Service Company of New Mexico (PNM), Tucson Electric Power Company (TEP), Southern California Public Power Authority, Tri-State Generation and Transmission Association, M-S-R Public Power Agency, the City of Anaheim, the Incorporated County of Los Alamos, and Utah Associated Municipal Power Systems. Rights and obligations of plant owners or "Participants" in respect to ownership and operation of the San Juan Project, including reclamation costs, are governed by the Amended and Restated San Juan Project Participation Agreement dated March 23, 2006 (PPA).

Coal for the operation of the project is supplied by San Juan Coal Company (SJCC) and is mined from the San Juan Mine located adjacent to the project. PNM and TEP (Utilities) are parties to an Underground Coal Sales Agreement dated August 31, 2001, (UG-CSA) with SJCC. According to the PPA, all Participants acknowledge and recognize the terms of the UG-CSA which was entered into by PNM and TEP on behalf of all the Participants. The Utilities are required by the UG-CSA to compensate SJCC for all reclamation and related liabilities, obligations and costs associated with the disturbance on the SJCC site related to the coal supplied to the San Juan Station. Reclamation costs are considered fixed fuel expenses and allocated to Participants according to their common participant share per the PPA. The City's share is 2.559%.

All Participants have agreed to establish individual trust agreements in accordance with the Mine Reclamation and Trust Funds Agreement Among the San Juan Project Participants dated May 16, 2012, to assure SJCC they will meet their obligation to fully compensate SJCC for all reclamation costs at the surface and underground mine sites. The trust funds will continue until SJCC achieves Reclamation Bond Release, estimated to occur by 2050. Funding of the trust accounts will be according to funding curves provided in the agreement based on estimates for coal reclamation expenses which will be adjusted from time-to-time.

The City entered into a trust agreement with the Bank of Albuquerque, as Trustee for the benefit of SJCC, on May 22, 2012. Funds will be disbursed from the trust only for the City's share of reclamation costs, and for costs and fees associated with the maintenance of the trust account. The City retains no beneficial interest in the funds held in trust, except the right to a return of any funds that may remain in the trust after satisfaction of the Utilities reclamation obligation with SJCC.

Should another SJGS Participant default under the funding agreement prior to the termination of the PPA on July 1, 2022, the City is required by the funding agreement to establish a separate segregated portion of the trust account, a "make-up" trust fund, to provide funding for the City's share of the shortfall created by the defaulting Participant. Funds in the make-up trust fund will only be used for reclamation costs, and trust maintenance costs and fees. Should the defaulting Participant correct their default, funds in the make-up trust will be returned to the City.

Participants other than the Utilities could elect to become "Opt-out" Participants within 75 days of the full execution of the Mine Reclamation and Trust Agreement Among the San Juan Project Participants. This choice meant by having a higher funding curve for their respective trust, these Participants would not be obligated to make up funding for another Participant's trust fund occurring after the termination of the PPA. The City elected to become an "Opt-out" Participant.

### **C. Jointly governed organizations**

**Joint Powers Agreement for Consolidated Communications Authority.** The City is a participant with San Juan County, the City of Aztec, and the City of Bloomfield in a joint powers agreement to build, maintain, and operate a centralized communications system for dispatch and emergency response. The City was obligated to contribute \$55,000 per year until the Capital Equipment Fund reached a balance of \$250,000. Thereafter, the City is obligated to contribute 44% of an amount necessary to maintain that balance. During FY2015, the City did not make any financial contributions to the Authority. Complete financial statements for the Consolidated Communications Authority can be obtained from San Juan County, New Mexico.

**Joint Powers Agreement for the San Juan Water Commission.** The City is a participant with the cities of Aztec and Bloomfield, the County of San Juan, and the San Juan Rural Waters Users Association in a joint powers agreement to create a countywide entity responsible for water planning and use. Much of the impetus to form the Commission came from the Animas La Plata Water Project and the subsequent need to develop methods to equitably share the related costs and benefits. In addition to this specific project the Commission is also authorized to acquire additional water rights and provide for the equitable distribution of such water. The Commission is financed by a San Juan County mill levy on real and personal property of approximately 3 mills. During FY2015, the City did not make any financial contribution to the Commission. Complete financial statements may be obtained by contacting the San Juan Water Commission.

**Natural Gas Purchase Agreement.** In November 2009, the City entered into a 30 year natural gas purchase agreement with the New Mexico Municipal Energy Acquisition Authority (NMMEAA) for approximately 85% of its historical requirements. Under this agreement the City has purchased gas at an index price less a discount. The discount is derived from a prepaid gas arrangement between NMMEAA and the Royal Bank of Canada (RBC). In 2009 NMMEAA issued Series 2009 Gas Supply Variable Rate Revenue Bonds to provide a lump sum payment to RBC for the Prepaid Agreement. Due to new guidelines adopted by the Canadian Office of the Superintendent of Financial Institutions ("OSFI") which RBC determined materially affected the 2009 transaction, the Series 2009 bonds were refunded with Series 2014 Refunding Bunds for an initial 5 year period with a potential to continue beyond 5 years. The refunding took place on August 1, 2014, and has resulted in the City receiving a discount of \$0.02894 per MMBtu of gas under the gas supply agreement. The City's only obligation is to purchase gas from NMMEAA. The City has no obligation to purchase gas that is not needed, no exposure to any bond risk associated with the transaction between NMMEAA and RBC,

and no exposure to paying greater than index for gas. The City anticipates annual savings of approximately \$1,320,387 per year under this agreement.

#### **D. Employee Retirement Systems and Plans**

**Pensions.** For purposes of measuring the net pension liability, deferred outflows and inflows of resources, related to pensions, and pension expense, information about the fiduciary net position of the New Mexico Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by the New Mexico Public Employees Retirement Plan (Plan), 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.

**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, 2014 available at [http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366\\_Public\\_Employees\\_Retirement\\_Association\\_2014.pdf](http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2014.pdf).

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

**Contributions and Funding Policy.** 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 legislature. For the employer and employee contribution rates in effect for FY14 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 FY14 annual audit report at [http://osanm.org/media/audits/366\\_Public\\_Employees\\_Retirement\\_Association\\_2014.pdf](http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_2014.pdf). The PERA coverage options that apply to the City are: Municipal General Division, Municipal Police Division, and Municipal Fire Division. Statutorily required contributions to the pension plan from the City were \$4,764,611 and employer paid member benefits that were “picked up” by the employer were \$0 for the year ended June 30, 2015.

**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, 2013. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2014, using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date June 30, 2014.

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 member) 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. The City’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, 2014. Only employer contributions for the pay period end dates that fell within the period July 1, 2013 to June 30, 2014 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY2014 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 Municipal General Division.** At June 30, 2015, the City reported a liability of \$26,184,302 for its proportionate share of the net pension liability. At June 30, 2014, the proportion was 3.36%, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference.

For the year ended June 30, 2015, the City recognized Municipal General Division pension expense of \$1,092,407. At June 30, 2015, the City reported Municipal General Division deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	17,746
Net difference between projected and actual earnings on pension plan investments	-	10,243,990
Changes in proportion and differences the City's contributions and proportionate share of contributions	-	-
City's contributions subsequent to the measurement date	2,681,391	-
Total	<u>\$ 2,681,391</u>	<u>\$ 10,261,736</u>

\$2,681,391 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending June 30,</u>	
2016	\$ (2,565,412)
2017	(2,565,412)
2018	(2,565,412)
2019	(2,565,412)
2020	(88)

**For Municipal Police Division.** At June 30, 2015, the City reported a liability of \$12,021,827 for its proportionate share of the net pension liability. At June 30, 2014, the proportion was 3.69%, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference.

For the year ended June 30, 2015, the City recognized Municipal Police Division pension expense of \$807,329. At June 30, 2015, the City reported Municipal Police Division deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	976,582
Net difference between projected and actual earnings on pension plan investments	-	4,470,246
Changes in proportion and differences the City's contributions and proportionate share of contributions	-	-
City's contributions subsequent to the measurement date	1,391,837	-
Total	<u>\$ 1,391,837</u>	<u>\$ 5,446,828</u>

\$1,391,837 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:



<u>Year ending June 30,</u>	
2016	\$ (1,360,492)
2017	(1,360,492)
2018	(1,360,492)
2019	(1,360,492)
2020	(4,860)

**For Municipal Fire Division.** At June 30, 2015, the City reported a liability of \$16,887,561 for its proportionate share of the net pension liability. At June 30, 2014, the proportion was 4.05%, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference.

For the year ended June 30, 2015, the City recognized Municipal Fire Division pension expense of \$1,491,697. At June 30, 2015, the City reported Municipal Fire Division deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	586,246	-
Net difference between projected and actual earnings on pension plan investments	-	2,339,035
Changes in proportion and differences the City's contributions and proportionate share of contributions	-	-
City's contributions subsequent to the measurement date	1,040,245	-
Total	<u>\$ 1,626,491</u>	<u>\$ 2,339,035</u>

\$1,040,245 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending June 30,</u>	
2016	\$ (438,926)
2017	(438,926)
2018	(438,926)
2019	(438,926)
2020	2,915

**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, 2013 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, 2014 using generally accepted actuarial principles. There were no significant events or changed in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2014. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2014 actuarial valuation. The total pension liability in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date	June 30, 2013
Actuarial cost method	Entry age normal
Amortization method	Level Percentage of Pay
Amortization period	Solved for based on statutory rates
Asset valuation method	Fair Value
Actuarial Assumptions:	
Investment rate of return	7.75% annual rate, net of investment expense
Payroll growth	3.50% annual rate
Projected salary increases	3.50% to 14.25% annual rate
Includes inflation at	3.00% annual rate

The long-term expected rate of return on pension plan investments was determined using 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 as follows:

ALL FUNDS - Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	21.10%	5.00%
International Equity	24.80	5.20
Private Equity	7.00	8.20
Core and Global Fixed Income	26.10	1.85
Fixed Income Plus Sectors	5.00	4.80
Real Estate	5.00	5.30
Real Assets	7.00	5.70
Absolute Return	4.00	4.15
Total	100.00%	

**Discount rate.** The discount rate used to measure the total pension liability was 7.75%. 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 GASB 67. Therefore, the 7.75% 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.

**Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate.** The following tables show the sensitivity of the net pension liability to changes in the discount rate. In particular, the tables present the City's net pension liability in each PERA Fund Division that the City participates in, under the current single rate assumption, as if it were calculated using a discount rate that is one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Municipal General Division			
City's proportionate share of the net pension liability	\$ 49,363,297	\$ 26,184,302	\$ 8,277,419

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Municipal Police Division			
City's proportionate share of the net pension liability	\$ 22,925,643	\$ 12,021,827	\$ 3,880,095

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Municipal Fire Division			
City's proportionate share of the net pension liability	\$ 23,860,858	\$ 16,887,561	\$ 11,744,485

**Pension Plan Fiduciary Net Position.** Detailed information about the pension plan's fiduciary net position is available in the separately issued FY14 Restated PERA financial report. This report is available at <http://www.pera.state.nm.us/publications.html>.

**E. Restatement**

In FY2015, the City implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27. This implementation has no impact on the City's governmental fund financial statements. However, as a result of this implementation, the beginning net position was restated as follows:

	Governmental Activities	Business- Type Activities	Total
As previously reported	\$ 137,142,994	\$ 446,863,176	\$ 584,006,170
Cumulative effect of implementing GASB 68	(55,161,827)	(14,001,816)	(69,163,643)
As restated	\$ 81,981,167	\$ 432,861,360	\$ 514,842,527

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

**Plan Description.** The City 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 (NMRHCA). The NMRHCA 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 NMRHCA 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 NMRHCA plan on the person's behalf unless that person retires before the employer's NMRHCA 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 NMRHCA 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 NMRHCA 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 NMRHCA 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 NMRHCA 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 NMRHCA 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 NMRHCA 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, 2015, 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, 2015, 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. 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.

The City's contributions to the NMRHCA for the years ended June 30, 2015, 2014, and 2013 were \$870,038, \$839,873, and \$812,831, respectively, which equal the required contributions for each year.

#### **G. Undivided Interest in San Juan Unit No. 4.**

On November 17, 1981, the City acquired an 8.475% undivided interest in Unit No. 4 of the San Juan Electric Generating Station located in San Juan County, New Mexico. Unit No. 4 is owned 8.475% by the City and 91.525% by the Public Service Company of New Mexico (PNM) and others. The unit became operational April 27, 1982.

Unit No. 4 provides electricity to the co-owners and to other unrelated parties. The City's pro rata portion of the operations are reported in the accompanying statement of revenues and expenses of the electric utility fund. The operating agreement between the City and PNM provides that PNM and other owners are entitled to receive energy from the Unit on a pro rata basis. Maintenance and operating costs, other than fuel costs, are also shared on a pro rata basis. Fuel costs are paid by PNM and the other owners, including the City, in proportion to their share of monthly energy scheduled and produced from the Unit.

PNM has an option to purchase up to 50% of the City's capacity entitlement and associated energy in Unit No. 4. PNM must give eight years notice of its intent to purchase (no notice has been given). The investment is reported at the amount of the City's equity in the underlying net assets of the Unit and is included in the electric utility capital assets.

#### **H. Contracted Water and Wastewater Services.**

In January 2008, the City entered into an agreement with CH2M Hill-OMI to provide water and wastewater services to the City. The company operates and maintains the water and wastewater facilities. The contract expires in December, 2015. The company is responsible for operating expenditures, as well as repairs and replacements up to \$2,000. The City paid approximately \$6.7 million for contracted services for the year ended June 30, 2015.

#### **I. Conduit Debt**

Conduit debt has been defined by GAAP as "certain limited-obligation revenue bonds or similar debt instruments issued by a local governmental entity for the express purpose of providing capital financing for a specific third party that is not a part of the issuer's financial reporting entity." The City has not reported any conduit debt or the related asset on the financial statements. The aggregate amount of all conduit debt obligations as of June 30, 2015, was \$959,145,000. This debt will never constitute an indebtedness of the City within the meaning of any constitutional or statutory provision of the state of New Mexico and will never constitute or give rise to a pecuniary liability of the City or a charge against its general or taxing powers.



# FOUNTAIN AT BERG PARK

## **REQUIRED SUPPLEMENTARY INFORMATION**

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**CITY OF FARMINGTON, NEW MEXICO**  
**Schedules of Required Supplementary Information**  
**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE**  
**OF THE NET PENSION LIABILITY**  
**Public Employees Retirement Association (PERA) Plan**  
**Last 10 Fiscal Years\***

	<b>2015</b>
City's proportion of the net pension liability	
Municipal General	3.36%
Municipal Police	3.69%
Municipal Fire	4.05%
City's proportionate share of the net pension liability	
Municipal General	\$ 26,184,302
Municipal Police	12,021,827
Municipal Fire	16,887,561
	\$ 55,093,690
City's covered-employee payroll	
Municipal General	\$ 20,344,393
Municipal Police	10,709,715
Municipal Fire	7,799,937
	\$ 38,854,045
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	
Municipal General	128.71%
Municipal Police	112.25%
Municipal Fire	216.51%
Plan fiduciary net position as a percentage of the total pension liability	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, the City will present information for those years for which information is available.

**CITY OF FARMINGTON, NEW MEXICO**  
**Schedules of Required Supplementary Information**  
**SCHEDULE OF THE CITY'S CONTRIBUTIONS**  
**Public Employees Retirement Association (PERA) Plan**  
**Municipal General Division**  
**Last 10 Fiscal Years\***

	<b>2015</b>
Contractually required contribution	\$ 2,493,089
Contributions in relation to contractually required contribution	2,493,089
Contribution deficiency (excess)	-
City's covered-employee payroll	\$ 20,344,393
Contributions as a percentage of covered- employee payroll	12.25%

\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

**CITY OF FARMINGTON, NEW MEXICO**  
**Schedules of Required Supplementary Information**  
**SCHEDULE OF THE CITY'S CONTRIBUTIONS**  
**Public Employees Retirement Association (PERA) Plan**  
**Municipal Police Division**  
**Last 10 Fiscal Years\***

	<b>2015</b>
Contractually required contribution	\$ 1,313,907
Contributions in relation to contractually required contribution	1,313,907
Contribution deficiency (excess)	-
City's covered-employee payroll	\$ 10,709,715
Contributions as a percentage of covered- employee payroll	12.27%

\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

**CITY OF FARMINGTON, NEW MEXICO**  
**Schedules of Required Supplementary Information**  
**SCHEDULE OF THE CITY'S CONTRIBUTIONS**  
**Public Employees Retirement Association (PERA) Plan**  
**Municipal Fire Division**  
**Last 10 Fiscal Years\***

	<b>2015</b>
Contractually required contribution	\$ 957,615
Contributions in relation to contractually required contribution	957,615
Contribution deficiency (excess)	-
City's covered-employee payroll	\$ 7,799,937
Contributions as a percentage of covered- employee payroll	12.28%

\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

**CITY OF FARMINGTON, NEW MEXICO**  
**Notes to Required Supplementary Information**  
**For the Year Ended June 30, 2015**

**Changes of benefit terms.** The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of PERA FY14 audit available at [http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366\\_Public\\_Employee\\_Retirement\\_Association\\_2014.pdf](http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employee_Retirement_Association_2014.pdf).

**Changes of assumptions.**

The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2014 report is available at [http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2014%20PERA%20Valuation%20Report\\_Final.pdf](http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2014%20PERA%20Valuation%20Report_Final.pdf). The summary of Key findings for the PERA Fund (on page 2 of the report) states "based on a recent experience study for the five-year period ending June 30, 2013, the economic and demographic assumptions were updated for this valuation. The changes in assumptions resulted in a decrease of \$30.8 million to Fund liabilities and an increase of 0.13% to the funded ratio. For details about changes in the actuarial assumptions, see Appendix B on page 60 of the report.



# SYCAMORE PARK COMMUNITY CENTER

# Nonmajor Governmental Funds





# NONMAJOR GOVERNMENTAL FUNDS

## Special Revenue Funds

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Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes, or to facilitate the management of financial resources internally "designated" for specific purposes. Special revenue funds are authorized by the City Council.

**Gross Receipts Tax Parks Fund** - City Ordinance 81-702 established this fund to account for the City's 1/4% share of gross receipts tax that is legally restricted to the maintenance of parks.

**Park Development Fees Fund** - City Council Resolutions 887, dedication of recreation space, and 910, land subdivision regulations - recreation space, established this fund to account for fees collected from developers for the purchase of land and development of parks.

**Library Gifts and Grants Fund** - City management established this fund to account for state and county gifts and grants restricted for the purchase of library books and other educational library needs.

**Parks/Recreation Gifts and Grants Fund** - City management established this fund to account for state grants restricted to expenditures for local beautification purposes and expenditures for leisure activities of senior citizens.

**Museum Gifts and Grants Fund** - City management established this fund to account for state grants restricted to expenditures for museum purposes.

**Red Apple Transit Grant Fund** - City management established this fund to account for federal grants restricted to expenditures for Red Apple transportation purposes.

**General Government Grant Fund** - City management established this fund to account for state grants restricted to expenditures for general government grant purposes.

**CDBG Grant Fund** - City management established this fund to account for federal grants restricted to expenditures for CDBG grant purposes.

**Lodgers' Tax Fund** - State Statute 3-38-15 NMSA and City Ordinance 480 established this fund to account for the City-imposed tax restricted for tourism and promotion. One-fourth of the revenues are restricted to tourism and promotion and three-fourths of the revenues are restricted for promotional facilities.

**Convention Center Fees Fund** - State Statute 5-13-4 NMSA and City Ordinance 1272 established this fund to account for the City-imposed convention center fee on the use of a room within a lodging facility within the city limits in the amount of \$2.50 per room for each day the room is occupied by a vendee not otherwise exempted by the Act or the Ordinance.

**State Police Protection Grant Fund** - City management established this fund to account for state grants restricted for the purchase of police equipment and other approved police needs.

**Region II Narcotics Grant Fund** - City management established this fund to account for federal grants restricted to expenditures for approved police needs.

**COPS Program Grant Fund** - City management established this fund to account for federal grants restricted to expenditures for approved police needs.

**Law Enforcement Block Grant Fund** - City management established this fund to account for federal grants restricted to expenditures for approved police needs (City Council Resolution # 2001-1013).

**State Fire Grant Fund** - City management established this fund to account for state grants restricted for the purchase of fire fighting equipment and other approved fire department needs.

**Penalty Assessment Fund** - City management established this fund to account for traffic fine revenues and disbursements according to City Code 19-84.

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## Capital Projects Funds

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Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

**Community Development Grant Projects Fund** - This fund is used to account for community improvements throughout the City funded primarily by federal and state grants.

**Gross Receipts Tax 2012 Bond Projects Fund** - This fund is used to account for capital projects that are funded with proceeds from GRT bonds issued in 2012.

**Governmental Capital Projects Fund** - This fund is used to account for capital projects that are funded with transfers from the general fund.

**Airport Construction Grant Projects Fund** - This fund is used to account for airport capital projects funded primarily by federal and state grants.

**Metro Redevelop Authority Fund** - This fund is used to account for metro redevelopment authority projects funded primarily by federal and state grants.

**Convention Center Capital Projects Fund** - This fund is used to account for civic center capital projects funded primarily with the convention center fees.

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## Debt Service Fund

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The debt service fund is used to account for the accumulation of resources and payment of revenue bond principal and interest from gross receipts tax sources.

**CITY OF FARMINGTON, NEW MEXICO**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2015**

	Special Revenue			
	Gross Receipts Tax Parks	Park Development Fees	Library Gifts and Grants	Parks/ Recreation Gifts and Grants
<b>ASSETS:</b>				
Pooled cash and investments	\$ 1,173,945	\$ 375,909	\$ 310,575	\$ 180,368
Accounts receivable	-	-	-	230
Intergovernmental receivable	453,947	-	-	8,652
Total assets	\$ 1,627,892	\$ 375,909	\$ 310,575	\$ 189,250
<b>LIABILITIES:</b>				
Accounts payable	\$ 5,960	\$ -	\$ -	\$ 5,128
Unearned revenue	-	-	-	-
Accrued wages payable	64,329	-	-	930
Due to other funds	-	-	-	-
Advance from other funds	-	-	-	-
Total liabilities	70,289	-	-	6,058
<b>FUND BALANCES:</b>				
Restricted to:				
Fire	-	-	-	-
Lodgers' promotion	-	-	-	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Committed to:				
Police	-	-	-	-
Parks, recreation, cultural affairs	1,557,603	375,909	-	-
Assigned to:				
Parks, recreation, cultural affairs	-	-	-	183,192
Library	-	-	310,575	-
Community development	-	-	-	-
Capital projects	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	1,557,603	375,909	310,575	183,192
Total liabilities and fund balances	\$ 1,627,892	\$ 375,909	\$ 310,575	\$ 189,250

The notes to the financial statements are an integral part of this statement.

(Continued)

**CITY OF FARMINGTON, NEW MEXICO**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2015**

	Special Revenue			
	Museum Gifts and Grants	Red Apple Transit Grant	General Government Grant	CDBG Grant
<b>ASSETS:</b>				
Pooled cash and investments	\$ 177,558	\$ 46,377	\$ -	\$ 97,324
Accounts receivable	-	214	-	-
Intergovernmental receivable	-	38,774	199,762	17,081
Total assets	\$ 177,558	\$ 85,365	\$ 199,762	\$ 114,405
<b>LIABILITIES:</b>				
Accounts payable	\$ 154	\$ 48,326	\$ -	\$ -
Unearned revenue	-	-	-	-
Accrued wages payable	-	3,036	10,018	4,129
Due to other funds	-	-	169,881	-
Advance from other funds	-	-	-	-
Total liabilities	154	51,362	179,899	4,129
<b>FUND BALANCES:</b>				
Restricted to:				
Fire	-	-	-	-
Lodgers' promotion	-	-	-	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Committed to:				
Police	-	-	-	-
Parks, recreation, cultural affairs	-	-	-	-
Assigned to:				
Parks, recreation, cultural affairs	177,404	34,003	-	-
Library	-	-	-	-
Community Development	-	-	19,863	110,276
Capital projects	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	177,404	34,003	19,863	110,276
Total liabilities and fund balances	\$ 177,558	\$ 85,365	\$ 199,762	\$ 114,405

The notes to the financial statements are an integral part of this statement.

**CITY OF FARMINGTON, NEW MEXICO**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2015**

	Special Revenue			
	Lodgers' Tax	Convention Center Fees	State Police Protection Grant	Region II Narcotics Grant
<b>ASSETS:</b>				
Pooled cash and investments	\$ 316,644	\$ 264,047	\$ -	\$ 175,939
Accounts receivable	-	-	-	-
Intergovernmental receivable	122,378	79,096	-	73,157
Total assets	\$ 439,022	\$ 343,143	\$ -	\$ 249,096
<b>LIABILITIES:</b>				
Accounts payable	\$ 111,571	\$ -	\$ -	\$ 29,537
Unearned revenue	-	-	-	-
Accrued wages payable	33,596	-	-	12,130
Due to other funds	-	-	-	63,592
Advance from other funds	-	-	-	-
Total liabilities	145,167	-	-	105,259
<b>FUND BALANCES:</b>				
Restricted to:				
Fire	-	-	-	-
Lodgers' promotion	293,855	343,143	-	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Committed to:				
Police	-	-	-	143,837
Parks, recreation, cultural affairs	-	-	-	-
Assigned to:				
Parks, recreation, cultural affairs	-	-	-	-
Library	-	-	-	-
Community Development	-	-	-	-
Capital projects	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	293,855	343,143	-	143,837
Total liabilities and fund balances	\$ 439,022	\$ 343,143	\$ -	\$ 249,096

The notes to the financial statements are an integral part of this statement.

**CITY OF FARMINGTON, NEW MEXICO**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2015**

**Special Revenue**

	<u>COPS Program Grant</u>	<u>Law Enforcement Block Grant</u>	<u>State Fire Grant</u>	<u>Penalty Assessment</u>	<u>Total Special Revenue</u>
<b>ASSETS:</b>					
Pooled cash and investments	\$ 99,712	\$ 67,697	\$ 19,007	\$ 10,954	\$ 3,316,056
Accounts receivable	-	-	-	-	444
Intergovernmental receivable	-	-	-	-	992,847
Total assets	<u>\$ 99,712</u>	<u>\$ 67,697</u>	<u>\$ 19,007</u>	<u>\$ 10,954</u>	<u>\$ 4,309,347</u>
<b>LIABILITIES:</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ 10,954	\$ 211,630
Unearned revenue	-	66,846	-	-	66,846
Accrued wages payable	8,109	-	-	-	136,277
Due to other funds	-	-	-	-	233,473
Advance from other funds	-	-	-	-	-
Total liabilities	<u>8,109</u>	<u>66,846</u>	<u>-</u>	<u>10,954</u>	<u>648,226</u>
<b>FUND BALANCES:</b>					
Restricted to:					
Fire	-	-	19,007	-	19,007
Lodgers' promotion	-	-	-	-	636,998
Capital projects	-	-	-	-	-
Debt service	-	-	-	-	-
Committed to:					
Police	91,603	851	-	-	236,291
Parks, recreation, cultural affairs	-	-	-	-	1,933,512
Assigned to:					
Parks, recreation, cultural affairs	-	-	-	-	394,599
Library	-	-	-	-	310,575
Community Development	-	-	-	-	130,139
Capital projects	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>91,603</u>	<u>851</u>	<u>19,007</u>	<u>-</u>	<u>3,661,121</u>
Total liabilities and fund balances	<u>\$ 99,712</u>	<u>\$ 67,697</u>	<u>\$ 19,007</u>	<u>\$ 10,954</u>	<u>\$ 4,309,347</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF FARMINGTON, NEW MEXICO**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2015**

	<b>Capital Projects</b>			
	<b>Community Development Grant Projects</b>	<b>Gross Receipts Tax 2012 Projects</b>	<b>Governmental Capital Projects</b>	<b>Airport Construction Grant Projects</b>
<b>ASSETS:</b>				
Pooled cash and investments	\$ -	\$ 796,244	\$ 2,154,170	\$ -
Accounts receivable	-	-	-	-
Intergovernmental receivable	1,217,452	-	-	-
Total assets	\$ 1,217,452	\$ 796,244	\$ 2,154,170	\$ -
<b>LIABILITIES:</b>				
Accounts payable	\$ 61,579	\$ 143,570	\$ -	\$ -
Unearned revenue	-	-	-	-
Accrued wages payable	-	-	-	-
Due to other funds	391,129	-	-	-
Advance from other funds	-	-	-	-
Total liabilities	452,708	143,570	-	-
<b>FUND BALANCES:</b>				
Restricted to:				
Fire	-	-	-	-
Lodgers' promotion	-	-	-	-
Capital projects	764,744	652,674	-	-
Debt service	-	-	-	-
Committed to:				
Police	-	-	-	-
Parks, recreation, cultural affairs	-	-	-	-
Assigned to:				
Parks, recreation, cultural affairs	-	-	-	-
Library	-	-	-	-
Community Development	-	-	-	-
Capital projects	-	-	2,154,170	-
Unassigned	-	-	-	-
Total fund balances	764,744	652,674	2,154,170	-
Total liabilities and fund balances	\$ 1,217,452	\$ 796,244	\$ 2,154,170	\$ -

The notes to the financial statements are an integral part of this statement.

**CITY OF FARMINGTON, NEW MEXICO**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2015**

Capital Projects

	<b>Metro Redevelop Authority</b>	<b>Convention Center Capital Project</b>	<b>Total Capital Projects</b>	<b>Debt Service</b>	<b>Total Nonmajor Governmental Funds</b>
<b>ASSETS:</b>					
Pooled cash and investments	\$ 920,888	\$ 234,770	\$ 4,106,072	\$ 203,412	\$ 7,625,540
Accounts receivable	-	-	-	-	444
Intergovernmental receivable	-	-	1,217,452	-	2,210,299
Total assets	\$ 920,888	\$ 234,770	\$ 5,323,524	\$ 203,412	\$ 9,836,283
<b>LIABILITIES:</b>					
Accounts payable	\$ 35,961	\$ -	\$ 241,110	\$ -	\$ 452,740
Unearned revenue	-	-	-	-	66,846
Accrued wages payable	-	-	-	-	136,277
Due to other funds	-	-	391,129	-	624,602
Advance from other funds	-	1,100,000	1,100,000	-	1,100,000
Total liabilities	35,961	1,100,000	1,732,239	-	2,380,465
<b>FUND BALANCES:</b>					
Restricted to:					
Fire	-	-	-	-	19,007
Lodgers' promotion	-	-	-	-	636,998
Capital projects	884,927	-	2,302,345	-	2,302,345
Debt service	-	-	-	203,412	203,412
Committed to:					
Police	-	-	-	-	236,291
Parks, recreation, cultural affairs	-	-	-	-	1,933,512
Assigned to:					
Parks, recreation, cultural affairs	-	-	-	-	394,599
Library	-	-	-	-	310,575
Community Development	-	-	-	-	130,139
Capital projects	-	-	2,154,170	-	2,154,170
Unassigned	-	(865,230)	(865,230)	-	(865,230)
Total fund balances	884,927	(865,230)	3,591,285	203,412	7,455,818
Total liabilities and fund balances	\$ 920,888	\$ 234,770	\$ 5,323,524	\$ 203,412	\$ 9,836,283

The notes to the financial statements are an integral part of this statement.



**CITY OF FARMINGTON, NEW MEXICO**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2015**

	<u>Special Revenue</u>			
	<u>Gross Receipts Tax Parks</u>	<u>Park Development Fees</u>	<u>Library Gifts and Grants</u>	<u>Parks/ Recreation Gifts and Grants</u>
Taxes:				
Gross receipts tax	\$ 2,770,086	\$ -	\$ -	\$ -
Lodgers' taxes/fees	-	-	-	-
Licenses and permits	-	6,881	-	-
Intergovernmental:				
Federal	-	-	-	-
State	-	-	76,669	23,111
Other	-	-	-	738
Charges for services	-	-	-	-
Fines	-	-	-	-
Investment earnings	9,716	3,027	2,130	4,515
Donations	-	-	7,520	108,916
Miscellaneous	15,191	-	1,383	1,156
Total revenues	<u>2,794,993</u>	<u>9,908</u>	<u>87,702</u>	<u>138,436</u>
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	-	-
Police operations	-	-	-	-
Fire operations	-	-	-	-
Parks, recreation and cultural affairs	2,218,182	-	94,712	87,359
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay:				
General government	-	-	-	-
Police operations	-	-	-	-
Fire	-	-	-	-
Parks, recreation and cultural affairs	464,040	-	-	511,668
Airport	-	-	-	-
Highways and streets	-	-	-	-
Total expenditures	<u>2,682,222</u>	<u>-</u>	<u>94,712</u>	<u>599,027</u>
Excess (deficiency) of revenues over (under) expenditures	<u>112,771</u>	<u>9,908</u>	<u>(7,010)</u>	<u>(460,591)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	(6,668)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,668)</u>
Net change in fund balances	112,771	9,908	(7,010)	(467,259)
Fund balances-beginning	1,444,832	366,001	317,585	650,451
Fund balances-ending	<u>\$ 1,557,603</u>	<u>\$ 375,909</u>	<u>\$ 310,575</u>	<u>\$ 183,192</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF FARMINGTON, NEW MEXICO**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2015**

	<b>Special Revenue</b>			
	<b>Museum Gifts and Grants</b>	<b>Red Apple Transit Grant</b>	<b>General Government Grant</b>	<b>CDBG Grant</b>
Taxes:				
Gross receipts tax	\$ -	\$ -	\$ -	\$ -
Lodgers' taxes/fees	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental:				
Federal	-	414,829	239,110	554,495
State	-	-	321,185	-
Other	-	57,190	-	-
Charges for services	168,168	81,760	-	-
Fines	-	-	-	-
Investment earnings	1,202	-	-	669
Donations	20,495	-	-	-
Miscellaneous	553	10,001	471	115
Total revenues	<u>190,418</u>	<u>563,780</u>	<u>560,766</u>	<u>555,279</u>
<b>EXPENDITURES:</b>				
Current:				
General government	-	954,781	595,503	524,950
Police operations	-	-	-	-
Fire operations	-	-	-	-
Parks, recreation and cultural affairs	156,120	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay:				
General government	-	-	-	42,944
Police operations	-	-	-	-
Fire	-	-	-	-
Parks, recreation and cultural affairs	-	-	-	-
Airport	-	-	-	-
Highways and streets	-	-	-	-
Total expenditures	<u>156,120</u>	<u>954,781</u>	<u>595,503</u>	<u>567,894</u>
Excess (deficiency) of revenues over (under) expenditures	<u>34,298</u>	<u>(391,001)</u>	<u>(34,737)</u>	<u>(12,615)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	369,116	54,600	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>369,116</u>	<u>54,600</u>	<u>-</u>
Net change in fund balances	34,298	(21,885)	19,863	(12,615)
Fund balances-beginning	143,106	55,888	-	122,891
Fund balances-ending	<u>\$ 177,404</u>	<u>\$ 34,003</u>	<u>\$ 19,863</u>	<u>\$ 110,276</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF FARMINGTON, NEW MEXICO**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2015**

	<b>Special Revenue</b>			
	<b>Lodgers' Tax</b>	<b>Convention Center Fees</b>	<b>State Police Protection Grant</b>	<b>Region II Narcotics Grant</b>
Taxes:				
Gross receipts tax	\$ -	\$ -	\$ -	\$ -
Lodgers' taxes/fees	1,278,187	342,735	-	-
Licenses and permits	-	-	-	-
Intergovernmental:				
Federal	-	-	-	174,393
State	-	-	100,800	136,786
Other	-	-	-	38,000
Charges for services	110,601	-	-	-
Fines	-	-	-	-
Investment earnings	3,016	408	445	268
Donations	-	-	-	-
Miscellaneous	1,953	-	195	15,066
Total revenues	<u>1,393,757</u>	<u>343,143</u>	<u>101,440</u>	<u>364,513</u>
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	-	-
Police operations	-	-	101,613	414,471
Fire operations	-	-	-	-
Parks, recreation and cultural affairs	1,484,275	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay:				
General government	-	-	-	-
Police operations	-	-	-	54,102
Fire	-	-	-	-
Parks, recreation and cultural affairs	-	-	-	-
Airport	-	-	-	-
Highways and streets	-	-	-	-
Total expenditures	<u>1,484,275</u>	<u>-</u>	<u>101,613</u>	<u>468,573</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(90,518)</u>	<u>343,143</u>	<u>(173)</u>	<u>(104,060)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	30,000
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,000</u>
Net change in fund balances	(90,518)	343,143	(173)	(74,060)
Fund balances-beginning	384,373	-	173	217,897
Fund balances-ending	<u>\$ 293,855</u>	<u>\$ 343,143</u>	<u>\$ -</u>	<u>\$ 143,837</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF FARMINGTON, NEW MEXICO**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2015**

**Special Revenue**

	<b>COPS Program Grant</b>	<b>Law Enforcement Block Grant</b>	<b>State Fire Grant</b>	<b>Penalty Assessment</b>	<b>Total Special Revenue</b>
<b>Taxes:</b>					
Gross receipts tax	\$ -	\$ -	\$ -	\$ -	2,770,086
Lodgers' taxes/fees	-	-	-	-	1,620,922
Licenses and permits	-	-	-	-	6,881
<b>Intergovernmental:</b>					
Federal	-	4,658	57,034	-	1,444,519
State	-	-	591,108	-	1,249,659
Other	-	-	-	-	95,928
Charges for services	-	-	-	-	360,529
Fines	-	-	-	155,497	155,497
Investment earnings	-	451	2,121	156	28,124
Donations	-	-	-	-	136,931
Miscellaneous	-	-	8,456	-	54,540
Total revenues	<u>-</u>	<u>5,109</u>	<u>658,719</u>	<u>155,653</u>	<u>7,923,616</u>
<b>EXPENDITURES:</b>					
<b>Current:</b>					
General government	-	-	-	-	2,075,234
Police operations	58,280	4,470	-	155,653	734,487
Fire operations	-	-	391,360	-	391,360
Parks, recreation and cultural affairs	-	-	-	-	4,040,648
<b>Debt Service:</b>					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
<b>Capital outlay:</b>					
General government	-	-	-	-	42,944
Police operations	-	-	-	-	54,102
Fire	-	-	172,724	-	172,724
Parks, recreation and cultural affairs	-	-	-	-	975,708
Airport	-	-	-	-	-
Highways and streets	-	-	-	-	-
Total expenditures	<u>58,280</u>	<u>4,470</u>	<u>564,084</u>	<u>155,653</u>	<u>8,487,207</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(58,280)</u>	<u>639</u>	<u>94,635</u>	<u>-</u>	<u>(563,591)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	149,883	-	-	-	603,599
Transfers out	-	-	(164,405)	-	(171,073)
Total other financing sources (uses)	<u>149,883</u>	<u>-</u>	<u>(164,405)</u>	<u>-</u>	<u>432,526</u>
Net change in fund balances	91,603	639	(69,770)	-	(131,065)
Fund balances-beginning	-	212	88,777	-	3,792,186
Fund balances-ending	<u>\$ 91,603</u>	<u>\$ 851</u>	<u>\$ 19,007</u>	<u>\$ -</u>	<u>\$ 3,661,121</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF FARMINGTON, NEW MEXICO**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2015**

	<b>Capital Projects</b>			
	<b>Community Development Grant Projects</b>	<b>Gross Receipts Tax 2012 Bond Projects</b>	<b>Governmental Capital Projects</b>	<b>Airport Construction Grant Projects</b>
Taxes:				
Gross receipts tax	\$ -	\$ -	\$ -	\$ -
Lodgers' taxes/fees	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental:				
Federal	189,760	-	-	1,259,004
State	1,381,125	-	-	43,867
Other	-	-	-	-
Charges for services	-	-	-	-
Fines	-	-	-	-
Investment earnings	1,335	22,112	28,985	109
Donations	-	-	-	-
Miscellaneous	108,531	127	268	3,670
Total revenues	<u>1,680,751</u>	<u>22,239</u>	<u>29,253</u>	<u>1,306,650</u>
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	-	-
Police operations	-	-	-	-
Fire operations	-	-	-	-
Parks, recreation and cultural affairs	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay:				
General government	-	3,619,864	1,350,212	-
Police operations	-	-	-	-
Fire operations	-	-	-	-
Parks, recreation and cultural affairs	-	-	-	-
Airport	-	-	-	1,417,327
Highways and streets	1,360,273	-	-	-
Total expenditures	<u>1,360,273</u>	<u>3,619,864</u>	<u>1,350,212</u>	<u>1,417,327</u>
Excess (deficiency) of revenues over (under) expenditures	<u>320,478</u>	<u>(3,597,625)</u>	<u>(1,320,959)</u>	<u>(110,677)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	3,234,827	41,795
Transfers out	-	-	(3,100,000)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>134,827</u>	<u>41,795</u>
Net change in fund balances	320,478	(3,597,625)	(1,186,132)	(68,882)
Fund balances-beginning	444,266	4,250,299	3,340,302	68,882
Fund balances-ending	<u>\$ 764,744</u>	<u>\$ 652,674</u>	<u>\$ 2,154,170</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF FARMINGTON, NEW MEXICO**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2015**

	<b>Capital Projects</b>				
	<b>Metro Redevelop Authority</b>	<b>Convention Center Capital Project</b>	<b>Total Capital Projects</b>	<b>Debt Service</b>	<b>Total Nonmajor Governmental Funds</b>
Taxes:					
Gross receipts tax	\$ -	\$ -	\$ -	\$ -	2,770,086
Lodgers' taxes/fees	-	-	-	-	1,620,922
Licenses and permits	-	-	-	-	6,881
Intergovernmental:					
Federal	-	-	1,448,764	-	2,893,283
State	-	-	1,424,992	-	2,674,651
Other	-	-	-	-	95,928
Charges for services	-	-	-	-	360,529
Fines	-	-	-	-	155,497
Investment earnings	5,365	1,127	59,033	5,769	92,926
Donations	-	-	-	-	136,931
Miscellaneous	-	-	112,596	-	167,136
Total revenues	<u>5,365</u>	<u>1,127</u>	<u>3,045,385</u>	<u>5,769</u>	<u>10,974,770</u>
<b>EXPENDITURES:</b>					
Current:					
General government	57,041	-	57,041	-	2,132,275
Police operations	-	-	-	-	734,487
Fire operations	-	-	-	-	391,360
Parks, recreation and cultural affairs	-	-	-	-	4,040,648
Debt Service:					
Principal	-	-	-	1,224,760	1,224,760
Interest	-	-	-	411,133	411,133
Capital outlay:					
General government	65,957	-	5,036,033	-	5,078,977
Police operations	-	-	-	-	54,102
Fire operations	-	-	-	-	172,724
Parks, recreation and cultural affairs	-	866,357	866,357	-	1,842,065
Airport	-	-	1,417,327	-	1,417,327
Highways and streets	-	-	1,360,273	-	1,360,273
Total expenditures	<u>122,998</u>	<u>866,357</u>	<u>8,737,031</u>	<u>1,635,893</u>	<u>18,860,131</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(117,633)</u>	<u>(865,230)</u>	<u>(5,691,646)</u>	<u>(1,630,124)</u>	<u>(7,885,361)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	500,000	-	3,776,622	1,635,893	6,016,114
Transfers out	-	-	(3,100,000)	-	(3,271,073)
Total other financing sources (uses)	<u>500,000</u>	<u>-</u>	<u>676,622</u>	<u>1,635,893</u>	<u>2,745,041</u>
Net change in fund balances	382,367	(865,230)	(5,015,024)	5,769	(5,140,320)
Fund balances-beginning	502,560	-	8,606,309	197,643	12,596,138
Fund balances-ending	<u>\$ 884,927</u>	<u>\$ (865,230)</u>	<u>\$ 3,591,285</u>	<u>\$ 203,412</u>	<u>\$ 7,455,818</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF FARMINGTON, NEW MEXICO**  
**Gross Receipts Tax Parks Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget to Actual**  
**For the Year Ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Gross receipts taxes	\$ 2,605,783	\$ 2,605,783	\$ 2,744,414	\$ 138,631
Investment earnings	6,800	6,800	8,852	2,052
Miscellaneous	7,000	7,000	15,191	8,191
Total revenues	<u>2,619,583</u>	<u>2,619,583</u>	<u>2,768,457</u>	<u>148,874</u>
<b>EXPENDITURES:</b>				
Current:				
Parks, Recreation and Cultural Affairs	2,305,460	2,305,460	2,242,694	62,766
Capital Outlay:				
Park Construction	746,000	849,749	537,253	312,496
Total expenditures	<u>3,051,460</u>	<u>3,155,209</u>	<u>2,779,947</u>	<u>375,262</u>
Excess (deficiency) of revenues over (under) expenditures	(431,877)	(535,626)	(11,490)	<u>\$ 524,136</u>
<b>ADJUSTMENTS TO GAAP:</b>				
Change in intergovernmental receivable			25,672	
Change in fair market value - investments			864	
Change in accounts payable			97,725	
			<u>124,261</u>	
<b>GAAP BASIS CHANGE IN FUND BALANCES:</b>			112,771	
Fund balances-beginning	1,444,832	1,444,832	1,444,832	
Fund balances-ending	<u>\$ 1,012,955</u>	<u>\$ 909,206</u>	<u>\$ 1,557,603</u>	

The notes to the financial statements are an integral part of this statement.

**CITY OF FARMINGTON, NEW MEXICO**  
**Park Development Fees Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget to Actual**  
**For the Year Ended June 30, 2015**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>REVENUES:</b>				
Licenses and permits	\$ 5,000	\$ 5,000	\$ 6,881	\$ 1,881
Miscellaneous	2,000	2,000	2,759	759
Total revenues	7,000	7,000	9,640	2,640
<b>EXPENDITURES:</b>				
Capital Outlay:				
Park Construction	48,000	48,000	-	48,000
Excess (deficiency) of revenues over (under) expenditures	(41,000)	(41,000)	9,640	\$ 50,640
<b>ADJUSTMENTS TO GAAP:</b>				
Change in fair market value - investments			268	
<b>GAAP BASIS CHANGE IN FUND BALANCES:</b>				
			9,908	
Fund balances-beginning	366,001	366,001	366,001	
Fund balances-ending	\$ 325,001	\$ 325,001	\$ 375,909	

The notes to the financial statements are an integral part of this statement.



**CITY OF FARMINGTON, NEW MEXICO**  
**Library Gifts and Grants Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget to Actual**  
**For the Year Ended June 30, 2015**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>REVENUES:</b>				
Intergovernmental:				
State	\$ 115,000	\$ 115,000	\$ 76,669	\$ (38,331)
Investment earnings	1,000	1,000	1,895	895
Donations	22,200	21,000	7,520	(13,480)
Miscellaneous	-	1,200	1,383	183
Total revenues	138,200	138,200	87,467	(50,733)
<b>EXPENDITURES:</b>				
Current:				
Parks, recreation and cultural affairs	155,500	155,500	94,712	60,788
Excess (deficiency) of revenues over (under) expenditures	(17,300)	(17,300)	(7,245)	\$ 10,055
<b>ADJUSTMENTS TO GAAP:</b>				
Change in fair market value - investments			235	
<b>GAAP BASIS CHANGE IN FUND BALANCES:</b>				
			(7,010)	
Fund balances-beginning	317,585	317,585	317,585	
Fund balances-ending	\$ 300,285	\$ 300,285	\$ 310,575	

The notes to the financial statements are an integral part of this statement.

**CITY OF FARMINGTON, NEW MEXICO**  
**Parks/Recreation Gifts and Grants Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget to Actual**  
**For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental:				
State	\$ 25,000	\$ 321,240	\$ 27,542	\$ (293,698)
Other	10,000	10,000	738	(9,262)
Investment earnings	-	-	3,966	3,966
Donations	35,463	40,463	108,916	68,453
Miscellaneous	-	-	1,156	1,156
Total revenues	70,463	371,703	142,318	(229,385)
<b>EXPENDITURES:</b>				
Current:				
Parks, recreation and cultural affairs	116,265	223,405	121,564	101,841
Capital Outlay:				
Park Construction	482,000	676,100	516,254	159,846
Total expenditures	598,265	899,505	637,818	261,687
Excess (deficiency) of revenues over (under) expenditures	(527,802)	(527,802)	(495,500)	32,302
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	-	(6,668)	(6,668)	-
Net change in fund balances	(527,802)	(534,470)	(502,168)	\$ 32,302
<b>ADJUSTMENTS TO GAAP:</b>				
Change in intergovernmental receivable - state			(4,431)	
Change in fair market value - investments			549	
Change in accounts payable			38,791	
			34,909	
<b>GAAP BASIS CHANGE IN FUND BALANCES:</b>			(467,259)	
Fund balances-beginning	650,451	650,451	650,451	
Fund balances-ending	\$ 122,649	\$ 115,981	\$ 183,192	

The notes to the financial statements are an integral part of this statement.

**CITY OF FARMINGTON, NEW MEXICO**  
**Museum Gifts and Grants Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget to Actual**  
**For the Year Ended June 30, 2015**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>REVENUES:</b>				
Intergovernmental:				
State	\$ 3,000	\$ 3,000	\$ -	\$ (3,000)
Charges for services	94,000	178,086	168,168	(9,918)
Investment earnings	1,000	1,000	1,085	85
Donations	38,000	38,000	20,495	(17,505)
Miscellaneous	5,000	5,000	553	(4,447)
Total revenues	141,000	225,086	190,301	(34,785)
<b>EXPENDITURES:</b>				
Current:				
Parks, recreation and cultural affairs	140,000	205,086	176,120	28,966
Capital Outlay:				
General Government	5,000	5,000	-	5,000
Total expenditures	145,000	210,086	176,120	33,966
Excess (deficiency) of revenues over (under) expenditures	(4,000)	15,000	14,181	\$ (819)
<b>ADJUSTMENTS TO GAAP:</b>				
Change in fair market value - investments			117	
Change in accounts payable			20,000	
			20,117	
<b>GAAP BASIS CHANGE IN FUND BALANCES:</b>				
			34,298	
Fund balances-beginning	143,106	143,106	143,106	
Fund balances-ending	\$ 139,106	\$ 158,106	\$ 177,404	

The notes to the financial statements are an integral part of this statement.

**CITY OF FARMINGTON, NEW MEXICO**  
**Red Apple Transit Grant Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget to Actual**  
**For the Year Ended June 30, 2015**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>REVENUES:</b>				
Intergovernmental:				
Federal	\$ 625,946	\$ 1,370,619	\$ 584,944	\$ (785,675)
Other	59,995	123,795	57,094	(66,701)
Charges for services	92,000	92,000	89,420	(2,580)
Miscellaneous	-	-	10,001	10,001
Total revenues	777,941	1,586,414	741,459	(844,955)
<b>EXPENDITURES:</b>				
Current:				
General government	1,046,573	1,504,777	954,188	550,589
Capital Outlay:				
General Government	197,000	280,424	-	280,424
Total expenditures	1,243,573	1,785,201	954,188	831,013
Excess (deficiency) of revenues over (under) expenditures	(465,632)	(198,787)	(212,729)	(13,942)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	369,116	369,116	-
Net change in fund balances	(465,632)	170,329	156,387	\$ <u><u>(13,942)</u></u>
<b>ADJUSTMENTS TO GAAP:</b>				
Change in intergovernmental receivable - federal			(170,019)	
Change in charges for services receivable			(7,660)	
Change in accounts payable			(593)	
			(178,272)	
<b>GAAP BASIS CHANGE IN FUND BALANCES:</b>			(21,885)	
Fund balances-beginning	55,888	55,888	55,888	
Fund balances-ending	\$ (409,744)	\$ 226,217	\$ 34,003	

The notes to the financial statements are an integral part of this statement.

**CITY OF FARMINGTON, NEW MEXICO**  
**General Government Grant Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget to Actual**  
**For the Year Ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Intergovernmental:				
Federal	\$ 249,000	\$ 425,184	\$ 293,771	\$ (131,413)
State	339,600	349,680	183,871	(165,809)
Miscellaneous	-	-	471	471
Total revenues	<u>588,600</u>	<u>774,864</u>	<u>478,113</u>	<u>(296,751)</u>
<b>EXPENDITURES:</b>				
Current:				
General Government	<u>642,596</u>	<u>664,231</u>	<u>595,503</u>	<u>68,728</u>
Excess (deficiency) of revenues over (under) expenditures	(53,996)	110,633	(117,390)	(228,023)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	<u>-</u>	<u>54,600</u>	<u>54,600</u>	<u>-</u>
Net change in fund balances	(53,996)	165,233	(62,790)	<u><u>\$ (228,023)</u></u>
<b>ADJUSTMENTS TO GAAP:</b>				
Change in intergovernmental receivable - federal			(54,661)	
Change in intergovernmental receivable - state			137,314	
			<u>82,653</u>	
<b>GAAP BASIS CHANGE IN FUND BALANCES:</b>				
Fund balances-beginning	-	-	-	
Fund balances-ending	<u><u>\$ (53,996)</u></u>	<u><u>\$ 165,233</u></u>	<u><u>\$ 19,863</u></u>	

The notes to the financial statements are an integral part of this statement.

**CITY OF FARMINGTON, NEW MEXICO**  
**CDBG Grant Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget to Actual**  
**For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental:				
Federal	\$ 556,952	\$ 568,141	\$ 253,717	\$ (314,424)
Investment earnings	-	-	669	669
Miscellaneous	-	-	115	115
Total revenues	556,952	568,141	254,501	(313,640)
<b>EXPENDITURES:</b>				
Current:				
General Government	308,248	184,196	163,644	20,552
Capital Outlay:				
General Government	273,466	383,945	42,944	341,001
Total expenditures	581,714	568,141	206,588	361,553
Excess (deficiency) of revenues over (under) expenditures	(24,762)	-	47,913	\$ (675,193)
<b>ADJUSTMENTS TO GAAP:</b>				
Change in intergovernmental receivable - federal			300,778	
Change in accounts payable			(361,306)	
			(60,528)	
<b>GAAP BASIS CHANGE IN FUND BALANCES:</b>			(12,615)	
Fund balances-beginning	122,891	122,891	122,891	
Fund balances-ending	\$ 98,129	\$ 122,891	\$ 110,276	

The notes to the financial statements are an integral part of this statement.

**CITY OF FARMINGTON, NEW MEXICO**  
**Lodgers' Tax Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget to Actual**  
**For the Year Ended June 30, 2015**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>REVENUES:</b>				
Lodgers' taxes/fees	\$ 1,200,000	\$ 1,279,362	\$ 1,279,361	\$ (1)
Charges for services	152,000	152,000	110,601	(41,399)
Investment earnings	1,000	1,000	2,758	1,758
Miscellaneous	3,000	3,000	1,953	(1,047)
Total revenues	1,356,000	1,435,362	1,394,673	(40,689)
<b>EXPENDITURES:</b>				
Current:				
Parks, recreation and cultural affairs	1,359,778	1,439,503	1,436,774	2,729
Capital Outlay:				
Park Construction	7,500	7,500	-	7,500
Total expenditures	1,367,278	1,447,003	1,436,774	10,229
Excess (deficiency) of revenues over (under) expenditures	(11,278)	(11,641)	(42,101)	\$ (50,918)
<b>ADJUSTMENTS TO GAAP:</b>				
Change in intergovernmental receivable			(1,174)	
Change in fair market value - investments			258	
Change in accounts payable			(47,501)	
			(48,417)	
<b>GAAP BASIS CHANGE IN FUND BALANCES:</b>			(90,518)	
Fund balances-beginning	384,373	384,373	384,373	
Fund balances-ending	\$ 373,095	\$ 372,732	\$ 293,855	

The notes to the financial statements are an integral part of this statement.

**CITY OF FARMINGTON, NEW MEXICO**  
**Convention Center Fees Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget to Actual**  
**For the Year Ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Lodgers' taxes/fees	\$ -	\$ 200,000	\$ 264,550	\$ 64,550
Investment earnings	-	-	408	408
Total revenues	<u>-</u>	<u>200,000</u>	<u>264,958</u>	<u>64,958</u>
<b>EXPENDITURES:</b>				
Current:				
Parks, recreation and cultural affairs	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	200,000	264,958	<u>\$ 64,958</u>
<b>ADJUSTMENTS TO GAAP:</b>				
Change in intergovernmental receivable			<u>78,185</u>	
<b>GAAP BASIS CHANGE IN FUND BALANCES:</b>			343,143	
Fund balances-beginning	-	-	-	
Fund balances-ending	<u>\$ -</u>	<u>\$ 200,000</u>	<u>\$ 343,143</u>	

The notes to the financial statements are an integral part of this statement.



**CITY OF FARMINGTON, NEW MEXICO**  
**State Police Protection Grant Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget to Actual**  
**For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental:				
State	\$ 104,400	\$ 100,800	\$ 100,800	\$ -
Investment earnings	500	500	445	(55)
Miscellaneous	500	500	195	(305)
Total revenues	105,400	101,800	101,440	(360)
<b>EXPENDITURES:</b>				
Current:				
Police operations	105,400	101,973	101,613	360
Excess (deficiency) of revenues over (under) expenditures	-	(173)	(173)	\$ <u><u>-</u></u>
Fund balances-beginning	173	173	173	
Fund balances-ending	\$ 173	\$ -	\$ -	

The notes to the financial statements are an integral part of this statement.

**CITY OF FARMINGTON, NEW MEXICO**  
**Region II Narcotics Grant Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget to Actual**  
**For the Year Ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Intergovernmental:				
Federal	\$ 170,000	\$ 170,000	\$ 189,403	\$ 19,403
State	220,000	220,000	131,972	(88,028)
Other	33,000	33,000	38,000	5,000
Investment earnings	300	300	268	(32)
Miscellaneous	46,500	46,500	9,396	(37,104)
Total revenues	<u>469,800</u>	<u>469,800</u>	<u>369,039</u>	<u>(100,761)</u>
<b>EXPENDITURES:</b>				
Current:				
Police operations	438,970	438,970	435,297	3,673
Capital Outlay:				
General Government	55,000	55,000	30,306	24,694
Total expenditures	<u>493,970</u>	<u>493,970</u>	<u>465,603</u>	<u>28,367</u>
Excess (deficiency) of revenues over (under) expenditures	(24,170)	(24,170)	(96,564)	(129,128)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	30,000	30,000	-
Net change in fund balances	(24,170)	5,830	(66,564) \$	<u>(129,128)</u>
<b>ADJUSTMENTS TO GAAP:</b>				
Change in accounts receivable			5,670	
Change in intergovernmental receivable - federal			(15,010)	
Change in intergovernmental receivable - state			4,814	
Change in accounts payable			(2,970)	
			<u>(7,496)</u>	
<b>GAAP BASIS CHANGE IN FUND BALANCES:</b>			(74,060)	
Fund balances-beginning	217,897	217,897	217,897	
Fund balances-ending	<u>\$ 193,727</u>	<u>\$ 223,727</u>	<u>\$ 143,837</u>	

The notes to the financial statements are an integral part of this statement.

**CITY OF FARMINGTON, NEW MEXICO**  
**COPS Program Grant Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget to Actual**  
**For the Year Ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Intergovernmental:				
Federal	\$ -	\$ 229,167	\$ -	\$ (229,167)
<b>EXPENDITURES:</b>				
Current:				
Police operations	-	379,050	58,280	320,770
Excess (deficiency) of revenues over (under) expenditures	-	(149,883)	(58,280)	91,603
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	149,883	149,883	-
Net change in fund balances	-	-	91,603	\$ 91,603
Fund balances-beginning	-	-	-	
Fund balances-ending	\$ -	\$ -	\$ 91,603	

The notes to the financial statements are an integral part of this statement.

**CITY OF FARMINGTON, NEW MEXICO**  
**Law Enforcement Block Grant Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget to Actual**  
**For the Year Ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Intergovernmental:				
Federal	\$ 21,940	\$ 46,667	\$ 4,658	\$ (42,009)
Investment earnings	-	-	451	451
Total revenues	<u>21,940</u>	<u>46,667</u>	<u>5,109</u>	<u>(41,558)</u>
<b>EXPENDITURES:</b>				
Current:				
Police operations	<u>21,940</u>	<u>71,715</u>	<u>4,470</u>	<u>67,245</u>
Excess (deficiency) of revenues over (under) expenditures	-	(25,048)	639	<u>\$ 25,687</u>
Fund balances-beginning	<u>212</u>	<u>212</u>	<u>212</u>	
Fund balances-ending	<u>\$ 212</u>	<u>\$ (24,836)</u>	<u>\$ 851</u>	

The notes to the financial statements are an integral part of this statement.

**CITY OF FARMINGTON, NEW MEXICO**  
**State Fire Grant Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget to Actual**  
**For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental:				
Federal	\$ -	\$ 243,225	\$ 57,034	\$ (186,191)
State	472,238	591,108	591,108	-
Investment earnings	2,300	2,300	2,037	(263)
Miscellaneous	1,500	1,500	8,456	6,956
Total revenues	476,038	838,133	658,635	(179,498)
<b>EXPENDITURES:</b>				
Current:				
Fire operations	472,237	658,791	406,431	252,360
Capital Outlay:				
Fire construction	-	118,870	172,724	(53,854)
Total expenditures	472,237	777,661	579,155	198,506
Excess (deficiency) of revenues over (under) expenditures	3,801	60,472	79,480	19,008
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	-	(164,405)	(164,405)	-
Net change in fund balances	3,801	(103,933)	(84,925)	\$ <u>19,008</u>
<b>ADJUSTMENTS TO GAAP:</b>				
Change in fair market value - investments			84	
Change in accounts payable			15,071	
			15,155	
<b>GAAP BASIS CHANGE IN FUND BALANCES:</b>			(69,770)	
Fund balances-beginning	88,777	88,777	88,777	
Fund balances-ending	\$ 92,578	\$ (15,156)	\$ 19,007	

The notes to the financial statements are an integral part of this statement.

**CITY OF FARMINGTON, NEW MEXICO**  
**Penalty Assessment Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget to Actual**  
**For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Fines	\$ 155,000	\$ 155,498	\$ 155,497	(1)
Investment earnings	-	148	145	(3)
Total Revenues	155,000	155,646	155,642	(4)
<b>EXPENDITURES:</b>				
Current:				
Public safety	155,000	162,600	157,603	4,997
Excess (deficiency) of revenues over (under) expenditures	-	(6,954)	(1,961)	\$ <u>4,993</u>
<b>ADJUSTMENTS TO GAAP:</b>				
Change in fair market value - investments			11	
Change in accounts payable			1,950	
			1,961	
<b>GAAP BASIS CHANGE IN FUND BALANCES:</b>				
Fund balances-beginning	-	-	-	
Fund balances-ending	-	(6,954)	-	

The notes to the financial statements are an integral part of this statement.

**CITY OF FARMINGTON, NEW MEXICO**  
**Community Development Grant Projects Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget to Actual**  
**For the Year Ended June 30, 2015**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>REVENUES:</b>				
Intergovernmental:				
Federal	\$ 3,625,000	\$ 3,625,000	\$ 85,298	\$ (3,539,702)
State	988,700	2,473,447	268,135	(2,205,312)
Investment earnings	7,000	7,000	602	(6,398)
Miscellaneous	-	-	108,531	108,531
Total revenues	4,620,700	6,105,447	462,566	(2,103,179)
<b>EXPENDITURES:</b>				
Capital Outlay:				
Highways and Streets	4,999,000	7,001,911	1,750,161	5,251,750
Excess (deficiency) of revenues over (under) expenditures	(378,300)	(896,464)	(1,287,595)	\$ 3,148,571
<b>ADJUSTMENTS TO GAAP:</b>				
Change in intergovernmental receivable - federal			104,462	
Change in intergovernmental receivable - state			1,112,990	
Change in fair market value - investments			733	
Change in accounts payable			389,888	
			1,608,073	
<b>GAAP BASIS CHANGE IN FUND BALANCES:</b>				
			320,478	
Fund balances-beginning	444,266	444,266	444,266	
Fund balances-ending	\$ 65,966	\$ (452,198)	\$ 764,744	

The notes to the financial statements are an integral part of this statement.

**CITY OF FARMINGTON, NEW MEXICO**  
**Gross Receipts Tax 2012 Bond Projects Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget to Actual**  
**For the Year Ended June 30, 2015**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>REVENUES:</b>				
Investment earnings	\$ 17,500	\$ 17,500	\$ 18,562	\$ 1,062
Miscellaneous	-	-	127	127
Total revenues	17,500	17,500	18,689	1,189
<b>EXPENDITURES:</b>				
Capital Outlay:				
General Government	4,249,934	4,422,760	3,645,587	777,173
Excess (deficiency) of revenues over (under) expenditures	(4,232,434)	(4,405,260)	(3,626,898)	778,362
<b>ADJUSTMENTS TO GAAP:</b>				
Change in fair market value - investments			3,550	
Change in accounts payable			25,723	
			29,273	
<b>GAAP BASIS CHANGE IN FUND BALANCES:</b>			(3,597,625)	
Fund balances-beginning	4,250,299	4,250,299	4,250,299	
Fund balances-ending	\$ 17,865	\$ (154,961)	\$ 652,674	

The notes to the financial statements are an integral part of this statement.



**CITY OF FARMINGTON, NEW MEXICO**  
**Governmental Capital Projects Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget to Actual**  
**For the Year Ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Investment earnings	\$ 20,000	\$ 20,000	\$ 26,400	\$ 6,400
Miscellaneous	-	-	268	268
Total revenues	<u>20,000</u>	<u>20,000</u>	<u>26,668</u>	<u>6,668</u>
<b>EXPENDITURES:</b>				
Capital Outlay:				
General Government	<u>1,886,150</u>	<u>1,818,839</u>	<u>1,386,990</u>	<u>431,849</u>
Excess (deficiency) of revenues over (under) expenditures	(1,866,150)	(1,798,839)	(1,360,322)	438,517
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	3,234,827	3,234,827	-
Transfers out	<u>(2,600,000)</u>	<u>(3,100,000)</u>	<u>(3,100,000)</u>	-
Total other financing sources and uses	<u>(2,600,000)</u>	<u>134,827</u>	<u>134,827</u>	-
Net change in fund balances	(4,466,150)	(1,664,012)	(1,225,495)	<u>\$ 438,517</u>
<b>ADJUSTMENTS TO GAAP:</b>				
Change in fair market value - investments			2,585	
Change in accounts payable			<u>36,778</u>	
			<u>39,363</u>	
<b>GAAP BASIS CHANGE IN FUND BALANCES:</b>			(1,186,132)	
Fund balances-beginning	<u>3,340,302</u>	<u>3,340,302</u>	<u>3,340,302</u>	
Fund balances-ending	<u>\$ (1,125,848)</u>	<u>\$ 1,676,290</u>	<u>\$ 2,154,170</u>	

The notes to the financial statements are an integral part of this statement.

**CITY OF FARMINGTON, NEW MEXICO**  
**Airport Construction Grant Projects Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget to Actual**  
**For the Year Ended June 30, 2015**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>REVENUES:</b>				
Intergovernmental:				
Federal	\$ 1,312,500	\$ 2,519,633	\$ 1,418,164	\$ (1,101,469)
State	43,749	179,519	88,543	(90,976)
Investment earnings	-	-	40	40
Miscellaneous	-	-	3,670	3,670
Total revenues	1,356,249	2,699,152	1,510,417	(1,188,735)
<b>EXPENDITURES:</b>				
Capital Outlay:				
Airport	1,400,000	2,795,753	1,638,189	1,157,564
Excess (deficiency) of revenues over (under) expenditures	(43,751)	(96,601)	(127,772)	(31,171)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	43,751	41,795	41,795	-
Net change in fund balances	-	(54,806)	(85,977)	\$ <u><u>(31,171)</u></u>
<b>ADJUSTMENTS TO GAAP:</b>				
Change in intergovernmental receivable - federal			(159,160)	
Change in intergovernmental receivable - state			(44,676)	
Change in fair market value - investments			69	
Change in accounts payable			220,862	
			17,095	
<b>GAAP BASIS CHANGE IN FUND BALANCES:</b>			(68,882)	
Fund balances-beginning	68,882	68,882	68,882	
Fund balances-ending	\$ 68,882	\$ 14,076	\$ -	

The notes to the financial statements are an integral part of this statement.

**CITY OF FARMINGTON, NEW MEXICO**  
**Metro Redevelop Authority Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget to Actual**  
**For the Year Ended June 30, 2015**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>REVENUES:</b>				
Investment earnings	\$ 3,000	\$ 3,000	\$ 5,030	\$ 2,030
<b>EXPENDITURES:</b>				
Current:				
General government	25,000	59,980	21,080	38,900
Capital Outlay:				
General Government	475,000	440,020	65,957	374,063
Total expenditures	500,000	500,000	87,037	412,963
Excess (deficiency) of revenues over (under) expenditures	(497,000)	(497,000)	(82,007)	(410,933)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	500,000	500,000	-
Net change in fund balances	(497,000)	3,000	417,993	\$ (410,933)
<b>ADJUSTMENTS TO GAAP:</b>				
Change in fair market value - investments			335	
Change in accounts payable			(35,961)	
			(35,626)	
<b>GAAP BASIS CHANGE IN FUND BALANCES:</b>				
			382,367	
Fund balances-beginning	502,560	502,560	502,560	
Fund balances-ending	\$ 5,560	\$ 505,560	\$ 884,927	

The notes to the financial statements are an integral part of this statement.

**CITY OF FARMINGTON, NEW MEXICO**  
**Convention Center Capital Projects Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget to Actual**  
**For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Investment earnings	\$ -	\$ -	\$ 1,127	\$ 1,127
<b>EXPENDITURES:</b>				
Capital Outlay:				
Park Construction	-	1,100,000	866,357	233,643
	-			
Excess (deficiency) of revenues over (under) expenditures	-	(1,100,000)	(865,230)	<u>234,770</u>
Fund balances-beginning	-	-	-	
Fund balances-ending	<u>\$ -</u>	<u>\$ (1,100,000)</u>	<u>\$ (865,230)</u>	

The notes to the financial statements are an integral part of this statement.

**CITY OF FARMINGTON, NEW MEXICO**  
**Debt Service Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget to Actual**  
**For the Year Ended June 30, 2015**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>REVENUES:</b>				
Investment earnings	\$ 3,500	\$ 3,500	\$ 5,625	\$ 2,125
<b>EXPENDITURES:</b>				
Debt Service:				
Principal	1,224,760	1,224,760	1,224,760	-
Interest	411,133	411,133	411,133	-
Total expenditures	1,635,893	1,635,893	1,635,893	-
Excess (deficiency) of revenues over (under) expenditures	(1,632,393)	(1,632,393)	(1,630,268)	2,125
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	1,635,893	1,635,893	1,635,893	-
Net change in fund balances	3,500	3,500	5,625	\$ 2,125
<b>ADJUSTMENTS TO GAAP:</b>				
Change in fair market value - investments			144	
<b>GAAP BASIS CHANGE IN FUND BALANCES:</b>			5,769	
Fund balances-beginning	197,643	197,643	197,643	
Fund balances-ending	\$ 201,143	\$ 201,143	\$ 203,412	

The notes to the financial statements are an integral part of this statement.



# ANIMAL SHELTER

# Internal Service Fund





## Internal Service Fund

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Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City on a cost reimbursement basis.

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***Health Insurance Fund*** - This fund is used to account for the City's self insurance for employee health insurance claims.

**CITY OF FARMINGTON, NEW MEXICO**  
**Health Insurance Fund**  
**Schedule of Revenues, Expenses and Changes in Net Position**  
**Budget to Actual**  
**For the Year Ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Operating revenues:				
Charges for services	\$ 8,469,854	\$ 10,276,093	\$ 10,276,093	\$ -
Operating expenses:				
Costs of services	<u>7,837,653</u>	<u>10,887,394</u>	<u>9,515,594</u>	<u>1,371,800</u>
Operating income (loss)	632,201	(611,301)	760,499	1,371,800
Nonoperating revenues (expenses):				
Investment earnings	<u>3,000</u>	<u>12,471</u>	<u>12,466</u>	<u>(5)</u>
Change in net position	635,201	(598,830)	772,965	<u>\$ 1,371,795</u>
<b>ADJUSTMENTS TO GAAP:</b>				
Change in accounts receivable			(20,390)	
Change in accounts payable			(23,990)	
Change in accrued claims payable			42,341	
			<u>(2,039)</u>	
<b>GAAP BASIS CHANGE IN NET POSITION:</b>			770,926	
Net position - beginning	<u>886,285</u>	<u>886,285</u>	<u>886,285</u>	
Net position - ending	<u>\$ 1,521,486</u>	<u>\$ 287,455</u>	<u>\$ 1,657,211</u>	

The notes to the financial statements are an integral part of this statement.

# Enterprise Funds



**CITY OF FARMINGTON, NEW MEXICO**  
**Electric Utility Enterprise Fund**  
**Schedule of Revenues, Expenses and Changes in Net Position**  
**Budget to Actual**  
**For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating revenues:				
Charges for sales and services:				
Electric	\$ 100,598,738	\$ 100,598,738	\$ 105,421,114	\$ 4,822,376
Other revenues	656,792	656,792	974,881	318,089
Total operating revenues	101,255,530	101,255,530	106,395,995	5,140,465
Operating expenses:				
Salaries and fringe benefits	14,420,923	14,420,923	13,121,735	1,299,188
Purchased power, fuel and chemicals	49,505,240	49,505,240	46,435,221	3,070,019
Other operating expenses	24,031,060	24,202,060	23,923,179	278,881
Capital outlay	25,709,233	25,559,233	19,051,024	6,508,209
Total operating expenses	113,666,456	113,687,456	102,531,159	11,156,297
Operating income	(12,410,926)	(12,431,926)	3,864,836	16,296,762
Nonoperating revenues (expenses):				
Investment earnings	380,000	380,000	491,064	111,064
Income (loss) before operating transfers	(12,030,926)	(12,051,926)	4,355,900	16,407,826
Capital contributions	1,200,000	1,200,000	842,095	(357,905)
Transfers out	(6,870,396)	(6,870,396)	(6,870,396)	-
Change in net position	(17,701,322)	(17,722,322)	(1,672,401)	\$ 16,049,921
<b>ADJUSTMENTS TO GAAP:</b>				
Depreciation			(14,080,480)	
Amortization			(2,291,908)	
Capital outlay capitalized			19,051,024	
Capitalized maintenance cost			7,135,708	
Change in accounts receivable			(441,189)	
Change in accounts payable			(447,694)	
			8,925,461	
<b>GAAP BASIS CHANGE IN NET POSITION:</b>			7,253,060	
Net position - beginning as previously reported	354,117,915	354,117,915	354,117,915	
Cumulative effect of implementing GASB 68	(13,487,421)	(13,487,421)	(13,487,421)	
Net position - beginning as restated	340,630,494	340,630,494	340,630,494	
Net position - ending	\$ 322,929,172	\$ 322,908,172	\$ 347,883,554	

The notes to the financial statements are an integral part of this statement.

**CITY OF FARMINGTON, NEW MEXICO**  
**Water Utility Enterprise Fund**  
**Schedule of Revenues, Expenses and Changes in Net Position**  
**Budget to Actual**  
**For the Year Ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Operating revenues:				
Charges for sales and services:				
Water	\$ 13,759,040	\$ 13,759,040	\$ 13,908,239	\$ 149,199
Other revenues	-	-	17,567	17,567
Total operating revenues	<u>13,759,040</u>	<u>13,759,040</u>	<u>13,925,806</u>	<u>166,766</u>
Operating expenses:				
Salaries and fringe benefits	828,195	828,195	721,447	106,748
Other operating expenses	9,463,082	9,463,082	6,840,671	2,622,411
Capital outlay	7,575,000	8,925,000	5,585,925	3,339,075
Total operating expenses	<u>17,866,277</u>	<u>19,216,277</u>	<u>13,148,043</u>	<u>6,068,234</u>
Operating income	<u>(4,107,237)</u>	<u>(5,457,237)</u>	<u>777,763</u>	<u>6,235,000</u>
Nonoperating revenues (expenses):				
Investment earnings	70,000	70,000	95,344	25,344
NMFA loan proceeds	1,800,000	1,800,000	2,972,284	1,172,284
Interest expense	(103,910)	(103,910)	(67,020)	36,890
Loan issuance costs	-	-	(29,723)	(29,723)
Principal on debt service	(232,809)	(232,809)	(48,869)	183,940
Total nonoperating revenues (expenses)	<u>1,533,281</u>	<u>1,533,281</u>	<u>2,922,016</u>	<u>1,388,735</u>
Income (loss) before operating transfers	(2,573,956)	(3,923,956)	3,699,779	7,623,735
Capital contributions	-	-	1,044,571	1,044,571
Transfers out	(779,000)	(779,000)	(693,121)	85,879
Change in net position	(3,352,956)	(4,702,956)	4,051,229	<u>\$ 8,754,185</u>
<b>ADJUSTMENTS TO GAAP:</b>				
Depreciation			(2,656,434)	
Capital outlay capitalized			5,585,925	
Principal on debt service			48,869	
NMFA loan proceeds			(2,972,284)	
Change in accounts receivable			13,567	
Change in accounts payable			(49,734)	
			<u>(30,091)</u>	
<b>GAAP BASIS CHANGE IN NET POSITION:</b>			4,021,138	
Net position - beginning as previously reported	62,309,948	62,309,948	62,309,948	
Cumulative effect of implementing GASB 68	(277,879)	(277,879)	(277,879)	
Net position - beginning as restated	<u>62,032,069</u>	<u>62,032,069</u>	<u>62,032,069</u>	
Net position - ending	<u>\$ 58,679,113</u>	<u>\$ 57,329,113</u>	<u>\$ 66,053,207</u>	

The notes to the financial statements are an integral part of this statement.

**CITY OF FARMINGTON, NEW MEXICO**  
**Wastewater Utility Enterprise Fund**  
**Schedule of Revenues, Expenses and Changes in Net Position**  
**Budget to Actual**  
**For the Year Ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Operating revenues:				
Charges for sales and services:				
Wastewater	\$ 6,883,499	\$ 6,883,499	\$ 6,690,643	\$ (192,856)
Other revenues	2,000	2,000	4,051	2,051
Total operating revenues	<u>6,885,499</u>	<u>6,885,499</u>	<u>6,694,694</u>	<u>(190,805)</u>
Operating expenses:				
Salaries and fringe benefits	346,269	346,269	349,888	(3,619)
Other operating expenses	4,991,777	4,991,777	4,123,139	888,638
Capital outlay	5,042,322	5,742,322	1,506,792	4,235,530
Total operating expenses	<u>10,380,368</u>	<u>11,080,368</u>	<u>5,979,819</u>	<u>5,100,549</u>
Operating income	<u>(3,494,869)</u>	<u>(4,194,869)</u>	<u>714,875</u>	<u>4,909,744</u>
Nonoperating revenues (expenses):				
Intergovernmental-environmental tax	1,302,891	1,302,891	1,372,147	69,256
Investment earnings	45,000	45,000	74,933	29,933
Interest expense	(284,584)	(284,584)	(284,584)	-
Principal on debt service	(668,413)	(668,413)	(668,413)	-
Total nonoperating revenues (expenses)	<u>394,894</u>	<u>394,894</u>	<u>494,083</u>	<u>99,189</u>
Income (loss) before operating transfers	<u>(3,099,975)</u>	<u>(3,799,975)</u>	<u>1,208,958</u>	<u>5,008,933</u>
Transfers out	<u>(348,000)</u>	<u>(348,000)</u>	<u>(333,546)</u>	<u>14,454</u>
Change in net position	<u>(3,447,975)</u>	<u>(4,147,975)</u>	<u>875,412</u>	<u>\$ 5,023,387</u>
<b>ADJUSTMENTS TO GAAP:</b>				
Depreciation			(1,461,415)	
Capital outlay capitalized			1,506,792	
Principal on debt service			668,413	
Change in accounts receivable			199,931	
Change in accounts payable			(22,075)	
			<u>891,646</u>	
<b>GAAP BASIS CHANGE IN NET POSITION:</b>			1,767,058	
Net position - beginning as previously reported	28,082,499	28,082,499	28,082,499	
Cumulative effect of implementing GASB 68	(195,859)	(195,859)	(195,859)	
Net position - beginning as restated	<u>27,886,640</u>	<u>27,886,640</u>	<u>27,886,640</u>	
Net position - ending	<u>\$ 24,438,665</u>	<u>\$ 23,738,665</u>	<u>\$ 29,653,698</u>	

The notes to the financial statements are an integral part of this statement.

**CITY OF FARMINGTON, NEW MEXICO**  
**Sanitation Enterprise Fund**  
**Schedule of Revenues, Expenses and Changes in Net Position**  
**Budget to Actual**  
**For the Year Ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Operating revenues:				
Charges for sales and services:				
Sanitation	\$ 5,645,425	\$ 5,645,425	\$ 5,593,801	\$ (51,624)
Other revenues	90,000	90,000	80,966	(9,034)
Total operating revenues	<u>5,735,425</u>	<u>5,735,425</u>	<u>5,674,767</u>	<u>(60,658)</u>
Operating expenses:				
Salaries and fringe benefits	58,725	58,725	62,610	(3,885)
Other operating expenses	<u>5,718,590</u>	<u>5,718,590</u>	<u>5,473,003</u>	<u>245,587</u>
Total operating expenses	<u>5,777,315</u>	<u>5,777,315</u>	<u>5,535,613</u>	<u>241,702</u>
Operating income	(41,890)	(41,890)	139,154	181,044
Nonoperating revenues (expenses):				
Investment earnings	<u>13,500</u>	<u>13,500</u>	<u>19,074</u>	<u>5,574</u>
Change in net position	(28,390)	(28,390)	158,228	<u>\$ 186,618</u>
<b>ADJUSTMENTS TO GAAP:</b>				
Change in accounts receivable			(5,013)	
Change in accounts payable			<u>6,239</u>	
			<u>1,226</u>	
<b>GAAP BASIS CHANGE IN NET POSITION:</b>			159,454	
Net position - beginning as previously reported	2,352,814	2,352,814	2,352,814	
Cumulative effect of implementing GASB 68	<u>(40,657)</u>	<u>(40,657)</u>	<u>(40,657)</u>	
Net position - beginning as restated	<u>2,312,157</u>	<u>2,312,157</u>	<u>2,312,157</u>	
Net position - ending	<u>\$ 2,283,767</u>	<u>\$ 2,283,767</u>	<u>\$ 2,471,611</u>	

The notes to the financial statements are an integral part of this statement.



# **Capital Assets- Governmental Funds**



**CITY OF FARMINGTON, NEW MEXICO**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Comparative Schedules By Source**  
**June 30, 2014 and 2015**

	<b>2015</b>	<b>2014</b>
Governmental funds capital assets:		
Land	\$ 29,552,553	\$ 27,761,044
Buildings	75,378,615	68,428,651
Improvements other than buildings	32,769,663	29,356,330
Machinery and equipment	34,718,095	34,158,227
Infrastructure	70,092,832	67,825,462
Construction In Progress	16,145,204	17,575,729
Total governmental funds capital assets	\$ 258,656,962	\$ 245,105,443
Investments in governmental funds capital assets by source:		
General fund	\$ 81,082,812	\$ 81,493,604
Special revenue fund	118,756,136	115,875,137
Capital projects funds	54,351,373	43,436,019
Donations	4,466,641	4,300,683
Total governmental funds capital assets	\$ 258,656,962	\$ 245,105,443

**CITY OF FARMINGTON, NEW MEXICO**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule By Function and Activity**  
**For the Year Ended June 30, 2015**

Function and Activity	Land	Buildings	Improvements Other than Buildings	Machinery and Equipment	Infrastructure	Construction In Progress	Total
<b>GENERAL GOVERNMENT:</b>							
Legislative	\$ 4,000	\$ -	\$ -	\$ 42,071	\$ -	\$ -	\$ 46,071
Judicial	-	111,855	-	140,032	-	-	251,887
Operations center	-	26,363	-	616,011	-	69,015	711,389
Fleet maintenance	-	133,282	-	459,983	-	-	593,265
Stores	-	38,467	270,135	260,990	-	-	569,592
Finance administration	-	-	-	16,515	-	-	16,515
Personnel administration	-	-	-	208,713	-	-	208,713
Law enforcement	-	-	-	18,246	-	-	18,246
Administrative services	1,670,752	12,644,074	37,057	1,773,693	-	85,783	16,211,359
Planning and zoning	-	-	-	51,755	-	-	51,755
Data processing	-	98,671	-	655,888	324,221	-	1,078,780
Total general government	<u>1,674,752</u>	<u>13,052,712</u>	<u>307,192</u>	<u>4,243,897</u>	<u>324,221</u>	<u>154,798</u>	<u>19,757,572</u>
<b>PUBLIC SAFETY:</b>							
Police	532,770	3,653,956	130,561	6,607,478	23,866	69,261	11,017,892
Fire	60,098	4,007,952	-	8,682,278	33,151	3,745,737	16,529,216
Inspection	-	-	-	208,276	-	-	208,276
Traffic	-	-	-	804,339	2,960,894	512,287	4,277,520
Total public safety	<u>592,868</u>	<u>7,661,908</u>	<u>130,561</u>	<u>16,302,371</u>	<u>3,017,911</u>	<u>4,327,285</u>	<u>32,032,904</u>
<b>PUBLIC WORKS/COMMUNITY DEVELOPMENT:</b>							
Streets	16,156,420	33,970	2,704,184	2,194,326	39,020,150	6,692,158	66,801,208
Bridges and storm drains	92,886	213,434	633,168	1,743,099	27,708,291	4,242,339	34,633,217
Administration	1,206,147	142,924	63,362	47,135	-	27,634	1,487,202
Survey	-	-	-	146,210	-	-	146,210
Engineering	-	-	-	106,885	-	-	106,885
Total public works/community development	<u>17,455,453</u>	<u>390,328</u>	<u>3,400,714</u>	<u>4,237,655</u>	<u>66,728,441</u>	<u>10,962,131</u>	<u>103,174,722</u>
<b>CULTURE AND RECREATION:</b>							
Parks and recreation	5,046,145	19,670,404	12,152,043	6,246,147	-	215,481	43,330,220
Civic center	896,748	4,454,817	-	310,587	-	2,082	5,664,234
Senior citizens center	250,627	1,276,019	37,161	235,053	-	42,700	1,841,560
Museum	1,131,932	7,420,869	134,173	181,771	-	77,441	8,946,186
Animal shelter	132,392	4,567,174	-	69,646	-	-	4,769,212
Golf Courses	100,000	1,045,237	2,934,616	750,125	22,259	311,221	5,163,458
Total culture and recreation	<u>7,557,844</u>	<u>38,434,520</u>	<u>15,257,993</u>	<u>7,793,329</u>	<u>22,259</u>	<u>648,925</u>	<u>69,714,870</u>
LIBRARIES	<u>1,391,668</u>	<u>8,686,494</u>	<u>106,000</u>	<u>873,799</u>	<u>-</u>	<u>-</u>	<u>11,057,961</u>
AIRPORT	<u>879,968</u>	<u>7,152,653</u>	<u>13,567,203</u>	<u>1,267,044</u>	<u>-</u>	<u>52,065</u>	<u>22,918,933</u>
<b>Total governmental funds capital assets</b>	<u>\$ 29,552,553</u>	<u>\$ 75,378,615</u>	<u>\$ 32,769,663</u>	<u>\$ 34,718,095</u>	<u>\$ 70,092,832</u>	<u>\$ 16,145,204</u>	<u>\$ 258,656,962</u>

This schedule presents the capital asset balances related to governmental funds.  
There are no capital assets for the internal service funds.

**CITY OF FARMINGTON, NEW MEXICO**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule of Changes By Function and Activity**  
**For the fiscal year ended June 30, 2015**

Function and Activity	Capital Assets June 30, 2014	Additions	Deductions	Net Transfers	Capital Assets June 30, 2015
<b>GENERAL GOVERNMENT:</b>					
Legislative	\$ 54,148	\$ -	\$ -	\$ (8,077)	\$ 46,071
Judicial	251,887	-	-	-	251,887
Operations center	627,902	69,016	(15,790)	30,261	711,389
Fleet maintenance	480,906	62,433	(17,200)	67,126	593,265
Stores	568,836	-	(15,322)	16,078	569,592
Finance administration	6,520	9,995	-	-	16,515
Personnel administration	208,713	-	-	-	208,713
Law enforcement	18,246	-	-	-	18,246
Administrative services	17,178,683	275,391	(266,579)	(976,136)	16,211,359
Planning and zoning	30,992	-	-	20,763	51,755
Data processing	1,116,315	89,783	(73,343)	(53,976)	1,078,779
Total general government	<u>20,543,148</u>	<u>506,618</u>	<u>(388,234)</u>	<u>(903,961)</u>	<u>19,757,571</u>
<b>PUBLIC SAFETY:</b>					
Police	10,849,409	521,976	(477,590)	124,097	11,017,892
Fire	13,305,261	3,550,293	(266,015)	(60,323)	16,529,216
Inspection	156,672	20,783	(14,333)	45,154	208,276
Traffic	3,787,570	636,901	(112,364)	(34,587)	4,277,520
Total public safety	<u>28,098,912</u>	<u>4,729,953</u>	<u>(870,302)</u>	<u>74,341</u>	<u>32,032,904</u>
<b>PUBLIC WORKS/ COMMUNITY DEVELOPMENT:</b>					
Streets	66,423,207	3,610,594	(3,411,518)	178,926	66,801,209
Bridges and storm drains	29,130,541	6,000,023	(233,917)	(263,430)	34,633,217
Administration	1,154,687	220,158	-	112,357	1,487,202
Survey	80,743	-	-	65,467	146,210
Engineering	106,885	-	-	-	106,885
Total public works/ community development	<u>96,896,063</u>	<u>9,830,775</u>	<u>(3,645,435)</u>	<u>93,320</u>	<u>103,174,723</u>
<b>CULTURE AND RECREATION:</b>					
Parks and recreation	49,022,367	1,734,717	(7,374,697)	(52,167)	43,330,220
Civic center	4,893,287	806,656	(47,704)	11,995	5,664,234
Senior citizens center	1,776,438	42,700	-	22,422	1,841,560
Museum	6,562,499	2,365,357	-	18,330	8,946,186
Animal Shelter	608,656	4,167,263	-	(6,707)	4,769,212
Golf Courses	4,898,151	702,634	(492,085)	54,758	5,163,458
Total culture and recreation	<u>67,761,398</u>	<u>9,819,327</u>	<u>(7,914,486)</u>	<u>48,631</u>	<u>69,714,870</u>
LIBRARIES	11,057,961	-	-	-	11,057,961
AIRPORT	20,747,961	3,348,323	(1,865,020)	687,669	22,918,933
Total general fixed assets	<u>\$ 245,105,443</u>	<u>\$ 28,234,996</u>	<u>\$ (14,683,477)</u>	<u>\$ -</u>	<u>\$ 258,656,962</u>
Accumulated depreciation	<u>\$ 134,458,751</u>	<u>\$ 9,644,443</u>	<u>\$ (1,816,890)</u>	<u>\$ -</u>	<u>\$ 142,286,304</u>



# RIVERSIDE NATURE CENTER

# STATISTICAL SECTION





# STATISTICAL SECTION

This part of the City of Farmington’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City’s overall financial health.

	<b><u>Page</u></b>
<b><i>Financial Trends</i></b>	<b>118</b>
These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	
<b><i>Revenue Capacity</i></b>	<b>123</b>
These schedules contain information to help the reader assess the City’s most significant revenue sources - gross receipts tax and electricity sales. Also included are property tax schedules.	
<b><i>Debt Capacity</i></b>	<b>134</b>
These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	
<b><i>Demographic and Economic Information</i></b>	<b>138</b>
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.	
<b><i>Operating Information</i></b>	<b>140</b>
The schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	

City of Farmington  
 Net Position by Component  
 Last Ten Fiscal Years  
 (accrual basis of accounting)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Governmental activities</b>							Restated			
Net invested in capital assets	\$ 74,339,304	\$ 75,000,933	\$ 74,066,951	\$ 82,050,200	\$ 94,776,714	\$ 91,574,976	\$ 83,813,002	\$ 95,018,930	\$ 102,345,158	\$ 105,735,450
Restricted	4,219,427	4,491,602	4,599,840	4,085,917	4,195,660	2,630,553	10,998,211	8,253,150	5,936,973	3,161,762
Unrestricted (deficit)	24,559,417	22,873,893	21,548,521	20,137,410	20,043,161	31,572,945	34,265,211	28,214,098	28,860,863	(24,786,968)
Total governmental activities net position	\$ 103,118,148	\$ 102,366,428	\$ 100,215,312	\$ 106,273,527	\$ 119,015,535	\$ 125,778,074	\$ 129,076,424	\$ 131,486,178	\$ 137,142,994	\$ 84,110,244
<b>Business-type activities</b>										
Net invested in capital assets	\$ 227,625,271	\$ 240,380,428	\$ 263,888,952	\$ 290,777,764	\$ 299,184,651	\$ 309,610,312	\$ 316,889,337	\$ 28,083,837	\$ 345,992,235	\$ 351,217,980
Restricted	2,615,937	2,914,976	3,139,945	3,438,741	3,657,082	5,243,850	4,852,866	-	1,661,907	1,661,907
Unrestricted	30,290,166	45,749,953	54,174,692	59,170,526	75,894,328	80,045,226	92,897,685	334,361,892	99,209,034	93,182,183
Total business-type activities net position	\$ 260,531,374	\$ 289,045,357	\$ 321,203,589	\$ 353,387,031	\$ 378,736,061	\$ 394,899,388	\$ 414,639,888	\$ 362,445,729	\$ 446,863,176	\$ 446,062,070
<b>Primary government</b>										
Net invested in capital assets	\$ 301,964,575	\$ 315,532,250	\$ 340,276,555	\$ 372,827,964	\$ 393,961,365	\$ 401,185,288	\$ 400,702,339	\$ 123,102,767	\$ 448,337,393	\$ 456,953,430
Restricted	6,835,364	7,406,578	7,739,785	7,524,658	7,852,742	7,874,403	15,851,077	8,253,150	7,598,880	4,823,669
Unrestricted	54,849,583	68,623,846	77,309,002	79,307,936	95,937,489	111,617,771	127,162,896	362,575,990	128,069,897	68,395,215
Total primary government net position	\$ 363,649,522	\$ 391,411,785	\$ 421,418,901	\$ 459,660,558	\$ 497,751,596	\$ 520,677,462	\$ 543,716,312	\$ 493,931,907	\$ 584,006,170	\$ 550,172,314

Source: City of Farmington CAFRs

Note: In 2007, a prior period adjustment was made to adjust capital outlay in the Airport fund.  
 In 2008, a prior period adjustment was made to adjust general fund accumulated depreciation and accrued compensated absences.  
 In 2009, a prior period adjustment was made to adjust governmental and business-type net assets.  
 In 2010, the city added airport services to governmental activities which had previously been accounted for as a business-type activity.  
 In 2012, the city added Civitan Golf Course to governmental activities which had previously been accounted for as a business-type activity.  
 In 2012, a change in accounting principle adjustment was made to correct costs associated with regulatory costs for business-type activity.  
 In 2014, the city added Pinon Hills Golf Course to governmental activities which had previously been accounted for as a business-type activity.  
 In 2015, the city implemented GASB 68 which resulted in a deficit governmental activities unrestricted net position.



City of Farmington  
 Changes in Net Position  
 Last Ten Fiscal Years  
 (accrual basis of accounting)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Net (Expenses)/Revenues</b>							Restated			
Governmental activities	\$ (51,524,562)	\$ (60,406,902)	\$ (64,768,972)	\$ (53,180,507)	\$ (52,868,834)	\$ (57,015,221)	\$ (64,711,341)	\$ (61,193,258)	\$ (59,875,834)	\$ (66,046,974)
Business-type activities	26,512,004	27,502,125	30,778,616	32,586,630	38,431,210	23,850,049	27,485,538	26,343,767	19,796,085	18,973,598
Total net expenses	\$ (25,012,558)	\$ (32,904,777)	\$ (33,990,356)	\$ (20,593,877)	\$ (14,437,624)	\$ (33,165,172)	\$ (37,215,803)	\$ (34,849,491)	\$ (40,079,739)	\$ (47,073,376)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes	\$ 49,274,220	\$ 51,818,982	\$ 54,401,730	\$ 52,406,771	\$ 44,760,879	\$ 47,605,170	\$ 50,432,706	\$ 47,951,282	\$ 49,107,699	\$ 52,453,868
Property taxes	1,121,723	1,235,064	1,330,285	1,550,503	1,556,401	1,806,123	1,687,900	1,712,368	1,864,221	1,907,059
Franchise taxes	1,594,098	1,045,698	992,050	865,346	649,388	614,627	2,325,998	2,340,395	2,422,641	2,308,529
Other taxes	1,942,024	1,944,810	2,124,381	1,992,189	2,048,944	1,828,644	1,982,191	1,790,196	1,774,724	2,195,553
Other revenue	2,996,953	1,199,675	1,386,242	1,789,230	1,782,477	1,541,494	1,601,517	1,277,670	964,113	1,093,197
Unrestricted investment earnings	858,611	1,064,838	962,448	701,039	405,946	364,522	257,782	76,860	357,959	317,162
Loss on disposition	-	-	-	(1,381,262)	-	-	-	-	-	-
Reassignment of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers	1,925,566	1,346,115	1,420,720	1,923,630	14,406,807	10,017,180	9,721,597	8,454,241	7,170,449	7,900,683
Total general revenues, transfers and special items	59,713,195	59,655,182	62,617,856	59,847,446	65,610,842	63,777,760	68,009,691	63,603,012	65,532,650	68,176,051
Business-type activities:										
Environmental taxes	-	-	-	-	-	1,258,718	1,333,554	1,268,748	1,298,901	1,384,982
Unrestricted investment earnings	1,454,975	2,357,973	2,800,336	2,128,575	1,324,627	1,071,740	633,005	186,344	824,967	742,813
Loss on disposition	-	-	-	(1,013,059)	-	-	-	-	-	-
Reassignment of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers	(1,925,566)	(1,346,115)	(1,420,720)	(1,923,630)	(14,406,807)	(10,017,180)	(9,721,597)	(8,454,241)	(7,170,449)	(7,900,683)
Total business-type activities	(470,591)	1,011,858	1,379,616	(808,114)	(13,082,180)	(7,686,722)	(7,755,036)	(6,999,149)	(6,917,425)	(5,772,886)
Total primary government	\$ 59,242,604	\$ 60,667,040	\$ 63,997,472	\$ 59,039,332	\$ 52,528,662	\$ 56,091,038	\$ 60,254,655	\$ 56,603,863	\$ 58,615,225	\$ 62,403,163
<b>Change in Net Position</b>										
Governmental activities	\$ 8,188,633	\$ (751,720)	\$ (2,151,116)	\$ 6,666,939	\$ 12,742,008	\$ 6,762,539	\$ 3,298,350	\$ 2,409,754	\$ 5,656,816	\$ 2,129,077
Business-type activities	26,041,413	28,513,983	32,158,232	31,778,516	25,349,030	16,163,327	19,740,500	19,344,618	12,878,670	13,200,710
Total change in net position	\$ 34,230,046	\$ 27,762,263	\$ 30,007,116	\$ 38,445,455	\$ 38,091,038	\$ 22,925,866	\$ 23,038,850	\$ 21,754,372	\$ 18,535,486	\$ 15,329,787

Source: City of Farmington CAFRs

Note: In 2009, Community Development was separated from Public Works. For reporting purposes, Community Development expenses and revenues are reported together in 2009 and prior years. Beginning in 2010, only Public works expenses and revenues are reported and Community Development data is combined with General government. In 2010, the city added airport services to governmental activities which had previously been accounted for as a business-type activity. In 2011, the city has moved Environmental taxes from program revenues to business-type activities. In 2012, a change in accounting principle adjustment was made to correct costs associated with regulatory costs for business-type activity. In 2014, the city added Phron Hills Golf Course to governmental activities which had previously been accounted for as a business-type activity.

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

<u>Fiscal Year</u>	<u>Reserved</u>	<u>Unreserved</u>	<u>Nonspendable</u>	<u>Unassigned</u>	<u>Total</u>
2006	\$ 4,138,050	\$ 14,594,072	\$ -	\$ -	\$ 18,732,122
2007	4,386,101	12,808,778	-	-	17,194,879
2008	4,439,851	8,187,413	-	-	12,627,264
2009	4,160,353	7,311,344	-	-	11,471,697
2010	4,307,676	8,623,808	-	-	12,931,484
2011	-	-	600,102	18,449,727	19,049,829
2012	-	-	504,602	18,216,147	18,720,749
2013	-	-	553,745	16,790,815	17,344,560
2014	-	-	586,236	18,360,780	18,947,016
2015	-	-	498,907	17,777,859	18,276,766

All Other Governmental Funds

<u>Fiscal Year</u>	<u>Reserved</u>	<u>Unreserved</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>	<u>Unassigned</u>	<u>Total</u>
2006	\$ 287,735	\$ 10,113,568	\$ -	\$ -	\$ -	\$ -	\$ 10,401,303
2007	310,848	10,293,948	-	-	-	-	10,604,796
2008	328,475	14,881,860	-	-	-	-	15,210,335
2009	81,902	14,721,397	-	-	-	-	14,803,299
2010	84,648	13,249,388	-	-	-	-	13,334,036
2011	-	-	504,602	18,216,147	1,733,634	-	20,454,383
2012	-	-	10,998,211	12,815,182	5,099,223	-	28,912,616
2013	-	-	8,253,150	11,022,449	7,052,366	-	26,327,965
2014	-	-	5,936,973	10,243,313	4,630,223	-	20,810,509
2015	-	-	3,161,762	9,477,535	2,989,483	(865,230)	14,763,550

**Source:** City of Farmington CAFRs

**Note:** In 2010, the city added airport services to governmental activities which had previously been accounted for as a business-type activity.  
 In 2011, the city implemented GASB Statement 54, which changed the classifications of fund balances in the governmental funds. Prior year amounts have not been restated for the implementation of Statement 54.  
 In 2012, the city added Civitan Golf Course operations to governmental activities which had previously been accounted for as a business-type activity.  
 In 2014, the city added Pinon Hills Golf Course operations to governmental activities which had previously been accounted for as a business-type activity.

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenues</b>										
Taxes	\$ 53,932,065	\$ 56,044,554	\$ 58,848,446	\$ 56,705,030	\$ 48,954,845	\$ 51,685,802	\$ 56,484,330	\$ 53,853,728	\$ 55,151,896	\$ 58,820,037
Licenses and permits	951,280	765,694	794,169	618,877	693,743	606,378	671,676	651,586	642,505	614,845
Intergovernmental	2,929,307	2,600,396	3,623,207	4,242,763	8,318,076	9,686,922	5,320,909	8,672,465	8,950,282	8,128,451
Charges for services	1,840,336	1,637,437	1,769,334	1,749,034	2,557,192	2,506,687	2,849,685	2,998,608	3,787,921	3,730,888
Fines	1,133,053	1,222,171	1,341,297	1,431,718	1,491,288	1,171,028	1,183,536	1,153,942	1,031,722	1,114,213
Special assessments	36,370	39,943	18,591	6,667	600	1,970	22	-	-	-
Investment earnings	858,611	1,064,838	962,448	701,039	402,421	364,660	257,782	76,579	350,469	303,777
Miscellaneous	876,250	1,199,675	1,386,242	1,789,230	1,782,477	1,541,494	1,601,517	1,277,670	964,113	1,093,197
Total revenues	62,557,272	64,574,708	68,743,734	67,244,358	64,200,642	67,564,941	68,369,457	68,684,578	70,878,908	73,805,408
<b>Expenditures</b>										
<b>Current</b>										
General government	18,478,746	18,715,493	18,153,620	18,766,806	16,970,629	17,895,393	20,407,349	19,080,247	20,813,820	22,435,414
Police	12,606,701	14,678,179	15,536,666	14,636,567	14,588,008	14,892,808	15,709,376	15,337,268	16,703,106	17,189,754
Fire	5,872,350	7,265,724	8,298,829	8,654,998	8,281,693	8,279,658	10,068,829	9,154,839	9,238,467	9,538,833
Parks, recreation and cultural affairs	1,128,612	12,765,857	14,551,969	13,828,963	11,795,902	12,200,221	12,863,218	12,581,191	14,488,935	14,876,178
Community development	7,182,068	7,262,150	7,147,609	1,336,120	1,100,251	1,218,263	1,296,445	1,199,310	969,916	1,219,028
Public works	-	-	-	1,049,097	5,510,298	6,276,055	6,572,566	8,347,154	7,039,486	6,626,188
Debt service	1,060,000	1,130,000	1,180,000	1,225,000	1,270,000	1,315,000	3,440,000	1,098,878	1,189,238	1,224,760
Principal	588,521	512,905	470,217	425,643	379,342	330,393	258,145	547,717	443,054	411,133
Interest	6,844,613	4,924,265	4,787,620	10,807,397	9,425,646	4,580,112	6,927,790	13,753,055	12,107,601	14,902,012
Capital outlay	63,761,611	67,254,573	70,126,530	70,730,591	69,321,769	66,987,903	77,543,718	81,099,659	81,964,357	88,423,300
Total expenditures	(1,204,339)	(2,679,865)	(1,382,796)	(3,486,233)	(5,121,127)	577,038	(9,174,261)	(12,415,081)	(11,085,449)	(14,617,892)
Excess of revenues over (under) expenditures	3,000,104	3,288,811	7,168,448	7,935,092	7,798,162	12,142,893	16,753,124	14,551,873	16,719,859	16,523,465
<b>Other Financing Sources (Uses)</b>	(1,824,537)	(1,942,696)	(5,747,728)	(6,011,462)	(2,686,511)	(2,125,713)	(8,002,626)	(6,097,632)	(9,549,410)	(8,622,782)
Transfers in	-	-	-	-	-	-	11,197,390	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Sale tax debt issuance	1,175,567	1,346,115	1,420,720	1,923,630	5,111,651	10,017,180	19,947,888	8,454,241	7,170,449	7,900,683
Total other financing sources and uses	(28,772)	(1,333,750)	37,924	(1,562,603)	(9,476)	10,594,218	10,773,627	(3,960,840)	(3,915,000)	(6,717,209)
Net change in fund balances	3.3%	2.7%	2.6%	3.0%	2.8%	2.6%	5.4%	2.5%	2.4%	2.2%

Debt service as a percentage of noncapital expenditures

**Source:** City of Farmington CAFRS

**Note:** In 2009, the City separated Public Works from Community Development.  
 In 2010, the City added airport services to governmental activities which had previously been accounted for as a business-type activity.  
 In 2012, the City added Civilian Golf Course operations to governmental activities which had previously been accounted for as a business-type activity.  
 In 2014, the city added Phion Hills Golf Course to governmental activities which had previously been accounted for as a business-type activity.

City of Farmington  
 Electric Kilowatt Sales and Revenue  
 Last Ten Fiscal Years

Schedule 5

Fiscal Year	* Industrial		* Commercial		* Residential		Total	
	kWh	Revenue	kWh	Revenue	kWh	Revenue	kWh	Revenue
2006	537,362,745	\$ 26,418,370	415,275,503	\$ 34,213,205	236,844,321	\$ 19,789,570	1,189,482,569	\$ 80,421,145
2007	551,421,402	27,422,114	429,127,945	36,550,017	248,119,606	21,419,197	1,228,668,953	85,391,328
2008	512,182,632	28,575,487	439,341,791	39,610,098	262,763,630	23,886,685	1,214,288,053	92,072,270
2009	490,347,580	30,035,752	441,145,350	42,395,101	264,384,359	25,663,036	1,195,877,289	98,093,889
2010	417,626,366	25,322,092	433,338,579	40,087,647	272,352,709	25,726,777	1,123,317,654	91,136,516
2011	431,217,761	26,310,371	428,923,446	39,524,535	271,478,836	25,481,033	1,131,620,043	91,315,939
2012	449,719,960	27,120,532	435,918,516	40,833,661	274,403,890	25,778,554	1,160,042,366	93,732,747
2013	413,774,318	23,518,114	428,149,644	38,831,201	279,360,211	25,109,554	1,121,284,173	87,458,869
2014	396,091,791	27,450,569	423,014,832	43,664,041	274,308,792	28,630,163	1,093,415,415	99,744,773
2015	429,200,554	29,743,138	421,102,778	43,953,556	262,207,686	28,391,172	1,112,511,018	102,087,866
Change								
2006-2015	-20.1%	12.6%	1.4%	28.5%	10.7%	43.5%	-6.5%	26.9%

Source: Farmington Electric Utility System

\* Totals changed due to corrections made for classifications.  
 Residential included Street Lighting, which should be included with Commercial.  
 Industrial included Wholesale but was taken out. Wholesale is not included in any of the totals.

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**Type of Customer**

**Industrial (Bulk Power)**

\$55.00 Customer charge  
\$8.25/kW of billing demand  
\$0.043/kWh energy charge

**Commercial**

General Service

\$6.00 Customer charge  
\$0.09309/kWh energy charge

Large General Service

\$9.00 Customer charge  
\$8.84/kW of billing demand  
\$0.05642/kWh energy charge

**Residential**

\$3.50 Customer charge  
\$0.0889/kWh energy charge

Street Lighting

\$8.30 100 W sodium 7/94  
\$12.58 100 W sodium 8/94  
\$14.99 250 W sodium 7/94  
\$15.79 250 W sodium 8/94  
\$8.30 175 W mercury  
\$14.99 400 W mercury  
\$12.58 LED

**Source:** Farmington Electric Utility System



City of Farmington  
 Electric Principal Revenue Payers  
 Current Year and Nine Years Ago

Schedule 7

<u>Customer</u>	<u>2015</u>			<u>2006</u>		
	<u>Revenue</u>	<u>Rank</u>	<u>Percentage of Revenue</u>	<u>Revenue</u>	<u>Rank</u>	<u>Percentage of Revenue</u>
Enterprise Field Services / Val Verde Gas Gathering	\$24,792,357	1	24.29%	\$19,037,594	1	23.67%
Praxair, Inc.	4,350,341	2	4.26%	1,624,467	5	2.02%
Transwestern Pipeline Co.	3,329,808	3	3.26%	3,270,184	2	4.07%
San Juan Regional Medical Center	1,738,670	4	1.70%	1,011,569	8	1.26%
Western Refining Southwest, Inc.	1,188,875	5	1.16%	1,752,921	4	2.18%
ConocoPhillips / Burlington Resources	1,183,994	6	1.16%	1,359,127	7	1.69%
Wal-Mart / Sam's Club	1,062,309	7	1.04%	703,132	10	0.87%
Central Consolidated Schools	542,399	8	0.53%	-	-	-
Animas Valley Mall	535,185	9	0.52%	-	-	-
San Juan County	457,194	10	0.45%	-	-	-
Duke Energy Field Services	-	-	-	2,592,787	3	3.22%
Paragon ECS Holdings LLC	-	-	-	1,606,064	6	2.00%
San Juan College	-	-	-	886,825	9	1.10%
<b>Total</b>	<b>\$39,181,132</b>		<b>38.38%</b>	<b>\$33,844,670</b>		<b>42.08%</b>

Source: Farmington Electric Utility System

**City of Farmington  
Tax Revenue by Source, Governmental Funds  
Last Ten Fiscal Years**

**Schedule 8**

<b>Fiscal Year</b>	<b>Gross Receipts Tax</b>	<b>Property Tax</b>	<b>Franchise Tax</b>	<b>Other Taxes</b>	<b>Total Taxes</b>
2006	\$ 49,274,220	\$ 1,121,723	\$ 1,594,098	\$ 1,942,024	\$ 53,932,065
2007	51,818,982	1,235,064	1,045,698	1,944,810	56,044,554
2008	54,401,730	1,330,285	992,050	2,124,381	58,848,446
2009	52,406,771	1,440,724	865,346	1,992,189	56,705,030
2010	44,760,879	1,495,634	649,388	2,048,944	48,954,845
2011	47,605,170	1,637,361	614,627	1,828,644	51,685,802
2012	50,432,706	1,743,435	2,325,998	1,982,191	56,484,330
2013	47,951,282	1,771,855	2,340,395	1,790,196	53,853,728
2014	49,107,699	1,846,832	2,422,641	1,774,724	55,151,896
2015	52,453,868	1,862,087	2,308,529	2,810,398	59,434,882

Change  
2006-2015                      6.5%                      66.0%                      44.8%                      44.7%                      10.2%

**Source:** City of Farmington CAFRs

**Note:** From 2006 to 2011, PILT was reported as an interfund transfer. Beginning in 2012, Electric PILT is included in Franchise Tax, while Water and Wastewater PILT are still reported as an interfund transfer.

**City of Farmington**  
**Taxable Gross Receipts by Industry**  
**Last Ten Fiscal Years**  
 (in thousands)

Ending June 30	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Agriculture	\$ 2,769	\$ 3,325	\$ 3,284	\$ (2,519)	\$ 609	\$ 612	\$ 566	\$ 1,718	\$ 2,006	\$ 1,487
Mining	192,806	222,893	185,838	163,216	113,859	121,889	118,975	80,493	83,254	93,211
Construction	142,174	124,428	121,996	157,749	117,169	109,321	102,464	115,958	77,959	96,966
Manufacturing	78,377	69,509	86,755	79,094	57,270	73,713	119,218	86,003	78,803	70,489
Trans/Comm/Utility	33,026	26,547	32,545	30,259	24,207	22,033	18,627	21,451	21,402	19,454
Wholesale Trade	160,468	197,225	164,098	163,014	99,166	97,962	104,251	94,400	80,010	87,412
Retail Trade	634,152	717,121	753,122	772,111	675,796	676,094	683,041	636,026	558,638	522,079
Information and Cultural	43,293	51,774	51,018	53,838	55,436	57,180	65,236	67,570	59,466	55,095
Finance/Ins/Real Estate	26,338	30,878	34,686	33,594	39,232	46,227	32,194	36,326	25,947	24,337
Services	506,892	537,818	580,933	601,162	502,840	579,917	597,330	602,024	515,494	498,116
Unclassified	39,669	1,486	14,923	8,359	8,883	6,880	14,612	11,640	17,501	114,164
Undisclosed (a)	26,503	26,258	28,647	31,054	28,235	29,402	28,629	26,402	27,799	21,040
<b>Total (b)</b>	<b>\$ 1,886,467</b>	<b>\$ 2,009,262</b>	<b>\$ 2,057,845</b>	<b>\$ 2,090,931</b>	<b>\$ 1,722,702</b>	<b>\$ 1,821,230</b>	<b>\$ 1,885,143</b>	<b>\$ 1,780,011</b>	<b>\$ 1,548,279</b>	<b>\$ 1,603,850</b>
City Direct Sales Tax Rate	1.1875%	1.1875%	1.1875%	1.1875%	1.1875%	1.1875%	1.1875%	1.1875%	1.1875%	1.1875%

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

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

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

**City of Farmington  
 Direct and Overlapping Gross Receipts Tax Rates  
 Last Ten Fiscal Years**

**Schedule 10**

<b>Fiscal Year</b>	<b>State GRT</b>	<b>City Share of State GRT</b>	<b>City Direct Rate</b>	<b>San Juan County</b>	<b>Total City GRT</b>
2006	3.7750%	1.2250%	1.1875%	0.8125%	7.0000%
2007	3.7750%	1.2250%	1.1875%	0.8125%	7.0000%
2008	3.7750%	1.2250%	1.1875%	0.8125%	7.0000%
2009	3.7750%	1.2250%	1.1875%	0.8125%	7.0000%
2010	3.7750%	1.2250%	1.1875%	0.8125%	7.0000%
2011	3.9000%	1.2250%	1.1875%	0.8125%	7.1250%
2012	3.9000%	1.2250%	1.1875%	0.8125%	7.1250%
2013	3.9000%	1.2250%	1.1875%	0.8125%	7.1250%
2014	3.9000%	1.2250%	1.1875%	0.8750%	7.1875%
2015	3.9000%	1.2250%	1.1875%	1.0625%	7.3750%

**Source:** State of New Mexico Taxation and Revenue

**Note:** The Local Option Gross Receipts can be increased by enacting a City Ordinance. An increase to Gross Receipts Tax by either raising the Municipal Infrastructure Tax or implementing the Municipal Capital Outlay Tax requires an election.

City of Farmington  
 Taxable Gross Receipts Payers by Industry  
 Current Year and Nine Years Ago

	Ending June 30				Fiscal Year 2015				Fiscal Year 2006			
	Number of Filers (12 Mth. Avg.)	Percentage of Total	Taxable Gross Receipts (thousands)	Percentage of Total	Number of Filers (12 Mth. Avg.)	Percentage of Total	Taxable Gross Receipts (thousands)	Percentage of Total	Number of Filers (12 Mth. Avg.)	Percentage of Total	Taxable Gross Receipts (thousands)	Percentage of Total
Agriculture	5	0.16%	\$ 1,487	0.09%	5	0.19%	\$ 2,769	0.15%	5	0.19%	\$ 2,769	0.15%
Mining	68	2.18%	93,211	5.81%	52	1.95%	192,806	10.22%	52	1.95%	192,806	10.22%
Construction	260	8.34%	96,966	6.05%	244	9.14%	142,174	7.54%	244	9.14%	142,174	7.54%
Manufacturing	144	4.62%	70,489	4.39%	86	3.22%	78,377	4.15%	86	3.22%	78,377	4.15%
Trans/Comm/Utility	41	1.31%	19,454	1.21%	35	1.31%	33,026	1.75%	35	1.31%	33,026	1.75%
Wholesale Trade	210	6.74%	87,412	5.45%	170	6.37%	160,468	8.51%	170	6.37%	160,468	8.51%
Retail Trade	682	21.87%	522,079	32.55%	573	21.47%	634,152	33.62%	573	21.47%	634,152	33.62%
Information and Cultural	102	3.27%	55,095	3.44%	76	2.85%	43,293	2.29%	76	2.85%	43,293	2.29%
Finance/Ins/Real Estate	149	4.78%	24,337	1.52%	96	3.60%	26,338	1.40%	96	3.60%	26,338	1.40%
Services	1,382	44.32%	498,116	31.06%	1,147	42.97%	506,892	26.87%	1,147	42.97%	506,892	26.87%
Unclassified	72	2.31%	114,164	7.12%	177	6.63%	39,669	2.10%	177	6.63%	39,669	2.10%
Undisclosed (a)	3	0.10%	21,040	1.31%	8	0.30%	26,503	1.40%	8	0.30%	26,503	1.40%
<b>Total (b)</b>	<b>3,118</b>	<b>100.00%</b>	<b>\$ 1,603,850</b>	<b>100.00%</b>	<b>2,669</b>	<b>100.00%</b>	<b>\$ 1,886,467</b>	<b>100.00%</b>	<b>2,669</b>	<b>100.00%</b>	<b>\$ 1,886,467</b>	<b>100.00%</b>

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

**Note:** Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the City's revenue.

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

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

City of Farmington  
 Assessed Value and Estimated Actual Value of Taxable Property  
 Last Ten Fiscal Years

Fiscal Year Ended June 30	Residential Property		Nonresidential		Personal	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Residential Tax Rate		Total Direct Non Residential Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
2006	\$ 449,119,354	\$ 300,261,150	\$ 72,774,277	\$ 61,449,809	\$ 760,704,972	1.511	1.877	\$2,284,399,315	33.3%			
2007	518,861,269	343,707,380	80,889,474	67,559,512	875,898,611	1.434	1.824	2,630,326,159	33.3%			
2008	556,752,058	354,591,302	88,159,370	68,326,659	931,176,071	1.457	1.879	2,796,324,538	33.3%			
2009	593,088,155	431,154,946	86,031,112	88,515,732	1,021,758,481	1.438	1.908	3,068,343,787	33.3%			
2010	597,619,324	368,371,078	82,532,302	92,000,870	956,521,834	1.457	1.950	2,872,437,940	33.3%			
2011	638,666,041	483,155,959	75,061,549	213,971,715	982,911,834	1.419	2.128	2,951,687,189	33.3%			
2012	662,894,115	503,391,149	66,717,175	224,872,472	1,008,129,967	1.431	2.225	3,027,417,318	33.3%			
2013	689,845,796	513,872,317	70,666,059	237,362,094	1,037,022,078	1.426	2.225	3,114,180,414	33.3%			
2014	712,107,050	538,519,188	68,492,130	254,161,110	1,064,957,258	1.407	2.225	3,198,069,844	33.3%			
2015	731,502,146	554,682,386	66,037,125	257,150,613	1,095,071,044	1.410	2.225	3,288,501,634	33.3%			

Source: San Juan County Assessor's Office

City of Farmington  
 Direct and Overlapping Property Tax Rates  
 Last Ten Fiscal Years  
 (rate per \$1,000 of assessed value)

City of Farmington Residential Direct Rates				Overlapping Rates				Total Direct and		
Fiscal Year	Debt			Total Direct Rate	State	County	School District #5	San Juan College	Secondary Vocational	Overlapping Rates
	General Fund	Service Fund								
2006	1.511	-	-	1.511	1.291	6.737	9.800	3.371	0.600	23.310
2007	1.434	-	-	1.434	1.221	6.451	9.690	3.228	0.600	22.624
2008	1.457	-	-	1.457	1.250	6.567	9.725	3.283	0.600	22.882
2009	1.438	-	-	1.438	1.150	6.312	9.644	3.156	0.600	22.300
2010	1.457	-	-	1.457	1.530	6.425	9.673	3.212	0.600	22.897
2011	1.419	-	-	1.419	1.362	6.267	9.620	3.133	0.600	22.401
2012	1.431	-	-	1.431	1.360	6.326	9.751	3.162	0.420	22.450
2013	1.426	-	-	1.426	1.360	6.310	9.746	3.154	0.600	22.596
2014	1.407	-	-	1.407	1.360	6.231	9.721	3.114	0.600	22.433
2015	1.410	-	-	1.410	1.360	6.231	9.736	3.114	0.600	22.451

City of Farmington Nonresidential Direct Rates				Overlapping Rates				Total Direct and		
Fiscal Year	Debt			Total Direct Rate	State	County	School District #5	San Juan College	Secondary Vocational	Overlapping Rates
	General Fund	Service Fund								
2006	1.925	-	-	1.925	1.291	8.500	9.934	4.500	0.600	26.750
2007	1.824	-	-	1.824	1.221	8.500	9.853	4.500	0.600	26.498
2008	1.879	-	-	1.879	1.250	8.500	9.902	4.500	0.600	26.631
2009	1.908	-	-	1.908	1.150	8.500	9.915	4.500	0.600	26.573
2010	1.950	-	-	1.950	1.530	8.500	9.921	4.500	0.600	27.001
2011	2.128	-	-	2.128	1.362	8.500	9.923	4.500	0.600	27.013
2012	2.225	-	-	2.225	1.360	8.500	9.924	4.500	0.420	26.929
2013	2.225	-	-	2.225	1.360	8.500	9.926	4.500	0.600	27.111
2014	2.225	-	-	2.225	1.360	8.500	9.931	4.500	0.600	27.116
2015	2.225	-	-	2.225	1.360	8.500	9.939	4.500	0.600	27.124

Source: San Juan County Assessor's Office

**City of Farmington  
Principal Property Tax Payers  
Current Year and Nine Years Ago**

**Schedule 14**

<u>Taxpayer</u>	<u>2015</u>			<u>2006</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>
Animas Valley Mall, LLC	\$ 9,327,859	1	0.9%	\$ 10,423,608	1	1.4%
San Juan Regional Medical Center	6,634,133	2	0.6%	-	-	-
New Mexico Gas Company	6,435,290	3	0.6%	-	-	-
Farmington Station, LLC	4,272,321	4	0.4%	-	-	-
Qwest Corp.	4,047,667	5	0.4%	7,300,462	2	1.0%
Burlington Resources Oil and Gas LP.	3,933,204	6	0.4%	5,712,123	3	0.8%
Wal Mart Stores East LTD	3,502,737	7	0.3%	-	-	-
Lowe's Home Centers, Inc.	2,763,113	8	0.3%	-	-	-
Animas Valley Leasing, LLC	2,728,249	9	0.2%	-	-	-
Sierra Vista Hotels, LLC	2,639,924	10	0.2%	-	-	-
Alltel Communications	-	-	-	5,383,000	4	0.7%
PNM Gas Services	-	-	-	3,638,331	5	0.5%
Hanover Compression Limited Partnership	-	-	-	3,101,924	6	0.4%
Plaza Farmington II, LLC	-	-	-	2,792,691	7	0.4%
Constar Company	-	-	-	2,691,115	8	0.4%
San Juan Development Corporation	-	-	-	2,597,406	9	0.3%
Bank of America Leasing & Capital	-	-	-	2,568,294	10	0.3%
<b>Total</b>	<b>\$ 46,284,497</b>		<b>4.2%</b>	<b>\$ 46,208,955</b>		<b>6.1%</b>

**Source:** San Juan County Assessor



City of Farmington  
Property Tax Levies and Collections  
Last Ten Fiscal Years

Schedule 15

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy			Collections in Subsequent Years	Total Collections to Date	
		Amount Collected	Percentage of Levy	Amount Collected		Percentage of Levy	
2006	\$ 1,095,957	\$ 1,055,826	96%	\$ 40,117	\$ 1,095,943	100%	
2007	1,196,836	1,158,836	97%	37,981	1,196,817	100%	
2008	1,307,384	1,257,590	96%	49,758	1,307,348	100%	
2009	1,411,383	1,363,140	97%	48,029	1,411,169	100%	
2010	1,482,573	1,415,035	95%	67,309	1,482,344	100%	
2011	1,624,801	1,568,062	97%	56,058	1,624,120	100%	
2012	1,700,013	1,641,482	97%	57,205	1,698,687	100%	
2013	1,793,654	1,725,822	96%	62,411	1,788,233	100%	
2014	1,817,162	1,757,847	97%	38,823	1,796,670	97%	
2015	1,848,465	1,786,657	97%	-	1,786,657	97%	

**Source:** San Juan County Treasurer

**Note:** Taxes are levied and collected by the County Treasurer and distributed to all taxing jurisdictions. The tax rate is requested by the City Council and set by the New Mexico Department of Finance and Administration. The State allows the rate to be set at 5% in excess of the requirements to allow for delinquencies.  
In 2012, this schedule was updated to show information for each "period for which levied" as defined in Statement 33.

City of Farmington  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Fiscal Year	General Bonded Debt		Governmental Activities					Business-type Activities					Total Primary Government	Percentage of Personal Income	Debt Per Capita
	General Obligation Bonds	Percentage of Actual Taxable Value of Property	Sales Tax Revenue Bonds	NMFA Fire Pumper Loan	Utility Revenue Bonds	NMED Loan	NMFA Loan	Capital Leases	NMFA Loan	NMED Loan	Capital Leases				
												Per Capita			
2006	\$ -	N/A	\$ 12,794,378	\$ -	\$ 38,439,846	\$ 12,830,162	\$ -	\$ 456,114	\$ -	\$ 12,830,162	\$ -	\$ 456,114	\$ 64,520,500	6.3%	\$ 1,457
2007	-	N/A	11,823,254	-	33,304,989	13,650,539	-	356,707	-	13,650,539	-	356,707	59,135,489	4.5%	1,322
2008	-	N/A	10,621,361	-	27,940,131	13,107,058	-	250,269	-	13,107,058	-	250,269	51,918,819	3.9%	1,194
2009	-	N/A	9,374,468	-	22,370,275	12,547,273	-	136,302	-	12,547,273	-	136,302	44,428,318	3.0%	1,018
2010	-	N/A	8,082,574	-	16,615,417	11,970,694	-	86,845	-	11,970,694	-	86,845	36,755,530	2.5%	829
2011	-	N/A	6,745,681	-	10,580,560	11,376,818	-	34,400	-	11,376,818	1,054,844	34,400	29,792,303	1.9%	649
2012	-	N/A	14,628,748	475,426	4,255,702	10,765,125	-	-	-	10,765,125	1,054,844	-	31,179,845	2.0%	689
2013	-	N/A	13,542,853	431,548	-	10,135,082	-	-	-	10,135,082	1,006,938	-	25,116,421	1.7%	548
2014	-	N/A	12,333,378	387,310	-	9,486,137	-	-	-	9,486,137	2,056,450	-	24,263,275	2.1%	534
2015	-	N/A	11,088,902	342,550	-	8,817,724	-	-	-	8,817,724	4,968,995	-	25,218,171	2.3%	567

Source: Details regarding the City's outstanding debt can be found in the notes to the financial statements. See Schedule 20 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

**City of Farmington  
Direct and Overlapping Governmental Activities Debt  
As of June 30, 2015**

**Schedule 17**

<b>Governmental Unit</b>	<b>Debt Outstanding</b>	<b>Estimated Percentage Applicable</b>	<b>Estimated Amount Applicable to City of Farmington</b>
<b>Debt repaid with property taxes (a)</b>			
Farmington Municipal Schools	\$ 57,575,000	100.000%	\$ 57,575,000
San Juan College	10,941,250	97.947%	10,716,632
Subtotal Overlapping Debt			68,291,632
<b>City direct debt</b>			11,431,452
<b>Total direct and overlapping debt</b>			\$ 79,723,084

**Sources:** Outstanding debt provided by each governmental unit. San Juan College actual assessed values provided by San Juan County Assessor's Office.

**Note:** Overlapping governments are those that coincide, at least in part, with geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of the City of Farmington. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(a) For debt repaid with property taxes, the percentage of overlapping debt applicable is calculated using actual assessed property values. Applicable percentages were estimated by determining the portion of each governmental unit's actual assessed value that is within the city's boundaries and dividing it by that governmental unit's total assessed value.

City of Farmington  
 Legal Debt Margin Information  
 Last Ten Fiscal Years

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Assessed Value (a)	\$ 699,255,163	\$ 808,339,099	\$ 862,849,412	\$ 933,242,749	\$ 864,520,964	\$ 768,940,119	\$ 783,257,495	\$ 799,659,984	\$ 1,319,118,368	\$ 1,352,221,657
Exempt property	61,449,809	67,559,512	68,326,659	88,515,732	92,000,870	213,971,715	224,872,472	237,362,094	254,161,110	257,150,613
Total Taxable Assessed Value	760,704,972	875,898,611	931,176,071	1,021,758,481	956,521,834	982,911,834	1,008,129,967	1,037,022,078	1,064,957,258	1,095,071,044
<b>Legal Debt Margin</b>										
Debt limitation - 4 % of total assessed value	30,428,199	35,035,944	37,247,043	40,870,339	38,260,873	39,316,473	40,325,199	41,480,883	42,598,290	43,802,842
Debt applicable to limitation:										
Total bonded debt	49,650,000	43,615,000	37,300,000	30,735,000	23,940,000	16,820,000	17,940,000	12,840,000	11,695,000	10,515,000
Less: Revenue bonds	(49,650,000)	(43,615,000)	(37,300,000)	(30,735,000)	(23,940,000)	(16,820,000)	(17,940,000)	(12,840,000)	(11,695,000)	(10,515,000)
Total net debt applicable to limitation	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	\$ 30,428,199	\$ 35,035,944	\$ 37,247,043	\$ 40,870,339	\$ 38,260,873	\$ 39,316,473	\$ 40,325,199	\$ 41,480,883	\$ 42,598,290	\$ 43,802,842

**Source:** Details regarding the City's revenue bonds can be found in the notes to the financial statements. See Schedule 12 for assessed valuation amounts.

**Note:** (a) Excludes centrally assessed property.

City of Farmington  
 Pledged-Revenue Coverage  
 Last Ten Fiscal Years

Fiscal Year	Utility Revenue Bonds (a)				Sales Tax Revenue bonds					
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Coverage	Principal	Interest	Sales Tax Revenue	Principal	Interest	Coverage
2006	\$ 104,286,825	\$64,874,653	\$ 39,412,172	6.01	\$ 4,770,000	\$ 1,790,605	\$ 25,021,449	\$ 1,060,000	\$588,522	15.18
2007	107,924,587	65,220,228	42,704,359	6.52	4,905,000	1,647,505	26,313,679	1,130,000	512,904	16.02
2008	121,977,607	77,084,567	44,893,040	6.85	5,135,000	1,421,305	27,625,198	1,180,000	470,217	16.74
2009	117,183,511	73,688,514	43,494,997	6.63	5,340,000	1,215,905	26,612,158	1,225,000	425,643	16.12
2010	115,238,191	73,490,029	41,748,162	6.37	5,525,000	1,029,005	22,729,574	1,270,000	379,342	13.78
2011	111,560,052	75,470,531	36,089,521	5.50	5,805,000	752,755	24,173,905	1,315,000	330,393	14.69
2012	116,864,599	82,266,307	34,598,292	5.28	6,095,000	462,504	25,609,728	400,000	258,145	38.91
2013	122,482,385	82,015,303	40,467,082	9.63	4,045,000	157,755	24,348,319	1,055,000	526,289	15.40
2014	-	-	-	-	-	-	24,935,516	1,145,000	432,088	15.81
2015	-	-	-	-	-	-	26,634,607	1,180,000	400,688	16.85

Source: City of Farmington CAFRs and budgets

Note: (a) City of Farmington no longer has any outstanding utility revenue bonds. The bonds were paid off in May 2013.

City of Farmington  
Demographic and Economic Status  
Last Ten Calendar Years

Schedule 20

Calendar Year	Population	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Percentage High School Graduate	Percentage Bachelor's Degree	Unemployment Rate
2005	43,100	\$ 1,202,015,900	\$ 27,889	33.6	10,253	83.6%	19.7%	5.5%
2006	43,600	1,276,390,000	29,275	33.6	10,257	83.6%	19.7%	4.3%
2007	42,425	1,300,368,675	30,651	33.6	10,253	83.6%	19.7%	3.4%
2008	42,637	1,425,354,910	33,430	33.6	10,467	83.6%	19.7%	4.0%
2009	43,412	1,441,799,344	33,212	33.6	10,517	85.4%	20.3%	7.6%
2010	45,877	1,552,340,049	33,837	33.6	10,646	84.5%	19.7%	9.6%
2011	45,250	1,544,518,250	34,133	32.7	10,727	85.5%	19.9%	7.8%
2012	45,854	1,438,577,542	31,373	32.7	10,728	80.9%	16.4%	6.8%
2013	45,426	1,181,484,834	26,009	33.1	10,976	86.6%	19.9%	6.7%
2014	44,445	1,104,413,805	24,849	33.1	11,062	86.0%	20.3%	6.3%

**Sources:** Demographic information acquired from Bureau of Business and Economic Research, University of New Mexico, U.S. Census Bureau, and San Juan Economic Development Services. School enrollment provided by Farmington Municipal Schools as of the 40 day census. Unemployment information obtained from the New Mexico Department of Workforce Solutions.

**City of Farmington  
Principal Employers  
Current Year and Nine Years Ago**

**Schedule 21**

<u>Employer</u>	2015			2006		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Farmington Municipal Schools	1,957	1	3.6%	1,200	3	2.2%
San Juan Regional Medical Center	1,622	2	2.9%	1,093	2	2.0%
Central Consolidated Schools	918	3	1.7%	1,400	1	2.6%
BHP Billiton/New Mexico Coal	905	4	1.6%	928	4	1.7%
City of Farmington	780	5	1.4%	673	5	1.2%
San Juan County	656	6	1.2%	612	6	1.1%
Conoco Phillips	646	7	1.2%	-	-	-
Aztec Well Servicing	537	8	1.0%	-	-	-
San Juan College	503	9	0.9%	500	10	0.9%
Bloomfield Municipal Schools	430	10	0.8%	518	9	1.0%
Arizona Public Service	-	-	-	579	7	1.1%
Public Service Company of New Mexico	-	-	-	567	8	1.0%
Total	<u>8,954</u>		<u>16.2%</u>	<u>8,070</u>		<u>14.8%</u>

**Source:** Four Corners Economic Development and the Farmington Chamber of Commerce; City of Farmington Program Budget - Staffing Analysis Section

**Note:** Statistical data is representative of entire county as City data is not available.

City of Farmington  
 Full-time Equivalent City Government Employees by Function/Program  
 Last Ten Fiscal Years

Budgeted Full-time Equivalent Employees as of June 30

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>General Government</b>										
Administration	39.5	40.5	72.5	79.5	77.5	70.5	71.5	66.5	67.5	67.5
Administrative Services	31.0	32.0	31.0	29.0	29.0	29.0	29.0	28.0	29.0	29.0
General Services (b)	42.5	52.5	52.5	58.0	58.0	53.0	51.0	46.0	47.0	50.0
<b>Police</b>	159.5	172.5	174.5	165.5	165.0	165.0	163.0	164.5	164.0	173.0
<b>Fire</b>	82.0	96.0	96.0	95.0	95.0	91.0	92.0	92.0	92.0	92.0
<b>Parks, Recreation &amp; Cultural Affairs</b>	118.0	124.0	104.0	106.0	106.0	96.0	97.0	101.0	107.0	106.0
<b>Community Development</b>	27.0	26.0	26.0	22.0	20.0	19.0	19.0	19.0	19.0	20.0
<b>Public Works (a)</b>	46.0	48.0	49.0	50.0	50.0	46.0	46.0	46.0	46.0	46.0
<b>Electric</b>	146.0	166.0	177.0	178.0	172.0	175.0	178.0	178.0	181.0	180.0
<b>Human Resources</b>	11.0	11.0	12.0	12.0	12.0	11.0	11.0	11.0	9.0	9.0
<b>Water/Wastewater</b>	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
<b>Golf (c)</b>	7.0	7.0	7.0	7.0	7.0	7.0	7.0	6.0	6.0	-
<b>Total Employees</b>	<b>717.5</b>	<b>783.5</b>	<b>809.5</b>	<b>810.0</b>	<b>799.5</b>	<b>770.5</b>	<b>772.5</b>	<b>766.0</b>	<b>775.5</b>	<b>780.5</b>

Source: City of Farmington Program Budget - Staffing Analysis Section, past ten years

Note: Full-time equivalent includes all approved budgeted positions.

(a) In 2009, Public Works was separated from Community Development. For comparative purposes, the number of full-time equivalents for each department is allocated retroactively.

(b) In 2010, Airport was combined with General Services. For comparative purposes, the number of full-time equivalents for each department was allocated retroactively.

(c) In 2014, Golf was moved to General Fund. As of FY2015, Golf full-time equivalents are now reflected in Parks, Recreation & Cultural Affairs.



City of Farmington  
 Operating Indicators by Function/Program  
 Last Ten Fiscal Years

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
	Restated	Restated	Restated	Restated	Restated	Restated	Restated	Restated	Restated	Restated
<b>General Government</b>										
Total number of business registration/licenses	2,739	2,839	3,926	4,212	3,848	3,660	3,659	3,634	3,547	3,620
<b>Police</b>										
Police reports	6,254	6,500	6,770	7,723	7,894	6,731	8,218	8,036	8,094	9,105
Arrests	3,814	3,787	4,113	6,882	6,274	5,418	6,328	6,132	6,186	6,199
Traffic citations	16,263	18,982	24,449	24,586	27,372	13,058	21,638	19,455	20,937	23,203
<b>Fire (f)</b>										
Structure fires	54	47	53	40	65	65	50	50	58	44
Vehicle fires	41	34	25	36	31	29	26	19	25	28
Brush/grass fires	119	48	58	45	48	47	72	43	38	29
Rubbish/dumpster fires	37	27	27	36	27	38	46	31	32	26
Other fires	59	43	53	46	34	32	33	26	28	19
Rescue/emergency medical calls	3,309	3,724	3,946	3,935	4,419	5,466	5,058	4,848	5,349	5,554
False alarms	239	230	318	310	307	379	349	362	344	440
Mutual aid given	96	100	90	45	12	20	16	34	35	30
Hazardous materials response	113	120	129	103	114	92	115	95	119	109
General hazard response	110	91	84	81	84	89	101	121	108	123
Other responses	1,280	1,358	1,603	1,666	925	729	1,785	1,949	2,322	2,668
<b>Parks, Recreation &amp; Cultural Affairs</b>										
Parks and recreation participants (d)	309,546	305,279	349,042	438,179	494,845	606,384	592,154	524,276	532,898	638,189
Golf course participants (c)	71,689	60,455	65,791	53,612	49,009	50,687	55,931	47,772	45,826	53,305
Museum patrons (a)	75,427	71,332	65,784	97,003	81,366	108,156	106,506	137,481	119,446	125,928
<b>Library</b>										
Library visits	481,315	503,584	503,148	517,452	530,119	468,455	455,516	427,659	404,997	374,192
Circulation	521,676	491,621	489,126	513,588	530,918	506,247	482,886	460,235	457,171	435,581
Number of computer users (e)	117,516	120,483	125,210	131,295	126,215	102,443	94,424	90,218	84,060	70,373
Number of public WiFi logins (g)	-	-	-	-	-	-	-	-	30,131	28,669
<b>Community Development</b>										
Summary plats	77	71	66	63	54	54	61	46	54	62
Building permits issued	1,494	1,539	1,334	1,225	1,194	1,310	1,302	1,163	1,200	1,152
Permit valuation (in \$)	99,406,673	68,119,054	82,560,865	66,119,298	49,316,168	44,138,834	47,275,559	50,385,326	55,399,382	38,388,520
<b>Public Works</b>										
Asphalt placed (sq.ft.) (i)	132,216	88,582	103,006	129,349	139,464	119,745	96,370	127,539	134,942	266,811
Concrete placed (cu.yd.) (b)	441	727	574	174	438	338	439	615	588	577
<b>Electric</b>										
Meter connections	9,387	8,769	8,484	7,956	8,329	7,650	8,413	8,367	8,386	8,255
Meter reads	541,090	559,121	510,751	505,471	512,488	517,339	518,238	525,035	526,086	531,175
<b>Water/Wastewater</b>										
Water treated (millions of gallons)	3,842	4,029	4,346	4,512	4,630	4,409	4,627	4,452	4,075	4,115
Effluent treated (millions of gallons)	1,881	2,057	1,906	1,894	1,845	1,864	1,856	1,815	1,640	1,760
New water meter installations	373	342	262	158	156	116	131	141	123	101
<b>Airport</b>										
Total enplanements (h)	32,575	30,177	26,472	13,617	14,628	16,655	19,335	17,401	11,248	3,658
<b>Transit</b>										
Total Ridership	57,043	87,298	109,992	120,298	138,246	143,073	146,140	133,580	135,179	135,918

Source: Provided by various City departments

- Note: (a) Fluctuation in museum patronage is due to special exhibits.  
 (b) The 2008 concrete placed (cu. yd.) reported has been restated in 2009 to the correct figure.  
 (c) In 2009, Civitan Golf Course was closed for remodel improvements which resulted in fewer golf course participants when compared to previous years.  
 (d) In 2009, a full 12 months of participants in the newly opened Sycamore Park Community Center were included which resulted in the increase in participants when compared to previous years.  
 (e) In 2011, number of computer users was added. This item replaced number of items in collection, which was not considered to be as meaningful of a measure.  
 (f) In 2012, 2006-2011 Fire Department statistics have been restated to show more accurate and detailed Fire Department responses.  
 (g) In 2014, the library began tracking public WiFi logins.  
 (h) In 2013, a change in federal regulations significantly increased hours of experience for pilots. As a result, there are fewer pilots which results in fewer flights available.  
 (i) In 2015, there was an increase in asphalt placed due to additional cold mill patching of streets.

Fiscal Year

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
	Restated	Restated	Restated	Restated	Restated	Restated				
Police	1	1	1	1	1	1	1	1	1	1
Police stations										
Patrol vehicles	170	186	196	206	125	125	123	83	84	91
Fire stations	6	6	6	6	6	6	6	6	6	6
Parks, Recreation & Cultural Affairs										
Developed acres (a)	589	592	594	1,364	1,364	1,364	1,364	1,364	1,364	1,364
Undeveloped acres (b)	1,288	1,285	1,283	309	309	309	270	283	283	283
Number of parks/facilities (c)	80	80	80	87	88	88	88	88	88	88
Baseball/softball diamonds	25	24	24	23	23	23	23	23	23	23
Soccer/football fields	13	14	14	11	11	11	11	11	11	11
Number of golf courses	2	2	2	2	2	2	2	2	2	2
Public Works										
Streets (miles)	245	253	N/A	268	270	274	274	276	280	281
Highway (miles)	17	17	17	17	17	17	17	17	19	19
Traffic Signals	77	78	79	80	80	81	83	83	85	85
Electric										
Streetlights (d)	3,971	4,124	4,135	4,238	4,226	4,251	4,298	4,298	4,342	4,343
Water										
Water mains (miles)	336	336	340	340	340	340	340	340	341	341
Fire hydrants	2,360	2,400	2,470	2,500	2,511	2,556	2,560	2,576	2,613	2,627
Storage capacity (thousands of gallons)	24,300	24,300	24,300	24,860	24,860	26,860	26,860	26,860	26,860	26,860
Wastewater										
Sanitary sewers (miles) (e)	207	233	233	233	233	233	233	233	235	235
Treatment capacity (thousands of gallons)	6,670	6,670	6,670	6,670	6,670	6,670	6,670	6,670	6,670	6,670
Transit - minibuses/vans	8	11	11	11	16	12	12	15	15	15

Source: Provided by various City departments

Note: (a-b) In FY2009, developed acres was redefined from previous years to include parks that are partially developed but still maintained by Parks, Recreation & Cultural Affairs. Conversely, this adjustment reduced the amount of undeveloped acres.

In FY2012, undeveloped acres decreased by 39.1 acres due to a land trade with the Farmington School District and the BLM.

(c) In FY2009, the number of parks/facilities was redefined to include all facilities maintained by Parks, Recreation & Cultural Affairs city-wide rather than just Parks, Recreation & Cultural Affairs facilities.

(d) In FY2009, an audit of the number of streetlights was conducted and the figure was adjusted to actual.

(e) FY2007-2011 have been restated due to a correction of an error in the miles of existing sanitary sewer.

# Single Audit Section



**CITY OF FARMINGTON, NEW MEXICO**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2015**

Grantor / Pass-through ID Number	CFDA Number	PROGRAM NAME	Expenditures
<b>DIRECT PROGRAMS</b>			
U.S. Department of Housing and Urban	14.218-Community Development Block Grants/Entitlement Grants	CDBG B-13-MC-35-0005	\$ 220,769
U.S. Department of Justice	16.710-Public Safety Partnership and Community Policing Grants	COPS Grant - 2014UMWX0132	22,506
	16.738-Edward Byrne Memorial Justice Assistance Grant Program	2013-DJ-BX-0941	466
		2014-DJ-BX-0828	4,192
U.S. Department of Transportation	20.106-Airport Improvement Program	AIP Project No. 3-35-0016-034-2013	211,723
		AIP Project No. 3-35-0016-037-2014	1,206,440
	20.505-Metropolitan Transportation Planning	Federal Transit - Metropolitan Transit Operations and Capital - Red Apple Transit	
		NM-90-X127-00	357,877
		NM-90-X121-00	135,120
Executive Office of the President	95.001-High Intensity Drug Trafficking Area Grant	G13SN0010A	16,843
		G14SN0010A	178,621
<b>PASS THROUGH PROGRAMS</b>			
<b><u>From the State of New Mexico Crime Victims Reparation Commission</u></b>			
U.S. Department of Justice	16.021-Justice Systems Response to Families	2013-WF-AX-0039	43,267
<b><u>From the State of New Mexico Department of Public Safety</u></b>			
U.S. Department of Justice	16.738-Edward Byrne Memorial Justice Assistance Grant Program	Region II Narcotics Task Force	
		13-JAG-REGII-SFY14	32,382
		14-JAG-REG2-SFY15	88,131
<b><u>From the US Marshal Service</u></b>			
U.S. Department of Justice	16.111-Joint Law Enforcement Operations (JLEO)	U.S. Marshal Service	2,817
	16.738-Edward Byrne Memorial Justice Assistance Grant Program	U.S. Marshal Service	20,000
<b><u>From the New Mexico Department of Transportation</u></b>			
Federal Transit Authority	20.505-Metropolitan Transportation Planning	Federal Transit - Metropolitan Transit Operations	
		Control P514120 MPO	79,385
		Control P515110 MPO	168,833
Department of Transportation National Highway Traffic Safety (NHTSA)	20.608-Minimum Penalties for Repeat Offenders for Driving While Intoxicated	Operation DWI-14-AL-64-035	22,297
		Operation DWI-15-AL-64-035	45,319
		Impaired Driving Demonstration Program-DWI Officers	
		14-AL-FTE164-035	49,929
Department of Transportation Federal Highway Administration (FHWA)	20.205-Highway Planning and Construction	Control# F100100-East Pinon Hills Blvd Extension over Animas River (bridge)	119,283
		Control#F100190-Adaptive Traffic Signal	392,112
		Control#F100070-Pinon Hills Blvd. Pedestrian & Bicycle Facilities	423,719
		Control#W500040-Safe Routes to School Infrastructure - Phase 2	105,764
		Control#W500012-Safe Routes to School Infrastructure - Phase 1	229,842
		Control#F100200-SJ Blvd/Scott Ave. Traffic Signal	18,528
		Control#L500144-Pinon Hills Widening	158,598
<b><u>From the New Mexico Department of Homeland Security</u></b>			
Department of Homeland Security	97.036-Disaster Grants-Public Assistance	FEMA-4152-DR-NM	151,992
		FEMA-1936-DR-NM	1,029,038
<b>Total Federal Assistance</b>			<b>\$ 5,535,793</b>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

**CITY OF FARMINGTON**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2015**

**NOTE 1 – Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Farmington. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE 2 – Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principle contained in OMB Circular A-122, Cost Principle for Non-profit Organizations, and Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

**REPORT OF INDEPENDENT AUDITORS 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***

City of Farmington, New Mexico  
Honorable Mayor and City Council and  
Mr. Timothy Keller, New Mexico State Auditor

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information and the budgetary comparisons for the general fund and major special revenue fund of the City of Farmington, New Mexico (the "City") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and the combining and individual funds and the related budgetary comparisons of the City, presented as supplementary information, and have issued our report thereon dated November 25, 2015.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered 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.

City of Farmington, New Mexico  
Honorable Mayor and City Council and  
Mr. Timothy Keller, New Mexico State Auditor

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

*Mess Adams LLP*

Albuquerque, New Mexico  
November 25, 2015



**REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

City of Farmington, New Mexico  
Honorable Mayor and City Council and  
Mr. Timothy Keller, New Mexico State Auditor

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

We have audited City of Farmington's (the "City") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2015. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on Each Major Federal Program***

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

City of Farmington, New Mexico  
Honorable Mayor and City Council and  
Mr. Timothy Keller, New Mexico State Auditor

## **Report on Internal Control Over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2015-001 that we consider to be a significant deficiency.

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

City of Farmington, New Mexico  
Honorable Mayor and City Council and  
Mr. Timothy Keller, New Mexico State Auditor

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Mess Adams LLP*

Albuquerque, New Mexico  
November 25, 2015

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**CITY OF FARMINGTON  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2015**

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**Section I - Summary of Auditor's Results**

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*Financial Statements*

Type of auditor's report issued:

*Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None reported

Noncompliance material to financial statements noted?

Yes  No

**Federal Awards**

Internal control over major federal programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None reported

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?

Yes  No

**Identification of Major Federal Programs**

<i>CFDA Numbers</i>	<i>Name of Federal Program or Cluster</i>	<i>Type of Auditor's Report Issued</i>
20.106	Department of Transportation – Airport Improvement Program	<i>Unmodified</i>
20.505	Department of Transportation – Metropolitan Transportation Planning	<i>Unmodified</i>
20.205	Department of Transportation - Highway Planning and Construction (Federal-Aid Highway Program)	<i>Unmodified</i>

Dollar threshold used to distinguish between type A and type B programs:

\$300,000

Auditee qualified as low-risk auditee?

Yes  No

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**Section II - Financial Statement Findings**

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**None**

**CITY OF FARMINGTON  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED JUNE 30, 2015**

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**Section III - Federal Award Findings and Questioned Costs**

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**FINDING 2015-001 – Policies and Procedures in accordance with Uniform Grant Guidance**

<i>CFDA Number</i>	<i>Federal Agency/Pass-through Entity - Program Name</i>	<i>Award year</i>	<i>Questioned Costs</i>
20.106	Department of Transportation – Airport Improvement Program	July 1, 2014 – June 30, 2015	N/A

**Criteria:** In accordance with 2 CFR 200.302 written policies should be implemented for determining the allow ability of costs in accordance with subpart E - Cost Principles of this part and the terms and conditions of the Federal Award.

**Condition:** While testing compliance requirements as it relates to Uniform Grant Guidance we noted the City has not yet updated its policies and procedures as per the Uniform Grant Guidance 2 CFR 200.

**Effect:** The City is not in compliance with 2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

**Cause:** Lack of monitoring controls in place to ensure policies and procedures are up to date.

**Recommendation:** We recommend the City update their policies and procedures to be in accordance with the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

**Management Response:** The City had a deadline of November 20, 2015 to have the written grant procedures updated and it was the Grant Accountant’s responsibility to meet that deadline and the deadline has been met and written procedures are now in place to comply with Section 2 CFR 200 of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

**CITY OF FARMINGTON  
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Status of Prior Year Findings**

2012-001	Timely Submission of Reimbursement Requests	Resolved
2013-001	Timely Submission of Reports and Evidence of Review and Approval of Reporting and Cash Draw Requests	Resolved

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**REPORT AND OTHER INFORMATION  
REQUIRED BY THE PASSENGER FACILITY  
CHARGE AUDIT GUIDE FOR PUBLIC AGENCIES**

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## REPORT OF INDEPENDENT AUDITORS

City of Farmington, New Mexico  
Honorable Mayor and City Council

### **Report on Schedule of Passenger Facility Charge Revenues and Expenditures**

We have audited the accompanying Schedule of Passenger Facility Charge Revenues and Expenditures (Schedule) of the City of Farmington's Four Corners Regional Airport (Airport), for the year ended June 30, 2015 and each quarter during the period from July 1, 2014 through June 30, 2015.

#### ***Management's Responsibility for the Financial Statement***

Management is responsible for the preparation and fair presentation of this schedule 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 the financial statement that is free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on this schedule 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 Schedule is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Airport's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedule. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Schedule. We believe that the audit evidence we have obtained is sufficient and appropriate and to provide a basis for our audit opinion.

#### ***Opinion***

In our opinion, the Schedule referred to above presents fairly, in all material respects, the transactions within the passenger facility charge related accounts of the Airport for the year ended June 30, 2015, and each quarter during the period from July 1, 2014 through June 30, 2015, as defined in regulations issued by the U.S. Department of Transportation.

City of Farmington, New Mexico  
Honorable Mayor and City Council

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report November 25, 2015, on our consideration of the Airport's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

**Purpose of this Report**

This report is intended solely for the information and use of the Mayor, Members of the City Council and Airport Management, as well as the Federal Aviation Administration and U.S. Department of Transportation, and is not intended to be, and should not be, used by anyone other than these specified parties.

*Mess Adams LLP*

Albuquerque, New Mexico  
November 25, 2015

## PFC Revenues and Expenditures Schedule

### Four Corners Regional Airport

**FY2015**

7/1/14 - 6/30/15

	FY2014 Program Total	Quarter 1 Jul. - Sept.	Quarter 2 Oct. - Dec.	Quarter 3 Jan. - Mar.	Quarter 4 Apr. - Jun.	FY2015 Total	FY2015 Program Total
<b>Revenue</b>							
Collections	\$ 616,698	\$ 2,110	\$ 3,151	\$ 2,433	\$ 2,605	\$ 10,299	\$ 626,997
<b>Disbursements</b>							
<b>Application 01</b>							
Proj. 1-A Runway Improvements	148,596	-	-	-	-	-	148,596
Proj. 1-B Taxiway Improvements	142,672	-	-	-	-	-	142,672
Proj. 1-C Apron Improvements	103,596	-	-	-	-	-	103,596
Proj. 1-D Drainage Improvements	64,073	-	-	-	-	-	64,073
Proj. 1-E Sinage Improvements	12,078	-	-	-	-	-	12,078
Proj. 1-F Airfield Electrical Improvements	7,025	-	-	-	-	-	7,025
Proj. 1-G Security Improvements	33,286	-	-	-	-	-	33,286
Proj. 1-H Terminal Improvements	32,264	-	-	-	-	-	32,264
Proj. 1-I Non-revenue Parking Improvement	4,982	-	-	-	-	-	4,982
Proj. 1-J Acquire Safety Equipment	12,473	-	-	-	-	-	12,473
Proj. 1-K Conduct Planning	30,157	-	-	-	-	-	30,157
Proj. 1-L Improve Service Roads	13,900	-	-	-	-	-	13,900
Proj. 1-M PFC Administrative Costs	11,596	-	-	9,014	1,285	10,299	21,895
<b>Total App -01</b>	616,698	-	-	9,014	1,285	10,299	626,997
<b>Total Disbursements</b>	616,698	-	-	9,014	1,285	10,299	626,997
Net PFC Revenue (rev-disb)							
PFC Account Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

The schedule is on a cash basis

**CITY OF FARMINGTON  
FOUR CORNERS REGIONAL AIRPORT  
NOTES TO SCHEDULE OF PASSENGER FACILITY CHARGE  
REVENUES AND EXPENDITURES  
June 30, 2015**

**NOTE 1. GENERAL**

The Aviation Safety and Capacity Expansion Act of 1990 (Public Law 101-508, Title II, Subtitle B) authorized the imposition of local Passenger Facility Charges (PFC) and use of resulting PFC revenues for Federal Aviation Administration (FAA) approved projects meeting at least one of the following criteria: (1) preserve or enhance safety, security, or capacity of the national air transportation system; (2) reduce noise or mitigate noise impacts resulting from an airport; or (3) furnish opportunities for enhanced competition between or among carriers. In March 2003, the FAA approved a \$3.00 PFC collection at the City of Farmington's Four Corners Regional Airport (Airport).

**NOTE 2. SCHEDULE OF PASSENGER FACILITY CHARGE REVENUES  
AND EXPENDITURES**

The accompanying Schedule of Passenger Facility Charge Revenues and Expenditures (Schedule) presents the revenues received from passenger facility charges, interest earned thereon, and the expenditures incurred on approved projects. Revenues received and expended on approved projects in the accompanying Schedule agree to the passenger facility charge quarterly status reports submitted by the Airport to the FAA, net of minor adjustments.

PFC charges collected represent cash collected through the end of the quarter as reported to the FAA in accordance with 14 CFR Part 158. The interest earned represents the actual interest collected and accrued on the unexpended PFCs during the periods reported.

PFC expenditures are for debt service paid on approved projects and represent only a portion of the debt service as the related debt service requirements exceed the PFC charges collected.

## **Report of Independent Auditors on Compliance Requirements Applicable to the Passenger Facility Charge Program And on Internal Control Over Compliance**

City of Farmington, New Mexico  
Honorable Mayor and City Council

### **Compliance**

We have audited the compliance of the City of Farmington's Four Corners Regional Airport (Airport), with the compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (Guide), for its passenger facility charge program for the year ended June 30, 2015. Compliance with the requirement of laws and regulations applicable to its passenger facility charge program is the responsibility of Airport's management. Our responsibility is to express an opinion on the Airport's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standard applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Guide. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about the Airport's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Airport's compliance with those requirements.

In our opinion, the Airport complied, in all material respects, with the requirements referred to above that are applicable to its passenger facility charge program for the year ended June 30, 2015.

### **Internal Control Over Compliance**

The management of the Airport is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws and regulations applicable to the passenger facility charge program. In planning and performing our audit, we considered the Airport's internal control over compliance with requirements that could have a direct and material effect on the passenger facility charge program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with the Guide.

City of Farmington, New Mexico  
Honorable Mayor and City Council

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to relatively low level the risk that noncompliance with applicable requirements of laws and regulations that would be material in relation to the passenger facility charge program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

**Purpose of this Report**

This report is intended solely for the information and use of the Mayor, Members of the City Council and Airport Management, as well as the Federal Aviation Administration and U.S. Department of Transportation, and is not intended to be, and should not be, used by anyone other than these specified parties.

*Mess Adams LLP*

Albuquerque, New Mexico  
November 25, 2015



**CITY OF FARMINGTON  
 FOUR CORNERS REGIONAL AIRPORT  
 PFC PROGRAM AUDIT SUMMARY  
 YEAR ENDED JUNE 30, 2015**

- |  |   |                                    |
|--|---|------------------------------------|
| 1. Type of report issued on PFC financial statements.  | <input checked="" type="checkbox"/> Unqualified | <input type="checkbox"/> Qualified |
| 2. Type of report on PFC compliance.   | <input checked="" type="checkbox"/> Unqualified | <input type="checkbox"/> Qualified |
| 3. Quarterly Revenue and Disbursements reconcile with submitted quarterly reports and reported un-liquidated revenue matches actual amounts.         | <input checked="" type="checkbox"/> Yes         | <input type="checkbox"/> No        |
| 4. PFC Revenue and Interest is accurately reported on FAA Form 5100-127.   | <input checked="" type="checkbox"/> Yes         | <input type="checkbox"/> No        |
| 5. The Public Agency maintains a separate financial accounting record for each application.  | <input checked="" type="checkbox"/> Yes         | <input type="checkbox"/> No        |
| 6. Funds disbursed were for PFC eligible items as identified in the FAA Decision to pay only for the allowable costs of the projects.                | <input checked="" type="checkbox"/> Yes         | <input type="checkbox"/> No        |
| 7. Monthly carrier receipts were reconciled with quarterly carrier reports.  | <input checked="" type="checkbox"/> Yes         | <input type="checkbox"/> No        |
| 8. PFC revenues were maintained in a separate interest-bearing capital account or commingled only with other interest-bearing airport capital funds. | <input checked="" type="checkbox"/> Yes         | <input type="checkbox"/> No        |
| 9. Serving carriers were notified of PFC program actions/changes approved by the FAA.  | <input checked="" type="checkbox"/> Yes         | <input type="checkbox"/> No        |
| 10. Quarterly Reports were transmitted (or available via website) to remitting carriers.   | <input checked="" type="checkbox"/> Yes         | <input type="checkbox"/> No        |
| 11. The Public Agency is in compliance with Assurances 5, 6, 7 and 8.  | <input checked="" type="checkbox"/> Yes         | <input type="checkbox"/> No        |
| 12. Project design and implementation is carried out in accordance with Assurance 9.   | <input checked="" type="checkbox"/> Yes         | <input type="checkbox"/> No        |
| 13. Program administration is carried out in accordance with Assurance 10.   | <input checked="" type="checkbox"/> Yes         | <input type="checkbox"/> No        |
| 14. For those public agencies with excess revenue, a plan for the use of this revenue has been submitted to the FAA for review and concurrence.      | <input checked="" type="checkbox"/> Yes         | <input type="checkbox"/> No        |
| Qualified and No responses must have additional clarification within the audit report.   | <input checked="" type="checkbox"/> N/A         |                                    |

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CITY OF FARMINGTON  
EXIT CONFERENCE  
Year Ended June 30, 2015

An exit conference was held on November 20, 2015. In attendance were:

For the City of Farmington:

Tommy Roberts	Mayor
Rob Mayes	City Manager
Andy Mason	Administrative Services Director
Eric Schlotthauer	Controller
Sarah Talley	Staff Accountant II
Debi Dalton	Staff Accountant I

For Moss Adams, LLP (auditors):

Brandon Valentini	Partner
Jaime Rumbaoa	Senior Manager



# FARMINGTON PUBLIC LIBRARY

# OTHER INFORMATION



**CITY OF FARMINGTON, NEW MEXICO  
SCHEDULE OF PLEDGED COLLATERAL**

**For the Year Ended June 30, 2015**

	<u>Citizens Bank of Farmington</u>	<u>Wells Fargo</u>	<u>Vectra Bank</u>	<u>First Federal Bank</u>
<b><u>City of Farmington Deposits</u></b>				
Demand Deposit Accounts	\$ 10,281	\$ 17,170,994	\$ -	\$ 100
Non-Interest Bearing Accounts	-	5,222,183	-	-
Certificates of Deposit	<u>72,000,000</u>	<u>-</u>	<u>3,000,000</u>	<u>4,000,000</u>
Sub-Total	72,010,281	22,393,177	3,000,000	4,000,100
Less FDIC insurance	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>
Uninsured amount	71,760,281	22,143,177	2,750,000	3,750,100
<b><u>Pledge Collateral Required</u></b>				
50 percent - deposits	<u>35,880,141</u>	<u>11,071,589</u>	<u>1,375,000</u>	<u>1,875,050</u>
Pledged collateral	<u>38,238,400</u>	<u>22,035,754</u>	<u>5,051,117</u>	<u>2,844,246</u>
Excess of pledged collateral	<u>\$ 2,358,259</u>	<u>\$ 10,964,165</u>	<u>\$ 3,676,117</u>	<u>\$ 969,196</u>

**Pledged collateral (market value) and location of each respective financial institution consist of the following:**

Location of collateral		<u>Dallas</u>	<u>New York</u>	<u>San Francisco</u>	<u>Seattle</u>
Federal Home Loan Bank					
cusip # 31338OTW7	10/9/2037	\$ 9,249,000	\$	\$	\$
cusip # 3137ACNK1	6/15/2041	5,318,000			
cusip # 313381DM4	12/6/2032	3,753,200			
cusip # 31338OM79	9/13/2032	4,658,500			
cusip # 3137AL3A5	1/15/2032	7,049,000			
cusip # 318377U2A5	3/20/2041	5,280,000			
cusip # 3133EESN1	6/1/2027	2,930,700			
FHLMC					
cusip # 3128JL4T3	4/1/2034			1,259,818	
cusip # 3128JMX28	8/1/2034			499,153	
cusip # 3128JNVM4	1/1/2037			212,434	
cusip # 3128JPXA3	2/1/2039			327,833	
cusip # 3128QPGW6	2/1/2036			384,089	
cusip # 31336CL43	2/1/2034			101,705	
cusip # 3136R2W9	3/1/2032			552,942	
cusip # 312942F34	9/1/2040		4,859,984		
FAMC					
cusip # 313172AF5	1/25/2025				
cusip # 31317GAZ0	4/25/2017			192,584	
cusip # 31317HAZ8	7/25/2017			631,111	
cusip # 31317JAF8	7/25/2018			340,829	
cusip # 31317JAK7	1/25/2020			548,619	
FNMA					
cusip # 3138AMNY7	11/1/2041		1,403,295		
cusip # 3138EGC77	4/1/2026		1,740,421		
cusip # 3138LTJQ2	5/1/2042		509,915		
cusip # 3138MR6F3	1/1/2043		2,731,746		
cusip # 3138W64S2	3/1/2043		1,813,684		
cusip # 3138W6PV2	5/1/2043		170,954		
cusip # 3138WPGZ1	4/1/2043		1,177,392		
cusip # 3138WVPL9	6/1/2043		5,620,561		
cusip # 3138X3XU1	9/1/2043		764,444		
cusip # 31416Y3S5	9/1/2041		1,243,358		
GNMA					
cusip # 3620E0NW2	8/20/2061				2,844,246
		<u>\$ 38,238,400</u>	<u>\$ 22,035,754</u>	<u>\$ 5,051,117</u>	<u>\$ 2,844,246</u>

**CITY OF FARMINGTON, NEW MEXICO  
SCHEDULE OF JOINT POWERS AGREEMENTS**

**June 30, 2015**

Participants (including City of Farmington)	Responsible Party	Description	Dates of Agreement	Total Amount/ City Share	FY15 Amount	Audit Responsibility
Aztec, Bloomfield & San Juan County	San Juan County Communications Authority	Communications	09/02/08 until terminated	\$125,000/ up to \$55,000/yr	\$ -	San Juan County Communications Authority
Aztec, Bloomfield, San Juan County & San Juan Water Users Assoc.	Water Commission	Water Issues	3/5/86 until terminated	\$18.2m/32.46%	\$ -	Water Commission
Aztec, Bloomfield, San Juan County & NM Dept. of Public Safety	San Juan County Criminal Justice Training Authority	Police Training	10/19/10 until terminated	As needed	\$ -	San Juan County
Aztec, Bloomfield, B.L.M. San Juan County & N.M.Environment Dept.	Trash Force	Illegal Dumping	9/26/91 until terminated	As needed	in-kind only	City
San Juan County	City of Farmington	Impact Fees	2/15/96 perpetual	Fee for service	\$ -	City
Aztec, Bloomfield, San Juan County	All Participants	Solid Waste	03/25/92 until terminated	As required	\$ -	City
NM Taxation & Revenue	NM Taxation & Revenue	Taxpayer ID	05/17/89 perpetual	Not applicable	\$ -	City
NM Community Development Council & NM Dept of Finance & Admin.	Dept. of Finance	Title 1 Housing	04/12/00 perpetual	Not applicable	\$ -	City
Aztec, Bloomfield & San Juan County	City of Farmington	MPO	7/07/12 until terminated	\$ 40,763 / \$ 24,458	\$ 28,478	City
San Juan County	San Juan County	Detention Center	06/26/07 until terminated	\$13,410,727 / \$1,800,677	\$ 1,885,302	San Juan County
San Juan County	San Juan County	DWI Treatment Ctr	11/17/07 until terminated	\$3,116,325 / \$440,000	\$ 440,000	San Juan County
NM Energy, Minerals and Natural Resources Department (NMEMNRD)	NMEMNRD	Wildfire Firefighting	04/06/09 until terminated	\$101,031 / \$ -	\$ -	NMEMNRD



**Schedule of Vendors**

<b>Bid or RFP Title</b>	<b>Bid or RFP Number</b>	<b>Bidder Names</b>	<b>Vendor State</b>	<b>Chose Veterans' Preference</b>	<b>Scope of Work</b>	<b>Awarded Bidder</b>	<b>Contract Amount</b>
Professional Engineering Services for Master Drainage Alternatives Phase II	14-104990	Smith Engineering Co.	NM	No	The project entails preparation of specific site development plans and cost estimates to resolve flooding issues in specific locations throughout the city.	Smith Engineering Co.	\$ 233,225.00
Critical Infrastructure Assessment	15-105169	Bohannan Huston, Inc. EWA Cyber Solutions, LLC Network and Security Technologies ICF Resources, LLC PSE NAES Corporation TRC Engineers, Inc. Scitor Corporation	NM VA NY TX WI WA NM CO	N/A	Consulting services in preparation for EWA Cyber Solutions, LLC compliance with North American Reliability Electric Reliability Corporation (NERC) Critical Infrastructure Protection (CIP) version 5 Standards for the Farmington Electric Utility System	EWA Cyber Solutions, LLC	\$ 182,771.00
Employee Insurance Benefit Plans for Life, AD&D, Supplemental and Dependent Life Insurance	105806	Dearborn National Life Insurance Company	IL	N/A	Basic life, AD&D, supplemental life, and dependent life insurance to cover employees and dependents.	Dearborn National Life Insurance Company	\$ 250,000.00
Community Development Block Grant (CDBG) 2014 Annual Action Plan	15-106090	Cigna Company Minnesota Life Insurance Company Unum MetLife San Juan County Partnership	PA MN AZ AZ NM	N/A	Due to Qualified firms and non-profit organizations (Offerors) interested in receiving Community Development Block Grant (CDBG) funding for public service projects benefiting low- and moderate-income families and persons.	San Juan County Partnership People Assisting the Homeless (PATH) San Juan College Daycare Masada House, Inc. Northwest New Mexico Seniors, Inc. Exodus Peer to Peer Native Recovery Center	\$ 12,000.00 \$ 13,000.00 \$ 7,000.00 \$ 13,000.00 \$ 10,825.00 -
Public Transit Services	15-105808	Ride Right, LLC First Transit ValuTrans	MO OH AZ	N/A	Provide public transit operations services, using City-owned buses, within the City limits of Farmington,	Ride Right, LLC	\$ 677,175.48
Pump Station for Pinon Hills Golf Course	15-102357R	Accent Landscaping Contractors, Inc.	NM	No	Providing a pump station for the Pinon Hills Golf Course and include unloading and placing station on pad, some electrical work and the installation of the intake and output from the pump station to City provided piping.	Accent Landscaping Contractors, Inc.	\$ 193,970.00
Professional Architectural Services for the Civic Center Expansion	15-108618	Greer Stafford/SICF Architecture, Inc. Conron & Woods Architects Lloyd & Associates Architects RMKM Architecture, PC Studio Collaboration	NM NM NM NM NM	No	This project will be an expansion of the current footprint of the facility. The following items to be considered as part of any renovation of the facility: expand kitchen, expand meeting space by 3,000 square feet,	Greer Stafford/SJCR Architecture, Inc.	\$ 400,000.00

**Schedule of Vendors**

<b>Bid or RFP Title</b>	<b>Bid or RFP Number</b>	<b>Bidder Names</b>	<b>Vendor State</b>	<b>Chose Veterans' Preference</b>	<b>Scope of Work</b>	<b>Awarded Bidder</b>	<b>Contract Amount</b>
Surface Painted Hold Signs and Runway 7-25 Porous Friction Course	14-104427	Oldcastle SW Group, Inc.	NM	N/A Due to federal funds	Furnish all labor, equipment, and materials for the construction of a porous friction course on Runway 7-	Oldcastle SW Group, Inc.	\$ 1,032,902.23
		AUJ, Inc.	NM				
2014 Annual Municipal Utilities Improvements	15-104700	TRC Construction, Inc.	NM	No	Furnish all labor, equipment, and materials necessary to perform	TRC Construction, Inc.	\$ 2,393,187.50
2014 Annual Street Maintenance	15-104699	Consolidated Constructors, Inc.	NM	No	Furnish all labor, equipment, and materials necessary to perform	Consolidated Constructors, Inc.	\$ 1,515,791.25
		TRC Construction, Inc.	NM				
Lift Station 3, 5 and 22 Improvements	15-105243	SunWestern Contractors	AZ	N/A	Furnish all labor, equipment, and materials necessary to execute the rehabilitation of Lift Station No.3 with piping, pumps, electrical controls and wiring, valves, fittings, miscellaneous structural concrete, coatings, concrete flatwork, by-pass pumping and other appurtenances. Electrical services as specified for Lift Station No. 5. Overhead crane services as specified for lift station No. 22.	SunWestern Contractors	\$ 938,218.00
		RMCI, Inc.	NM				
		AUJ, Inc.	NM				
Electrical Transmission & Distribution Construction- Labor Only	15-105197	WEC Powerline Construction	CO	N/A	Furnish all labor, & equipment to construct various electrical transmission and distribution units	WEC Powerline Construction	\$ 303,185.19
		Par Electrical Contractors	CO				
Fire Station Uniforms	15-105865	Neve's Uniforms & Equipment	NM	No	Furnish new station uniforms for the Fire Department	Neve's Uniforms & Equipment	\$ 63,380.00
		The Graphic Designer	NM				
		The Bunker	NM				
Switches, Disconnects, Padmount Switchgear, Reclosers and Sectionalizers	15-106652	Western United Electric (Primary Bid)	NM	No	Provide switches, disconnects, padmount switchgear, reclosers and sectionalizers.	Western United (Switches and Disconnects)	\$ 32,907.00
		Wesco Distribution (Primary Bid)	NM			Western United (Padmount Switchgear)	\$ 67,442.00
		Western United Electric (Alternative Bid)	NM			Wesco Distribution (Reclosures and Sectionalizers)	\$ 29,245.00
		Stuart C. Irby	NM				
		HD Supply	NM				
		Wesco Distribution (Alternative Bid)	NM				
		Border States Electric	NM				
Automotive Filters	15-106318	Brewer Oil Company	NM	N/A Due to federal funds	Provide various automotive filters.	Filter Supply	\$ 23,402.24
		Gillie Hyde Ford Lincoln Inc.	KY				
		Filter Supply	NM				
		Double M Sales & Filter Service	NM				
		Farmington Truck & Auto Parts Plus	NM				
		Auto Parts & Equipment Company	NM				
		O'Reilly Automotive DBA O'Reilly Auto Parts	NM				

**Schedule of Vendors**

<b>Bid or RFP Title</b>	<b>Bid or RFP Number</b>	<b>Bidder Names</b>	<b>Vendor State</b>	<b>Chose Veterans' Preference</b>	<b>Scope of Work</b>	<b>Awarded Bidder</b>	<b>Contract Amount</b>
Lift Station No.2 Improvements	15-105389	AUI, Inc. Consolidated Constructors, Inc. RMCI, Inc. Smithco Construction TLC Plumbing & Utility	NM NM NM NM NM	Yes	Furnish all labor, equipment, and materials necessary to execute the rehabilitation of an existing lift station concrete wet well, piping, pumps, electrical controls and Sale of single family residence at 2107 Schofield Lane.	AUI, Inc.	\$ 1,276,765.00
Sale of Schofield Property	15-105737	White Desert Construction	NM	N/A		White Desert Construction	\$ 80,600.00
Re-Bid for Porter Arroyo Retention Facility	15-102822	Juan Ortega AJAC Enterprises	NM NM	N/A	Contract/install an earthen berm to control the storm water in the Porter Arroyo. This shall consist of earthwork such as rock excavation, fill placement with proper compaction, road/site grading, concrete drainage structures.	AJAC Enterprises	\$ 1,359,502.00
Sale of Surplus Fire Trucks	15-107766	Kimo Constructors Rummel Construction Meridian Contracting, Inc. Crossfire, LLC Palmetto Fire Apparatus	NM AZ NM CO SC	N/A	Sale of surplus 1990 Pierce Fire Truck and 1995 Ferrara Pumper Fire Truck.	Palmetto Fire Apparatus	\$ 5,500.00
Reclosers & Voltage Regulators	15-107884	McKinley Sales Company, Inc. Western United Electric Supply Stuart C. Irby	NM NM NM	No No	Supply reclosers, electronic 3-phase voltage regulators and vacuum 3-phase voltage regulators.	Stuart C. Irby (Electronic 3 phase reclosers) Stuart C. Irby (Vacuum 3 phase reclosers)	\$ 20,363.00 \$ 88,356.00
Multi-Term Contract for Wood Distribution Poles	15-108276	McFarland Cascade, Inc.	WA	No	Provide wood distribution poles on an as needed basis.	McFarland Cascade, Inc.	\$ 429,017.00
Grading and Civil Construction Work - Aztec Substation Improvement Project	15-105198	Consolidated Constructors, Inc. Neil's Excavation RL Reeder Co. McKinley Sales Company, Inc.	NM CO NM NM	No	Provide site work and grading required for the upcoming electrical upgrade and improvement of the Aztec Electrical Substation.	Consolidated Constructors, Inc.	\$ 223,557.00
Multi-term Contract for Wire and Cable	15-107729	Western United Electric Supply WESCO (Primary Bid) WESCO (Alternate Bid) Stuart C. Irby HD Supply Border States Electric	NM NM NM NM NM NM	No	Provide wire and cable to stock the City's Electric Warehouse.	Western United Electric Supply (Category 1) WESCO (Category 2)	\$ 340,862.17 \$ 82,530.99
Steel Structures for Aztec Substation	15-109000	Western United Electric Supply (Primary Bid) Western United Electric Supply (Alternate Bid) WESCO Valmon-Newmark Distran Steel, LLC	NM NM NM OK LA	No	Provide tapered tubular structures for the Aztec Substation.	Western United Electric Supply	\$ 289,364.30
Re-Bid for Water Treatment Plant (WTP) No. 2 Electrical Improvements	15-107367R	Nightlight Electric Company, Inc. Consolidated Constructors, Inc.	NM NM	Yes	Furnish all labor, equipment, and materials necessary to execute the replacement of the existing primary	Nightlight Electric Company, Inc.	\$ 591,107.35

**Schedule of Vendors**

<b>Bid or RFP Title</b>	<b>Bid or RFP Number</b>	<b>Bidder Names</b>	<b>Vendor State</b>	<b>Chose Veterans' Preference</b>	<b>Scope of Work</b>	<b>Awarded Bidder</b>	<b>Contract Amount</b>
Police Uniforms	15-109091	Capitol City Uniforms Neve's Uniforms & Equipment	NM NM	Yes	Furnish new uniforms to the Farmington Police Department.	Capitol City Uniforms	\$ 69,125.00
Aztec Substation Arc Venting Switchgear	15-109629	Wesco Distribution (PACS) Arizona Electrical Apparatus Wesco Distribution (ABB) Designed Power Associates Electro-Tech Industries Tampa Armature Works	NM AZ NM NM TX FL	No	To provide Arc Venting Switchgear and Building.	Wesco Distribution (PACS)	\$ 1,116,312.00
Power Transformer for Aztec Substation	15-109624	Western United Electric Wesco Distribution Delta Star McKinley Sales Company, Inc. Stuart C. Irby Wesco Distribution WEG Electric Corp Niagra Transformer	NM NM CA NM NM NM GA NY	No	To provide a power transformer for the Aztec Substation.	Western United Electric	\$ 537,015.00
Transformers	15-107724R	Western United Electric Supply (Howard) Wesco Distribution Western United Electric Supply (ERMCO) HD Supply Power Solutions Stuart C. Irby Western United Electric Supply (Central Maloney) Border States Electric Supply	NM NM NM TX NM NM NM	No	To provide transformers for the City.	Western United Electric Supply (Howard) - Category B Wesco Distribution - Category C	\$ 97,477.00 \$ 203,786.00
Relay Panels for Aztec Substation	15-109912	Border States (TMD) Border States (EL-TEX) Texas Meter & Device McKinley Sales Company, Inc. Border States (EP2) Wesco Distribution, Inc. Schweitzer Engineering Control Panels USA Keystone Electrical Manufacturing EL-TEX Industries Stuart C. Irby RSI Global Inc.	NM NM TX NM NM NM WA TX IA MD NM LA	No	To supply relay panels for the Aztec Substation.	Border States (TMD)	\$ 253,263.06