

**STATE OF NEW MEXICO
CITY OF GRANTS**

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

JUNE 30, 2015

**STATE OF NEW MEXICO
CITY OF GRANTS**

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**STATE OF NEW MEXICO
CITY OF GRANTS**

OFFICIAL ROSTER

ELECTED OFFICIALS

<u>Name</u>	<u>Title</u>
Martin Hicks	Mayor
Michael Quintana	Mayor Pro-Tem
Ruben Sandoval	Councilor
Michael W Lewis	Councilor
Edwin E. Dickens, Jr.	Councilor

ADMINISTRATIVE STAFF

Laura Jaramillo	City Manager
Tammy Torrez	Director of Finance



Independent Auditor's Report

6200 Uptown Blvd NE

Suite 400

Albuquerque, NM 87110

505.338.0800

Mr. Timothy Keller, State Auditor
The Mayor and City Council
City of Grants
Grants, New Mexico

Report on 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 of the City of Grants (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 also have audited the financial statements of each of the City's non-major governmental, non-major enterprise, fiduciary funds and the budgetary comparisons for the major capital project fund, debt service funds, and all non-major 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 misstatements, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, 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 for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each non-major governmental, non-major enterprise, and fiduciary funds 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 major capital projects fund, debt service funds, and all non-major funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Retiree Health Care Plan — Schedule of Funding Progress, and GASB 68 required supplemental schedules on pages 5 through 11 and pages 62 through 69, respectively, 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.

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the City's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The 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 Financial Data Schedule (FDS) as required by the U.S. Department of Housing and Urban Development, and other schedules required by Section 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is 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 the auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures, the Financial Data Schedule, and other schedules required by Section 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

The Schedule of Vendor Information as required by 2.2.2.10(A)(2)(g) NMAC, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2015 on our consideration of the City of Grants' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Ricci & Company LLC

Albuquerque, New Mexico
December 14, 2015

**CITY OF GRANTS
MANAGEMENTS DISCUSSION AND ANALYSIS
JUNE 30, 2015**

As management of the City of Grants, we offer our residents and others who may read the City of Grants' financial statements this narrative overview and analysis of the financial activities of the City of Grants for fiscal year ended June 30, 2015.

FINANCIAL HIGHLIGHTS

- The City's total net position decreased over the course of this year's operations.
- During the year the City's expenses were \$882,266 less than the \$11,939,263 generated in taxes, other revenues, and transfers for governmental programs.
- In the City's business-type activities revenues and transfers decreased by less than 1% to \$7,280,242 while expenses decreased 1%.
- The general fund reported an excess this year of \$1,920,437.

OVERVIEW OF FINANCIAL STATEMENTS

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

Certain items in the prior year financial statements have been reclassified for comparison purposes.

Governmental-Wide Financial Statements

The government-wide financial statements include a statement of net position with all government funds and account types. In addition, a statement of activities for government activities and business activities are included.

The statement of net position reports all financial and capital resources. The statement of net position presents information on all the City of Grants' assets and liabilities using the accrual basis of accounting. Over time, increases or decreases in net position may determine whether the financial position of the City of Grants is improving or deteriorating.

The statement of activities presents information, which illustrates how the City's net position changed during the most recent fiscal year. Again, revenues and expenses are recorded using the accrual basis of accounting. The statement of activities includes revenues from governmental activities as well as business-type activities.

The City of Grants, also known as the primary government, is predominantly financed through taxes, intergovernmental revenues, and other non-exchange revenues. These governmental activities include general government, public safety, public works, health and welfare and cultural and recreation. These governmental activities are classified and reported in governmental funds and special revenue funds. The business type activities are financed primarily from user fees charged to external parties for goods and or services. These activities are reported in enterprise funds in our financial statements. The City of Grants' business type activities include water and sewer systems, refuse, the City golf course, and housing.

The government-wide financial statements can be found on pages 12 and 13 of this report.

**CITY OF GRANTS
MANAGEMENTS DISCUSSION AND ANALYSIS
JUNE 30, 2015**

Fund Financial Statements

The City of Grants accounts for its finances through several fiscal and accounting entities called funds. We like other state and local governments, use fund accounting to comply with state statutes regarding all finance-related transactions. The City of Grants has created its respective funds to establish a measure of flow from financial resources and/or to determine net income or net loss. These funds allow the City of Grants to manage its finances more effectively and more efficiently. The City of Grants maintains the following categories of fund types: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

The governmental funds for the City of Grants include the general fund, special revenue funds, capital projects funds, and debt service funds. The governmental funds reporting focuses predominantly on the sources, uses, and balances of current financial resources that have been established by an approved appropriated budget. The governmental funds provide a detailed short-term view of the City's general government operations and the basic services it provides. The financial information contained in the governmental funds is useful in helping determine whether or not there are sufficient financial assets to provide funding for the City's current programs.

Proprietary Funds

Proprietary funds are used to account for activities similar to those in the private sector and focuses on the determination of operating income, changes in net position, financial position, and cash flows. Proprietary funds are reported in the same manner that all activities are reported in the Statement of Net Position and Statement of Activities (revenues and expenses). In fact, the City's enterprise funds are the same as the business-type activities that are reported in the government-wide statements; however, they provide more detail in regards to cash flows for proprietary funds. The City's intent is that costs of providing the goods or services to the general public on a continuing basis will be financed or recovered through user charges. The City has the following enterprise funds: Utility Fund, Low Rent, Golf Course Operating Fund and Airport.

Fiduciary Funds

Fiduciary fund reporting focuses on assets and liabilities that are held in a trustee or agency capacity for other government agencies and therefore cannot be used to support the City's own programs. Fiduciary funds are not reflected in the government-wide financial statement for the reason that their resources are not available to the City. Agency funds are custodial in nature and do not involve measurement of results of operations.

Notes to the Financial Statements

The City's notes to the financial statements provide additional information that is necessary for a better understanding of all data that is illustrated in the government-wide and fund financial statements.

**CITY OF GRANTS
MANAGEMENTS DISCUSSION AND ANALYSIS
JUNE 30, 2015**

Summary of Net Position are shown below:

	Governmental Activities		Business-Type Activities		Total	
	2015	2014 Restated	2015	2014 Restated	2015	2014 Restated
Assets:						
Current assets & other assets	\$ 12,703,878	11,323,241	3,624,940	3,948,705	16,328,818	15,271,946
Capital & other long term	43,851,882	43,551,504	17,769,570	17,094,766	61,621,452	60,646,270
Total	<u>\$ 56,555,760</u>	<u>54,874,745</u>	<u>21,394,510</u>	<u>21,043,471</u>	<u>77,950,270</u>	<u>75,918,216</u>
Deferred Outflows of Resources:						
Pension related	\$ 421,044	324,719	24,059	22,363	445,103	347,082
Liabilities:						
Current & other liabilities	2,002,893	684,562	830,205	376,409	2,833,098	1,060,971
Long-term liabilities	4,815,194	6,464,764	1,182,701	2,193,825	5,997,895	8,658,589
Total	<u>6,818,087</u>	<u>7,149,326</u>	<u>2,012,906</u>	<u>2,570,234</u>	<u>8,830,993</u>	<u>9,719,560</u>
Deferred Inflows of Resources:						
Pension related	1,226,313	-	90,896	-	1,317,209	-
Net Position:						
Net investment in capital assets	43,315,187	42,871,766	15,404,963	15,299,593	60,064,340	58,171,359
Restricted net position	3,788,220	3,212,987	1,020,417	781,216	4,808,637	3,994,203
Unrestricted net position	1,828,997	1,965,385	2,889,387	2,414,791	3,374,194	4,380,176
Total net position	<u>\$ 48,932,404</u>	<u>48,050,138</u>	<u>19,314,767</u>	<u>18,495,600</u>	<u>68,247,171</u>	<u>66,545,738</u>

Capital assets (net of accumulated depreciation) make up 78% of the City's total assets from governmental activities. Investments in capital assets include: land, buildings, machinery and equipment, and infrastructure. The City of Grants utilizes these assets to provide services to its citizens; therefore, these assets are not available for future spending.

At the end of the current fiscal year, the City of Grants reported a positive balance in all three categories of net position.

In the Governmental activities total liabilities have been decreased by 5% due to a combination of an increase in accounts payable, netted with principal payments and a decrease in net pension liability. Total assets have increased in 2015 predominantly due to increases in cash, accounts receivable and capital assets including construction in progress. Investment income increased in fiscal year 2015 due to increases in investment balances. These factors primarily affect the increase in current assets in 2015 compared to 2014.

Net position for business-type activities has increased by \$819,167, an increase of 4.4%. Overall, liabilities were reduced due to annual reductions in long-term debt and reductions in net pension liability. No additional debt was incurred in fiscal year 2015. In addition, capital assets increased (evidenced by capital transfers in) due to construction of utility projects.

**CITY OF GRANTS
MANAGEMENTS DISCUSSION AND ANALYSIS
JUNE 30, 2015**

Financial Analysis of the City's Major Funds

General Fund

The General Fund is the major operating fund for the City. The General Fund is the single largest fund pertaining to revenues and expenditures. Total revenues in fiscal year 2015 were \$10,208,341 and \$9,221,344 in 2014, an increase of \$986,997 (10.1%) for comparative years. The majority of the difference is due to an increase in taxes.

Expenditures in the General Fund for fiscal year 2015 were \$7,319,918 and \$6,721,944 for fiscal year 2014, an increase of \$597,974 (8.9%). The increase in expenditures is less than the increase in revenue due primarily to a conscious effort to maintain expenditure levels. The General Fund fund balance increased in 2015 in the amount of \$1,920,437 with revenues exceeding expenditures less transfers for an ending fund balance of \$10,088,586 as of June 30, 2015.

General Government Improvements Fund

The General Government Improvements Fund accounts for the City's capital outlay projects primarily funded from the state legislative appropriations, federal grants, and City monies. In the fiscal year 2015 the City accounted for \$157,577 in federal grant revenues and \$31,772 in state grants for total grant revenues of \$189,349. In fiscal year 2014 the total grant revenues of \$1,920,414 consisted of federal grant revenues of \$233,567 and state grant revenues of \$1,686,847.

The revenues received by the City will fluctuate as a result of grant appropriations received from year to year. Fluctuations will also occur when monies are expended and received annually.

Expenditures in fiscal year 2015 were \$1,798,916 with an additional capital transfer out for \$367,615. Expenditures in fiscal year 2014 were \$2,839,882 with an additional capital transfer out of \$795,983. The capital transfers were due to project grant funds expended and incurred in the General Government Improvements Fund for the benefit of other funds. Expenditures were incurred for the City's roads, street drainage projects, and various other small equipment purchases.

Utility Fund

The Utility Fund is used to account for all water, sewer and refuse revenues and expenses. It is a major proprietary fund for the City. Total operating revenues for the 2015 fiscal year was \$6,296,224 and \$6,200,147 for 2014; a slight increase of \$96,077 (1.5%). The slight increase is attributable to variation in customer usage. Net position increased in 2015 versus 2014 by \$930,855. Operating expenses decreased in fiscal year 2015 compared to 2014 by \$222,695(4%). The net income increase results predominately from capital assets transferred in from the general government improvement fund, increased revenue and decreased expenditures.

General Fund Budgetary Highlights

The City of Grants total actual expenditures on the budgetary basis for fiscal year 2015 were 9.8% under the budgeted expenditure amounts for the year. Public safety represents 39%, general government represents 41%, public works represents 9%, cultural and recreational represents 10% and capital outlay represents 1% of the General Fund expenditures.

The City's total state shared and municipal tax amount for fiscal year 2015 decreased by less than 1% from fiscal year 2014.

**CITY OF GRANTS
MANAGEMENTS DISCUSSION AND ANALYSIS
JUNE 30, 2015**

General Fund budgeted revenues and expenditures were not amended during the year. Adjustments were made only to operating transfers in/out.

Summary of Changes in Net Position are shown below:

	Governmental Activities		Business-Type Activities		Total	
	2015	2014 Restated	2015	2014 Restated	2015	2014 Restated
<u>Revenues:</u>						
<u>Programs Revenues:</u>						
Charges for services	\$ 1,480,303	1,371,936	6,638,278	6,469,625	8,118,581	7,841,561
Operating grants & contributions	1,109,644	1,170,578	52,406	35,247	1,162,050	1,205,825
Capital grants & contributions	189,349	1,954,108	-	-	189,349	1,954,108
<u>General Revenue:</u>						
Taxes	9,064,246	8,098,175	-	-	9,064,246	8,098,175
Investment income	11,100	8,267	4,765	3,567	15,865	11,834
Miscellaneous	84,621	133,812	22,406	3,585	107,027	137,397
Total	<u>\$ 11,939,263</u>	<u>12,736,876</u>	<u>6,717,855</u>	<u>6,512,024</u>	<u>18,657,118</u>	<u>19,248,900</u>
<u>Expenses:</u>						
General Government	\$ 4,063,056	3,619,427	-	-	4,063,056	3,619,427
Public Safety	3,276,027	2,815,288	-	-	3,276,027	2,815,288
Public Works	1,141,499	1,384,241	-	-	1,141,499	1,587,485
Health & Welfare	920,736	892,920	-	-	920,736	892,920
Culture & Recreation	1,075,175	1,009,930	-	-	1,075,175	1,009,930
Interest and fees on Long-term debt	18,117	22,167	-	-	18,117	22,167
Water, sewer and refuse	-	-	5,417,057	5,646,250	5,417,057	5,646,250
Golf	-	-	851,370	769,158	851,370	769,185
Rental	-	-	137,614	126,366	137,614	126,366
Airport	-	-	55,034	-	55,034	-
Total	<u>\$ 10,494,610</u>	<u>9,743,973</u>	<u>6,461,075</u>	<u>6,544,774</u>	<u>16,955,685</u>	<u>16,491,991</u>
Excess (deficiency) before						
Transfers	\$ 1,444,653	2,992,903	256,780	(32,750)	1,701,433	2,756,909
Transfers	(562,387)	(794,951)	562,387	794,951	-	-
Change in net position	882,266	2,197,952	819,167	762,201	1,701,433	2,756,909
Net position-						
July 1	52,694,689	50,496,737	18,808,473	18,046,272	71,503,162	68,746,253
Restatement	(4,644,551)	-	(312,873)	-	(4,957,424)	-
Net Position-						
July 1 as restated	48,050,138	-	18,495,600	-	66,545,738	-
Net position -						
June 30	<u>\$ 48,932,404</u>	<u>52,694,689</u>	<u>19,314,767</u>	<u>18,808,473</u>	<u>68,247,171</u>	<u>71,503,162</u>

**CITY OF GRANTS
MANAGEMENTS DISCUSSION AND ANALYSIS
JUNE 30, 2015**

Government Activities

Revenue received from program and general activities was more than expenses for fiscal year 2015, which included capital grants where amounts expended have been capitalized.

Business-Type Activities

Business-type activities income before transfers increased the City's net position by \$256,780.

Financial Analysis of the City's Funds

As mentioned earlier, the City of Grants uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. As of the end of current fiscal year, the City of Grants governmental funds reported combined ending balances of \$11,100,800, which is an increase from the prior year ending fund balances. The City's proprietary funds provide the same type of information found in the government-wide financial statement, but in more detail. The business-type activities have demonstrated sufficient revenue and sufficient cash flow to guarantee that all expenditures, including long-term debt will be paid in a timely manner.

Capital Assets and Debt Administration

Capital Assets

The City of Grants net capital assets for its government type activities as of June 30, 2015 amounted to \$43,851,882. This investment in capital assets includes land improvements, building improvements, vehicles, machinery and equipment, and infrastructure. The most significant impact on capital assets during the year resulted from street and bridge improvements and machinery and equipment

Long-term Debt

The City's notes, bonds and leases payable as of June 30, 2015 is \$1,880,885, which decreased by \$594,027 from 2014. The decrease represents payments on outstanding debt. The majority of this amount is due to the outstanding loan amount of \$1,178,585 that was from the New Mexico Environmental Department, for construction and acquisition of equipment for a wastewater treatment plant facility previously constructed in 1992.

In accordance with GASB 68, total net pension liability for the City of \$3,922,767 as of June 30, 2015 has been recorded in the Statement of Net Position which represents a decrease from fiscal year 2014 net pension liability of \$5,304,506 (as restated). OPEB liability increased by \$150,758 from FY 2014 to FY 2015.

More detailed information regarding these activities and funds is included in Note 5 and Note 7.

The City of Grants issued no new long-term bonds during the current fiscal year. The City has no general obligation bonds outstanding at June 30, 2015.

**CITY OF GRANTS
MANAGEMENTS DISCUSSION AND ANALYSIS
JUNE 30, 2015**

Outstanding Bonds and Liabilities to Financial Institutions

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Notes payable						
Governmental	\$ 536,695	679,738	1,178,585	1,556,142	1,715,280	2,235,880
Revenue bonds	-	-	165,605	186,096	165,605	186,096
Equipment lease	-	52,936	-	-	-	52,936
Total	<u>\$ 536,695</u>	<u>732,674</u>	<u>1,344,190</u>	<u>1,742,238</u>	<u>1,880,885</u>	<u>2,474,912</u>

Economic Factors

The City of Grants base gross receipts taxes which are the City's largest resource increased by 11% from fiscal year 2014 to fiscal year 2015.

The City continues to insure that revenues are sufficient to meet budgeted obligations. The City makes every effort possible to ensure that the resources available are maximized to provide services to the public.

Requests for Information

This financial report is designed to provide a general overview of the City of Grants' finances for those interested in the government finances. Questions concerning any of the information provided in the report or request for additional information should be addressed to the City of Grants, City Manager at 600 West Santa Fe Avenue, Grants, New Mexico 87020.

BASIC FINANCIAL STATEMENTS

CITY OF GRANTS
STATEMENT OF NET POSITION
June 30, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 10,294,777	2,808,428	13,103,205
Cash held with trustee	220,735	-	220,735
Accounts receivable, net	40,608	576,181	616,789
Grant revenue receivable	95,124	-	95,124
Taxes and franchise receivable	2,032,989	-	2,032,989
Internal balances	19,645	174,605	194,250
Inventories	-	65,726	65,726
Total current assets	12,703,878	3,624,940	16,328,818
Noncurrent assets:			
Restricted assets:			
Cash - debt reserves	-	778,238	778,238
Cash - customer deposits	-	242,179	242,179
Capital assets:			
Capital assets not depreciated	9,186,228	3,053,732	12,239,960
Capital assets, depreciated	53,047,003	37,487,514	90,534,517
Accumulated depreciation	(18,381,349)	(23,792,093)	(42,173,442)
Total noncurrent assets	43,851,882	17,769,570	61,621,452
Total assets	56,555,760	21,394,510	77,950,270
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	421,044	24,059	445,103
LIABILITIES			
Current liabilities:			
Accounts payable	983,921	79,233	1,063,154
Accrued payroll	444,552	21,869	466,421
Customer deposits	-	246,232	246,232
Prepaid rents	-	234	234
Internal balances	174,605	19,645	194,250
Compensated absences	250,966	67,601	318,567
Bonds, notes and leases payable	148,849	395,391	544,240
Total current liabilities	2,002,893	830,205	2,833,098
Noncurrent liabilities			
Net pension liability	3,690,834	231,933	3,922,767
OPEB liability	689,806	-	689,806
Compensated absences	46,708	1,969	48,677
Bonds, notes and leases payable	387,846	948,799	1,336,645
Total noncurrent liabilities	4,815,194	1,182,701	5,997,895
Total liabilities	6,818,087	2,012,906	8,830,993
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	1,226,313	90,896	1,317,209
NET POSITION			
Net investment in capital assets	43,315,187	15,404,963	58,720,150
Restricted for:			
Debt service	523,030	778,238	1,301,268
Other purposes	3,267,692	242,179	3,509,871
Subsequent year's expenditures	721,197	-	721,197
Unrestricted	1,105,298	2,889,387	3,994,685
Total net position	\$ 48,932,404	19,314,767	68,247,171

The Notes to the Financial Statements are an integral part of this statement.

CITY OF GRANTS
STATEMENT OF ACTIVITIES
Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary government							
Governmental activities:							
General government	\$ 4,063,056	1,412,313	90,000	-	\$ (2,560,743)	-	(2,560,743)
Public safety	3,276,027	50,063	305,883	-	(2,920,081)	-	(2,920,081)
Public works	1,141,499	-	-	189,349	(952,150)	-	(952,150)
Health and welfare	920,736	17,927	698,761	-	(204,048)	-	(204,048)
Cultural and recreational	1,075,175	-	15,000	-	(1,060,175)	-	(1,060,175)
Interest and fees on long-term debt	18,117	-	-	-	(18,117)	-	(18,117)
Total governmental activities	10,494,610	1,480,303	1,109,644	189,349	(7,715,314)	-	(7,715,314)
Business-type activities:							
Utility	5,385,029	6,296,224	-	-	-	911,195	911,195
Golf	851,370	315,259	-	-	-	(536,111)	(536,111)
Rental	137,614	26,795	52,406	-	-	(58,413)	(58,413)
Airport	55,034	-	-	-	-	(55,034)	(55,034)
Interest and fees on long-term debt	32,028	-	-	-	-	(32,028)	(32,028)
Total business-like activities	6,461,075	6,638,278	52,406	-	-	229,609	229,609
Total primary government	\$ 16,955,685	8,118,581	1,162,050	189,349	\$ (7,715,314)	229,609	(7,485,705)
General Revenues							
Taxes:							
Gross receipts/state shared					\$ 7,765,849	-	7,765,849
Property					567,585	-	567,585
Lodgers' tax					405,892	-	405,892
Franchise tax					324,920	-	324,920
Investment income					11,100	4,765	15,865
Other					57,502	22,406	79,908
Sale of lots					25,300	-	25,300
Donations					1,819	-	1,819
Transfers							
Operating transfers, net					(194,772)	194,772	-
Capital transfers, net					(367,615)	367,615	-
Total general revenues and transfers					8,597,580	589,558	9,187,138
Change in net position					882,266	819,167	1,701,433
Net position (deficit), beginning of year, as previously stated					52,694,689	18,808,473	71,503,162
Restatements for net pension					(4,644,551)	(312,873)	(4,957,424)
Net position (deficit), beginning of year, as restated					<u>48,050,138</u>	<u>18,495,600</u>	<u>66,545,738</u>
Net position (deficit), end of year					\$ 48,932,404	19,314,767	68,247,171

The Notes to the Financial Statements are an integral part of this statement.

**CITY OF GRANTS
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015**

	Major Funds			Total Governmental Funds
	General Fund	General Government Improvements	Nonmajor Governmental Funds	
ASSETS				
Pooled cash investments	\$ 6,576,820	164,557	3,553,400	10,294,777
Cash held with trustee	-	-	220,735	220,735
Accounts receivable, net allowance	1,979,570	33,775	60,252	2,073,597
Grant revenue receivable	9,621	58,643	26,860	95,124
Due from other funds	2,130,375	-	-	2,130,375
Total assets	\$ 10,696,386	256,975	3,861,247	14,814,608
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 169,862	794,898	19,161	983,921
Accrued payroll	437,938	-	6,614	444,552
Due to other funds	-	2,258,438	26,897	2,285,335
Total liabilities	607,800	3,053,336	52,672	3,713,808
Fund Balances:				
Restricted	721,197	-	3,790,722	4,511,919
Assigned	16,184	-	20,355	36,539
Unassigned	9,351,205	(2,796,361)	(2,502)	6,552,342
Total fund balances	10,088,586	(2,796,361)	3,808,575	11,100,800
Total liabilities and fund balances	\$ 10,696,386	256,975	3,861,247	14,814,608

The Notes to the Financial Statements are an integral part of this statement.

CITY OF GRANTS
RECONCILIATION OF THE FUND BALANCE OF GOVERNMENTAL
FUNDS TO GOVERNMENTAL ACTIVITIES NET POSITION
June 30, 2015

Fund Balance of Governmental Funds		\$ 11,100,800
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.		43,851,882
Some liabilities are not due and payable in the current period and therefore, are not reported in the funds.		
Net pension liability	(3,690,834)	
OPEB liability	(689,806)	
Compensated absences	(297,674)	
Notes, bonds and leases payable	(536,695)	
	<u> </u>	(5,215,009)
Deferred outflows and inflows or resources related to pension are applicable to future periods and, therefore are not reported in the funds		
Deferred outflows of resources related to pensions	421,044	
Deferred inflows of resources related to pensions	(1,226,313)	
	<u> </u>	<u> </u>
		(805,269)
Net position of governmental activities		<u><u>\$ 48,932,404</u></u>

The Notes to the Financial Statements are an integral part of this statement.

**CITY OF GRANTS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2015**

	Major Funds			Total Governmental Funds
	General Fund	General Government Improvements	Nonmajor Governmental Funds	
Revenues				
Intergovernmental - federal	\$ 14,737	157,577	306,648	478,962
Intergovernmental - state	91,891	31,772	613,768	737,431
Intergovernmental - other	50,200	-	32,400	82,600
Property tax	567,585	-	-	567,585
State shared taxes and municipal taxes	7,674,207	-	91,642	7,765,849
Lodgers' tax	-	-	405,892	405,892
Licenses and permits	64,006	-	-	64,006
Fines	17,265	-	-	17,265
Franchise tax	324,920	-	-	324,920
Fees, service charges, and rental revenue	1,322,961	8,081	67,990	1,399,032
Investment income	7,503	-	3,597	11,100
Sales of lots	15,180	-	10,120	25,300
Donations	749	-	1,070	1,819
Miscellaneous	57,137	-	365	57,502
Total revenues	10,208,341	197,430	1,533,492	11,939,263
Expenditures				
Current:				
General government	3,044,064	179,288	59,719	3,283,071
Public safety	2,829,012	-	331,096	3,160,108
Public works	695,260	-	-	695,260
Health and welfare	-	-	839,449	839,449
Cultural and recreational	738,980	-	336,195	1,075,175
Capital outlay	12,602	1,619,628	68,302	1,700,532
Debt Service:				
Principal	-	-	143,043	143,043
Interest and other charges	-	-	18,117	18,117
Total expenditures	7,319,918	1,798,916	1,795,921	10,914,755
Revenues over (under) expenditures	2,888,423	(1,601,486)	(262,429)	1,024,508
Other Financing Sources (Uses)				
Operating transfers in	-	-	1,238,749	1,238,749
Operating transfers out	(967,986)	-	(465,535)	(1,433,521)
Capital transfer in	-	-	-	-
Capital transfer out	-	(367,615)	-	(367,615)
Total other financing sources (uses)	(967,986)	(367,615)	773,214	(562,387)
Net change in fund balances	1,920,437	(1,969,101)	510,785	462,121
Fund balances, beginning of year	8,168,149	(827,260)	3,297,790	10,638,679
Fund balances - end of year	\$ 10,088,586	(2,796,361)	3,808,575	11,100,800

The Notes to the Financial Statements are an integral part of this statement.

**CITY OF GRANTS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2015**

Net change in fund balances - Governmental Funds \$ 462,121

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

Governmental funds report capital outlay 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. This is the amount by which depreciation expense exceeded capital outlay in the current period.

Depreciation expense	(1,400,155)	
Capital outlay	<u>1,700,532</u>	
Excess of depreciation expense over capital outlay		300,377

Loan proceeds are recorded as other financing sources in the governmental funds but are shown as liabilities in the statement of net position.	143,043
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Some expenses (or reduction thereof) 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 - accrued compensated absences.	(20,965)
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City pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the City's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.

Pension expense	148,448
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Net unpaid annual required contribution for OPEB plan creates a long-term liability not recorded in governmental funds.	<u>(150,758)</u>
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Change in net position of governmental activities	<u><u>\$ 882,266</u></u>
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The Notes to the Financial Statements are an integral part of this statement.

**CITY OF GRANTS
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
GENERAL FUND
Year Ended June 30, 2015**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
Revenues				
Taxes	\$ 4,378,750	4,378,750	565,783	(3,812,967)
State shared taxes and municipal taxes	2,591,541	2,591,541	6,829,047	4,237,506
Franchise fees	315,000	315,000	329,345	14,345
Intergovernmental revenue	170,534	170,534	157,201	(13,333)
Fine and forfeits	55,000	55,000	98,179	43,179
Licenses and permits	18,750	18,750	22,855	4,105
Charges for Services	48,175	48,175	81,779	33,604
Investment income	12,000	12,000	7,503	(4,497)
Miscellaneous	1,033,250	1,033,250	1,225,127	191,877
Total revenues	8,623,000	8,623,000	9,316,819	693,819
Expenditures				
Current:				
General government	4,353,119	4,353,119	2,973,440	1,379,679
Public safety	2,609,609	2,609,609	2,822,608	(212,999)
Public works	738,631	738,631	672,849	65,782
Cultural and recreational	306,056	306,056	743,312	(437,256)
Health and welfare	-	-	-	-
Capital outlay	-	-	12,604	(12,604)
Total expenditures	8,007,415	8,007,415	7,224,813	782,602
Excess (deficiency) of revenues over expenditures	615,585	615,585	2,092,006	1,476,421
Other Financing Sources (Uses)				
Operating transfers in	-	-	-	-
Operating transfers out	(1,475,153)	(1,475,153)	(967,986)	507,167
Total other financing sources (uses)	(1,475,153)	(1,475,153)	(967,986)	507,167
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$ (859,568)	(859,568)	1,124,020	1,983,588
Budgetary - GAAP Reporting Reconciliation:				
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (budgetary)			\$ 1,124,020	
Adjustments for revenue accruals, transfers, earnings on investments			891,520	
Adjustments for expenditures for payables, inventory, other expenditure accruals			(95,103)	
Net change in fund balance (GAAP Basis)			\$ 1,920,437	

The Notes to the Financial Statements are an integral part of this statement.

CITY OF GRANTS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2015

	Utilities	Nonmajor Proprietary Funds	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 2,777,926	30,502	2,808,428
Accounts receivable - other	-	11,054	11,054
Accounts receivable - tenants (net of allowance)	-	2,885	2,885
Accounts receivable, water and sewer (net of allowance)	562,242	-	562,242
Inventory	65,726	-	65,726
Due from other funds	168,438	6,167	174,605
Total current assets	3,574,332	50,608	3,624,940
Non-Current Assets			
Restricted Assets:			
Cash debt reserves	778,238	-	778,238
Cash customer deposits	242,179	-	242,179
Total restricted assets	1,020,417	-	1,020,417
Capital Assets:			
Capital assets - not depreciated	3,007,008	46,724	3,053,732
Capital assets - depreciated	34,076,856	3,410,658	37,487,514
Less accumulated depreciation	(21,549,576)	(2,242,517)	(23,792,093)
Net capital assets	15,534,288	1,214,865	16,749,153
Total assets	20,129,037	1,265,473	21,394,510
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	\$ 14,805	9,254	24,059

CITY OF GRANTS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS (CONTINUED)
June 30, 2015

	Utilities	Nonmajor Proprietary Funds	Total
LIABILITIES			
Current Liabilities:			
Accounts payable	\$ 36,868	42,365	79,233
Accrued payroll	9,922	11,947	21,869
Tenant security deposits/utility deposits	241,982	4,250	246,232
Prepaid rents	-	234	234
Due to other funds	19,645	-	19,645
Current portion of compensated absences	43,422	24,179	67,601
Current portion of long-term debt/lease payable	395,391	-	395,391
Total current liabilities	747,230	82,975	830,205
Noncurrent Liabilities			
Net pension liability	142,728	89,205	231,933
Compensated absences	-	1,969	1,969
Bonds, notes and leases payable	948,799	-	948,799
Total noncurrent liabilities	1,091,527	91,174	1,182,701
Total liabilities	1,838,757	174,149	2,012,906
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	55,936	34,960	90,896
NET POSITION			
Net investment in capital assets	14,190,098	1,214,865	15,404,963
Restricted:			
Debt service	778,238	-	778,238
Customer deposits	242,179	-	242,179
Unrestricted	3,038,634	(149,247)	2,889,387
Total net position	\$ 18,249,149	1,065,618	19,314,767

The Notes to the Financial Statements are an integral part of this statement.

CITY OF GRANTS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2015

	Utilities	Nonmajor Proprietary Funds	Total
OPERATING REVENUES			
Water, sewer and refuse sales	\$ 6,296,224	-	6,296,224
Golf fees	-	314,284	314,284
Rental income	-	27,770	27,770
Total operating revenues	6,296,224	342,054	6,638,278
OPERATING EXPENSES			
Operating expenses	4,768,240	942,450	5,710,690
Depreciation	616,789	101,568	718,357
Total operating expenses	5,385,029	1,044,018	6,429,047
Net income (loss) from operations	911,195	(701,964)	209,231
NON-OPERATING REVENUES (EXPENSES)			
Federal grants and subsidies	-	52,406	52,406
Interest on investments	4,765	-	4,765
Interest expense	(32,028)	-	(32,028)
Other miscellaneous income (expense)	-	22,406	22,406
Total non-operating revenues (expenses)	(27,263)	74,812	47,549
Net income (loss) before contributions and transfers	883,932	(627,152)	256,780
Operating transfers in	139,772	490,000	629,772
Operating transfers (out)	(435,000)	-	(435,000)
Capital transfers in	342,151	25,464	367,615
Capital transfers (out)	-	-	-
Change in net position	930,855	(111,688)	819,167
Net position, beginning of year	17,510,831	1,297,642	18,808,473
Prior period restatement, pensions	(192,537)	(120,336)	(312,873)
Net position, beginning of year as restated	17,318,294	1,177,306	18,495,600
Total fund net position, at end of year	\$ 18,249,149	1,065,618	19,314,767

The Notes to the Financial Statements are an integral part of this statement.

**CITY OF GRANTS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended June 30, 2015**

	Utilities	Nonmajor Proprietary Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 6,383,791	329,269	6,713,060
Cash paid to suppliers	(4,322,505)	(431,853)	(4,754,358)
Cash paid to and on behalf of employees	(520,295)	(479,869)	(1,000,164)
Net cash provided (used) by operating activities	<u>1,540,991</u>	<u>(582,453)</u>	<u>958,538</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Grants and subsidies	-	63,372	63,372
Advances (to) from other funds	8,970	(2,005)	6,965
Transfers in (out)	(295,228)	435,000	139,772
Other miscellaneous income (expense)	-	66,440	66,440
Net cash provided (used) by noncapital financing activities	<u>(286,258)</u>	<u>562,807</u>	<u>276,549</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Purchase of property and equipment	-	(5,129)	(5,129)
Principal paid: revenue bonds/lease purchase/advances	(398,048)	(52,935)	(450,983)
Interest paid: revenue bonds/lease purchase/advances	(32,028)	-	(32,028)
Net cash provided (used) by capital and related financing activities	<u>(430,076)</u>	<u>(58,064)</u>	<u>(488,140)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received	4,765	-	4,765
Net cash provided (used) by investing activities	<u>4,765</u>	<u>-</u>	<u>4,765</u>
Net increase (decrease) in pooled cash	<u>829,422</u>	<u>(77,710)</u>	<u>751,712</u>
Pooled cash and investments, beginning of year	2,968,921	108,212	3,077,133
Pooled cash and investments, end of year	<u>\$ 3,798,343</u>	<u>30,502</u>	<u>3,828,845</u>
Cash and cash equivalents	\$ 2,777,926	30,502	2,808,428
Restricted cash	1,020,417	-	1,020,417
Total cash	<u>\$ 3,798,343</u>	<u>30,502</u>	<u>3,828,845</u>
Non Cash Transactions:			
Capital assets transferred in/(out)	\$ 342,151	25,464	367,615

The Notes to the Financial Statements are an integral part of this statement.

CITY OF GRANTS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND (CONTINUED)
Year Ended June 30, 2015

	Utilities	Nonmajor Proprietary Funds	Total
Reconciliation of operating income to net cash provided (used) by operating activities			
Operating income (loss)	\$ 911,195	(701,964)	209,231
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	616,789	101,568	718,357
Net pension related adjustments	(8,678)	(5,425)	(14,103)
Change in assets and liabilities			
(Increase) decrease in assets:			
Accounts receivable	80,392	(12,652)	67,740
Inventories	-	-	-
Other charges	-	-	-
Prepays	-	-	-
Increase (decrease) in liabilities:			
Accounts and contracts payable	(82,772)	39,394	(43,378)
Wages payable	3,696	3,799	7,495
Compensated absences	13,194	(7,040)	6,154
Tenant deposits/utility deposits	7,175	-	7,175
Tenants prepaid rent	-	(133)	(133)
Total adjustments	<u>629,796</u>	<u>119,511</u>	<u>749,307</u>
Net cash provided (used) by operating activities	<u>\$ 1,540,991</u>	<u>(582,453)</u>	<u>958,538</u>

The Notes to the Financial Statements are an integral part of this statement.

CITY OF GRANTS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
June 30, 2015

ASSETS

Cash, certificates of deposit and investments \$ 26,865

Total assets **\$ 26,865**

LIABILITIES

Due to others \$ 26,865

Total liabilities **\$ 26,865**

The Notes to the Financial Statements are an integral part of this statement.

**CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The municipality was originally incorporated in the year 1941 as the Town of Grants. On October 20, 1966, an ordinance was adopted pursuant to Section 14-1-3, New Mexico Statutes, 1952 Annotated, as amended proclaiming the Town as City of Grants (the "City") effective December 1, 1966. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: Public Safety - (Police, Fire, and Emergency Ambulance), Highways and Streets, Sanitation, Health and Social Services, Culture-Recreation, Water and Sewer Facilities, Housing, Public Improvements, Planning and Zoning, and General Administrative Services. The City operates the following enterprises: water, sewer, public housing, airport and a golf course.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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 the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statement. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The more significant of the City's accounting policies are described below.

A. Financial Reporting Entity

In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB 14. The basic but not the only criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the City and/or its citizens, or whether the activity is conducted within the geographic boundaries of the City and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the City is able to exercise oversight responsibilities.

Based upon the application of these criteria, no component units were included in the financial statements.

**CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements

Government-Wide Statements — The statement of net position and the statement of activities display information about the primary government (the City). These statements include the financial activities of the overall government, except for fiduciary fund activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. All assets, liabilities and deferred outflows and inflows of resources are included in the statement of net position. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements — The fund financial statements provide information about the City's funds, including its fiduciary funds. Separate statements for each fund category (governmental, proprietary, and fiduciary) are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

C. Financial Statement Presentation

The financial transactions of the City are maintained on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenues, expenditures or expenses, and other financing sources or uses. Government resources are allocated to, and accounted for, in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are summarized by type in the accompanying financial statements.

The financial reporting model sets forth minimum criteria for the determination of major funds based on a percentage of the assets, liabilities, revenues, or expenditures/expenses of either fund category or governmental and enterprise combined.

**CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Financial Statement Presentation (Continued)

Governmental Fund Types. All governmental fund types are accounted for on a spending or financial measurement focus. Only current assets and liabilities are generally included on their balance sheets. Their reported fund balance (net current position) is considered a measure of available spendable resources. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current position. Accordingly, they are said to present a summary of sources and uses of available spendable resources during a period. Due to their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by noncurrent liabilities. Since they do not affect net current position, such long-term amounts are not recognized as governmental fund type expenditures. The following is a description of the Governmental Funds of the Board.

The City reports the general fund as a major governmental fund:

General Fund. The General Fund is the general operating fund of the City. It is used to account for all financial resources of the general government, except those required to be accounted for in another fund.

The City reports the following major funds:

General Government Improvements Fund. Accounts for construction and improvements funds received from various sources for the improvement of City properties.

Enterprise - Utilities Fund. Accounts for the provision of water, sewer, and refuse services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including but not limited to, administration, operation, maintenance, financing and related debt service, and billing and collection.

Fiduciary Funds. Agency Funds are used to account for monies held by the City in a custodial capacity. They do not report operations or have a measurement focus.

D. Measurement Focus and Basis of Accounting

Government-Wide, Proprietary, and Fiduciary Fund Financial Statements — the government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange transactions are recognized when the exchange takes place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from sales taxes and franchise taxes are recognized if they are collected within sixty days after year-end. These derived tax revenues are recognized when the underlying transaction takes place (when the retail sale is generated). Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

**CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

Governmental Fund Financial Statements - Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, sales taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

E. Budgets and Budgetary Accounting

The City Council adopts an annual budget for the General, Special Revenue, Capital Projects, Enterprise, and Debt Service Funds, which are prepared by management and approved by the City Council and by the Local Government Division of the Department of Finance and Administration.

These budgets are prepared on the non-GAAP cash basis, excluding encumbrances, and secure appropriation of funds for only one year. The legal level of budgetary control for local governments is at the fund level. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year. Because the budget process in the State of New Mexico requires that the beginning cash balances be appropriated in the budget of the subsequent fiscal year, such appropriated balance is legally restricted and is therefore used in the calculation to determine the balance.

Actual expenditures may not exceed the budget on a fund basis, i.e. budgeted expenditures must be within budgeted amounts. Budgets may be amended in two ways. All budget transfers that will exceed a cumulative of five percent of a department's total budget require approval from the Local Governmental Division of the Department of Finance and Administration. Transfers that do not exceed the five percent limit require approval by the City Council. Resolutions for budget increases will only be approved in the event of an emergency.

The budgets for the Housing Authority follow HUD requirements in that certain programs are not budgeted (Vouchers program) and other program budgets are guidelines only and therefore, budgets are not amended.

The budgetary information presented in these financial statements has been amended in accordance with the above procedures.

**CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgets and Budgetary Accounting (Continued)

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

Prior to June 1, the City submits a proposed budget to the Local Government Division of the Department of Finance and Administration. The budget submitted has been approved by the City Council after presentation by the City Manager. The operating budget includes proposed expenditures and the means of financing them.

The Local Government Division, in relation to the City, shall:

- a. Examine each proposed budget, and on or before July 1 of each year, approve and certify to the City an operating budget for use pending approval of final budget.
- b. Hold public hearings on proposed budgets.
- c. Make such corrections; revisions, and amendments to proposed budgets as may be necessary to meet the requirements of law.
- d. Certify a final budget for the City prior to the first Monday in September of each year. Such budgets, when approved, shall be binding upon all tax officials of the State.
- e. Upon the approval of the Secretary of Finance and Administration, authorize the transfer of funds from one budget item to another budget item when such transfer is required or an emergency condition exists meriting such transfer and such transfer is not prohibited by law. In case of emergency necessitating the expenditures for item or items not provided for in the budget, upon approval of the Secretary of Finance and Administration, the budget may be revised to authorize such expenditures.
- f. With written approval of the Secretary of Finance and Administration and the Attorney General, increase the total budget of the City in the event the City undertakes an activity, service, project, or construction program which was not contemplated at the time the final budget was adopted and approved and which activity, service, project, or construction program will produce sufficient revenue to cover such increase in the budget or the City has surplus funds on hand not necessary to meet the expenditures provided for in the budget with which to cover such increase in the budget.
- g. Supervise the disbursement of funds to the end that expenditures will not be made in excess of budgeted items or for items not budgeted, and that there will not be illegal expenditures.
- h. Prescribe the form for all budgets, books, records, and accounts for the City.
- i. With the approval of the Secretary of Finance and Administration, make rules and regulations relating to budgets, records, reports, handling and disbursement of public funds, or in any manner relating to the financial affairs of the City.

**CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgets and Budgetary Accounting (Continued)

The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council and the Local Government Division of the Department of Finance and Administration (DFA). Unexpended budget appropriations lapse at year-end.

Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Fund.

F. Cash Equivalents

The City pools idle cash from all funds for the purpose of increasing income through investment activities. A "Pooled Cash" concept is used in maintaining the cash and investment accounts in the accounting records. Under this method, all cash is pooled for investment purposes and each fund has equity in the pooled amount.

For purposes of the Statement of Cash Flows, the proprietary fund type considers all highly liquid investments with maturity of three months or less when purchased to be cash equivalents.

G. Investments

The City's investments are regulated by state law, as well as by guidelines and rules promulgated by the State investment Council and the State Treasurer. All investments are generally highly liquid in nature and are integrated with cash on the financial statements with appropriate disclosure. Investments are stated at fair value, which is determined using selected bases. Certificates of deposit are reported at carrying amount, which reasonably estimates fair value. Additional cash, investment information, and fair values are presented in Note 2.

The City participates in the State Treasurer Local Government Investment Pool. This pool is regulated by state law and regulations. Investment in the pool is reported at carrying amount, which reasonably estimates fair value.

H. Receivables and Payables

Under generally accepted accounting principles the City would normally include property taxes receivable subsequent to sixty days after year-end as revenue and accounts receivable. Cibola County has been unable to determine this amount as of June 30, 2015 and therefore, this amount has not been recorded on the records of the City. The unrecorded revenue is not material to the financial statements as of June 30, 2015.

Accrued expenses are accrued payroll and payroll related liabilities (withheld taxes and deductions).

**CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Proprietary Fund Types

Accounts receivable consists of charges to users for utility services provided, and for unpaid charges from customers of the golf course, and for rental assistance provided to citizens.

Management has determined that accounts receivable are fully collectible at June 30, 2015 with the exception of certain receivables from utility services provided to customers. Accordingly, a \$39,499 allowance for doubtful accounts has been recorded in the Joint Utility Enterprise Fund.

J. Inventories

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased. Inventory in the Utilities Fund consists of expendable supplies held for consumption.

K. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. The City defines capital assets as assets with lives greater than one-year and a cost or donated value of \$5,000 or greater in accordance with New Mexico State Statutes.

Donated capital assets are recorded at their estimated fair value at the date of donation. Infrastructure assets have been recorded (predominantly roads and utilities). The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Land improvements	10 — 50
Infrastructure	25 — 50
Buildings and improvements	30 — 50
Machinery and Equipment	3 — 15

The City has not capitalized library books as their net book value has been determined to be immaterial.

It is the policy of the City to capitalize interest for construction projects incurred through the proprietary funds.

**CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Property Taxes

The City of Grants receives property taxes from the Cibola County Treasurer for operational purposes. Property taxes are assessed on January 1 of each year, except on livestock, and are payable in two equal installments on November 10th of the year in which the tax bill is prepared and April 10th of the following year, with the levies becoming delinquent 30 days thereafter. The authorized municipal tax rate for general operating purposes is .004399 per \$1,000 of net taxable value of residential and .004555 for non-residential property allocated to the municipality. In addition, tax levies are authorized by statute to service payments due on general obligation bonds which have been authorized pursuant to state law. Currently, the City has no outstanding general obligation bonds.

M. Compensated Absences

The City allows employees to accrue annual leave based on years of service. Upon termination, accrued annual leave is paid in full. Employees are eligible to be paid half of their accrued sick leave up to 240 hours upon termination.

As of June 30, 2015, the liability for accrued compensated absences is \$367,244. The amount applicable to the Enterprise Funds Utility is \$43,422, and Nonmajor Proprietary Funds of \$26,148. The amount applicable to Government Activities is \$297,674. These liabilities will be liquidated as leave time is utilized from the various funding sources from which each employee is paid.

N. Net Position / Fund Balances

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets is intended to reflect the portion of net assets which are associated with non-liquid, capital assets less outstanding debt. The net related debt is the debt less outstanding liquid assets and any associated unamortized cost.

Restricted net assets consists of net asset with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. In fiscal year 2011, the City of Grants enacted legislation to create a special gross receipt tax. The legislation specified that the proceeds of this tax could be used only to finance street and parks improvements. The city determined that the restriction was legally enforceable. The government-wide statement of net position prepared by the City for the year ended June 30, 2015, included \$2,121,461 of net position restricted by enabling legislation for street and parks improvements.

Unrestricted net assets are all other net assets that do not meet the definition of “restricted” or “net investment in capital assets”.

**CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Net Position / Fund Balances (Continued)

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

In the fund financial statements, the Board has adopted Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement is intended to enhance the usefulness of fund balance information by providing clearer fund balance classifications and clarifying the existing fund balance definitions.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below:

Nonspendable: Consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted: Consists of amounts that are restricted to specific purposes as a result of a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purpose stipulated in the legislation. Legal enforceability means that a government can be compelled by an external party — such as citizens, public interest groups, or the judiciary - to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed: Consist of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (for example, legislation, resolution, ordinance) it employed to previously commit those amounts.

Assigned: Consist of amounts that are constrained by the government's *intent* to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

Unassigned: Represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

**CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Net Position / Fund Balances (Continued)

The classification of governmental fund balances is as follows:

	Major Funds			Total
	General Fund	Capital Projects Fund GGI	Other Funds	
Fund Balances:				
Restricted for:				
Cemetery care	\$ -	-	117,905	117,905
Health and social services	-	-	15,663	15,663
Streets and parks	-	-	2,748,384	2,748,384
Housing	-	-	17,283	17,283
Fire protection	-	-	28,184	28,184
Library	-	-	18,835	18,835
Law enforcement and correction	-	-	59,268	59,268
Recreation and promotions	-	-	259,668	259,668
Debt service	-	-	523,030	523,030
Subsequent year's expenditures	721,197	-	-	721,197
Assigned to:				
Senior activities	-	-	20,355	20,355
Retiree healthcare	16,184	-	-	16,184
Unassigned	9,351,205	(2,796,361)	-	6,554,844
Total net position	\$ 10,088,586	(2,796,361)	3,808,575	11,100,800

According to New Mexico State Statute and the New Mexico Department of Finance and Administration (DFA), the City is required to reserve 1/12th of the General Fund's budgeted expenditures for subsequent year expenditures as a reserve requirement. These balances are reported as restricted to subsequent year's expenditures in the General Fund. Reserves can be spent during the course of the fiscal year as long as they are replenished by fiscal year-end.

O. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the 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 PERA, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Use of 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Q. Implementation of New Accounting Standards

During fiscal year 2015, the Board adopted the following GASB Statements:

- GASB 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statements No. 27*, this Statement addresses accounting and financial reporting for pension that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts.
- GASB 69, *Government Combinations and Disposals of Government Operations*, which distinguishes between a government merger and a government acquisition and establishes accounting and financial reporting standards related to government combinations and disposals of government operations. This statement did not apply to the Department.
- GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date (Amendment to GASB 68)*, which improves accounting and financial reporting by addressing an issue in Statement No. 68, *Accounting and Financial Reporting for Pensions*, concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement by employers and nonemployer contributing entities.

Subsequent accounting standards that the Board is currently reviewing for applicability and potential impact on the financial statements include:

- GASB 72, *Fair Value Measurement and Application*, this Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This Statement will be effective for the year ended June 30, 2016.
- GASB 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, the objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement will be effective for the year ended June 30, 2016.

**CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Implementation of New Accounting Standards (Continued)

- GASB 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, the objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement will be effective for the year ended June 30, 2017.
- GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement will be effective for the year ended June 30, 2018.
- GASB 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement will be effective for the year ended June 30, 2016.
- GASB 77, *Tax Abatement Disclosures*, this Statement requires governments that enter into tax abatement agreements to disclose certain information about the agreements. This Statement will be effective for the year ended June 30, 2017.

**CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 2. CASH AND INVESTMENTS

The City's cash balances are reserved from subsequent years and consist of demand deposits, certificates of deposit, and short-term investment funds. The certificates of deposit have varying interest rates and maturity dates. The majority of the City's cash and investments are co-mingled. All interest income is accounted for in the related funds.

The City's investments are governed by state law. State regulations require that uninsured demand deposits and deposit-type investments such as certificates of deposit be collateralized by the depository thrift or banking institution. At present, state statutes require that a minimum of fifty percent of uninsured balances on deposit with any one institution must be collateralized, with higher requirements up to 100% for financially troubled institutions.

The City's investment in the Local Government Investment Pool (LGIP) was not rated, although the securities within the pool are rated.

- a. The investments are valued at fair value based on quoted market prices as of the valuation date;
- b. The State Treasurer Local Government Investment Pool is not SEC registered. The State Treasurer is authorized to invest the short-term investment funds with the advice and consent of the State Board of Finance in accordance with Sections 6-10-10 I through 6-10-10 P and Sections 6-10-10 1A and E, NMSA 1978.
- c. The pool does not have unit shares. Per Section 6-10-10.1F, 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 fund were invested; and
- d. Participation in the local government investment pool is voluntary.
- e. Separately issued financial statements are available from the New Mexico State Treasurer that does disclose the collateral pledged to secure State Treasurer cash and investments.

Concentration of Credit Risk — Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City's policies place no limit on the amount the City may invest in any one issuer.

Credit Risk— The City's investments shall be in accordance with State Law, 6-10-10, and 6-10-10.1 NMSA 1978, including but not limited to the following: Treasury Bills, Notes, Bonds, Strips, and US Government securities which are backed by the full faith and credit of the U.S. Government. Negotiable securities of the State of New Mexico or any county, municipality, or school district with the advice and consent of the Board of Finance per 6-10-44 NMSA 1978, 6-10-10FNMSA 1978, 6-10-10NMSA 1978. With respect to credit risk, the LGIP is rated AAAM by Standard & Poor's. Therefore the LGIP reports AAAM for credit risk. Public funds are not required to disclose custodial credit risk for external investment pools. Therefore, the LGIP is exempt from this requirement.

**CITY OF GRANTS
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015**

NOTE 2. CASH AND INVESTMENTS (CONTINUED)

Interest Rate Risk — Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the City investments. The City's investment policy follows New Mexico State Statute Section 6-10-36E (NMSA, 1978 Comp) requiring the interest rate on time deposits shall not be less than the rate fixed by the State Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States Treasury bills of the same maturity on the day of deposit. The LGIP's weighted average maturity (WAM) at June 30, 2015 was 54.6 days WAM (R); 77.7 days WAM(F).

Foreign Currency Risk - The City is not exposed to the risk that changes in exchange rates will adversely affect the fair value of an investment as none of the investments pools nor certificates of deposit are dominated in a foreign currency.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2015, \$926,058 of the government's bank balances of \$9,452,260 was exposed to custodial credit risk as follows:

Uninsured public funds	\$ 8,492,308
Pledged collateral held by pledging bank's trust	
Department or agent but not in City's name	<u>(7,566,250)</u>
Uninsured and uncollateralized	<u>\$ 926,058</u>

NOTE 3. ACCOUNTS RECEIVABLE – PROPRIETARY FUNDS

Accounts receivable in the Utility fund represents billings for refuse, waste water and water fees, and for uncollected rents. It is management's policy to disconnect water service for non-payments. Accounts receivable in the Golf course consists of credit card payments processed, but not yet received. Accounts receivable for the Housing Authority consists of unpaid tenant charges for rent.

Accounts receivable is comprised of the following at June 30, 2015:

	Utility	Golf Course	Housing Authority Low Rent
Accounts receivable	\$ 601,741	643	5,311
Allowance for uncollectible accounts	<u>(39,499)</u>	-	<u>(2,426)</u>
	<u>\$ 562,242</u>	<u>643</u>	<u>2,885</u>

**CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 4. CAPITAL ASSETS

Capital asset activity for the City's primary government for the year ended June 30, 2015 was as follows:

	Balance 6/30/2014	Additions	Deletions	Transfers	Balance 6/30/2015
Governmental Activities:					
Capital Assets:					
Non-Depreciable					
Art	\$ 122,897	-	-	-	122,897
Land	3,420,503	12,602	-	-	3,433,105
Construction in Progress	4,912,993	1,241,338	-	(524,105)	5,630,226
Depreciable:					
Buildings	12,185,479	7,016	(1,189)	-	12,191,306
Land improvements	5,814,900	36,304	-	524,105	6,375,309
Machinery & equipment	7,279,458	332,446	-	(15,161)	7,596,743
Infrastructure	26,812,819	70,826	-	-	26,883,645
Total	\$ 60,549,049	1,700,532	(1,189)	(15,161)	62,233,231
Less Accumulated Depreciation:					
Buildings	\$ (4,288,137)	(282,006)	1,189	-	(4,568,953)
Land improvements	(1,601,296)	(167,202)	-	-	(1,768,498)
Machinery & equipment	(5,541,604)	(414,674)	-	15,161	(5,941,117)
Infrastructure	(5,566,508)	(536,273)	-	-	(6,102,781)
Total Accumulated Depreciation	\$ (16,997,545)	(1,400,155)	1,189	15,161	(18,381,349)
Net Capital Assets	\$ 43,551,504	300,378	-	-	43,851,882

Depreciation expense for governmental activities is \$1,400,155 for the year ended June 30, 2015.

**CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 4. CAPITAL ASSETS (CONTINUED)

Capital asset activity for the City's business-type activities for the year ended June 30, 2015 was as follows:

	Balance 6/30/2014	Additions	Capital Transfers	Deletions	Transfers	Balance 6/30/2015
Business-type Activities:						
Capital Assets:						
Non-Depreciable						
Land	\$ 2,309,374	-	-	-	-	2,309,374
Construction in Progress	89,825	-	136,319	-	-	226,144
Idle assets	392,602	-	-	-	-	392,602
Water rights	125,612	-	-	-	-	125,612
Depreciable:						
Buildings	2,062,547	4,014	-	-	-	2,066,561
Land improvements	4,077,265	-	22,432	-	-	4,099,697
Machinery & equipment	3,383,876	1,115	18,872	-	15,161	3,419,024
Infrastructure	27,712,240	-	189,992	-	-	27,902,232
Total	<u>\$ 40,153,341</u>	<u>5,129</u>	<u>367,615</u>	<u>-</u>	<u>15,161</u>	<u>40,541,246</u>
Less Accumulated Depreciation:						
Buildings	\$ (1,050,840)	(51,440)	-	-	-	(1,102,280)
Land improvements	(793,518)	(128,724)	-	-	-	(922,242)
Machinery & equipment	(2,784,031)	(146,890)	-	-	(15,161)	(2,946,082)
Infrastructure	(18,430,186)	(391,303)	-	-	-	(18,821,489)
Total Accumulated Depreciation	<u>\$(23,058,575)</u>	<u>(718,357)</u>	<u>-</u>	<u>-</u>	<u>15,161</u>	<u>(23,792,093)</u>
Net Capital Assets	<u>\$ 17,094,766</u>	<u>(713,228)</u>	<u>367,615</u>	<u>-</u>	<u>-</u>	<u>16,749,153</u>

Depreciation expense for business-type activities is \$718,357 for the year ended June 30, 2015.

Depreciation expense was charged to functions as follows:

	Governmental Activities	Business - Type Activities
General Government	\$ 608,261	-
Public Safety	169,991	-
Health and Welfare	85,627	-
Public works	536,275	-
Water	-	275,895
Sewer	-	340,894
Golf	-	67,780
Housing	-	33,788
Total	<u>\$ 1,400,154</u>	<u>718,357</u>

**CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 5. NOTES PAYABLE AND COMPENSATED ABSENCES

The following summarized the changes for government activities during 2015:

	Balance 06/30/2014	Additions	Deletion/ Transfers	Balance 06/30/2015	Amount Due within One Year
NMFA - museum	\$ 290,994	-	49,896	241,098	55,043
NMFA – fire truck	265,831	-	52,419	213,412	52,863
NMFA – street sweeper	122,913	-	40,728	82,185	40,943
Compensated absences	276,708	271,931	250,965	297,674	250,966
Total	\$ 956,446	271,931	394,008	834,369	399,815

Bonds and notes payable have been and are liquidated by gross receipts tax revenues. Accrued compensated absences have been liquidated in the past by the fund to which the employees are assigned.

Total interest expense associated with government debt listed above was \$18,117 for the year ended June 30, 2015.

Notes outstanding in governmental funds consist of the following:

Purpose:	Construction of building to be leased for use as museum
Date of Issue:	December 1, 1998
Original Issue:	\$844,445
Principal:	May 1
Interest:	November 1 and May 1
Rate:	3.150% - 5.150%
Pledged revenues:	Gross receipts tax intercept
Amortized as follows:	

Year Ended June 30,	Principal	Interest	Total
2016	\$ 55,043	11,801	66,844
2017	60,194	9,147	69,341
2018	60,350	6,210	66,560
2019	65,511	3,241	68,752
Totals	\$ 241,098	30,399	271,497

**CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 5. NOTES PAYABLE AND COMPENSATED ABSENCES (CONTINUED)

Purpose: Purchase of fire truck
 Date of Issue: March 7, 2014
 Original Issue: \$265,831
 Principal: May 1
 Interest: November 1 and May 1
 Rate: 9.366%
 Pledged revenues: Annual fire protection allotment
 Amortized as follows:

Year Ended June 30,	Principal	Interest	Total
2016	\$ 52,863	1,879	54,742
2017	53,106	1,636	54,742
2018	53,452	1,290	54,742
2019	53,991	750	54,741
Totals	<u>\$ 213,412</u>	<u>5,555</u>	<u>218,967</u>

Purpose: Purchase of street sweeper
 Date of Issue: August 17, 2012
 Original Issue: \$192,043
 Principal: May 1
 Interest: November 1 and May 1
 Rate: 1.23%
 Pledged revenues: Gross receipts tax intercept
 Amortized as follows:

Year Ended June 30,	Principal	Interest	Total
2016	\$ 40,943	337	41,280
2017	41,242	188	41,430
Totals	<u>\$ 82,185</u>	<u>525</u>	<u>82,710</u>

The annual principal payment requirement of debt outstanding as of June 30, 2015, in government actives, are summarized as follows:

Year Ended June 30,	Principal Payment	Interest	Total
2016	\$ 148,849	14,017	162,866
2017	154,542	10,970	165,512
2018	113,802	7,500	121,302
2019	119,502	3,992	123,494
Compensated absences	297,674	-	297,674
Totals	<u>\$ 834,369</u>	<u>36,479</u>	<u>870,848</u>

**CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 5. NOTES PAYABLE AND COMPENSATED ABSENCES (CONTINUED)

The following summarizes the changes in the business-type activities during 2015:

	Balance 06/30/2014	Additions	Deletion/ Transfers	Balance 06/30/2015	Amount Due within One Year
NMED – WW Facility	\$ 1,556,142	-	377,557	1,178,585	385,108
Revenue bonds	186,096	-	20,491	165,605	10,283
Leases payable	52,935	-	52,935	-	-
Compensated absences	63,416	92,240	86,086	69,570	67,601
Total	\$ 1,858,589	92,240	537,069	1,413,760	462,992

Total interest expense associated with business-type debt listed above was \$32,028 for the year ended June 30, 2015, which was related to the Utility fund.

Notes outstanding reported in proprietary funds at June 30, 2015 consist of the following:

New Mexico Environment Department Loan

Purpose: Construction and acquisition of equipment for waste water treatment plant
Original Issue: \$6,600,000
Principal: August 15
Interest: August 15
Rate: 3.00%
Pledged revenues: Net revenues of the City’s water and wastewater utility system
Amortized as follows:

Maturity	Principal	Interest	Total
2016	\$ 385,108	23,572	408,680
2017	392,810	15,870	408,680
2018	400,667	8,013	408,680
Totals	\$ 1,178,585	47,455	1,226,040

**CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 5. NOTES PAYABLE AND COMPENSATED ABSENCES (CONTINUED)

New Mexico Finance Authority – 194 WTB

Purpose: Construction of water system improvements along Nimitz Drive
Original Issue: \$168,438
Principal: June 1
Interest: December 1 and June 1
Rate: Zero plus .25% administrative fee
Pledged revenues: Net revenues of the City’s water and wastewater utility system
Amortized as follows:

Fiscal year ended June 30,	Principal	(Adm. Fee)	Total
		Interest	
2016	\$ 8,306	339	8,645
2017	8,327	318	8,645
2018	8,348	297	8,645
2019	8,369	276	8,645
2020	8,390	255	8,645
2021-2025	42,265	960	43,225
2026-2030	42,794	429	43,223
2031	8,621	22	8,643
Totals	\$ 135,420	2,896	138,316

New Mexico Finance Authority – 154 WTB

Purpose: Construction of water system improvements – First Street, Second Street, and Roosevelt Street
Original Issue: \$40,000
Principal: June 1
Interest: December 1 and June 1
Rate: Zero plus .25% administrative fee
Pledged revenues: Net revenues of the City’s water and wastewater utility system
Amortized as follows:

Fiscal year ended June 30,	Principal	(Adm. Fee)	Total
		Interest	
2016	\$ 1,977	75	2,052
2017	1,982	71	2,053
2018	1,987	66	2,053
2019	1,992	60	2,052
2020	1,997	56	2,053
2021-2025	10,060	203	10,263
2026-2030	10,190	77	10,267
Totals	\$ 30,185	608	30,793

**CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 5. NOTES PAYABLE AND COMPENSATED ABSENCES (CONTINUED)

Bank of the West - Lease

Purpose: To purchase golf carts
Original Issue: \$234,842
Principal: Monthly
Interest: Monthly
Rate: 5.75%

Grants State Bank - Lease

Purpose: To purchase golf course equipment
Original Issue: \$178,151
Principal: Monthly
Interest: Monthly
Rate: 5.75%

The following summarizes the combined aggregate maturities for long-term borrowing in the Proprietary Fund for the years following June 30, 2015:

Fiscal year ended June 30,	Principal	(Adm. Fee) Interest	Total
2016	\$ 395,391	23,986	419,377
2017	403,119	16,259	419,378
2018	411,002	8,376	419,378
2019	10,361	336	10,697
2020	10,387	311	10,698
2021-2025	52,325	1,163	53,488
2026-2030	52,984	506	53,490
2031	8,621	22	8,643
Compensated absences	69,570	-	69,570
Totals	\$ 1,413,760	50,959	1,464,719

**CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 6. INTERFUND TRANSACTIONS

Interfund transactions are reflected as either loans, services provided, reimbursements, or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and 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 noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances”.

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

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	General Government Improvements Fund	\$ 2,090,000
	Utility fund	19,645
	Nonmajor governmental funds.	<u>20,730</u>
		<u>2,130,375</u>
Utility Fund	General Government Improvements Fund	<u>168,438</u>
Nonmajor proprietary funds	Nonmajor governmental funds	<u>6,167</u>
Total		<u>\$ 2,304,980</u>

Balances resulted from loans made to cover operating cash deficits.

Transfers are indicative of funding for capital projects, lease payments or debt service, subsidies of various City operations and re-allocations of special revenues. The following schedule briefly summarizes the City’s transfer activity:

Operating Transfers:

<u>Transfers from:</u>	<u>Transfers to:</u>	<u>Amount</u>
General Fund	Utility fund	\$ 139,772
	Nonmajor proprietary funds	55,000
	Nonmajor governmental funds.	<u>773,214</u>
		<u>967,986</u>
Nonmajor governmental funds	Nonmajor governmental funds	<u>465,535</u>
Utility Fund	Nonmajor proprietary fund	<u>435,000</u>
Total		<u>\$ 1,868,521</u>

**CITY OF GRANTS
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015**

NOTE 6. INTERFUND TRANSACTIONS (CONTINUED)

Capital Transfers:

<u>Transfers from:</u>	<u>Transfers to:</u>	<u>Amount</u>
General Government Improvements Fund	Utility fund	\$ 342,151
	Nonmajor proprietary funds	<u>25,464</u>
Total		\$ <u>367,615</u>

NOTE 7. PENSION PLAN — PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

Plan description. Substantially all of the City's full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article I NMSA 1978). 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.

Contributions. The contribution requirements of defined benefit plan members and the City are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for 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. The PERA coverage options that apply to the City are: the Municipal General Division, the Municipal Police Division, and the Municipal Fire Division. Statutorily required contributions to the pension plan from the City were \$344,904 and employer paid member benefits that were “picked up” by the employer were \$0 for the year ended June 30, 2015.

**CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 7. PENSION PLAN — PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

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 members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred Inflows and Outflows were performed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members. 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 of 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 FY 2014 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 the Municipal General Division, at June 30, 2015, the City reported a liability of \$1,784,105 for its proportionate share of the net pension liability. At June 30, 2014, the City’s proportion was 0.2287 percent, 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 \$76,587. 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
Changes of assumptions	\$ -	(1,209)
Net difference between projected and actual earnings on pension plan investments	-	(697,989)
City contributions subsequent to the measurement date	<u>185,066</u>	<u>-</u>
Total	\$ 185,066	(699,198)

**CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 7. PENSION PLAN — PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

\$185,066 reported as deferred outflows of resources related to pensions resulting from City 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:

Year ended June 30:

2016	\$	(174,798)
2017		(174,798)
2018		(174,798)
2019		(174,798)
2020		(6)

For the Municipal Police Division, at June 30, 2015, the City reported a liability of \$1,022,954 for its proportionate share of the net pension liability. At June 30, 2014, the City's proportion was 0.3138 percent, 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 \$68,680. 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
Changes of assumptions	\$ -	(83,099)
Net difference between projected and actual earnings on pension plan investments	-	(380,379)
City contributions subsequent to the measurement date	<u>152,052</u>	<u>-</u>
Total	\$ <u>152,052</u>	(463,478)

**CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 7. PENSION PLAN — PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

\$152,052 reported as deferred outflows of resources related to pensions resulting from City 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:

Year ended June 30:

2016	\$	(115,766)
2017		(115,766)
2018		(115,766)
2019		(115,766)
2020		(414)

For the Municipal Fire Division, at June 30, 2015, the City reported a liability of \$1,115,708 for its proportionate share of the net pension liability. At June 30, 2014, the City's proportion was 0.2673 percent, 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 \$98,554. 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 38,731	-
Net difference between projected and actual earnings on pension plan investments	-	(154,533)
City contributions subsequent to the measurement date	<u>69,254</u>	<u>-</u>
Total	\$ 107,985	(154,533)

**CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 7. PENSION PLAN — PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

\$69,254 reported as deferred outflows of resources related to pensions resulting from City 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:

Year ended June 30:	
2016	\$ (28,998)
2017	(28,998)
2018	(28,998)
2019	(28,998)
2020	190

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 changes 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.

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 a statistical analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

**CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 7. PENSION PLAN — PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

ALL FUNDS - Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	21.1%	5.00%
International Equity	24.8	5.20
Private Equity	7.0	8.20
Core and Global Fixed Income	26.1	1.85
Fixed Income Plus Sectors	5.0	4.80
Real Estate	5.0	5.30
Real Assets	7.0	5.70
Absolute Return	<u>4.0</u>	4.15
Total	<u>100.0%</u>	

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 GASBS 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 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	\$ 3,363,440	1,784,105	563,994
Municipal Police Division:			
City's proportionate share of the net pension liability	\$ 1,950,775	1,022,954	330,163

**CITY OF GRANTS
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015**

NOTE 7. PENSION PLAN — PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

	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	\$ 1,576,412	1,115,708	775,921

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. The report is available at <http://www.pera.state.nm.us/publications.html>.

NOTE 8. POST-EMPLOYMENT BENEFITS

State retiree health care plan

The City of Grants has chosen not to participate in State Retiree Health Care Plan.

City of Grants retiree health insurance

A. Plan Description and-Funding Policy

Plan Description

The plan provides for health insurance for employees who retire from the City with at least 25 years of City service. Those eligible retirees receive an employer contribution of a fixed percentage (currently 85%) of the premium amount for pre-65 retiree coverage under the plan.

1. Plan Name

City of Grants Retiree Health Insurance Trust Fund

2. Plan Type

The Plan is an agent multiple-employer defined benefit OPEB plan.

**CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 8. POST-EMPLOYMENT BENEFITS (CONTINUED)

3. Contributions and Reserves

- a. The authority under which the obligations of the plan participants and employer are established and may be amended is possessed by the City.
- b. The employer and participant contribution rates are determined annually by the City based on the recommendations of the staff and consulting actuary.
- c. The plan is operated on a pay-as-you-go basis as of June 30, 2014.

4. Other Reporting

Because the OPEB plan described herein is not administered through a trust (as of June 30, 2011) as defined under Paragraph No.4 of GASB No. 43, GASB No. 43 accounting is not required for this plan for the fiscal year ending June 30, 2011 or thereafter.

B. Current Year Annual OPEB Cost, Employer Contributions and Net OPEB Obligation

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Interest on Net OPEB Obligation	Adjustment to the ARC	Annual OPEB Cost {(1)+(2)-(3)}	Employer Contributions	Increase (Decrease) in Net OPEB Obligation {(4)-(5)}	Net OPEB Obligation at Beginning of Year	Net OPEB Obligation at End of Year {(6)+(7)}
ARC	\$0	\$0	\$150,758	\$0	\$150,758	\$539,048	\$689,806

C. Three-year History of Annual OPEB Cost and Net OPEB Obligation

(1)	(2)	(3)	(4)	(5)
Fiscal Year Ending	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed {(3)/(2)}	Net OPEB Obligation at End of Year
6/30/2013	\$150,758	\$31,992	21.22%	\$388,290
6/30/2014	\$150,758	\$0	0%	\$539,048
6/30/2015	\$150,758	\$0	0%	\$689,806

D. Fund Status of the Plan as of Current Valuation Date

(1)	(2)	(3)	(4)	(5)	(6)	(7)
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (UAAL) {(3)-(2)}	Funded Ration {(2)/(3)}	Annual Covered Payroll	Ratio of UAAL to Covered Payroll {(4)/(6)}
7/1/2010	\$16,184	\$1,113,491	\$1,097,307	1.45%	\$3,353,114	32.73%

**CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 8. POST-EMPLOYMENT BENEFITS (CONTINUED)

E. Disclosure of Information about Actuarial Methods and Assumption

1. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.
2. The required schedule of funding progress immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.
3. GASB No. 45 calculations are based on the types of benefits provided under the terms of the substantive plan at the time-of each valuation and on the pattern of sharing of costs between the employer and plan participants to that point. In addition, the projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan participants in the future.
4. Actuarial calculations reflect a long-term perspective. In addition, consistent with that perspective, actuarial methods and assumptions used in developing the amounts in this report include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities.
5. The information presented in the required supplementary schedules was determined as part of the actuarial valuation using the actuarial methods and assumptions summarized below. The City has chosen to have an actuarial valuation every three years.

Summary of Actuarial Methods and Assumption	
Actuarial cost method	Project Unit Credit
Asset valuation method	Market
Actuarial assumption:	
Annual investment return assumption (discount rate)	4.00%
Project annual salary increases	N/A
Weighted-average at valuation date	N/A
Annual Healthcare Trend Rates	8.5% in FYE 2011 Declining to 6.00% in FYE 2016
Amortization method	Level dollar
Amortization period	30 year open period

1. Includes inflation assumption of 4.00%
2. Annual Healthcare Trend Rates for dental and vision benefits are 6.00% in all years.

The City has elected to terminate the plan effective July 1, 2014. The retired employees receiving benefits at that date will continue to receive benefits until they reach Medicare eligibility age.

**CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 9. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

Accounting principles generally accepted in the United States of America require disclosure, as part of the basic financial statements, of certain information concerning individual funds including:

Net Working Capital:

Enterprise Fund:

Utility	\$3,069,085
Golf Course	(\$70,063)
Housing Authority Low Rent	\$16,674
Airport	\$10,932

Deficit Fund Balance (or fund net position) of individual funds:

General Government Improvements	(\$2,796,361)
Senior Employment Program	(\$2,502)

The deficit will be funded by future funding and general fund transfers.

Excess of fund actual expenditures or transfers out over budget:

Fire Protection	(\$2,876)
Gasoline Road Tax	(\$5,000)
Law Enforcement Protection Fund	(\$1,167)
Lodgers Tax	(\$9,379)
Senior Companion Program	(\$2)
Senior Employment Program	(\$3,782)
Low rent	(\$5,865)
Airport	(\$55,034)

NOTE 10. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions and natural disasters for which the government carries commercial insurance. The City participants in the New Mexico Self-Insurers' Fund (the "Fund"). The Fund was created to formulate, develop, and administer a program of modified self-funding for the Fund's membership, obtain lower costs for insurance coverage, and develop a comprehensive loss control program. The City pays an annual premium to the Fund for its workers' compensation liability, general liability, auto liability, auto physical damage, and property coverage. The City's agreement with the Fund provides that the Fund will be self-sustaining through member premiums, and will provide, through commercial companies reinsurance contracts, individual stop loss coverage for member cities.

The City paid premiums of \$410,212 for the year ended June 30, 2015.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The liability for claims and judgments is reported in the General Long-Term Debt Account Group because it is not expected to be liquidated with expendable available financial resources.

**CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 10. RISK MANAGEMENT (CONTINUED)

Surety bonds are in force per the following schedule:

Insurance Company	Type of Bond	Coverage From - To	Coverage Limits
Western Surety	Blanket Position	10/01/2014	\$10,000 each on 45 positions including
		09/30/2015	Cashiers, Mayor, Councilmen, City Manager, Judge, various Directors, Secretaries, Clerks, etc.
Western Surety	NM PE Position	08/25/2014	City Manager - \$50,000
		08/24/2015	Municipal Judge - \$50,000
AIG Aviation Inc.	Airport Premises	07/01/2014	\$1,000,000 each occurrence
	Legal Liability Medical Payments	06/30/2015	\$50,000 each A/C, \$100,000 each occurrence, \$2,500 ded \$1,000 each person
Burlington	Golf Course		\$2,000,00 aggregate
Insurance	Liquor Liability		\$1,000,000 common occurrence

NOTE 11. COMMITMENTS AND CONTINGENCIES

Litigation. The City is a party to various claims and lawsuits arising in the normal course of business. The City is insured through the New Mexico Self Insurer's Fund. In the opinion of management, the resolution of these matters will not have a material adverse effect on the financial position of the City.

Grant Compliance. The City receives significant financial assistance from the State and U.S. Government. Entitlement to the resources is generally based on compliance with terms and conditions of the grant agreements and applicable state and federal regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by the grantor. Management estimates that no material liabilities will result from such audits.

Commitments. The City had outstanding construction contracts of \$2,463,046 with various contractors.

**CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 12. OPERATING LEASES

The City of Grants has entered into eight operating leases for copiers and peripherals in various locations with varying monthly payment amounts as follows:

<u>Description</u>	<u>Beginning</u>	<u>Ending</u>	<u>Estimated Expense in FY 2015</u>
Ricoh Aficio	09/2010	08/2014	\$ 255
Ricoh Aficio	06/2011	05/2015	4,455
Ricoh Aficio	02/2012	01/2016	1,443
IBM	04/2012	03/2015*	17,892
Ricoh Aficio	08/2012	07/2016	3,055
Ricoh Aficio	11/2012	10/2016	8,053
Konica Minolta	08/2014	07/2018	1,507
Ricoh Aficio	06/2015	05/2019	3,243
			<u>\$ 36,930</u>

*Continuing on a month to month lease after termination.
Actual lease expense was \$30,480 for the year ended June 30, 2015.

Future minimum lease payments are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal Payment</u>
2016	\$ 16,836
2017	7,826
2018	4,887
2019	3,246
Totals	<u>\$ 32,795</u>

All of the above leases contain provisions for termination in the event budgetary constraint prevent the City from meeting financial obligations under said leases.

**CITY OF GRANTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 14. CHANGE IN ACCOUNTING PRINCIPLE AND RELATED RESTATEMENT

Net position as of July 1, 2014, has been restated as follows for the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

Beginning net was restated for the following:

	Governmental Activities	Business-Type Activities
Net position as previously reported at June 30, 2014	\$ 52,694,689	18,808,473
Prior period adjustment-Implementation of GASB 68:		
Net pension liability (measurement date as of June 30, 2013)	(4,969,270)	(335,236)
Deferred outflows – City contributions made during fiscal year 2014	<u>324,719</u>	<u>22,363</u>
Total prior period adjustment	<u>(4,644,551)</u>	<u>(312,873)</u>
Net position as restated June 30, 2014	<u>\$ 48,050,138</u>	<u>18,495,600</u>

NOTE 15. SUBSEQUENT EVENTS

The City has evaluated subsequent events through December 14, 2015, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF GRANTS
 RETIREE HEALTH CARE PLAN
 SCHEDULE OF FUNDING PROGRESS
 June 30, 2015**

	6/30/2013	6/30/2014	6/30/2015
A. Schedule of Funding Progress			
1 Actuarial Valuation Date	July 1, 2010	July 1, 2010	July 1, 2010
2 Actuarial Value of Assets	63,984	42,502	16,184
3 Actuarial Accrued Liability	1,113,491	1,113,491	1,113,491
4 Unfunded Actuarial Accrued Liability (3 - 2)	1,049,507	1,070,989	1,097,307
5 Funded Ratio (2/3)	5.75%	3.82%	1.45%
6 Annual Covered Payroll	2,959,872	2,879,712	3,353,114
7 Ratio of UAAL to Covered Payroll (4/6)	35.46%	37.19%	32.73%

B. Significant Factors Affecting the Comparability of Amounts Reported

Because this is the first actuarial valuation for the plan, there are no such factors to be identified. The City would have had their next valuation as of July 1, 2014 for the fiscal year end reporting period of June 30, 2015, however the City has elected to terminate the plan effective July 1, 2014. The retired employees receiving benefits at the date of termination will continue to receive benefits until they reach Medicare eligibility age.

**CITY OF GRANTS
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION
 LIABILITY OF PERA MUNICIPAL GENERAL DIVISION
 Public Employees Retirement Association (PERA) Plan
 Last 10 Fiscal Years**

	<u>2015</u>
City's proportion of the net pension liability	0.2287%
City's proportionate share of the net pension liability	\$ 1,784,105
City's covered-employee payroll	2,132,318
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	83.67%
Plan fiduciary net position as a percentage of the total pension liability	81.29%

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

See Notes to Required Supplementary Information

**CITY OF GRANTS
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION
 LIABILITY OF PERA MUNICIPAL POLICE DIVISION
 Public Employees Retirement Association (PERA) Plan
 Last 10 Fiscal Years**

	<u>2015</u>
City's proportion of the net pension liability	0.3138%
City's proportionate share of the net pension liability	\$ 1,022,954
City's covered-employee payroll	794,347
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	128.78%
Plan fiduciary net position as a percentage of the total pension liability	81.29%

*The amounts presented for each fiscal year were determined as of June 30th.
 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.*

See Notes to Required Supplementary Information

**CITY OF GRANTS
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION
 LIABILITY OF PERA MUNICIPAL FIRE DIVISION
 Public Employees Retirement Association (PERA) Plan
 Last 10 Fiscal Years**

	<u>2015</u>
City's proportion of the net pension liability	0.2673%
City's proportionate share of the net pension liability	\$ 1,115,708
City's covered-employee payroll	426,449
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	261.63%
Plan fiduciary net position as a percentage of the total pension liability	81.29%

*The amounts presented for each fiscal year were determined as of June 30th.
 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.*

See Notes to Required Supplementary Information

**CITY OF GRANTS
 SCHEDULE OF CONTRIBUTIONS OF
 PERA MUNICIPAL GENERAL DIVISION
 Last 10 Fiscal Years**

	<u>2015</u>
Contractually required contribution	\$ 180,749
Contributions in relation to the contractually required contribution	<u>180,749</u>
Contribution excess	<u>\$ -</u>
City's covered-employee payroll	2,132,318
Contributions as a percentage of covered-employee payroll	8.48%

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

See Notes to Required Supplementary Information

**CITY OF GRANTS
 SCHEDULE OF CONTRIBUTIONS OF
 PERA MUNICIPAL POLICE DIVISION
 Last 10 Fiscal Years**

	<u>2015</u>
Contractually required contribution	\$ 152,052
Contributions in relation to the contractually required contribution	<u>152,052</u>
Contribution excess	<u>\$ -</u>
City's covered-employee payroll	794,345
Contributions as a percentage of covered-employee payroll	19.14%

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

See Notes to Required Supplementary Information

**CITY OF GRANTS
 SCHEDULE OF CONTRIBUTIONS OF
 PERA MUNICIPAL FIRE DIVISION
 Last 10 Fiscal Years**

	<u>2015</u>
Contractually required contribution	\$ 69,254
Contributions in relation to the contractually required contribution	<u>69,254</u>
Contribution excess	<u>\$ -</u>
City's covered-employee payroll	426,449
Contributions as a percentage of covered-employee payroll	16.24%

*The amounts presented for each fiscal year were determined as of June 30th.
 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.*

See Notes to Required Supplementary Information

CITY OF GRANTS
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 the PERA FY14 audit available at http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_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. 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.

SUPPLEMENTARY INFORMATION

**CITY OF GRANTS
SPECIAL REVENUE FUNDS
JUNE 30, 2015**

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources, other than expendable trusts and major capital projects that are legally restricted to expenditures for specific purposes.

Cemetery Perpetual Care - To account for the portion of the sale of cemetery lots to be used for the perpetual care and maintenance of the City cemetery. Authorized by City resolution and NMSA 3-40-1.

Cibola Senior Citizens - To account for state and federal funding for senior programs authorized by federal regulations.

Emergency Medical Services - To account for the state funding for the acquisition of emergency medical equipment. Authority NMSA 24-10A-1.

Fire Protection - To account for the state funding and for the acquisition and maintenance of adequate fire protection facilities in the Grants-Milan area. Authority NMSA 59A-53-1.

Foster Grandparents Program - To account for state funding for senior citizens. Authorized by city resolution.

Gasoline Road Tax - To account for state funds for maintenance of roads. Authorized as a special revenue fund by City resolution and NMSA 7-1-6.9.

GRT Street & Parks Improvement - To account for gross receipts tax increment specifically earmarked for street and parks improvements authorized by City resolution.

Housing Authority Capital Funds Program - To account for federal funding made available by Housing and Urban Development (HUD) to Public Housing Authorities for their capital activities, including modernization and development of public housing. Financing is authorized by federal regulations.

Housing Authority Vouchers - To account for the Federal funding assistance payments and modernization provided by HUD, Section 8 grants used for housing rental of homes. Financing is authorized by federal regulations.

Juvenile Recreation - To account for the revenues generated by cigarette taxes, which are restricted to expenditures for recreational purposes. Authority NMSA 7-12-15.

Law Enforcement Protection - To account for the state funding for law enforcement, which is used to provide adequate police protection. Authority NMSA 29-13-3.

Litter Control and Beautification - To account for funding for cleanup and beautification from the State Highway Department. Authorized by City resolution and NMSA 67-16-14.

Local Government Corrections - To account for state grant monies received by the municipality for prisoner care. Authority NMSA 33-3-25.

**CITY OF GRANTS
SPECIAL REVENUE FUNDS
JUNE 30, 2015**

Special Revenue Funds (Continued)

Lodgers' Tax — To account for the collection and administration of the lodgers' tax which is imposed on overnight motel and motel accommodations. Authority NMSA 3-38-14.

Lodgers' Tax Promotional — To account for the expenditure of lodgers' tax funds, which are used to promote commerce and tourism. Authority NMSA 3-38-14.

Senior Companion Program — To account for provision of nutrition services, transportation, information, and referrals. Authorized by city resolution.

Senior Employment Program — To account for state funding for the employment of seniors. Authorized by City resolution.

Special Library Donation — To account for memorial donations and the purchase of books for the library. Authorized by City resolution.

State and Local (S & L) Narcotics Assistance Control Program — To account for the Federal funding for law enforcement activities against narcotics use and trafficking. Authorized enforcement by Federal regulations PL 99-570.

**CITY OF GRANTS
 COMBINING BALANCE SHEETS
 NONMAJOR SPECIAL REVENUE FUNDS
 June 30, 2015**

	Cemetery Perpetual Care	Cibola Senior Citizens	Emergency Medical Services	Fire Protection
ASSETS				
Pooled cash and investments	\$ 117,905	25,327	2,703	28,184
Accounts receivable	-	-	-	-
Grant revenue receivable	-	-	-	-
Total assets	\$ 117,905	25,327	2,703	28,184
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	-	-	-
Accrued payroll	-	4,972	-	-
Due to other funds	-	-	-	-
Total liabilities	-	4,972	-	-
Fund Balances:				
Restricted	117,905	-	2,703	28,184
Assigned	-	20,355	-	-
Unassigned	-	-	-	-
Total fund balances	117,905	20,355	2,703	28,184
Total liabilities, deferred inflows of resources and fund balances	\$ 117,905	25,327	2,703	28,184

The Notes to the Financial Statements are an integral part of this statement.

**CITY OF GRANTS
 COMBINING BALANCE SHEETS
 NONMAJOR SPECIAL REVENUE FUNDS
 June 30, 2015**

	Foster Grandparents	Gasoline Road Tax	GRT Street & Parks Improvement	Housing Authority Capital Funds Program
ASSETS				
Pooled cash and investments	\$ 36	611,091	2,121,461	-
Accounts receivable	-	15,832	-	-
Grant revenue receivable	10,468	-	-	-
Total assets	\$ 10,504	626,923	2,121,461	-
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	-	-	-
Accrued payroll	-	-	-	-
Due to other funds	1,800	-	-	-
Total liabilities	1,800	-	-	-
Fund Balances:				
Restricted	8,704	626,923	2,121,461	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	8,704	626,923	2,121,461	-
Total liabilities, deferred inflows of resources and fund balances	\$ 10,504	626,923	2,121,461	-

The Notes to the Financial Statements are an integral part of this statement.

**CITY OF GRANTS
COMBINING BALANCE SHEETS
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2015**

	Housing Authority Vouchers	Juvenile Recreation	Law Enforcement Protection	Litter Control and Beautification
ASSETS				
Pooled cash and investments	\$ 25,658	92,686	33	19
Accounts receivable	-	-	-	6,833
Grant revenue receivable	-	-	-	-
Total assets	\$ 25,658	92,686	33	6,852
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,196	-	-	-
Accrued payroll	1,012	-	-	-
Due to other funds	6,167	-	-	6,830
Total liabilities	8,375	-	-	6,830
Fund Balances:				
Restricted	17,283	92,686	33	22
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	17,283	92,686	33	22
Total liabilities, deferred inflows of resources and fund balances	\$ 25,658	92,686	33	6,852

The Notes to the Financial Statements are an integral part of this statement.

**CITY OF GRANTS
COMBINING BALANCE SHEETS
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2015**

	Local Government Corrections	Lodgers' Tax	Lodgers' Tax Promotional	Senior Companion Program
ASSETS				
Pooled cash and investments	\$ 64,373	81,511	56,112	49
Accounts receivable	-	37,587	-	-
Grant revenue receivable	-	-	-	16,392
Total assets	\$ 64,373	119,098	56,112	16,441
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 9,632	-	8,228	105
Accrued payroll	-	-	-	-
Due to other funds	-	-	-	9,600
Total liabilities	9,632	-	8,228	9,705
Fund Balances:				
Restricted	54,741	119,098	47,884	6,736
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	54,741	119,098	47,884	6,736
Total liabilities, deferred inflows of resources and fund balances	\$ 64,373	119,098	56,112	16,441

The Notes to the Financial Statements are an integral part of this statement.

**CITY OF GRANTS
COMBINING BALANCE SHEETS
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2015**

	Senior Employment Program	Special Library Donation	State and Local Narcotics Assistance Control	Totals
ASSETS				
Pooled cash and investments	\$ 628	18,835	4,494	3,251,105
Accounts receivable	-	-	-	60,252
Grant revenue receivable	-	-	-	26,860
Total assets	\$ 628	18,835	4,494	3,338,217
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	-	-	19,161
Accrued payroll	630	-	-	6,614
Due to other funds	2,500	-	-	26,897
Total liabilities	3,130	-	-	52,672
Fund Balances:				
Restricted	-	18,835	4,494	3,267,692
Assigned	-	-	-	20,355
Unassigned	(2,502)	-	-	(2,502)
Total fund balances	(2,502)	18,835	4,494	3,285,545
Total liabilities, deferred inflows of resources and fund balances	\$ 628	18,835	4,494	3,338,217

The Notes to the Financial Statements are an integral part of this statement.

CITY OF GRANTS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
Year Ended June 30, 2015

	Cemetery Perpetual Care	Cibola Senior Citizens	Emergency Medical Services	Fire Protection
REVENUES				
Intergovernmental - federal	\$ -	122,461	-	-
Intergovernmental - state	-	165,877	8,745	245,310
Intergovernmental - other	-	32,400	-	-
State shared taxes and municipal taxes	-	-	-	-
Lodgers' tax	-	-	-	-
Fees, service charges, and rental revenue	-	17,927	-	-
Investment income	202	-	-	8
Sales of property	10,120	-	-	-
Donations	-	-	-	-
Miscellaneous	-	55	-	-
Total revenues	10,322	338,720	8,745	245,318
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	10,621	164,693
Public works	-	-	-	-
Health and welfare	9,166	430,773	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	9,166	430,773	10,621	164,693
Excess (deficiency) of revenues over expenditures	1,156	(92,053)	(1,876)	80,625
Other Financing Sources (Uses)				
Operating transfers in	-	65,000	-	-
Operating transfers out	-	-	-	(54,742)
Total other financing sources (uses)	-	65,000	-	(54,742)
Net changes in fund balances	1,156	(27,053)	(1,876)	25,883
Fund balance, beginning of year	116,749	47,408	4,579	2,301
Fund balances (deficit), end of year	\$ 117,905	20,355	2,703	28,184

The Notes to the Financial Statements are an integral part of this statement.

CITY OF GRANTS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
Year Ended June 30, 2015

	Foster Grandparents	Gasoline Road Tax	GRT Street & Parks Improvement	Housing Authority Capital Funds Program
REVENUES				
Intergovernmental - federal	\$ -	-	-	-
Intergovernmental - state	72,700	-	-	-
Intergovernmental - other	-	-	-	-
State shared taxes and municipal taxes	-	91,642	-	-
Lodgers' tax	-	-	-	-
Fees, service charges, and rental revenue	-	-	-	-
Investment income	-	1,030	1,369	-
Sales of property	-	-	-	-
Donations	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	72,700	92,672	1,369	-
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	69,650	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	69,650	-	-	-
Excess (deficiency) of revenues over expenditures	3,050	92,672	1,369	-
Other Financing Sources (Uses)				
Operating transfers in	-	-	558,408	-
Operating transfers out	-	(41,618)	-	-
Total other financing sources (uses)	-	(41,618)	558,408	-
Net changes in fund balances	3,050	51,054	559,777	-
Fund balance, beginning of year	5,654	575,869	1,561,684	-
Fund balances (deficit), end of year	\$ 8,704	626,923	2,121,461	-

The Notes to the Financial Statements are an integral part of this statement.

CITY OF GRANTS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
Year Ended June 30, 2015

	Housing Authority Vouchers	Juvenile Recreation	Law Enforcement Protection	Litter Control and Beautification
REVENUES				
Intergovernmental - federal	\$ 184,187	-	-	-
Intergovernmental - state	-	-	-	6,833
Intergovernmental - other	-	-	-	-
State shared taxes and municipal taxes	-	-	-	-
Lodgers' tax	-	-	-	-
Fees, service charges, and rental revenue	-	-	-	-
Investment income	12	179	-	-
Sales of property	-	-	-	-
Donations	-	-	-	-
Miscellaneous	310	-	-	-
Total revenues	184,509	179	-	6,833
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	13,152	-
Public works	-	-	-	-
Health and welfare	204,402	-	-	6,833
Culture and recreation	-	-	-	-
Capital outlay	197	-	41,815	-
Total expenditures	204,599	-	54,967	6,833
Excess (deficiency) of revenues over expenditures	(20,090)	179	(54,967)	-
Other Financing Sources (Uses)				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net changes in fund balances	(20,090)	179	(54,967)	-
Fund balance, beginning of year	37,373	92,507	55,000	22
Fund balances (deficit), end of year	\$ 17,283	92,686	33	22

The Notes to the Financial Statements are an integral part of this statement.

CITY OF GRANTS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
Year Ended June 30, 2015

	Local Government Corrections	Lodgers' Tax	Lodgers' Tax Promotional	Senior Companion Program
REVENUES				
Intergovernmental - federal	\$ -	-	-	-
Intergovernmental - state	-	-	-	83,693
Intergovernmental - other	-	-	-	-
State shared taxes and municipal taxes	-	-	-	-
Lodgers' tax	-	405,892	-	-
Fees, service charges, and rental revenue	50,063	-	-	-
Investment income	-	62	-	-
Sales of property	-	-	-	-
Donations	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	50,063	405,954	-	83,693
EXPENDITURES				
Current:				
General government	-	59,719	-	-
Public safety	125,032	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	83,800
Culture and recreation	-	-	336,023	-
Capital outlay	-	-	-	-
Total expenditures	125,032	59,719	336,023	83,800
Excess (deficiency) of revenues over expenditures	(74,969)	346,235	(336,023)	(107)
Other Financing Sources (Uses)				
Operating transfers in	80,000	-	368,800	-
Operating transfers out	-	(368,800)	-	-
Total other financing sources (uses)	80,000	(368,800)	368,800	-
Net changes in fund balances	5,031	(22,565)	32,777	(107)
Fund balance, beginning of year	49,710	141,663	15,107	6,843
Fund balances (deficit), end of year	\$ 54,741	119,098	47,884	6,736

The Notes to the Financial Statements are an integral part of this statement.

CITY OF GRANTS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
Year Ended June 30, 2015

	Senior Employment Program	Special Library Donation	State and Local Narcotics Assistance Control	Totals
REVENUES				
Intergovernmental - federal	\$ -	-	-	306,648
Intergovernmental - state	30,610	-	-	613,768
Intergovernmental - other	-	-	-	32,400
State shared taxes and municipal taxes	-	-	-	91,642
Lodgers' tax	-	-	-	405,892
Fees, service charges, and rental revenue	-	-	-	67,990
Investment income	-	31	-	2,893
Sales of property	-	-	-	10,120
Donations	-	1,070	-	1,070
Miscellaneous	-	-	-	365
Total revenues	30,610	1,101	-	1,532,788
EXPENDITURES				
Current:				
General government	-	-	-	59,719
Public safety	-	-	17,598	331,096
Public works	-	-	-	-
Health and welfare	34,825	-	-	839,449
Culture and recreation	-	172	-	336,195
Capital outlay	-	-	26,290	68,302
Total expenditures	34,825	172	43,888	1,634,761
Excess (deficiency) of revenues over expenditures	(4,215)	929	(43,888)	(101,973)
Other Financing Sources (Uses)				
Operating transfers in	-	-	-	1,072,208
Operating transfers out	-	-	-	(465,160)
Total other financing sources (uses)	-	-	-	607,048
Net changes in fund balances	(4,215)	929	(43,888)	505,075
Fund balance, beginning of year	1,713	17,906	48,382	2,780,470
Fund balances (deficit), end of year	\$ (2,502)	18,835	4,494	3,285,545

The Notes to the Financial Statements are an integral part of this statement.

**CITY OF GRANTS
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
CEMETERY PERPETUAL CARE FUND
SPECIAL REVENUE FUNDS
Year Ended June 30, 2015**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Sales of lots	\$ 10,000	10,000	10,322	322
Miscellaneous	-	-	-	-
Total revenues	<u>10,000</u>	<u>10,000</u>	<u>10,322</u>	<u>322</u>
EXPENDITURES				
Health and welfare	100,000	100,000	9,166	90,834
Capital outlay	-	-	-	-
Total expenditures	<u>100,000</u>	<u>100,000</u>	<u>9,166</u>	<u>90,834</u>
Excess (deficiency) of revenues over expenditures	<u>(90,000)</u>	<u>(90,000)</u>	<u>1,156</u>	<u>91,156</u>
Other Financing Sources (Uses)				
Operating transfers in (out), net	-	-	-	-
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>(90,000)</u>	<u>(90,000)</u>	<u>1,156</u>	<u>91,156</u>
Budgeted cash carryover	90,000	90,000		
	<u>\$ -</u>	<u>-</u>		

Budgetary - GAAP Reporting Reconciliation

Excess (deficiency) of revenues over expenditures and other financing sources (uses) (budgetary)	\$ 1,156
Adjustments for earnings on investments	-
Adjustments for expenditures accruals	-
Net change in fund balance (GAAP Basis)	<u>\$ 1,156</u>

The Notes to the Financial Statements are an integral part of this statement.

**CITY OF GRANTS
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
CIBOLA SENIOR CITIZENS FUND
SPECIAL REVENUE FUNDS
Year Ended June 30, 2015**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental - federal	\$ 115,484	115,484	133,006	17,522
Intergovernmental - state	159,795	159,795	170,043	10,248
Miscellaneous	51,100	51,100	50,328	(772)
Total revenues	<u>326,379</u>	<u>326,379</u>	<u>353,377</u>	<u>26,998</u>
EXPENDITURES				
Health and welfare	460,642	460,642	430,443	30,199
Capital outlay	-	-	-	-
Total expenditures	<u>460,642</u>	<u>460,642</u>	<u>430,443</u>	<u>30,199</u>
Excess (deficiency) of revenues over expenditures	<u>(134,263)</u>	<u>(134,263)</u>	<u>(77,066)</u>	<u>57,197</u>
Other Financing Sources (Uses)				
Operating transfers in (out), net	100,000	100,000	65,000	35,000
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>(34,263)</u>	<u>(34,263)</u>	<u>(12,066)</u>	<u>22,197</u>
Budgeted cash carryover	34,263	34,263		
	<u>\$ -</u>	<u>-</u>		

Budgetary - GAAP Reporting Reconciliation

Excess (deficiency) of revenues over expenditures and other financing sources (uses) (budgetary)	\$ (12,066)
Adjustments for revenue accruals and investment earnings	(14,657)
Adjustments for expenditures accruals	<u>(330)</u>
Net change in fund balance (GAAP Basis)	<u>\$ (27,053)</u>

The Notes to the Financial Statements are an integral part of this statement.

**CITY OF GRANTS
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
EMERGENCY MEDICAL SERVICES FUND
SPECIAL REVENUE FUNDS
Year Ended June 30, 2015**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental revenue - State	\$ 9,300	9,300	8,745	(555)
Miscellaneous	-	-	-	-
Total revenues	<u>9,300</u>	<u>9,300</u>	<u>8,745</u>	<u>(555)</u>
EXPENDITURES				
Public safety	12,300	12,300	10,621	1,679
Capital outlay	-	-	-	-
Total expenditures	<u>12,300</u>	<u>12,300</u>	<u>10,621</u>	<u>1,679</u>
Excess (deficiency) of revenues over expenditures	<u>(3,000)</u>	<u>(3,000)</u>	<u>(1,876)</u>	<u>1,124</u>
Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>(3,000)</u>	<u>(3,000)</u>	<u>(1,876)</u>	<u>1,124</u>
Budgeted cash carryover	<u>3,000</u>	<u>3,000</u>		
	<u>\$ -</u>	<u>-</u>		

Budgetary - GAAP Reporting Reconciliation

Excess (deficiency) of revenues over expenditures and other financing sources (uses) (budgetary)	\$ (1,876)
Adjustments for revenue accruals	-
Adjustments for expenditures accruals	<u>-</u>
Net change in fund balance (GAAP Basis)	<u>\$ (1,876)</u>

The Notes to the Financial Statements are an integral part of this statement.

**CITY OF GRANTS
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FIRE PROTECTION FUND
SPECIAL REVENUE FUNDS
Year Ended June 30, 2015**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental revenue - State	\$ 220,000	220,000	245,310	25,310
Miscellaneous	-	-	-	-
Total revenues	<u>220,000</u>	<u>220,000</u>	<u>245,310</u>	<u>25,310</u>
EXPENDITURES				
Public safety	166,751	166,751	169,627	(2,876)
Capital outlay	-	-	-	-
Total expenditures	<u>166,751</u>	<u>166,751</u>	<u>169,627</u>	<u>(2,876)</u>
Excess (deficiency) of revenues over expenditures	<u>53,249</u>	<u>53,249</u>	<u>75,683</u>	<u>22,434</u>
Other Financing Sources (Uses)				
Operating transfers in (out), net	(54,742)	(54,742)	(54,742)	-
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(1,493)	(1,493)	<u>20,941</u>	<u>22,434</u>
Budgeted cash carryover	1,493	1,493		
	<u>\$ -</u>	<u>-</u>		

Budgetary - GAAP Reporting Reconciliation

Excess (deficiency) of revenues over expenditures and other financing sources (uses) (budgetary)	\$ 20,941
Adjustments for earnings on investments	8
Adjustments for expenditures accruals	<u>4,934</u>
Net change in fund balance (GAAP Basis)	<u>\$ 25,883</u>

The Notes to the Financial Statements are an integral part of this statement.

**CITY OF GRANTS
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOSTER GRANDPARENTS PROGRAM FUND
SPECIAL REVENUE FUNDS
Year Ended June 30, 2015**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental revenue - state	\$ 72,700	72,700	67,527	(5,173)
Miscellaneous	-	-	-	-
Total revenues	<u>72,700</u>	<u>72,700</u>	<u>67,527</u>	<u>(5,173)</u>
EXPENDITURES				
Health and welfare	72,700	72,700	69,650	3,050
Capital outlay	-	-	-	-
Total expenditures	<u>72,700</u>	<u>72,700</u>	<u>69,650</u>	<u>3,050</u>
Excess (deficiency) of revenues over expenditures	-	-	<u>(2,123)</u>	<u>(2,123)</u>
Other Financing Sources (Uses)				
Operating transfers in (out), net	-	-	-	-
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	-	<u>(2,123)</u>	<u>(2,123)</u>
Budgeted cash carryover	-	-	-	-
	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Budgetary - GAAP Reporting Reconciliation				
Excess (deficiency) of revenues over expenditures and other financing sources (uses) (budgetary)			\$ (2,123)	
Adjustments for earnings on investments			5,173	
Adjustments for expenditures accruals			-	
Net change in fund balance (GAAP Basis)			<u>\$ 3,050</u>	

The Notes to the Financial Statements are an integral part of this statement.

**CITY OF GRANTS
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
GASOLINE ROAD TAX FUND
Year Ended June 30, 2015**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
State shared taxes and municipal taxes	\$ 90,000	90,000	93,644	3,644
Miscellaneous	-	-	1,031	1,031
Total revenues	<u>90,000</u>	<u>90,000</u>	<u>94,675</u>	<u>4,675</u>
EXPENDITURES				
Highways and streets	75,000	75,000	80,000	(5,000)
Capital outlay	-	-	-	-
Total expenditures	<u>75,000</u>	<u>75,000</u>	<u>80,000</u>	<u>(5,000)</u>
Excess (deficiency) of revenues over expenditures	<u>15,000</u>	<u>15,000</u>	<u>14,675</u>	<u>(325)</u>
Other Financing Sources (Uses)				
Operating transfers in (out), net	<u>(391,618)</u>	<u>(391,618)</u>	<u>(41,618)</u>	<u>350,000</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>(376,618)</u>	<u>(376,618)</u>	<u>(26,943)</u>	<u>349,675</u>
Budgeted cash carryover	<u>376,618</u>	<u>376,618</u>		
	<u>\$ -</u>	<u>-</u>		

Budgetary - GAAP Reporting Reconciliation

Excess (deficiency) of revenues over expenditures and other financing sources (uses) (budgetary)	\$ (26,943)
Adjustments for revenue accruals	(2,003)
Adjustments for expenditures accruals	<u>80,000</u>
Net change in fund balance (GAAP Basis)	<u>\$ 51,054</u>

The Notes to the Financial Statements are an integral part of this statement.

**CITY OF GRANTS
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
GRT STREET & PARKS IMPROVEMENTS
SPECIAL REVENUE FUND
Year Ended June 30, 2015**

	Approved Budget	Approved Budget	Actual	(Unfavorable) Variance
REVENUES				
Intergovernmental - state	\$ -	-	-	-
Miscellaneous	2,000	2,000	1,369	(631)
Total revenues	<u>2,000</u>	<u>2,000</u>	<u>1,369</u>	<u>(631)</u>
EXPENDITURES				
Public works	690,000	690,000	-	690,000
Capital outlay	-	-	-	-
Total expenditures	<u>690,000</u>	<u>690,000</u>	<u>-</u>	<u>690,000</u>
Excess (deficiency) of revenues over expenditures	<u>(688,000)</u>	<u>(688,000)</u>	<u>1,369</u>	<u>689,369</u>
Other Financing Sources (Uses)				
Operating transfers in (out), net	1,212	1,212	558,408	557,196
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>(686,788)</u>	<u>(686,788)</u>	<u>559,777</u>	<u>1,246,565</u>
Budgeted cash carryover	<u>686,788</u>	<u>686,788</u>		
	<u>\$ -</u>	<u>-</u>		
Budgetary - GAAP Reporting Reconciliation				
Excess (deficiency) of revenues over expenditures and other financing sources (uses) (budgetary)			\$ 559,777	
Adjustments for revenue accruals			-	
Adjustments for expenditures accruals			<u>-</u>	
Net change in fund balance (GAAP Basis)			<u>\$ 559,777</u>	

The Notes to the Financial Statements are an integral part of this statement.

**CITY OF GRANTS
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
HOUSING AUTHORITY CAPITAL FUNDS PROGRAM
SPECIAL REVENUE FUNDS
Year Ended June 30, 2015**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental - federal	\$ -	-	-	-
Miscellaneous	-	-	-	-
Total revenues	-	-	-	-
EXPENDITURES				
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
Other Financing Sources (Uses)				
Operating transfers in (out), net	-	-	-	-
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	-	-	-
Budgeted cash carryover	-	-		
	\$ -	-		

Note: The budget used is only a guideline and is not required by HUD to be amended.

Budgetary - GAAP Reporting Reconciliation

Excess (deficiency) of revenues over expenditures and other financing sources (uses) (budgetary)	\$ -
Adjustments for revenue accruals	-
Adjustments for expenditures accruals	-
Net change in fund balance (GAAP Basis)	\$ -

The Notes to the Financial Statements are an integral part of this statement.

**CITY OF GRANTS
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
HOUSING AUTHORITY VOUCHERS FUND
SPECIAL REVENUE FUNDS
Year Ended June 30, 2015**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental - federal	\$ 184,187	184,187	184,187	-
Miscellaneous	322	322	322	-
Total revenues	<u>184,509</u>	<u>184,509</u>	<u>184,509</u>	<u>-</u>
EXPENDITURES				
Health and welfare	205,212	205,212	205,212	-
Capital outlay	-	-	-	-
Total expenditures	<u>205,212</u>	<u>205,212</u>	<u>205,212</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(20,703)</u>	<u>(20,703)</u>	<u>(20,703)</u>	<u>-</u>
Other Financing Sources (Uses)				
Operating transfers in (out), net	-	-	-	-
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>(20,703)</u>	<u>(20,703)</u>	<u>(20,703)</u>	<u>-</u>
Budgeted cash carryover	<u>20,703</u>	<u>20,703</u>		
	<u>\$ -</u>	<u>-</u>		

Note: A budget is not required by HUD or DFA for this fund.
Management has used actual results as budgeted amounts

Budgetary - GAAP Reporting Reconciliation

Excess (deficiency) of revenues over expenditures and other financing sources (uses) (budgetary)	\$ (20,703)
Adjustments for revenue accruals	-
Adjustments for expenditures accruals	<u>613</u>
Net change in fund balance (GAAP Basis)	<u>\$ (20,090)</u>

The Notes to the Financial Statements are an integral part of this statement.

**CITY OF GRANTS
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
JUVENILE RECREATION FUND
SPECIAL REVENUE FUNDS
Year Ended June 30, 2015**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
State shared taxes and municipal taxes	\$ -	-	-	-
Miscellaneous	-	-	179	179
Total revenues	<u>-</u>	<u>-</u>	<u>179</u>	<u>179</u>
EXPENDITURES				
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>179</u>	<u>179</u>
Other Financing Sources (Uses)				
Operating transfers in (out), net	-	-	-	-
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>-</u>	<u>-</u>	<u>179</u>	<u>179</u>
Budgeted cash carryover	-	-		
	<u>\$ -</u>	<u>-</u>		
Budgetary - GAAP Reporting Reconciliation				
Excess (deficiency) of revenues over expenditures and other financing sources (uses) (budgetary)			\$ 179	
Adjustments for revenue accruals			-	
Adjustments for expenditures accruals			<u>-</u>	
Net change in fund balance (GAAP Basis)			<u>\$ 179</u>	

The Notes to the Financial Statements are an integral part of this statement.

CITY OF GRANTS
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
LAW ENFORCEMENT PROTECTION FUND
SPECIAL REVENUE FUNDS
Year Ended June 30, 2015

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental revenue - State	\$ 26,600	26,600	27,800	1,200
Miscellaneous	-	-	-	-
Total revenues	26,600	26,600	27,800	1,200
EXPENDITURES				
Public safety	53,800	53,800	54,967	(1,167)
Capital outlay	-	-	-	-
Total expenditures	53,800	53,800	54,967	(1,167)
Excess (deficiency) of revenues over expenditures	(27,200)	(27,200)	(27,167)	33
Other Financing Sources (Uses)				
Operating transfers in (out), net	-	-	-	-
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(27,200)	(27,200)	(27,167)	33
Budgeted cash carryover	27,200	27,200		
	\$ -	-		

Budgetary - GAAP Reporting Reconciliation

Excess (deficiency) of revenues over expenditures and other financing sources (uses) (budgetary)	\$ (27,167)
Adjustments for revenue accruals	(27,800)
Adjustments for expenditures accruals	-
Net change in fund balance (GAAP Basis)	\$ (54,967)

The Notes to the Financial Statements are an integral part of this statement.

**CITY OF GRANTS
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
LITTER CONTROL AND BEAUTIFICATION FUND
SPECIAL REVENUE FUNDS
Year Ended June 30, 2015**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental revenue - state	\$ 7,100	7,100	6,500	(600)
Miscellaneous	-	-	-	-
Total revenues	<u>7,100</u>	<u>7,100</u>	<u>6,500</u>	<u>(600)</u>
EXPENDITURES				
Health and welfare	7,100	7,100	6,832	268
Capital outlay	-	-	-	-
Total expenditures	<u>7,100</u>	<u>7,100</u>	<u>6,832</u>	<u>268</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(332)</u>	<u>(332)</u>
Other Financing Sources (Uses)				
Operating transfers in (out), net	-	-	-	-
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(332)</u>	<u>(332)</u>
Budgeted cash carryover	-	-		
	<u>\$ -</u>	<u>-</u>		
Budgetary - GAAP Reporting Reconciliation				
Excess (deficiency) of revenues over expenditures and other financing sources (uses) (budgetary)			\$ (332)	
Adjustments for revenue accruals			332	
Adjustments for expenditures accruals			<u>-</u>	
Net change in fund balance (GAAP Basis)			<u>\$ -</u>	

The Notes to the Financial Statements are an integral part of this statement.

**CITY OF GRANTS
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
LOCAL GOVERNMENT CORRECTIONS FUND
SPECIAL REVENUE FUND
Year Ended June 30, 2015**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Correction fees	\$ 40,000	40,000	50,063	10,063
Miscellaneous	-	-	-	-
Total revenues	<u>40,000</u>	<u>40,000</u>	<u>50,063</u>	<u>10,063</u>
EXPENDITURES				
Public safety	150,000	150,000	124,458	25,542
Capital outlay	-	-	-	-
Total expenditures	<u>150,000</u>	<u>150,000</u>	<u>124,458</u>	<u>25,542</u>
Excess (deficiency) of revenues over expenditures	<u>(110,000)</u>	<u>(110,000)</u>	<u>(74,395)</u>	<u>35,605</u>
Other Financing Sources (Uses)	<u>100,000</u>	<u>100,000</u>	<u>80,000</u>	<u>(20,000)</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>(10,000)</u>	<u>(10,000)</u>	<u>5,605</u>	<u>15,605</u>
Budgeted cash carryover	<u>10,000</u>	<u>10,000</u>		
	<u>\$ -</u>	<u>-</u>		

Budgetary - GAAP Reporting Reconciliation

Excess (deficiency) of revenues over expenditures and other financing sources (uses) (budgetary)	\$ 5,605.00
Adjustments for revenue accruals	-
Adjustments for expenditures accruals	<u>(574)</u>
Net change in fund balance (GAAP Basis)	<u>\$ 5,031.00</u>

The Notes to the Financial Statements are an integral part of this statement.

**CITY OF GRANTS
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
LODGERS' TAX FUND
SPECIAL REVENUE FUNDS
Year Ended June 30, 2015**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Lodgers tax	\$ 340,000	340,000	413,314	73,314
Miscellaneous	-	-	-	-
Total revenues	<u>340,000</u>	<u>340,000</u>	<u>413,314</u>	<u>73,314</u>
EXPENDITURES				
General government	50,340	50,340	59,719	(9,379)
Capital outlay	-	-	-	-
Total expenditures	<u>50,340</u>	<u>50,340</u>	<u>59,719</u>	<u>(9,379)</u>
Excess (deficiency) of revenues over expenditures	<u>289,660</u>	<u>289,660</u>	<u>353,595</u>	<u>63,935</u>
Other Financing Sources (Uses)				
Operating transfers in (out), net	<u>(368,800)</u>	<u>(368,800)</u>	<u>(368,800)</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>(79,140)</u>	<u>(79,140)</u>	<u>(15,205)</u>	<u>63,935</u>
Budgeted cash carryover	<u>79,140</u>	<u>79,140</u>		
	<u>\$ -</u>	<u>-</u>		

Budgetary - GAAP Reporting Reconciliation

Excess (deficiency) of revenues over expenditures and other financing sources (uses) (budgetary)	\$ (15,205)
Adjustments for revenue accruals and earnings on investments	(7,360)
Adjustments for expenditures accruals	<u>-</u>
Net change in fund balance (GAAP Basis)	<u>\$ (22,565)</u>

The Notes to the Financial Statements are an integral part of this statement.

**CITY OF GRANTS
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
LODGERS' TAX PROMOTIONAL FUND
SPECIAL REVENUE FUNDS
Year Ended June 30, 2015**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Lodgers tax	\$ -	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Culture and recreation	369,831	369,831	369,831	-
Capital outlay	-	-	-	-
Total expenditures	<u>369,831</u>	<u>369,831</u>	<u>369,831</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(369,831)</u>	<u>(369,831)</u>	<u>(369,831)</u>	<u>-</u>
Other Financing Sources (Uses)				
Operating transfers in (out), net	<u>368,800</u>	<u>368,800</u>	<u>368,800</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>(1,031)</u>	<u>(1,031)</u>	<u>(1,031)</u>	<u>-</u>
Budgeted cash carryover	<u>1,031</u>	<u>1,031</u>		
	<u>\$ -</u>	<u>-</u>		
Budgetary - GAAP Reporting Reconciliation				
Excess (deficiency) of revenues over expenditures and other financing sources (uses) (budgetary)			\$ (1,031)	
Adjustments for revenue accruals and earnings on investments			-	
Adjustments for expenditures accruals			<u>33,808</u>	
Net change in fund balance (GAAP Basis)			<u>\$ 32,777</u>	

The Notes to the Financial Statements are an integral part of this statement.

**CITY OF GRANTS
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
SENIOR COMPANION PROGRAM FUND
SPECIAL REVENUE FUNDS
Year Ended June 30, 2015**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental - State	\$ 83,693	83,693	78,270	(5,423)
Miscellaneous	-	-	-	-
Total revenues	<u>83,693</u>	<u>83,693</u>	<u>78,270</u>	<u>(5,423)</u>
EXPENDITURES				
Health and welfare	83,693	83,693	83,695	(2)
Capital outlay	-	-	-	-
Total expenditures	<u>83,693</u>	<u>83,693</u>	<u>83,695</u>	<u>(2)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(5,425)</u>	<u>(5,425)</u>
Other Financing Sources (Uses)				
Operating transfers in (out), net	-	-	-	-
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(5,425)</u>	<u>(5,425)</u>
Budgeted cash carryover	-	-		
	<u>\$ -</u>	<u>-</u>		
Budgetary - GAAP Reporting Reconciliation				
Excess (deficiency) of revenues over expenditures and other financing sources (uses) (budgetary)			\$ (5,425)	
Adjustments for revenue accruals			5,423	
Adjustments for expenditures accruals			<u>(105)</u>	
Net change in fund balance (GAAP Basis)			<u>\$ (107)</u>	

The Notes to the Financial Statements are an integral part of this statement.

**CITY OF GRANTS
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
SENIOR EMPLOYMENT PROGRAM FUND
SPECIAL REVENUE FUNDS
Year Ended June 30, 2015**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental - state	\$ 31,043	31,043	36,859	5,816
Miscellaneous	-	-	-	-
Total revenues	<u>31,043</u>	<u>31,043</u>	<u>36,859</u>	<u>5,816</u>
EXPENDITURES				
Health and welfare	31,043	31,043	34,825	(3,782)
Capital outlay	-	-	-	-
Total expenditures	<u>31,043</u>	<u>31,043</u>	<u>34,825</u>	<u>(3,782)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>2,034</u>	<u>2,034</u>
Other Financing Sources (Uses)				
Operating transfers in (out), net	-	-	-	-
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>-</u>	<u>-</u>	<u>2,034</u>	<u>2,034</u>
Budgeted cash carryover	-	-		
	<u>\$ -</u>	<u>-</u>		
Budgetary - GAAP Reporting Reconciliation				
Excess (deficiency) of revenues over expenditures and other financing sources (uses) (budgetary)			\$ 2,034	
Adjustments for revenue accruals			(6,249)	
Adjustments for expenditures accruals			<u>-</u>	
Net change in fund balance (GAAP Basis)			<u>\$ (4,215)</u>	

The Notes to the Financial Statements are an integral part of this statement.

**CITY OF GRANTS
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
SPECIAL LIBRARY DONATION FUND
SPECIAL REVENUE FUNDS
Year Ended June 30, 2015**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental - State	\$ 700	700	1,101	401
Miscellaneous	-	-	-	-
Total revenues	<u>700</u>	<u>700</u>	<u>1,101</u>	<u>401</u>
EXPENDITURES				
Culture and recreation	17,500	17,500	172	17,328
Capital outlay	-	-	-	-
Total expenditures	<u>17,500</u>	<u>17,500</u>	<u>172</u>	<u>17,328</u>
Excess (deficiency) of revenues over expenditures	<u>(16,800)</u>	<u>(16,800)</u>	<u>929</u>	<u>17,729</u>
Other Financing Sources (Uses)				
Operating transfers in (out), net	-	-	-	-
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>(16,800)</u>	<u>(16,800)</u>	<u>929</u>	<u>17,729</u>
Budgeted cash carryover	<u>16,800</u>	<u>16,800</u>		
	<u>\$ -</u>	<u>-</u>		
Budgetary - GAAP Reporting Reconciliation				
Excess (deficiency) of revenues over expenditures and other financing sources (uses) (budgetary)			\$ 929	
Adjustments for revenue accruals			-	
Adjustments for expenditures accruals			<u>-</u>	
Net change in fund balance (GAAP Basis)			<u>\$ 929</u>	

The Notes to the Financial Statements are an integral part of this statement.

**CITY OF GRANTS
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
STATE AND LOCAL NARCOTICS ASSISTANCE CONTROL PROGRAM FUND
SPECIAL REVENUE FUNDS
Year Ended June 30, 2015**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental - State	\$ -	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Public safety	48,000	48,000	43,888	4,112
Capital outlay	-	-	-	-
Total expenditures	<u>48,000</u>	<u>48,000</u>	<u>43,888</u>	<u>4,112</u>
Excess (deficiency) of revenues over expenditures	<u>(48,000)</u>	<u>(48,000)</u>	<u>(43,888)</u>	<u>4,112</u>
Other Financing Sources (Uses)				
Operating transfers in (out), net	-	-	-	-
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>(48,000)</u>	<u>(48,000)</u>	<u>(43,888)</u>	<u>4,112</u>
Budgeted cash carryover	<u>48,000</u>	<u>48,000</u>		
	<u>\$ -</u>	<u>-</u>		
Budgetary - GAAP Reporting Reconciliation				
Excess (deficiency) of revenues over expenditures and other financing sources (uses) (budgetary)			\$ (43,888)	
Adjustments for revenue accruals			-	
Adjustments for expenditures accruals			<u>-</u>	
Net change in fund balance (GAAP Basis)			<u>\$ (43,888)</u>	

The Notes to the Financial Statements are an integral part of this statement.

**CITY OF GRANTS
NONMAJOR DEBT SERVICE FUNDS
JUNE 30, 2015**

Debt Service Funds

Debt Service Funds are used to account for the accumulation of resources for and the payment of, general long-term debt principal, interest, and related costs.

GRT Revenue Bond Debt Service Fund 1993A - To accumulate funds for payment of refunding debt.

GRT Revenue Bond Reserve Fund 1993A - To accumulate funds per refunding bond agreement to insure future payment.

NMFA Loan - To accumulate funds for payment of loan to be paid from proceeds of a statewide gross receipts tax distributed by the New Mexico Taxation and Revenue Department.

NMFA Reserve - To accumulate funds for payment of loan to be paid from proceeds of gross receipts tax.

**CITY OF GRANTS
 COMBINING BALANCE SHEETS
 NONMAJOR DEBT SERVICE FUNDS
 June 30, 2015**

	GRT Revenue Bond Debt Service	GRT Revenue Bond Reserve	NMFA Loan	NMFA Reserve	Totals
ASSETS					
Pooled cash and investments	\$ 302,280	-	15	-	302,295
Cash held with trustee	-	-	136,666	84,069	220,735
Total assets	\$ 302,280	-	136,681	84,069	523,030
LIABILITIES AND FUND BALANCES					
Liabilities	\$ -	-	-	-	-
Fund Balances:					
Restricted	302,280	-	136,681	84,069	523,030
Total fund balances	302,280	-	136,681	84,069	523,030
Total liabilities and fund balances	\$ 302,280	-	136,681	84,069	523,030

The Notes to the Financial Statements are an integral part of this statement.

CITY OF GRANTS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
Year Ended June 30, 2015

	GRT Revenue Bond Debt Service	GRT Revenue Bond Service	NMFA Loan	NMFA Reserve	Totals
REVENUES					
Investment income	\$ -	-	22	682	704
Total revenues	-	-	22	682	704
EXPENDITURES					
Debt service:					
Principal	-	-	143,043	-	143,043
Interest	-	-	18,117	-	18,117
Fees	-	-	-	-	-
Total expenditures	-	-	161,160	-	161,160
Excess (deficiency) of revenues over expenditures	-	-	(161,138)	682	(160,456)
Other Financing Sources (Uses)					
Operating transfers in	-	-	166,541	-	166,541
Operating transfers out	-	-	-	(375)	(375)
Total other financing sources (uses)	-	-	166,541	(375)	166,166
Net changes in fund balances	-	-	5,403	307	5,710
Fund balance, beginning of year	302,280	-	131,278	83,762	517,320
Fund balances, end of year	\$ 302,280	-	136,681	84,069	523,030

The Notes to the Financial Statements are an integral part of this statement.

**CITY OF GRANTS
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
GRT REVENUE BOND DEBT SERVICE FUND 1993A
DEBT SERVICE FUND
Year Ended June 30, 2015**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Loan proceeds	\$ -	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)				
Operating transfers in (out), net	-	-	-	-
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Budgeted cash carryover	-	-		
	<u>\$ -</u>	<u>-</u>		
Budgetary - GAAP Reporting Reconciliation				
Excess (deficiency) of revenues over expenditures and other financing sources (uses) (budgetary)			\$ -	
Adjustments for revenue accruals			-	
Adjustments for expenditures accruals			<u>-</u>	
Net change in fund balance (GAAP Basis)			<u>\$ -</u>	

The Notes to the Financial Statements are an integral part of this statement.

**CITY OF GRANTS
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
GRT REVENUE BOND DEBT SERVICE FUND 1993A
DEBT SERVICE FUND
Year Ended June 30, 2015**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Loan proceeds	\$ -	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)				
Operating transfers in (out), net	-	-	-	-
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	-	<u>-</u>	<u>-</u>
Budgeted cash carryover	-	-		
	<u>\$ -</u>	<u>-</u>		
Budgetary - GAAP Reporting Reconciliation				
Excess (deficiency) of revenues over expenditures and other financing sources (uses) (budgetary)			\$ -	
Adjustments for revenue accruals			-	
Adjustments for expenditures accruals			<u>-</u>	
Net change in fund balance (GAAP Basis)			<u>\$ -</u>	

The Notes to the Financial Statements are an integral part of this statement.

**CITY OF GRANTS
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
NMFA LOAN FUND
DEBT SERVICE FUND
Year Ended June 30, 2015**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Loan proceeds	\$ -	-	-	-
Miscellaneous	-	-	22	22
Total revenues	<u>-</u>	<u>-</u>	<u>22</u>	<u>22</u>
EXPENDITURES				
Principal	143,043	143,043	143,043	-
Interest	18,117	18,117	18,117	-
Total expenditures	<u>161,160</u>	<u>161,160</u>	<u>161,160</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(161,160)</u>	<u>(161,160)</u>	<u>(161,138)</u>	<u>22</u>
Other Financing Sources (Uses)				
Operating transfers in (out), net	<u>166,541</u>	<u>166,541</u>	<u>166,541</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	5,381	5,381	<u><u>5,403</u></u>	<u><u>22</u></u>
Budgeted cash carryover	<u>(5,381)</u>	<u>(5,381)</u>		
	<u>\$ -</u>	<u>-</u>		

Budgetary - GAAP Reporting Reconciliation

Excess (deficiency) of revenues over expenditures and other financing sources (uses) (budgetary)	\$ 5,403
Adjustments for revenue accruals	-
Adjustments for expenditures accruals	<u>-</u>
Net change in fund balance (GAAP Basis)	<u><u>\$ 5,403</u></u>

The Notes to the Financial Statements are an integral part of this statement.

**CITY OF GRANTS
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
NMFA RESERVE FUND
DEBT SERVICE FUND
Year Ended June 30, 2015**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Loan proceeds	\$ -	-	-	-
Miscellaneous	-	-	682	682
Total revenues	<u>-</u>	<u>-</u>	<u>682</u>	<u>682</u>
EXPENDITURES				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>682</u>	<u>682</u>
Other Financing Sources (Uses)				
Operating transfers in (out), net	<u>(375)</u>	<u>(375)</u>	<u>(375)</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>(375)</u>	<u>(375)</u>	<u>307</u>	<u>682</u>
Budgeted cash carryover	<u>375</u>	<u>375</u>		
	<u>\$ -</u>	<u>-</u>		
Budgetary - GAAP Reporting Reconciliation				
Excess (deficiency) of revenues over expenditures and other financing sources (uses) (budgetary)			\$ 307	
Adjustments for revenue accruals			-	
Adjustments for expenditures accruals			<u>-</u>	
Net change in fund balance (GAAP Basis)			<u>\$ 307</u>	

The Notes to the Financial Statements are an integral part of this statement.

**CITY OF GRANTS
COMBINING BALANCE SHEET
TOTAL ALL NONMAJOR GOVERNMENTAL FUND TYPED
June 30, 2015**

	Special Revenue	Debt Service	Total
ASSETS			
Pooled cash and investments	\$ 3,251,105	302,295	3,553,400
Cash held with trustee	-	220,735	220,735
Accounts receivable	60,252	-	60,252
Grant revenue receivable	26,860	-	26,860
	<hr/>		
Total assets	\$ 3,338,217	523,030	3,861,247
<hr/>			
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 19,161	-	19,161
Accrued payroll	6,614	-	6,614
Due to other funds	26,897	-	26,897
Total liabilities	52,672	-	52,672
<hr/>			
Fund Balances:			
Restricted	3,267,692	523,030	3,790,722
Assigned	20,355	-	20,355
Unassigned	(2,502)	-	(2,502)
Total fund balances	3,285,545	523,030	3,808,575
<hr/>			
Total liabilities and fund balances	\$ 3,338,217	523,030	3,861,247
<hr/>			

The Notes to the Financial Statements are an integral part of this statement.

**CITY OF GRANTS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
TOTAL ALL NONMAJOR GOVERNMENTAL FUND TYPES
Year Ended June 30, 2015**

	Special Revenue	Debt Service	Total
REVENUES			
Intergovernmental - federal	\$ 306,648	-	306,648
Intergovernmental - state	613,768	-	613,768
Intergovernmental - other	32,400	-	32,400
State shared and municipal taxes	91,642	-	91,642
Lodgers' tax	405,892	-	405,892
Fees	67,990	-	67,990
Investment income	2,893	704	3,597
Sales of property	10,120	-	10,120
Donations	1,070	-	1,070
Miscellaneous	365	-	365
Total revenues	1,532,788	704	1,533,492
EXPENDITURES			
Current:			
General government	59,719	-	59,719
Public safety	331,096	-	331,096
Public works	-	-	-
Health and welfare	839,449	-	839,449
Culture and recreation	336,195	-	336,195
Capital outlay	68,302	-	68,302
Debt service:			
Principal	-	143,043	143,043
Interest	-	18,117	18,117
Total expenditures	1,634,761	161,160	1,795,921
Excess (deficiency) of revenues over expenditures	(101,973)	(160,456)	(262,429)
Other Financing Sources (Uses):			
Operating transfers in	1,072,208	166,541	1,238,749
Operating transfers (out)	(465,160)	(375)	(465,535)
Total other financing sources (uses)	607,048	166,166	773,214
Net changes in fund balances	505,075	5,710	510,785
Fund balance, beginning of year, as previously stated	2,780,470	517,320	3,297,790
Fund balance, end of year	\$ 3,285,545	523,030	3,808,575

The Notes to the Financial Statements are an integral part of this statement.

**CITY OF GRANTS
CAPITAL PROJECTS FUNDS
JUNE 30, 2015**

Capital Projects Funds

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

General Government Improvements Fund - Accounts for construction and improvement funds received from various sources for the improvement of City properties.

CITY OF GRANTS
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
GENERAL GOVERNMENT IMPROVEMENTS
CAPITAL PROJECTS FUND
Year Ended June 30, 2015

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental - state	\$ 1,140,438	1,140,438	1,074,959	(65,479)
Intergovernmental - federal	10,000	10,000	564,972	554,972
Miscellaneous	6,000	6,000	8,081	2,081
Total revenues	<u>1,156,438</u>	<u>1,156,438</u>	<u>1,648,012</u>	<u>491,574</u>
EXPENDITURES				
Culture and recreation	-	-	-	-
Capital outlay	1,967,000	1,967,000	1,518,664	448,336
Total expenditures	<u>1,967,000</u>	<u>1,967,000</u>	<u>1,518,664</u>	<u>448,336</u>
Excess (deficiency) of revenues over expenditures	<u>(810,562)</u>	<u>(810,562)</u>	<u>129,348</u>	<u>939,910</u>
Other Financing Sources (Uses)				
Operating transfers in (out), net	-	-	-	-
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>(810,562)</u>	<u>(810,562)</u>	<u>129,348</u>	<u>939,910</u>
Budgeted cash carryover	810,562	810,562		
	<u>\$ -</u>	<u>-</u>		

Budgetary - GAAP Reporting Reconciliation

Excess (deficiency) of revenues over expenditures and other financing sources (uses) (budgetary)	\$ 129,348
Adjustments for revenue accruals	(1,450,582)
Adjustments for expenditures accruals	<u>(647,867)</u>
Net change in fund balance (GAAP Basis)	<u>\$ (1,969,101)</u>

The Notes to the Financial Statements are an integral part of this statement.

**CITY OF GRANTS
PROPRIETARY FUNDS
JUNE 30, 2015**

PROPRIETARY FUND TYPES

Enterprise Funds

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Golf Course Operating Fund - To account for the operation of the municipal golf course.

Housing Authority Low Rent - A direct HUD-funded program designed to provide decent, safe and sanitary housing and related facilities for eligible low-income families and the elderly through an authorized Public Housing Authority (PHA) or Indian Housing Authority (IHA).

Utilities - To account for water, sewer, and refuse services to the residents of the City.

Airport – To account for the operation of the municipal airport.

**CITY OF GRANTS
BALANCE SHEET
NONMAJOR PROPRIETARY FUNDS
June 30, 2015**

	Golf Course	Housing Authority Low Rent	Airport	Total
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 12,168	17,813	521	30,502
Accounts receivable - other	643	-	10,411	11,054
Accounts receivable - tenants (net of allowance)	-	2,885	-	2,885
Due from other funds	-	6,167	-	6,167
Total current assets	12,811	26,865	10,932	50,608
Non-Current Assets				
Capital Assets:				
Capital assets - not depreciated	-	46,724	-	46,724
Capital assets - depreciated	2,250,883	1,159,775	-	3,410,658
Less accumulated depreciation	(1,503,037)	(739,480)	-	(2,242,517)
Net capital assets	747,846	467,019	-	1,214,865
Total assets	760,657	493,884	10,932	1,265,473
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	7,403	1,851	-	9,254
LIABILITIES				
Current Liabilities:				
Accounts payable	39,767	2,598	-	42,365
Accrued payroll	10,831	1,116	-	11,947
Tenant security deposits/utility deposits	-	4,250	-	4,250
Prepaid rents	-	234	-	234
Due to other funds	-	-	-	-
Current portion of compensated absences	22,276	1,903	-	24,179
Current portion of long-term debt/lease payable	-	-	-	-
Total current liabilities	72,874	10,101	-	82,975
Noncurrent Liabilities				
Net pension liability	71,364	17,841	-	89,205
Compensated absences	-	1,969	-	1,969
Long-term debt	-	-	-	-
Total noncurrent liabilities	71,364	19,810	-	91,174
Total liabilities	144,238	29,911	-	174,149
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	27,968	6,992	-	34,960
NET POSITION				
Net investment in capital assets	747,846	467,019	-	1,214,865
Unrestricted	(151,992)	(8,187)	10,932	(149,247)
Total net position	\$ 595,854	458,832	10,932	1,065,618

The Notes to the Financial Statements are an integral part of this statement.

CITY OF GRANTS
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
NONMAJOR PROPRIETARY FUNDS
Year Ended June 30, 2015

	Golf Course	Housing Authority Low Rent	Airport	Total
OPERATING REVENUES				
Water, sewer and refuse sales	\$ -	-	-	-
Golf fees	314,284	-	-	314,284
Rental income	975	26,795	-	27,770
Total operating revenues	315,259	26,795	-	342,054
OPERATING EXPENSES				
Operating expenses	783,590	103,826	55,034	942,450
Depreciation	67,780	33,788	-	101,568
Total operating expenses	851,370	137,614	55,034	1,044,018
Net income (loss) from operations	(536,111)	(110,819)	(55,034)	(701,964)
NON-OPERATING REVENUES (EXPENSES)				
Federal grants and subsidies	-	52,406	-	52,406
Other miscellaneous income (expense)	-	11,440	10,966	22,406
Total non-operating revenues (expenses)	-	63,846	10,966	74,812
Net income (loss) before contributions and transfers	(536,111)	(46,973)	(44,068)	(627,152)
Operating transfers in	435,000	-	55,000	490,000
Operating transfers (out)	-	-	-	-
Capital transfers in	25,464	-	-	25,464
Capital transfers (out)	-	-	-	-
Change in net position	(75,647)	(46,973)	10,932	(111,688)
Net position, beginning of year	767,770	529,872	-	1,297,642
Prior period restatement, pensions	(96,269)	(24,067)	-	(120,336)
Net position, beginning of year as restated	671,501	505,805	-	1,177,306
Total fund net position, at end of year	\$ 595,854	458,832	10,932	1,065,618

The Notes to the Financial Statements are an integral part of this statement.

CITY OF GRANTS
STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
Year Ended June 30, 2015

	Golf Course	Housing Authority Low Rent	Airport	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 314,989	24,691	(10,411)	329,269
Cash paid to suppliers	(311,418)	(65,401)	(55,034)	(431,853)
Cash paid to and on behalf of employees	(442,537)	(37,332)	-	(479,869)
Net cash provided (used) by operating activities	(438,966)	(78,042)	(65,445)	(582,453)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Grants and subsidies	-	52,406	10,966	63,372
Advances (to) from other funds	-	(2,005)	-	(2,005)
Transfers in (out)	435,000	-	-	435,000
Other miscellaneous income (expense)	-	11,440	55,000	66,440
Net cash provided (used) by noncapital financing activities	435,000	61,841	65,966	562,807
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchase of property and equipment	-	(5,129)	-	(5,129)
Principal paid: revenue bonds/lease purchase/advances	(52,935)	-	-	(52,935)
Interest paid: revenue bonds/lease purchase/advances	-	-	-	-
Net cash provided (used) by capital and related financing activities	(52,935)	(5,129)	-	(58,064)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	-	-	-	-
Net cash provided (used) by investing activities	-	-	-	-
Net increase (decrease) in pooled cash	(56,901)	(21,330)	521	(77,710)
Pooled cash and investments, beginning of year	69,069	39,143	-	108,212
Pooled cash and investments, end of year	\$ 12,168	17,813	521	30,502
Cash and cash equivalents	\$ 12,168	17,813	521	30,502
Restricted cash	-	-	-	-
Total cash	\$ 12,168	17,813	521	30,502
Non Cash Transactions:				
Capital assets transferred in/(out)	\$ 25,464	-	-	25,464

The Notes to the Financial Statements are an integral part of this statement.

CITY OF GRANTS
STATEMENT OF CASH FLOWS (CONTINUED)
NONMAJOR PROPRIETARY FUNDS
Year Ended June 30, 2015

	Golf Course	Housing Authority Low Rent	Airport	Total
Reconciliation of operating income to net cash provided (used) by operating activities				
Operating income (loss)	\$ (536,111)	(110,819)	(55,034)	(701,964)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	67,780	33,788	-	101,568
Net pension related adjustments	(4,340)	(1,085)	-	(5,425)
Change in assets and liabilities				
(Increase) decrease in assets:				
Accounts receivable	(270)	(1,971)	(10,411)	(12,652)
Inventories	-	-	-	-
Increase (decrease) in liabilities:				
Accounts and contracts payable	37,900	1,494	-	39,394
Wages payable	3,639	160	-	3,799
Compensated absences	(7,564)	524	-	(7,040)
Tenant deposits/utility deposits	-	-	-	-
Tenants prepaid rent	-	(133)	-	(133)
Total adjustments	<u>97,145</u>	<u>32,777</u>	<u>(10,411)</u>	<u>119,511</u>
Net cash provided (used) by operating activities	<u>\$ (438,966)</u>	<u>(78,042)</u>	<u>(65,445)</u>	<u>(582,453)</u>

The Notes to the Financial Statements are an integral part of this statement.

**CITY OF GRANTS
STATEMENT OF REVENUES AND EXPENSES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
GOLF COURSE OPERATING FUND
ENTERPRISE FUNDS
Year Ended June 30, 2015**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
REVENUES				
Golf course fees	\$ 465,000	465,000	314,284	(150,716)
Rental income	-	-	975	975
Total revenues	<u>465,000</u>	<u>465,000</u>	<u>315,259</u>	<u>(149,741)</u>
OPERATING EXPENSES				
Personnel	-	-	-	-
Operating	953,580	953,580	807,606	145,974
Capital outlay	-	-	-	-
Total operating expenses	<u>953,580</u>	<u>953,580</u>	<u>807,606</u>	<u>145,974</u>
Operating income (loss)	<u>(488,580)</u>	<u>(488,580)</u>	<u>(492,347)</u>	<u>(3,767)</u>
NONOPERATING REVENUE (EXPENSES)				
Federal grants and subsidies	-	-	-	-
Miscellaneous income (expense)	-	-	-	-
Transfers in	475,000	475,000	435,000	40,000
Transfers (out)	-	-	-	-
Total nonoperating revenue (expenses)	<u>475,000</u>	<u>475,000</u>	<u>435,000</u>	<u>40,000</u>
Net income (loss) after transfers	<u>\$ (13,580)</u>	<u>(13,580)</u>	<u>(57,347)</u>	<u>(43,767)</u>
Budgeted cash carryover	<u>13,580</u>	<u>13,580</u>		
	<u>\$ -</u>	<u>-</u>		

Budgetary - GAAP Reporting Reconciliation

Net income (loss) after transfers	\$ (57,347)
Adjustments for revenue accruals	-
Adjustments for capital transfer in	25,464
Adjustments for expense accruals	24,016
Adjustments for depreciation	<u>(67,780)</u>
Change in net position (GAAP) basis	<u>\$ (75,647)</u>

The Notes to the Financial Statements are an integral part of this statement.

**CITY OF GRANTS
STATEMENT OF REVENUES AND EXPENSES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
LOW RENT
ENTERPRISE FUNDS
Year Ended June 30, 2015**

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
REVENUES				
Rental income	\$ 21,270	21,270	26,008	4,738
Other	-	-	-	-
Total revenues	<u>21,270</u>	<u>21,270</u>	<u>26,008</u>	<u>4,738</u>
OPERATING EXPENSES				
Operating	100,950	100,950	106,815	(5,865)
Capital outlay	-	-	-	-
Total operating expenses	<u>100,950</u>	<u>100,950</u>	<u>106,815</u>	<u>(5,865)</u>
			-	-
Operating income (loss)	<u>(79,680)</u>	<u>(79,680)</u>	<u>(80,807)</u>	<u>(1,127)</u>
NONOPERATING REVENUE (EXPENSES)				
Federal grants and subsidies	106,208	106,208	52,406	53,802
Miscellaneous income (expense)	750	750	11,440	(10,690)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total nonoperating revenue (expenses)	<u>106,958</u>	<u>106,958</u>	<u>63,846</u>	<u>43,112</u>
Net income (loss) after transfers	27,278	27,278	<u>(16,961)</u>	<u>(44,239)</u>
Budgeted cash carryover	-	-		
	<u>\$ 27,278</u>	<u>27,278</u>		
Budgetary - GAAP Reporting Reconciliation				
Net income (loss) after transfers			\$ (16,961)	
Adjustments for revenue accruals			787	
Adjustments for expense accruals			2,989	
Adjustments for depreciation			<u>(33,788)</u>	
Change in net position (GAAP) basis			<u>\$ (46,973)</u>	

The Notes to the Financial Statements are an integral part of this statement.

CITY OF GRANTS
STATEMENT OF REVENUES AND EXPENSES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
UTILITIES
ENTERPRISE FUNDS
Year Ended June 30, 2015

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
REVENUES				
Water, sewer and refuse sales	\$ 5,572,750	5,572,750	6,375,529	802,779
Rental income	-	-	-	-
Total revenues	<u>5,572,750</u>	<u>5,572,750</u>	<u>6,375,529</u>	<u>802,779</u>
OPERATING EXPENSES				
Operating	5,743,339	5,743,339	4,728,370	1,014,969
Depreciation	-	-	-	-
Total operating expenses	<u>5,743,339</u>	<u>5,743,339</u>	<u>4,728,370</u>	<u>1,014,969</u>
Operating income (loss)	<u>(170,589)</u>	<u>(170,589)</u>	<u>1,647,159</u>	<u>1,817,748</u>
NONOPERATING REVENUE (EXPENSES)				
Interest on investments	-	-	4,765	4,765
Miscellaneous income (expense)	10,000	10,000	-	(10,000)
Principal payments	(398,048)	(398,048)	(398,048)	-
Interest expense	(32,028)	(32,028)	(32,028)	-
Operating transfers in	233,750	233,750	139,772	(93,978)
Operating transfers (out)	(1,194,991)	(1,194,991)	(435,000)	759,991
Total nonoperating revenue (expenses)	<u>(1,381,317)</u>	<u>(1,381,317)</u>	<u>(720,539)</u>	<u>660,778</u>
Net income (loss) after transfers	<u>(1,551,906)</u>	<u>(1,551,906)</u>	<u>926,620</u>	<u>2,478,526</u>
Budgeted cash carryover	<u>1,551,906</u>	<u>1,551,906</u>		
	<u>\$ -</u>	<u>-</u>		

Budgetary - GAAP Reporting Reconciliation

Net income (loss) after transfers	\$ 926,620
Adjustments for revenue accruals	(79,305)
Adjustments for expense accruals	(39,870)
Adjustments for principal payments	398,048
Adjustments for capital transfer in	342,151
Adjustments for depreciation	<u>(616,789)</u>
Change in net position (GAAP) basis	<u>\$ 930,855</u>

The Notes to the Financial Statements are an integral part of this statement.

CITY OF GRANTS
STATEMENT OF REVENUES AND EXPENSES
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
AIRPORT
ENTERPRISE FUNDS
Year Ended June 30, 2015

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
REVENUES				
Charges for services	\$ -	-	555	555
Rental income	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>555</u>	<u>555</u>
OPERATING EXPENSES				
Operating	-	-	55,034	(55,034)
Depreciation	-	-	-	-
Total operating expenses	<u>-</u>	<u>-</u>	<u>55,034</u>	<u>(55,034)</u>
Operating income (loss)	<u>-</u>	<u>-</u>	<u>(54,479)</u>	<u>(54,479)</u>
NONOPERATING REVENUE (EXPENSES)				
Interest on investments	-	-	-	-
Miscellaneous income (expense)	-	-	-	-
Principal payments	-	-	-	-
Interest expense	-	-	-	-
Operating transfers in	-	-	55,000	55,000
Operating transfers (out)	-	-	-	-
Total nonoperating revenue (expenses)	<u>-</u>	<u>-</u>	<u>55,000</u>	<u>55,000</u>
Net income (loss) after transfers	<u>-</u>	<u>-</u>	<u>521</u>	<u>521</u>
Budgeted cash carryover	<u>-</u>	<u>-</u>		
	<u>\$ -</u>	<u>-</u>		

Budgetary - GAAP Reporting Reconciliation

Net income (loss) after transfers	\$ 521
Adjustments for revenue accruals	10,411
Adjustments for expense accruals	-
Adjustments for principal payments	-
Adjustments for depreciation	<u>-</u>
Change in net position (GAAP) basis	<u>\$ 10,932</u>

The Notes to the Financial Statements are an integral part of this statement.

**CITY OF GRANTS
FIDUCIARY FUNDS
JUNE 30, 2015**

FIDUCIARY FUND TYPES

Agency Funds are used to account for assets held by the City as an agent for individuals, private organizations, other governments, or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Appearance Bond Fund - To account for collection and payments of Appearance Bonds from individuals arrested or cited by City Police.

Senior Citizens - To account for funds raised by members of the City of Grants Senior Citizen Organization to be used by and for Senior Citizen functions.

**CITY OF GRANTS
STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
Year Ended June 30, 2015**

	Balance June 30, 2014	Increase	Decrease	Balance June 30, 2015
Appearance Bond Fund:				
Assets				
Petty cash	\$ 500	-	-	500
Cash in bank	22,193	21,089	(17,827)	25,455
Total assets	\$ 22,693	21,089	(17,827)	25,955
Liabilities				
Deposits held for others	\$ 22,693	21,089	(17,827)	25,955
Senior Activity Account:				
Assets				
Cash in bank	\$ 1,315	286	(691)	910
Liabilities				
Funds held for seniors	\$ 1,315	286	(691)	910
Total Agency Funds:				
Assets				
Petty cash	\$ 500	-	-	500
Cash in bank	23,508	21,375	(18,518)	26,365
Total assets	\$ 24,008	21,375	(18,518)	26,865
Liabilities				
Deposits held for others	\$ 24,008	21,375	(18,518)	26,865

The Notes to the Financial Statements are an integral part of this statement.

CITY OF GRANTS
SCHEDULE OF DEPOSIT ACCOUNTS
June 30, 2015

Type	Depository	Account Name	Depository Balance	Reconciled Balance
Interest bearing checking	Grants State Bank	Pooled cash	\$ 6,915,943	6,576,267
Interest bearing checking	Wells Fargo	General Government Impr	164,557	164,557
Interest bearing checking	Wells Fargo	Payroll	1,527	-
Interest bearing checking	US Bank	Low Rent Housing	17,755	17,813
Interest bearing checking	US Bank	Section 8 Voucher	26,113	25,658
Held & Directed by Trustee	NMFA	Debt Service - Museum	129,578	129,578
Held & Directed by Trustee	NMFA	Debt Reserve - Museum	64,716	64,716
Held & Directed by Trustee	NMFA	Debt Service - Street Sweeper	7,085	7,085
Held & Directed by Trustee	NMFA	Debt Reserve - Street Sweeper	19,353	19,353
Held & Directed by Trustee	NMFA	Debt Service - Fire Truck	4	4
CD	Grants State Bank	Pooled cash	500,000	500,000
CD	Grants State Bank	Pooled cash	400,000	400,000
CD	Wells Fargo	Pooled cash	400,000	400,000
CD	Wells Fargo	Pooled cash	500,000	500,000
CD	Wells Fargo	Pooled cash	500,000	500,000
			<u>9,646,631</u>	<u>9,305,031</u>
	Petty Cash	General Operating	-	1,840
	Petty Cash	Cibola Senior Center	-	66
	Petty Cash	Utilities	-	495
	Petty Cash	Water meter deposits	-	200
		Total cash and cash equivalents - non-agency	<u>\$ 9,646,631</u>	<u>9,307,632</u>
Investment	NM State Treasurer	Local Govt Investment Pool	<u>5,036,725</u>	<u>5,036,725</u>
		Total deposit and investment accounts - non-agency	<u>\$ 14,683,356</u>	<u>14,344,357</u>
Agency funds cash accounts				
Interest bearing checking	Grants State Bank	Pooled cash	\$ 26,365	26,365
Petty Cash	Appearance Bonds		-	500
		Total cash - agency funds	<u>\$ 26,365</u>	<u>26,865</u>
		Government activities		10,515,512
		Business-type activities		2,808,428
		Business-type activities - restricted		1,020,417
		Fiduciary funds		26,865
				<u>14,371,222</u>

CITY OF GRANTS
SCHEDULE OF PLEDGED COLLATERAL
June 30, 2015

	Grants State Bank	Wells Fargo	US Bank	Total
Deposits at June 30, 2015	\$ 7,842,308	1,566,084	43,868	9,452,260
Less: FDIC or NCUSIF coverage	500,000	416,084	43,868	959,952
Uninsured public funds	7,342,308	1,150,000	-	8,492,308
Pledged collateral held by the pledging bank's trust department or agent but not in the City's name	6,808,698	757,552	-	7,566,250
Uninsured and uncollateralized	\$ 533,610	392,448	-	926,058
50% pledged collateral requirement per statute	\$ 3,671,154	575,000	-	4,246,154
Total pledged collateral	6,808,698	757,552	-	7,566,250
Pledged collateral over the requirement	\$ (3,137,544)	(182,552)	-	(3,320,096)

Pledged collateral at June 30, 2015 consists of the following:

Security	CUSIP	Maturity	Fair Market Value
<i>Wells Fargo</i>			
FG A86314 4.000%	312933AP9	5/1/2039 \$	32,868
FG A93494 4.000%	3129413B1	8/1/2040	21,023
FN AH7996 3.000%	3136A93E2	11/1/2026	44,642
FN AJ4752 3.500%	3138AWH63	12/1/2041	2,582
FN AJ6643 3.000%	3138AYLZO	12/1/2026	543
FN AQ9054 3.500%	3138MRBY6	12/1/2042	31,442
FN AR1536 3.500%	3138NXV61	12/1/2042	249,570
FN AR9197 3.000%	3138W7GF5	3/1/2043	12,836
FN AU0924 3.500%	3138XOA24	7/1/2043	169,318
FN AB5735 3.000%	31417CLR4	7/1/2042	715
FN MA1003 3.500%	31418ADH8	3/1/2042	139,782
FN AE0981 3.500%	31419BCTO	3/1/2041	52,231
<i>Grants State Bank</i>			
ALAMOGORDO NM MUNI SD #1 GO	011464GW8	8/1/2021	759,218
ALBUQUERQUE NM MUNI SD #12 GO	013595LL5	8/1/2021	800,401
CLOVIS NM MUNI SCH DIST #1 BQ GO	189414KP9	8/1/2019	155,286
ESTANCIA NM MUNI SO #7 BQ GO	297326FC9	6/15/2017	250,685
GRANTS & CIBOLA CNTYS NM SCH DIST N01 SC	388240EJ8	11/15/2017	213,928
GRANTS & CIBOLA CNTYS NM SD #1 GO	388240FR9	4/15/2019	501,330
GRANTS & CIBOLA CO NM SO #1 BQ GO	388240GL1	10/1/2022	247,895
LAS VEGAS NMCITY SCH DIST BQ	51778FCF4	7/15/2015	250,278
LOS BANOS CA UNIF SD ZERO BQ GO	545438DS9	8/1/2018	481,415
SANTA FE CNTY NM BQ NONC	801889LR5	7/1/2019	840,630
SOUTHERN SANDOVAL NM FLOOD BQ AFCA	843789EY0	8/1/2023	216,754
WEST LAS VEGAS SD NONCALL FR	953769GM2	12/1/2015	106,481
WEST LAS VEGAS NM SCH DIST BQ	953769JK3	7/15/2015	100,127
CORRALES NM GROSS RECPTS TAX REV	22026TAE0	5/1/2018	142,864
JOLIET IL WTRWKS & SEWAGE BQ REV	479790JU2	1/1/2020	513,985
NEW MEXICO ST SEVERANCE TAX REV	647310K26	7/1/2019	342,051
NEW MEXICO ST SEVERANCE TAX REV	647310K26	7/1/2019	570,085
TAOS NM GROSS RCPTS BQ CALL	87601RAL4	6/1/2023	315,285
Total pledged collateral			<u>\$ 7,566,250</u>

The custodian of the pledged collateral securities for Wells Fargo is the Bank of New York (New York, NY)

The custodian of the pledged collateral securities for Grants State Bank is the Independent Bankers Bank (Dallas, TX)

CITY OF GRANTS
SCHEDULE OF JOINT POWERS AGREEMENTS
June 30, 2015

<u>Participants</u>	<u>Party Responsible for Operations</u>	<u>Description</u>	<u>Beginning and Ending Dates</u>	<u>Total Estimated Amount of Project</u>	<u>Contribution 6/30/2015</u>	<u>Audit Responsibility</u>	<u>Revenues and Expenditures Reported on:</u>
City of Grants NW New Mexico Solid Waste Authority	NW New Mexico Regional Solid Waste Authority	Solid waste disposal services	July 1, 2014 June 30, 2015	N/A	10,244	WM NM Solid Waste	Rev:NM NMSW Exp: City of Grants
City of Grants County of Cibola Village of Milan	Village of Milan	Operation of Public Transit System	September 1, 2006 and Continuing	N/A	65,872	Village of Milan	Rev: Village of Milan Lib. Sr. Anim Cibola County Cibola Transit Authority Exp:City of Grants
City of Grants County of Cibola Village of Milan	County of Cibola	Cibola Regional Communications Center	February 8, 2013 and Continuing	N/A	268,867	County of Cibola	Rev: County of Cibola

The Notes to the Financial Statements are an integral part of this statement.

**CITY OF GRANTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015**

Federal Grantor/Program Title	Federal Federal CFDA Number or Agency Prefix	Project Number	Award Amount	Accrued or Unearned Revenue at June 30, 2014	Receipts	Expenditures	Accrued or Unearned Revenue at June 30, 2015
U.S. Department of Health and Human Services							
Passed through North Central							
New Mexico Economic Development District							
Special Programs for the Aging Title III, Part B	93.044	2013-14 60015	51,578	8,187	(8,187)	-	-
Special Programs for the Aging Title III, Part B	94.044	2014-15 60016	44,070	-	(43,852)	44,070	218
Special Programs for the Aging Title III, Part C	93.045	Unknown	47,009	2,358	(2,358)	-	-
Special Programs for the Aging Title III, Part C	93.045	Unknown	53,009	-	(51,957)	53,009	1,052
Passed through Area Agency on Aging							
Nutritional Service Incentive Program	93.053	2014-15-60015	26,652	-	(26,652)	26,652	-
Total U.S. Department of Health and Human Services			222,318	10,545	(133,006)	123,731	1,270
U.S. Department of Housing and Urban Development							
Low Rent Public Housing Operating Subsidy-Housing	14.850	NM030-00000115D	55,852	-	(52,406)	52,406	-
Section 8 Rental Voucher Program - Housing	14.871	N/A	184,187	-	(184,187)	204,402	-
Public Housing Capital Fund	14.872	NM02P030501-12	29,858	-	-	-	-
Public Housing Capital Fund	14.872	NM02P030501-13	28,300	-	-	-	-
Public Housing Capital Fund	14.872	NM02P030501-14	31,301	-	-	-	-
Public Housing Capital Fund	14.872	NM02P030501-15	32,227	-	-	-	-
Total U.S. Department of Housing and Urban Development			361,725	-	(236,593)	256,808	-
U.S. Department of Homeland Security							
Passed through New Mexico Department of Homeland Security and Emergency Management							
Disaster Grants - College Bridge Road	97.036	FEMA-4047-DR-NM	95,394	331	(36,751)	95,063	58,643
Disaster Grants - George Hanosh Bridge	97.036	FEMA-4152-DR-NM	5,187	(5,187)	-	5,187	-
Total U.S. Department of Homeland Security			100,581	(4,856)	(36,751)	100,250	58,643
U.S. Department of Transportation							
Passed through New Mexico Department of Transportation							
Operation Driving While Intoxicated (ODWI)	20.608	14-AL-64-039	10,400	-	(6,351)	6,351	-
Operation Driving While Intoxicated (ODWI)	20.608	15-AL-64-039	10,320	-	-	7,949	7,949
100 Days and Nights of Summer	20.600	14-PT-DS-039	2,175	180	(751)	571	-
100 Days and Nights of Summer	20.600	15-PT-DS-039	2,190	-	-	-	-
Federal Highway Administration	20.xxx	7506(001)	1,798,889	976,024	(976,024)	-	-
Federal Highway Administration	20.106	D14116	84,375	-	(62,184)	62,184	-
Total U.S. Department of Transportation			1,908,349	976,204	(1,045,310)	77,055	7,949
Total Federal Financial Assistance			2,592,973	981,893	(1,451,660)	557,844	67,862

NOTE 1. GENERAL

The above schedule of expenditures of federal awards includes the federal grant activity of the City of Grants. The City's reporting entity is defined in Note 1 to the financial statements. All awards received from federal agencies and passed through other organizations are included on the schedule.

NOTE 2. BASIS OF ACCOUNTING

The above schedule of expenditures of federal awards is presented on the accrual basis of accounting, which is described in Note 1 to the City of Grants financial statements.

**HOUSING AUTHORITY OF THE CITY OF GRANTS
FINANCIAL DATA SCHEDULE
June 30, 2015**

Line item #	Account	Project Total Low Rent & Capital Funds Program	Housing Choice Vouchers	Total
111	Cash - Unrestricted	13,564	14,189	27,753
113	Cash - Other Restricted	-	11,469	11,469
114	Cash - Tenant Security Deposits	4,250	-	4,250
100	Total Cash	<u>17,814</u>	<u>25,658</u>	<u>43,472</u>
121	Accounts Receivable - PHA Projects	-	-	-
122	Due from HUD - Other Projects	-	-	-
124	Accounts Receivable - Other Government	-	-	-
125	Accounts Receivable - Miscellaneous	-	-	-
126	Accounts Receivable - Tenants	5,100	-	5,100
126.1	Allowance for Doubtful Accts - Tenants	(2,426)	-	(2,426)
126.2	Allowance for Doubtful Accts - Other	-	-	-
120	Total Receivables, Net of Allowance for Doubtful	<u>2,674</u>	<u>-</u>	<u>2,674</u>
132	Investments - Restricted	-	-	-
142	Prepaid Expenses and Other Assets	-	-	-
144	Inter Program Due From	6,167	-	6,167
150	Total Current Assets	<u>26,655</u>	<u>25,658</u>	<u>52,313</u>
161	Land	46,724	-	46,724
162	Buildings	1,506,861	-	1,506,861
163	Furniture, Equip & Machinery - Dwellings	20,412	-	20,412
164	Furniture, Equip & Machinery - Administration	34,638	9,011	43,649
165	Leasehold Improvements	-	-	-
166	Accumulated Depreciation	(1,048,462)	(8,847)	(1,057,309)
167	Construction in Progress	-	-	-
168	Infrastructure	-	-	-
160	Total Capital Assets, Net of Accumulated	<u>560,173</u>	<u>164</u>	<u>560,337</u>
180	Total Non-Current Assets	<u>560,173</u>	<u>164</u>	<u>560,337</u>
190	Total Assets	<u>586,828</u>	<u>25,822</u>	<u>612,650</u>
311	Bank Overdraft	-	-	-
312	Accounts Payable <= 90 Days	2,598	1,196	3,794
321	Accrued Wages/Payroll Taxes Payable	1,116	197	1,313
322	Accrued Compensated Absences - Current Portion	1,903	816	2,719
331	Accounts Payable - HUD PHA Programs	-	-	-
341	Tenant Security Deposits	4,250	-	4,250
342	Deferred Revenues	234	-	234
345	Other Current Liabilities	-	-	-
347	Inter Program - Due To	-	6,167	6,167
310	Total Current Liabilities	<u>10,101</u>	<u>8,376</u>	<u>18,477</u>
354	Accrued Compensated Absences - Non Current	1,969	844	2,813
350	Total Noncurrent Liabilities	<u>1,969</u>	<u>844</u>	<u>2,813</u>
300	Total Liabilities	<u>12,070</u>	<u>9,220</u>	<u>21,290</u>
508	Total Contributed Capital	<u>-</u>	<u>-</u>	<u>-</u>
508.4	Invested in Capital Assets, Net of Related Debt	<u>560,173</u>	<u>164</u>	<u>560,337</u>
511.4	Restricted Net Position	-	11,468	11,468
512.4	Unrestricted Net Position	14,585	4,970	19,555
513	Total Equity - Net Assets / Position	<u>574,758</u>	<u>16,602</u>	<u>591,360</u>
600	Total Liabilities, Deferred Inflows of Resources and Equity - Net	<u>586,828</u>	<u>25,822</u>	<u>612,650</u>

**HOUSING AUTHORITY OF THE CITY OF GRANTS
FINANCIAL DATA SCHEDULE
June 30, 2015**

Line item #	Account	Low Rent Public Housing	Housing Choice Vouchers	Total
70300	Net Tenant Rental Revenue	26,795	-	26,795
70400	Tenant Revenue - Other	-	-	-
70500	Total Tenant Revenue	<u>26,795</u>	<u>-</u>	<u>26,795</u>
70600	HUD PHA Operating Grants	52,406	184,187	236,593
70610	Capital Grants	-	-	-
71100	Investment Income - Unrestricted	-	12	12
71300	Proceed from Disposition of Assets Held for Sale	-	-	-
71310	Cost of Sale of Assets	-	-	-
71400	Fraud Recovery	-	620	620
71500	Other Revenue	11,229	-	11,229
71800	Gain or Loss on Sale of Capital Assets	-	-	-
72000	Investment Income - Restricted	-	-	-
70000	Total Revenue	<u>90,430</u>	<u>184,819</u>	<u>275,249</u>
91100	Administrative Salaries	36,931	8,795	45,726
91200	Auditing Fees	-	-	-
91300	Management Fees	-	-	-
91310	Bookkeeping Fees	-	-	-
91400	Advertising and Marketing	-	-	-
91500	Employee Benefit Contributions - Administrative	13,810	3,296	17,106
91600	Office Expenses	10,394	3,278	13,672
91700	Legal Expenses	-	-	-
91800	Travel	2,731	439	3,170
91900	Other	2,657	6,898	9,555
91000	Total Operating - Administration	<u>66,523</u>	<u>22,706</u>	<u>89,229</u>
92400	Tenant Services - Other	-	-	-
92500	Total Tenant Services	<u>-</u>	<u>-</u>	<u>-</u>
93100	Water	2,155	-	2,155
93200	Electricity	1,868	-	1,868
93300	Gas	760	-	760
93800	Other Utilities Expense	-	-	-
93000	Total Utilities	<u>4,783</u>	<u>-</u>	<u>4,783</u>
94100	Ordinary Maint and Operations - Labor	4,995	-	4,995
94200	Ordinary Maint and Operations - Materials & Other	6,066	-	6,066
94300	Ordinary Maint and Operations - Contract Costs	10,501	-	10,501
94500	Employee Benefit Contributions - Ordinary	437	-	437
94000	Total Maintenance and Operations	<u>21,999</u>	<u>-</u>	<u>21,999</u>
96110	Property Insurance	-	-	-
98130	Workmen's Compensation	-	-	-
96140	All Other Insurance	8,656	276	8,932
96100	Total Insurance Premiums	<u>8,656</u>	<u>276</u>	<u>8,932</u>
96200	Other General Expenses	-	-	-
96210	Compensated Absences	524	225	749
96400	Bad debt - Tenants	2,426	-	2,426
96000	Total Other General Expenses	<u>2,950</u>	<u>225</u>	<u>3,175</u>
98900	Total Operating Expenses	<u>104,911</u>	<u>23,207</u>	<u>128,118</u>
96900	Excess Operating Revenue over Operating	<u>(14,481)</u>	<u>161,612</u>	<u>147,131</u>
97300	Housing Assistance Payments	-	181,505	181,505
97350	HAP Portability-In	-	-	-
97200	Casualty Losses - Non-Capitalized	-	-	-
97400	Depreciation Expense	63,921	33	63,954
90000	Total Expenses	<u>168,832</u>	<u>204,745</u>	<u>373,577</u>
10010	Operating Transfers In	-	-	-
10020	Operating Transfers Out	-	-	-
10093	Transfers between Project and Program - In	-	-	-
10094	Transfers between Project and Program - Out	-	-	-
10100	Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
10000	Excess (Deficiency) of Total Rev Over (Under)	<u>(78,402)</u>	<u>(19,926)</u>	<u>(98,328)</u>
11030	Beginning Equity	653,160	36,528	689,688
11040	Prior Period Adj. Equity Transfers, Correction of	-	-	-
11170	Administrative Fee Equity	-	5,135	5,135
11180	Housing Assistance Payments Equity	-	11,467	11,467
11190	Unit Months Available	240	510	750
11210	Number of Unit Months Leased	231	480	711

ADDITIONAL FEDERAL INFORMATION

City of Grants
SCHEDULE OF VENDOR INFORMATION for Purchases Exceeding \$60,000 (excluding GRT)
For the Year Ended June 30, 2015
Prepared by Agency Staff Name: Tammy Torrez Title: Finance Director Date 12/11/2015

<i>RFB#/RFP#</i>	<i>Type of Procurement</i>	<i>Awarded Vendor</i>	<i>\$ Amount of Awarded Contract</i>	<i>\$ Amount of Amended Contract</i>	<i>Name and Physical Address per the procurement documentation, of ALL Vendor(s) that responded</i>	<i>In-State/ Out-of-State Vendor (Y or N) (Based on Statutory Definition)</i>	<i>Was the vendor in-state and chose Veteran's preference (Y or N) For federal funds answer N/A</i>	<i>Brief Description of the Scope of Work</i>
RFP #08142014	On Call Svc	Forsgren & Associates, Inc.	730469.09		Forsgren & Associates, Inc. 370 E. 500 South Suite 200, Salt Lake City , UT. 84111			Design new Waste Water Treatment Plant
					AMEC Enviroment & Infrastructure , Inc., 8519 Jefferson St. NE, Albuquerque, NM 87113			
					Smith Engineering Company, 6400 Uptown Blvd., NE, Suite 500, Albuquerque, NM 87110			
					Wilson & Company, P.O. Box 3305, Salina, KS 67402			
N/A	Construction	Cooperative Educational Service	628594.73		Cooperative Educational Service P.O Box 92223, Albuquerque, NM 87199			Construct College Rd Bridge
RFP #12022014	Professional Service	Armstrong Consultants, Inc.	69550		Armstrong Consultants, Inc. 861 Rood Avenue, Grand Junction, CO. 81501 Delta	Y	N	Pre-engineer Runway Payment
					WHPacific 6501 America's Parkway, NE Suite 400, Albuquerque, NM 87110	Y	N	
					Delta Airport Consultants, Inc. 7804 Pan American Freeway, Suite 4, Albuquerque, NM 87109	Y	N	
N/A	Construction	Cooperative Educational Service	115329.41		Cooperative Educational Service P.O Box 92223, Albuquerque, NM 87199			Rebuild Sewer-Jefferson Street

City of Grants
 SCHEDULE OF VENDOR INFORMATION for Purchases Exceeding \$60,000 (excluding GRT)
 For the Year Ended June 30, 2015
 Prepared by Agency Staff Name: Tammy Torrez Title: Finance Director Date 12/11/2015

N/A	Construction	Cooperative Educational Service	94975.85	Cooperative Educational Service P.O. Box 92223, Albuquerque, NM 87199			Sanitary Sewer Remediation-Acoma Street
RFB #03282014	Construction	HydroGeologic Services, Inc.	71898.69	HydroGeologic Services, Inc. P.O. Box 94716, Albuquerque, NM 87199	Y	N	Rehab Well #1
N/A	Engineer Svc	Cooperative Educational Service	68156.24	Cooperative Educational Service P.O. Box 92223, Albuquerque, NM 87199	Y	N	Construct Management College Rd Bridge
N/A	On Call Svc	Forsgren & Associates, Inc.	80671	Forsgren & Associates, Inc. 370 E. 500 South Suite 200, Salt Lake City, UT. 84111	Y	N	Preliminary Engineers Service-Waste Water Treatment Plant
SB #10032014	Police Vehicles	Rich Ford	86358	Rich Ford, P.O. Box 3487, Albuquerque, NM 87190	Y	N	Three police units
				Gurley Motor Company, 701 W. Coal Ave., Gallup NM 87301			
RFP #07252014	On Call Svc	WHPacific, Inc.	119629.93	WHPacific, Inc., 6501 Parkway, NE Suite 400, Albuquerque, NM 87110	Y	N	Legacy Trail Design
				AMEC Enviroment & Infrastructure, Inc., 8519 Jefferson St. NE, Albuquerque, NM 87113			
				Medina Consulting, 6100 Seagull St., Suite 200., Albuquerque, NM 87109			
				Streamtech, Inc., P.O. Box 93721, Albuquerque, NM 87199			
				Sullivan Design Group, Inc., 227 East Palance Ave., Santa Fe, NM 87504			
				Wilson & Company, P.O. Box 3305, Salina, KS 67402			
RFB #04142015	Construction	Star Paving Co	457350.46	Star Paving Co., P.O. Box 12333, Albuquerque, NM 87195			2nd Street Phase II
				Wilson & Company, P.O. Box 3305, Salina, KS 67402			



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**Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

Independent Auditor's Report

Mr. Timothy Keller, State Auditor and
The Mayor and City Council
City of Grants
Grants, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons of the general fund of the City of Grants (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 related budgetary comparisons of the City, presented as supplemental information, and have issued our report thereon dated December 14, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit, of the financial statements, we considered the City of Grants' 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies as item 2015-004.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2013-004, 2015-001, 2015-002 and 2015-003.

The City's Responses to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the 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.

Ricci & Company LLC

Albuquerque, New Mexico
December 14, 2015



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Albuquerque, NM 87110
505.338.0800

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

INDEPENDENT AUDITOR'S REPORT

Mr. Timothy Keller, State Auditor and
The Mayor and City Council
City of Grants
Grants, New Mexico

Report on Compliance for Each Major Federal Program

We have audited City of Grants' (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 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 City of Grants' 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 City of Grants' 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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2015-004, 2015-005, and 2015-006. Our opinion on each major federal program is not modified with respect to these matters

The City's response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and corrective action plan. 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

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 City of Grants' 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 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 deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2015-004, 2015-005 and 2015-006, that we consider to be significant deficiencies.

The City's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and corrective action plan. 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.

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

Ricci & Company LLC

Albuquerque, New Mexico
December 14, 2015

**CITY OF GRANTS
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Year Ended June 30, 2015**

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? No
- Significant deficiencies identified? Yes

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weaknesses identified? No
- Significant deficiencies identified? Yes

Type of auditors' report issued on compliance for major federal programs: Unmodified

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

Identification of major program:

CFDA Number	Name of Federal Program or Cluster
14.871	Section 8 Housing Choice Vouchers

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? Yes

**CITY OF GRANTS
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Year Ended June 30, 2015**

SECTION II - FINANCIAL STATEMENT FINDINGS

2013-004 LEGAL COMPLIANCE WITH BUDGET (OTHER NONCOMPLIANCE)

CONDITION

The City's authorized budget was exceeded by actual expenditures. Per management the lack of progress towards implementing the prior year corrective action plan is due to a lack of monitoring and understanding of the adjustment process. The City violated state statutes by exceeding the authorized budget within the following funds:

<u>Fund</u>	<u>Budget Amount</u>	<u>Actual Amount Expended</u>	<u>Over</u>
Fire Protection	166,751	169,627	(\$2,876)
Gasoline Road Tax	75,000	80,000	(\$5,000)
Law Enforcement Protection Fund	53,800	54,967	(\$1,167)
Lodgers Tax	50,340	59,719	(\$9,379)
Senior Companion Program	83,693	83,695	(\$2)
Senior Employment Program	31,043	34,825	(\$3,782)
Low rent	100,950	106,815	(5,865)
Airport	-	55,034	(\$55,034)

CRITERIA

State Statute 6-6-6, NMSA 1978 requires the expenditures of public bodies not to exceed budget authority, stating "When any budget for a local public body has been approved and received by a local public body, it is binding upon all officials and governing authorities, and no governing authority or official shall allow or approve claims in excess thereof..." Further, NMAC 2.2.2.10 O(1)(a) states "If actual expenditures exceed budgeted expenditures at the legal level of budgetary control, that fact must be reported in a finding and disclosed..." The legal level of budgetary control for local governments is at the fund level.

EFFECT

The City is in violation of regulation and policies established by the State of New Mexico and Department of Finance and Administration (DFA). Violating budget constraints may impact the availability of funds for operations in future years. In addition, expenditures in excess of budget may indicate a potential lack of controls in the purchasing process which could result in unauthorized purchases being initiated.

CAUSE

The City did not submit budget adjustment requests to DFA when it was determined that expenditures in excess of budget were necessary.

RECOMMENDATION

The City should monitor budgeted costs and, when it is anticipated that costs will exceed budgeted amounts, budget adjustment requests should be submitted for approval to DFA.

MANAGEMENT RESPONSE

New and existing staff will continue to be trained and gain knowledge related to state budget requirement and submit Budget adjustments as needed. The City Manager and Finance Director will monitor expenditures and budget limitations to ensure compliance. Effective December 2015, the Finance Director began processing adjustments on a quarterly basis and will present quarterly reports to Council.

**CITY OF GRANTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2015**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

2015-001 CAPITAL ASSETS INVENTORY (OTHER NONCOMPLIANCE)

CONDITION

As part of our audit, we tested controls over fixed asset capitalization and tracking. We noted that it is the City's procedure to conduct an annual physical inventory of capital assets as required by state statute. However, in the year under audit, the City did not conduct the inventory until months after year-end.

CRITERIA

Section 12-6-10 NMSA 1978 states that "The governing authority of each agency shall, at the end of each fiscal year, conduct a physical inventory of movable chattels and equipment costing more than five thousand dollars and under the control of the governing authority."

EFFECT

Without a verification of capital assets through a timely physical inventory, the City is at a greater risk of fraud, theft, or misstatement of financial statement balances.

CAUSE

The City was late in the performance of the inventory count.

RECOMMENDATION

We recommend that the City review statutory requirements related to capital assets and ensure that the annual physical inventory of capital assets is performed in a timely manner.

MANAGEMENT RESPONSE

Due to a change in personnel the annual inventory was done late but the City will ensure that the annual inventory is done in timely manner. The finance manager will be responsible for performing this inventory in June prior to fiscal year end.

**CITY OF GRANTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2015**

SECTION II - FINANACIAL STATEMENT FINDINGS (CONTINUED)

**2015-002 UNABLE TO VERIFY AUTHORIZATION FOR UTILITY TAX RATE (OTHER
NONCOMPLIANCE)**

CONDITION

During revenue testwork over the City's proprietary funds we noted that the City charges utility customers gross receipts tax at a rate of 5.26%. The NM Taxation and Revenue Department imposes a special governmental gross receipts tax of 5.00% on the receipts of NM state and local governments. Qualified governmental receipts include sewage services, water sales (if the utility is owned or operated by a municipality), and refuse collection. From review, we determined that the City has been remitting 5.00% to the NM Taxation and Revenue Department. We inquired about the authorization for the additional 0.26% tax being assessed to customers. The City was unable to provide support for the authorization of the additional tax being charged.

CRITERIA

Utility rates are authorized by the City Council by ordinance, resolution, or other action. Supporting records and documentation should be maintained in order to verify City compliance with authorized rates.

EFFECT

The City is unable to determine if the additional tax rate has been properly authorized by the Council.

CAUSE

The City uses specific utility software system for billing and collection of utility services. The gross receipts rate being charged has been unchanged in the system for at least the last fifteen years. Due to turnover in City staff over this period and the volume of Council documents to review, the City is not able to readily verify the authorization for the gross receipts tax rate being charged.

RECOMMENDATION

We recommend that the City continue to review Council documents to determine the authorization for the gross receipts tax rate being assessed. Appropriate action should be taken upon conclusion of this review. We further recommend that record-keeping procedures and systems be reviewed and revised as appropriate to ensure that support for Council actions and authorizations can be easily identified over both the short- and long-term.

MANAGEMENT RESPONSE

In checking our records, it appears that the tax rate was set at 5.26% as far back as our accounting system goes. It was never noted by the previous auditor and staff did not think to review the rate. We now know that the staff should check this and adjust the rate when applicable with state level changes. As of January 1, 2016 the Utility Billing Customer Service Director updated the tax rate to 5.00% in the utility billing system. Also effective January 1, 2016, the Utility Department is in the process of performing a reconciliation to refund overbillings related to the tax rate to customers for the calendar years 2014 and 2015. This was approved by City Council on January 11, 2016.

**CITY OF GRANTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2015**

SECTION II - FINANACIAL STATEMENT FINDINGS (CONTINUED)

2015-003 SEGMENT INFORMATION (OTHER NONCOMPLIANCE)

CONDITION

The City issued revenue bonds to finance the construction and improvements of the water and waste water (sewer) facilities. Both the water and sewer departments are accounted for in the utilities fund, which also accounts for refuse services. However, the revenue bonds rely solely on the revenue generated by the water and sewer activities for repayment. The City was unable to separately account for financial information of the business-type segments included in the utility fund, and thus could not provide condensed financial information for note disclosure.

CRITERIA

GASBS No. 34, paragraph 122 states that governments that report enterprise funds or that use enterprise fund accounting and reporting standards to report their activities are required to present segment information for those activities in the notes to the financial statements.

Per GASBS No. 37, paragraph 17 for purposes of this disclosure, a segment is an *identifiable activity* (or grouping of activities), reported as or within an enterprise fund or an other stand-alone entity that has one or more bonds or other debt instruments (such as certificates of participation) outstanding, with a revenue stream pledged in support of that debt. In addition, the activity's revenues, expenses, gains and losses, assets, and liabilities are required to be accounted for separately. Disclosure requirements for each segment should be met by identifying the types of goods and services provided and by presenting condensed financial information in the notes.

EFFECT

The City does not have specific operating information for each identifiable activity accounted for in the utility fund. The City cannot determine the extent of the net increase or decrease in net position from each activity which means the City cannot make fully informed management decisions.

CAUSE

The City does not utilize an accounting structure within the utility fund which allows for easy separation of identifiable activities.

RECOMMENDATION

The City should implement an account or fund structure by which identifiable activities can be separated for individual disclosure as required by GASBS 37.

MANAGEMENT RESPONSE

The City will implement a fund structure in order to identify activities within the utility fund. The Finance Director will be responsible to implement this structure by June 30, 2016.

**CITY OF GRANTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2015**

SECTION III – FEDERAL AWARD FINDINGS AND QUESTION COSTS

2015-004 LACK OF SEGREGATION OF DUTIES AT HOUSING AUTHORITY (SIGNIFICANT DEFICIENCY IN INTERNAL CONTROL)

Federal agency:	U.S Department of Housing and Urban Development
Program:	Section 8 Housing Choice Vouchers
CFDA number:	14.871
Award number:	N/A
Award years:	2015
Type of Finding:	Significant Deficiency in Internal Control
Compliance Requirement:	Allowable Costs / Activities

CONDITION

During our documentation and testwork of internal controls over allowable costs / activities of the section 8 housing voucher program, it was noted that a single individual has access to blank check stock and single check signing authority. Although the Housing Authority makes every attempt to obtain two authorized signatures on all check disbursements, it is not a mandatory control, nor will the bank enforce this policy.

CRITERIA

Internal controls are designed to safeguard assets and help prevent losses from employee dishonesty or error. A fundamental concept in an adequate system of internal control is the segregation of duties.

QUESTIONED COSTS

None

EFFECT

There is a heightened risk that assets are not properly safeguarded and adequate controls are not in place to prevent or detect misstatements of accounting information due to errors or fraud.

CAUSE

The Housing Authority employs only one individual for daily operations. Although a 3rd party accountant who specializes in housing authority accounting is utilized for bank reconciliations, HUD reporting and other housing authority functions, this 3rd party cannot serve in the capacity to mitigate the segregation of duties threat because a 3rd party does not have intimate knowledge of routine and allowable costs nor do they have the authority to approve disbursements.

RECOMMENDATION

We recommend that the Housing Authority implement a policy in which only individuals without access to blank check stock can serve as an authorized check signer. The Housing Authority should also implement controls in the cash disbursement cycle to ensure that reviews performed during the cycle are documented with a signoff.

MANAGEMENT RESPONSE

The Grants Housing Authority (GHA) has only one employee, but in in the process of transferring the GHA to the Northern Regional Housing Authority (NRHA). This way the GHA will be able to staff the office the way it should be and have more than one employee. The Housing Authority Executive Director is responsible to ensure that segregations of duties at the Housing Authority are improved by January 2016, subsequent to a management agreement with NRHA.

**CITY OF GRANTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2015**

SECTION III – FEDERAL AWARD FINDINGS AND QUESTION COSTS (CONTINUED)

**2015-005 LACK OF PROPER DOCUMENTATION TO SUPPORT DISBURSEMENTS
(SIGNIFICANT DEFICIENCY IN INTERNAL CONTROL OVER MAJOR PROGRAMS)**

Federal agency:	U.S Department of Housing and Urban Development
Program:	Section 8 Housing Choice Vouchers
CFDA number:	14.871
Award number:	N/A
Award years:	2015
Type of Finding:	Significant Deficiency in Internal Control
Compliance Requirement:	Allowable Costs / Activities

CONDITION

During internal control procedures related to disbursements, we noted that for three of twenty five items tested, the disbursement either did not have documentation to support the disbursement, or the supporting documentation did not tie to the disbursement.

CRITERIA

Maintenance of adequate supporting documentation for all disbursements including approval of disbursements is an integral part of a sound internal control system to safeguard the assets and accomplish timely preparation and submission of financial reports.

QUESTIONED COSTS

There is a total of \$1,063 in disbursements without support or support that did not match disbursement.

EFFECT

Without all of the five elements of the COSO Internal Control Integrated Framework present, the Housing Authority is exposing itself to the risk of misappropriation of assets and needs to improve upon its processes in place to maximize the resources of the Housing Authority to safeguard assets and prevent or detect misstatements.

CAUSE

It is believed that a heavy workload has resulted in a lack of organization or misfiled documents.

RECOMMENDATION

The Housing Authority should implement procedures to maintain proper supporting documentation and also train personnel to adhere to the policies and procedures.

MANAGEMENT RESPONSE

The documentation has not been filed due to only one employee and heavy work load. The Housing Authority Executive Director is responsible to ensure that proper maintenance of supporting documents at the Housing Authority is improved by January 2016, subsequent to a management agreement with NRHA.

**CITY OF GRANTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2015**

SECTION III – FEDERAL AWARD FINDINGS AND QUESTION COSTS (CONTINUED)

2015-006 LACK OF PROPER DOCUMENTATION IN TENANT FILES (SIGNIFICANT DEFICIENCY IN INTERNAL CONTROL OVER MAJOR PROGRAMS / OTHER NONCOMPLIANCE)

Federal agency: U.S Department of Housing and Urban Development
Program: Section 8 Housing Choice Vouchers
CFDA number: 14.871
Award number: N/A
Award years: 2015
Compliance Requirement: Eligibility / Special Tests and Provisions

CONDITION

During testwork over eligibility and special tests and provisions, we noted the following:

- For one of seven participants tested, there was not a signed copy of the housing assistance payment contract signed by the owner of the property on file.
- For three of seven participants tested, the file did not contain the landlord's rental agreement (tenant lease).
- For one of seven participants tested, the file did not contain evidence that a background check was completed.
- For one of seven participants tested, the file did not contain supporting documentation for a change in utility allowance. The change from \$96 to \$0 is believed to be an error.
- For five of seven participants tested, the file either did not contain evidence of a Housing Quality Standards (HQS) initial inspection, a re-inspection, or the inspection report was not complete. In addition, GHA does not maintain a log for tracking failed HSQ inspections.

CRITERIA

Per Chapter 8.7 of the HUD Housing Choice Voucher Program Guidebook, once a family finds a suitable unit and the owner is willing to lease the unit under the program, the family must request tenancy approval from the PHA. The family must submit two documents to the PHA: a request for tenancy approval and an unexecuted copy of the lease, including the HUD-prescribed tenancy addendum.

Chapter 11.11 states, during the term of the assisted tenancy and for at least three years thereafter, the PHA must keep on file a copy of the HAP contract, including the tenancy addendum, and the lease.

Chapter 5.1 states that eviction for drug-related criminal activities is one of the four factors which affect eligibility. Furthermore, the Grants Housing Authority (GHA) Section 8 Choice Voucher Program Administrative plan states that GHA will perform criminal background checks for all applicants and their household members (18 years or older) to determine whether any member of the family has engaged in any drug-related and /or violent criminal activity in the last three years.

**CITY OF GRANTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2015**

SECTION III – FEDERAL AWARD FINDINGS AND QUESTION COSTS (CONTINUED)

2015-006 LACK OF PROPER DOCUMENTATION IN TENANT FILES (SIGNIFICANT DEFICIENCY IN INTERNAL CONTROL OVER MAJOR PROGRAMS / OTHER NONCOMPLIANCE) (CONTINUED)

CRITERIA (CONTINUED)

Chapter 18.2 states that a PHA is required to maintain a utility allowance schedule for tenant-paid utilities.

Chapter 10.2 states that at least annually, it is the responsibility of the PHA to conduct inspections of units to determine compliance with HQS prior to the execution of the entire term of the assisted lease.

QUESTIONED COSTS

\$7,031 in assistance payments made on behalf of tenants without required documents which demonstrate evidence of eligibility.

EFFECT

The Housing Authority could be providing services to tenants who are not eligible for the program. This could affect funding for the program.

CAUSE

Files from the Grants Housing Authority lacked proper documentation and the files were not periodically reviewed to ensure that all necessary documentation was on file.

RECOMMENDATION

Management should implement an internal control structure to ensure that all files have the necessary supporting documentation to comply with eligibility and special reporting requirements as identified by the Department of Housing and Urban Development. Management undergo a process of tenant file reviews to ensure that all tenant files have all required information.

MANAGEMENT RESPONSE

The documentation has not been filed due to only one employee and heavy work load. The Housing Authority Executive Director is responsible to ensure that proper maintenance of tenant files at the Housing Authority is improved by January 2016, subsequent to a management agreement with NRHA.

**CITY OF GRANTS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2015**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FS 2013-004 – Legal Compliance with Budget (Other Noncompliance)

Condition: The City's authorized budget was exceeded by actual expenditures or actual transfers.

Current Status: Modified and repeated.

FS 2014-001 – Lodgers Tax Promotional – City Not Enforcing Compliance (Significant Deficiency)

Condition: The City is not requiring contractors (7 of 10) to comply with their lodger's tax agreement for the receipt of promotional funds. The City reimbursed one contractor for questionable entertainment. None of the contractors provided proof of insurance as required.

Current Status: Resolved

FS 2014-002 – Procurement Violations (Compliance)

Condition: Twenty disbursements were tested for procurement compliance; the following exceptions were noted:

- Three instances where no written award notification was sent to bid award recipient. (\$105,000, \$10,368, \$45,862)
- Three instances where copy of bid/proposal advertisement was not maintained in file (only had advertisement request documentation). (\$45,862, \$29,748, \$105,000)
- Two instances where the specific "opening of bid" information- date, time, & place of bid opening were not included in bid proposal/specs. (\$45,862, \$25,434)
- Three instance where there was no documented evidence that procurement was approved by management (per staff: manager was approving PO's in the system but there was no documentation to verify this; i.e., access logs, system documentation). (\$5,646, \$5,109, \$5,400)
- Two instance where the Invitation to Bid did not include evaluation criteria. (\$29,748, \$25,434)
- No manager approval/signature on purchase of fuel. (\$20,562) Exceptions related to compliance with procurement were noted with regard to award notification, maintenance of supporting documentation, and approvals.

Current Status: Resolved

**CITY OF GRANTS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2015**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)

FS 2014-003 – Project Documentation (Compliance)

Condition: The City's project documentation lacks organization, completeness, and consistency. Project documentation is not reconciled to the accounting records on a regular basis.

Current Status: Resolved

**CITY OF GRANTS
SINGLE AUDIT CORRECTIVE ACTION PLAN
For the Year Ended June 30, 2015**

SINGLE AUDIT CORRECTIVE ACTION PLAN

**2015-004 – LACK OF SEGREGATION OF DUTIES AT HOUSING AUTHORITY
(SIGNIFICANT DEFICIENCY IN INTERNAL CONTROL)**

Corrective Action: The GHA is in the process of transferring operations to the Northern Regional Housing Authority, which will alleviate much of the work load and add staffing.

Person Responsible: JoAnn Candelaria

Completion Date: December 11, 2015

**2015-005 LACK OF PROPER DOCUMENTATION TO SUPPORT DISBURSEMENTS
(SIGNIFICANT DEFICIENCY IN INTERNAL CONTROL)**

Corrective Action: The GHA is in the process of transferring operations to the Northern Regional Housing Authority, which will alleviate much of the work load and add staffing.

Person Responsible: JoAnn Candelaria

Completion Date: December 11, 2015

**2015-006 LACK OF PROPER DOCUMENTATION IN TENANT FILES (SIGNIFICANT
DEFICIENCY IN INTERNAL CONTROL / OTHER NONCOMPLIANCE)**

Corrective Action: The GHA is in the process of transferring operations to the Northern Regional Housing Authority, which will alleviate much of the work load and add staffing.

Person Responsible: JoAnn Candelaria

Completion Date: December 11, 2015

**CITY OF GRANTS
EXIT CONFERENCE
For the Year Ended June 30, 2015**

EXIT CONFERENCE

An exit conference was held on December 14, 2015, to discuss the annual financial report. Attending were the following:

Representing the City of Grants, New Mexico:

Martin Hicks, Mayor
Laura Jaramillo, City Manager
Tammy Torrez, Director of Finance

Representing the Independent Auditor:

Wayne Brown, CPA
Christina Cosme, CPA

A. AUDITOR PREPARED FINANCIAL STATEMENTS

Management is responsible for the context of the report, even though the financial statements were prepared substantially by the independent auditor. It would be preferred and desirable for the City to prepare its own financial statements and footnotes; although the City is capable, with guidance, of preparing, reviewing and approving the financial statements and footnotes, it is felt that the City's personnel do not have the time to prepare them.