

STATE OF NEW MEXICO
CITY OF PORTALES
BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2016
INDEPENDENT AUDITORS' REPORT

STATE OF NEW MEXICO
CITY OF PORTALES
FOR THE YEAR ENDED JUNE 30, 2016

TABLE OF CONTENTS

	Page
OFFICIAL ROSTER	1
INDEPENDENT AUDITORS' REPORT	2 - 4
MANAGEMENT'S DISCUSSION AND ANALYSIS	5 - 14
BASIC FINANCIAL STATEMENTS:	
Government-Wide Financial Statements:	
Statement of Net Position	16 - 17
Statement of Activities	18
Fund Financial Statements:	
Major Governmental Funds:	
Balance Sheet - Governmental Funds	20
Reconciliation of the Balance Sheet of Government Funds to the Statement of Net Position	21
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	22
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Government Funds to the Statement of Activities	23
General Fund - Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual	24
Economic Development Special Revenue Fund - Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non- GAAP Budgetary Basis) and Actual	25

STATE OF NEW MEXICO
CITY OF PORTALES
FOR THE YEAR ENDED JUNE 30, 2016

TABLE OF CONTENTS (CONTINUED)

Proprietary Funds:	
Statement of Net Position	27 - 28
Statement of Revenues, Expenses, and Changes in Net Position	29
Statement of Cash Flows	30 - 31
NOTES TO BASIC FINANCIAL STATEMENTS	33 - 66
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Proportionate Share of Net Pension Liability - Municipal General Division	68
Schedule of City of Portales' Contributions - Municipal General Division	69
Schedule of Proportionate Share of Net Pension Liability - Municipal Police Division	70
Schedule of City of Portales' Contributions - Municipal Police Division	71
Schedule of Proportionate Share of Net Pension Liability - Municipal Fire Division	72
Schedule of City of Portales' Contributions - Municipal Fire Division	73
SUPPLEMENTARY INFORMATION	
Non-Major Governmental Funds:	75 - 76
Combining and Individual Fund Statements and Schedules:	
Combining Statement of Revenues, expenditures And Changes in Fund Balance - Non-Major Governmental Funds	77 - 80
Combining Statement of Revenues, expenditures And Changes in Fund Balance - Non-Major Governmental Funds	81 - 84

STATE OF NEW MEXICO
CITY OF PORTALES
FOR THE YEAR ENDED JUNE 30, 2016

TABLE OF CONTENTS (CONTINUED)

Non-Major Governmental Funds - Special Revenue:

Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget (Non-GAAP Budgetary Basis) and Actual - Special Revenue
Funds:

Correction Fund	85
Emergency Medical Service Fund	86
Enhanced 911 Fund	87
Fire Protection Fund	88
Beautification/Litter Control Fund	89
Law Enforcement Protection Law Fund	90
Library Fund	91
Lodgers Tax Fund	92
Recreation Fund	93
Local DWI Program Fund	94
Law Enforcement Special Service Fund	95
CDBG Rehabilitation Loan Repayment Fund	96
Municipal Street Fund	97
Criminal Justice Fund	98
Main Street Fund	99
Portales area transit	100
Risk Management Fund	101

STATE OF NEW MEXICO
CITY OF PORTALES
FOR THE YEAR ENDED JUNE 30, 2016

TABLE OF CONTENTS (CONTINUED)

Non-Major Capital Projects Funds:

Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget (Non-GAAP Budgetary Basis) and Actual - Capital Projects
Funds:

Capital Projects Fund	103
Community Development Block Grant	104
Comprehensive Plan	105
Capital Repair And Replacement	106

Non-Major Debt Service Fund:

Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget (Non-GAAP Budgetary Basis) and Actual - Debt Service Funds:

Sales Tax Revenue Bond	108
Energy Conservation Lease Fund	109
Waste Water Treatment Plant	110

Proprietary Funds:

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual - Water and Sewer Fund	112 - 113
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual - Solid Waste Fund	114 - 115
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual - Airport Fund	116 - 117

STATE OF NEW MEXICO
CITY OF PORTALES
FOR THE YEAR ENDED JUNE 30, 2016

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual - YAM Convention Center Fund	118
--	-----

TABLE OF CONTENTS (CONTINUED)

OTHER SUPPLEMENTARY INFORMATION

Schedule of Vendor Information for Purchases Exceeding \$60,000 (Excluding GRT)	120 - 121
Schedule of Depositories and Temporary Investments	122 - 123
Joint Powers Agreements	124
Schedule of Expenditures of Federal Awards	125 - 126
Financial Statement Preparation	124

COMPLIANCE SECTION

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with Government Auditing Standards - Independent Auditors' Report	128 - 129
Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133 - Independent Auditors' Report	130 - 131
Schedule of Findings and Questioned Costs	132 - 133
Exit Conference	134

STATE OF NEW MEXICO
CITY OF PORTALES
OFFICIAL ROSTER
JUNE 30, 2016

ELECTED OFFICIALS

Sharon King	Mayor
Veronica Cordova	City Councilor
Antonio Salguero	City Councilor
Oscar Robinson	City Councilor
Jessica J. Smith	City Councilor
Michael Miller	Mayor Pro-Tem
Chadrick Heflin	City Councilor
Michael James Lucero	City Councilor
Dianne Parker	City Councilor
Barbara George	Municipal Judge

ADMINISTRATIVE OFFICIALS

Sammy Standefer	City Manager
Marilyn Rapp	Treasurer
Joan Martinez-Terry	City Clerk



Beasley, Mitchell & Co.

Certified Public Accountants

Donald A. Beasley, CPA, Partner
Christine Wright, CPA, Partner
Beth Fant, EA, Partner
Brad Beasley, CPA, Partner

INDEPENDENT AUDITORS' REPORT

Timothy Keller, State Auditor
and the Mayor and City Council of the
City of Portales, 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 comparison for the general fund, major special revenue funds and proprietary funds of the City of Portales, New Mexico as of and for the year ended June 30, 2016, 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 nonmajor governmental funds and the budgetary comparisons for debt service funds, and all nonmajor funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2016, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Portales, New Mexico, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund, major special revenue funds, and proprietary funds 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 nonmajor governmental fund of the City of Portales, New Mexico as of June 30, 2016 and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for all nonmajor 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, schedules related to net pension liability, and budgetary comparison information on pages 5 through 14, 68 - 73 and 85 - 118 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Portales, New Mexico's basic financial statements, the combining and individual fund financial statements, and the budgetary comparison.

The Schedule of Expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements, combining and individual nonmajor fund financial statements and the introductory sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2016, on our consideration of the City of Portales, New Mexico's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Portales, New Mexico's internal control over financial reporting and compliance.

Beasley Mitchell & Co LLP
Beasley, Mitchell & Co., LLP
Las Cruces, New Mexico
December 2, 2016

STATE OF NEW MEXICO
CITY OF PORTALES
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016

This section of City of Portales' annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year ended June 30, 2016. Please read it in conjunction with the City's financial statements, which follow this section.

Financial Highlights

- The assets of the City of Portales exceeded its liabilities at the close of the most recent fiscal year end by \$22,695,212 (net position). Of this amount, \$4,082,741 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position decreased by \$4,509,193 during the fiscal year. The large decrease in net position resulted from depreciation expense, due to a change in estimate.
- As of June 30, 2016, the City's governmental funds reported combined ending fund balances of \$8,830,187. Of this total, \$4,870,543 is restricted for special revenue, capital projects and debt service.
- At the close of the current fiscal year, unassigned fund balance of the general fund was \$3,988,467 and a deficit of \$28,823 for special revenue funds.

Overview of the Financial Statements

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the government, reporting the City's operations in more detail than the government-wide statements.
- The governmental funds statements tell how general government services were financed in the short term as well as what remains for future spending.
- Proprietary fund statements offer short-term and long-term financial information about the activities the government operates like businesses.

STATE OF NEW MEXICO
CITY OF PORTALES
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016

Government-Wide Statements

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

The *statements of net position* presents information on all of the City of Portales' assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Portales is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City of Portales that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Portales include general government, public safety, highways and streets and culture and recreation. The business-type activities of the City include water, sewer, solid waste, an airport and a convention center.

Fund Financial Statements

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

Governmental Funds

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental*

STATE OF NEW MEXICO
CITY OF PORTALES
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016

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

The City maintains twenty-nine individual governmental funds organized according to their type (general, special revenue, capital projects and debt service). Information is presented separately in governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances for the General Fund. Data from the other governmental funds not considered major funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City of Portales adopts an annual appropriated budget for its General Fund and all other funds. A budgetary comparison statement has been provided for the all of the governmental funds to demonstrate compliance with this budget.

Proprietary Funds

Proprietary funds are generally used to account for services for which the City charges customers - either outside customers or internal units or departments of the City. Proprietary funds provide the same type of information as shown in the government-wide financial statements, only in more detail. The City maintains four proprietary funds, the Water and Sewer Fund, the Solid Waste Fund, the Airport Fund and the YAM Convention Center Fund. The proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 33 of this report.

Combining Statements

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the financial statements.

Analysis of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$22,695,212 at the close of the current fiscal year.

STATE OF NEW MEXICO
CITY OF PORTALES
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016

The largest portion of the City of Portales' net position represent the City's investment of \$13,741,928 in capital assets (e.g., land, construction in progress, improvements, buildings, and machinery and equipment), less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$4,082,741 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all categories of net position, for the government as a whole as well as for the business-type activities.

Analysis of Changes in Net Position

During the current fiscal year, the City's net position in governmental and business-type activities decreased by \$4,509,193. These decreases are explained in the governmental and business-type activities discussion that follows.

Governmental Activities

Governmental activities decreased the City's net position by \$686,333. Revenues including transfers increased from \$10,617,665 for the year ended June 30, 2015 to \$13,008,790 for the year ended June 30, 2016. The increase in revenues is primarily because of the increase in operating grants. Governmental expenses increased from \$10,708,898 for the year ended June 30, 2014 to \$13,695,123 for the year ended June 30, 2016, primarily resulting from depreciation expense increase due to a change in estimate. Total revenues and expenses from governmental activities are summarized below.

Business-Type Activities

Business-type activities decreased the City's net position by \$3,822,860 after transfers of \$1,228,579 out to governmental activities, compared to the prior year's increase of \$1,420,641 after transfers of \$744,290 out to other funds. Elements of this decrease compared to the prior year increase include increase in expense throughout the year.

STATE OF NEW MEXICO
CITY OF PORTALES
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016

A summary of the statement of net position is as follows:

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
ASSETS AND DEFERRED OUTFLOWS						
Current and other assets	\$ 9,459,544	\$ 6,339,459	\$ 10,134,533	\$ 3,587,905	\$ 19,594,077	\$ 9,927,364
Non current assets	108,878	237,231	1,167,635	7,338,559	1,276,513	7,575,790
Capital assets, net of accumulated depreciation	6,716,739	10,247,402	32,475,772	32,247,818	39,192,511	42,495,220
Total assets	16,285,161	16,824,092	43,777,940	43,174,282	60,063,101	59,998,374
Deferred outflows - subsequent contributions	603,845	593,340	81,332	79,950	685,177	673,290
Deferred outflows	550,244	101,835	72,701	13,723	622,945	115,558
Total deferred outflows	1,154,089	695,175	154,033	93,673	1,308,122	788,848
Total assets and deferred outflows	\$ 17,439,250	\$ 17,519,267	\$ 43,931,973	\$ 43,267,955	\$ 61,371,223	\$ 60,787,222
LIABILITIES AND DEFERRED INFLOWS						
Current and other liabilities	\$ 779,974	\$ 556,590	\$ 514,490	\$ 1,897,508	\$ 1,294,464	\$ 2,454,098
Long-term liabilities	9,902,175	7,825,685	27,121,974	21,029,324	37,024,149	28,855,009
Total liabilities	10,682,149	8,382,275	27,636,464	22,926,832	38,318,613	31,309,107
Deferred inflows						
Deferred inflows	310,158	2,003,716	47,240	269,994	357,398	2,273,710
Total deferred inflows	310,158	2,003,716	47,240	269,994	357,398	2,273,710
Total liabilities and deferred inflows	10,992,307	10,385,991	27,683,704	23,196,826	38,676,011	33,582,817
NET POSITION						
Net invested in capital assets	6,265,808	9,598,539	7,476,120	13,053,715	13,741,928	22,652,254
Restricted	4,870,543	2,449,453	-	-	4,870,543	2,449,453
Unrestricted	(4,689,408)	(4,914,716)	8,772,149	7,017,414	4,082,741	2,102,698
Total net position	6,446,943	7,133,276	16,248,269	20,071,129	22,695,212	27,204,405
Total liabilities, deferred inflows, and net position	\$ 17,439,250	\$ 17,519,267	\$ 43,931,973	\$ 43,267,955	\$ 61,371,223	\$ 60,787,222

STATE OF NEW MEXICO
CITY OF PORTALES
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016

A summary of the statement of activities is as follows:

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
REVENUES						
Program revenue:						
Charges for services	\$ 1,606,024	\$ 1,299,492	\$ 6,210,746	\$ 6,021,346	\$ 7,816,770	\$ 7,320,838
Operating grant and contributions	2,456,518	839,526	687,651	179,929	3,144,169	1,019,455
Capital grants and contributions	59,149	76,519	22,012	557,491	81,161	634,010
General revenues:						
Taxes	7,480,691	7,602,399	138,839	142,073	7,619,530	7,744,472
Other income	177,829	55,439	348,776	433,034	526,605	488,473
Total revenues	11,780,211	9,873,375	7,408,024	7,333,873	19,188,235	17,207,248
EXPENSES						
Administration	2,067,665	2,324,868	-	-	2,067,665	2,324,868
Municipal court	519,647	338,029	-	-	519,647	338,029
Library	428,801	407,173	-	-	428,801	407,173
General services	240,871	235,950	-	-	240,871	235,950
Fire and emergency management	2,334,884	2,481,352	-	-	2,334,884	2,481,352
Police	2,212,684	2,135,943	-	-	2,212,684	2,135,943
Senior citizens	17,667	18,511	-	-	17,667	18,511
Streets	759,614	722,423	-	-	759,614	722,423
Parks and recreation	998,941	981,987	-	-	998,941	981,987
Public works and transportation	169,361	191,459	-	-	169,361	191,459
Interest expense	17,025	17,973	-	-	17,025	17,973
Unallocated depreciation	3,927,963	853,230	-	-	3,927,963	853,230
Water and sewer	-	-	7,887,065	3,265,601	7,887,065	3,265,601
Solid waste	-	-	999,480	1,071,016	999,480	1,071,016
Airport	-	-	1,105,822	825,239	1,105,822	825,239
Convention center	-	-	9,938	7,086	9,938	7,086
Total expenses	13,695,123	10,708,898	10,002,305	5,168,942	23,697,428	15,877,840
Changes in net position before transfers	(1,914,912)	(835,523)	(2,594,281)	2,164,931	(4,509,193)	1,329,408
Transfers	1,228,579	744,290	(1,228,579)	(744,290)	-	-
Changes in net position	(686,333)	(91,233)	(3,822,860)	1,420,641	(4,509,193)	1,329,408
Net position - beginning, as previously stated	7,133,276	15,482,032	20,071,129	19,763,159	27,204,405	35,245,191
Restatement	-	(8,257,523)	-	(1,112,671)	-	(9,370,194)
Net position - beginning, as restated	7,133,276	7,224,509	20,071,129	18,650,488	27,204,405	25,874,997
Net position - ending	\$ 6,446,943	\$ 7,133,276	\$ 16,248,269	\$ 20,071,129	\$ 22,695,212	\$ 27,204,405

STATE OF NEW MEXICO
CITY OF PORTALES
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016

Financial Analysis of the City of Portales as a Whole

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

Governmental Funds

The focus of the City of Portales' *governmental funds* is to provide information on near-term inflows, outflows, and balances of *expendable* resources. Such information is useful in assessing the City of Portales' financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Types of governmental funds reported by the City include the General Fund, Special Revenue Funds, Debt Service Funds and Capital Project Funds.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$8,830,187, an increase of \$2,745,547 in comparison with the prior year. Approximately 45% of this total amount, or \$3,959,644, constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance, \$4,870,543, is restricted to indicate that it is not available for new spending because it has already been restricted to pay special revenue, capital projects and debt service.

Revenues for governmental functions overall totaled \$11,780,211 in the year ended June 30, 2016, which represents an increase of \$1,906,836 from the year ended June 30, 2015. Expenditures for governmental functions totaled \$13,695,123 in the year ended June 30, 2016. This was increase of \$2,986,225 from the fiscal year-ended June 30, 2015. The increase in expenditures is primarily caused by the increase in depreciation expense relating to a change in estimate. In the fiscal year-ended June 30, 2016, expenditures for governmental functions exceeded revenues by approximately \$1,914,912.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the fund balance of the General Fund was \$3,988,467. General Fund revenues totaled \$7,648,900 for the fiscal year, while expenditures totaled \$8,072,637. Expenditures exceeded revenues by \$423,737 before transfers in and out of the General Fund.

During the 2015 fiscal year, the General Fund received transfers of \$1,275,000 from other City funds and made transfers of \$549,329 to other funds. The net transfers of \$725,671 increase the fund balance, which was increased by \$301,934 during the current fiscal year.

STATE OF NEW MEXICO
CITY OF PORTALES
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. An analysis of the major proprietary funds is as follows:

Proprietary funds decreased total assets from \$43,174,282 in 2015 to \$43,777,940 in 2016. This is a 1.4% increase. The Water and Sewer Fund makes up the largest portion of total assets with \$40,262,022 and had a increase in assets of the proprietary funds which was \$1,310,288. The Solid Waste Fund had an increase in assets of \$128,196, the Airport Fund had an decrease in assets of \$832,381 and the Convention Center Fund had an decrease of \$2,443 in assets from 2015.

Proprietary fund liabilities increased 17% or \$4,709,632 during 2016. Water and Sewer Fund liabilities increased \$4,623,150 primarily due to additional loan disbursements for the waste water treatment plan in construction. The Solid Waste liabilities increased \$64,531. The Airport Fund liabilities increased \$22,555.

General Fund Budgetary Highlights

The discussion that follows presents financial data based upon the budgetary basis of accounting. Please refer to the notes of the financial statements for an explanation of the differences of accounting regarding the budget. During the fiscal year, the City revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

The budget for General Fund revenues was increased by \$234,770 for the year ended June 30, 2016. Local gross receipts collections for the year ended June 30, 2016 were less than what was collected in previous years due to the completion of most of the construction in downtown Portales.

Actual General Fund expenditures were \$8,072,637, which was 10% below the final budget amount for the year ended June 30, 2016. All categories were below budget except for debt service. The City's policy is to budget based upon expected expenditures, but City employees are encouraged to spend only what is needed to provide services, which accounts for the expenditure savings.

Fund balance was budgeted to be \$2,777,893 in the final budget. The actual fund balance for the General Fund for the year ended June 30, 2016 was \$3,988,467. This was a favorable variance of \$1,210,574, or 44%. An increase in fund balance is indicative of prudent management of the City's funds.

STATE OF NEW MEXICO
CITY OF PORTALES
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016

Capital Asset and Debt Administration

Capital Assets

The City of Portales' capital assets for its governmental and business-type activities as of June 30, 2016 amount to \$39,192,511 (net of accumulated depreciation). Capital assets include land, construction in progress, improvements, buildings, furniture and equipment, and vehicles. The total increase in the City's capital assets (excluding accumulated depreciation) for the current fiscal year was \$407,995 for governmental activities. Machinery and equipment costing \$20,381, and vehicles costing \$351,694 were purchased for the City, and construction in progress of \$35,920 was added in the year ended June 30, 2016. The total increase in business-type capital assets (excluding accumulated depreciation) for the current fiscal year was \$1,707,678, due primarily to purchases related to water infrastructure and the waste water treatment plant/water re-use project.

The following is a schedule showing the Net Value of the Capital Assets and the application of the principal balances of the notes as of the fiscal year end:

**Capital Assets, Net of Depreciation
June 30, 2016 and 2015**

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land and Construction in Progress	\$ 826,179	\$ 790,259	\$26,190,074	\$24,691,404	\$27,016,253	\$25,481,663
Buildings, Improvements, Equipment, Furniture and Vehicles	<u>5,890,560</u>	<u>9,457,143</u>	<u>6,285,698</u>	<u>7,556,414</u>	<u>12,176,258</u>	<u>17,013,557</u>
Capital Assets, Net of A/D	<u>\$ 6,716,739</u>	<u>\$10,247,402</u>	<u>\$32,475,772</u>	<u>\$32,247,818</u>	<u>\$39,192,511</u>	<u>\$42,495,220</u>

For government-wide financial statement presentation, all depreciable capital assets were depreciated from acquisition date to the end of the current fiscal year. Fund financial statements record capital asset purchases as expenditures.

Long-term Debt

At the end of fiscal year 2016, the City had total long-term debt outstanding of \$26,520,741, which consists of notes payable, landfill post-closure obligations and compensated absences payable. Governmental activity and business-type long-term debt as of June 30, 2016 was \$913,637 and \$25,607,104, respectively, and were decreased \$188,679 and increased \$5,792,911, respectively, during the fiscal year.

STATE OF NEW MEXICO
CITY OF PORTALES
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016

The City's long-term debt is summarized as follows:

	Long-Term Debt					
	June 30, 2016 and 2015					
	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Notes Payable	\$ 450,931	\$ 648,863	\$24,999,652	\$19,194,103	\$25,450,583	\$19,842,966
Landfill post-closure	-	-	524,458	545,887	524,458	545,887
Compensated Absences	<u>462,706</u>	<u>453,453</u>	<u>82,994</u>	<u>74,203</u>	<u>545,700</u>	<u>527,656</u>
Total Long-Term Debt	<u>\$ 913,637</u>	<u>\$ 1,102,316</u>	<u>\$25,607,104</u>	<u>\$19,814,193</u>	<u>\$26,520,741</u>	<u>\$20,916,509</u>

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the City of Portales' finances for those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, 100 W. First Street, Portales, NM 88130.

GOVERNMENT - WIDE FINANCIAL STATEMENTS

STATE OF NEW MEXICO
CITY OF PORTALES
STATEMENT OF NET POSITION
JUNE 30, 2016

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS AND DEFERRED OUTFLOWS			
CURRENT ASSETS:			
Cash and cash equivalents	\$ 5,901,108	\$ 4,567,657	\$ 10,468,765
Investments	2,040,955	4,012,896	6,053,851
Accounts receivable	119,362	825,903	945,265
Taxes receivable	1,171,511	21,829	1,193,340
Interest receivable	23,249	-	23,249
Intergovernmental receivable	163,850	660,935	824,785
Inventory	-	45,313	45,313
Due from business-type funds	<u>39,509</u>	<u>-</u>	<u>39,509</u>
Total current assets	9,459,544	10,134,533	19,594,077
NON-CURRENT ASSETS:			
Restricted cash and cash equivalents	108,878	723,804	832,682
Restricted investments	-	443,831	443,831
Capital assets, net	<u>6,716,739</u>	<u>32,475,772</u>	<u>39,192,511</u>
Total non-current assets	<u>6,825,617</u>	<u>33,643,407</u>	<u>40,469,024</u>
Total assets	16,285,161	43,777,940	60,063,101
DEFERRED OUTFLOWS:			
Deferred outflows - contributions made subsequent to measurement date	603,845	81,332	685,177
Deferred outflows	<u>550,244</u>	<u>72,701</u>	<u>622,945</u>
Total deferred outflows	<u>1,154,089</u>	<u>154,033</u>	<u>1,308,122</u>
Total assets and deferred outflows	<u>\$ 17,439,250</u>	<u>\$ 43,931,973</u>	<u>\$ 61,371,223</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
CITY OF PORTALES
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2016

	Primary Government		
	Governmental Activities	Business-type Activities	Total
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION			
CURRENT LIABILITIES:			
Accounts payable	\$ 512,831	\$ 322,257	\$ 835,088
Accrued interest	1,352	21,404	22,756
Accrued salaries	190,047	34,894	224,941
Accrued GRT tax	24,817	-	24,817
Unapplied deposits	-	33,426	33,426
Due to other funds	-	39,509	39,509
Current portion of compensated absences	16,920	140	17,060
Current portion of long-term debt	34,007	62,860	96,867
Total current liabilities	779,974	514,490	1,294,464
NON-CURRENT LIABILITIES:			
Customer deposits	-	367,009	367,009
Compensated absences	445,786	82,854	528,640
Net pension liability	9,039,465	1,210,861	10,250,326
Landfill closure	-	524,458	524,458
Long-term debt, less current maturities	416,924	24,936,792	25,353,716
Total non-current liabilities	9,902,175	27,121,974	37,024,149
Total liabilities	10,682,149	27,636,464	38,318,613
DEFERRED INFLOWS:			
Deferred inflows	310,158	47,240	357,398
Total deferred inflows	310,158	47,240	357,398
Total liabilities and deferred inflows	10,992,307	27,683,704	38,676,011
NET POSITION			
Net investment in capital assets	6,265,808	7,476,120	13,741,928
Restricted for:			
Special revenue funds	3,452,679	-	3,452,679
Capital projects funds	309,920	-	309,920
Debt service funds	1,107,944	-	1,107,944
Unrestricted	(4,689,408)	8,772,149	4,082,741
Total net position	6,446,943	16,248,269	22,695,212
Total liabilities, deferred inflows, and net position	\$ 17,439,250	\$ 43,931,973	\$ 61,371,223

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
CITY OF PORTALES
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

FUNCTIONAL/PROGRAMS:	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:							
Administration	\$ 2,067,665	\$ 154,369	\$ 1,660	\$ -	\$ (1,911,636)	\$ -	\$ (1,911,636)
Municipal court	519,647	151,249	197,866	4,636	(165,896)	-	(165,896)
Library	428,801	7,497	40,906	-	(380,398)	-	(380,398)
General services	240,871	-	150,000	-	(90,871)	-	(90,871)
Fire & emergency management	2,334,884	383,934	400,822	6,000	(1,544,128)	-	(1,544,128)
Police	2,212,684	22,674	52,646	-	(2,137,364)	-	(2,137,364)
Senior citizens	17,667	-	-	-	(17,667)	-	(17,667)
Streets	759,614	-	-	48,513	(711,101)	-	(711,101)
Parks and recreation	998,941	148,452	11,777	-	(838,712)	-	(838,712)
Public works and transportation	169,361	737,849	1,600,841	-	2,169,329	-	2,169,329
Interest expense	17,025	-	-	-	(17,025)	-	(17,025)
Unallocated depreciation	3,927,963	-	-	-	(3,927,963)	-	(3,927,963)
Total governmental activities	13,695,123	1,606,024	2,456,518	59,149	(9,573,432)	-	(9,573,432)
Business-type activities:							
Water and sewer	7,887,065	4,806,780	633,987	-	-	(2,446,298)	(2,446,298)
Solid waste	999,480	1,255,329	-	-	-	255,849	255,849
Airport	1,105,822	140,538	53,664	22,012	-	(889,608)	(889,608)
Convention center	9,938	8,099	-	-	-	(1,839)	(1,839)
Total business-type activities	10,002,305	6,210,746	687,651	22,012	-	(3,081,896)	(3,081,896)
Total primary government	23,697,428	7,816,770	3,144,169	81,161	(9,573,432)	(3,081,896)	(12,655,328)
General Revenues:							
Gross receipts taxes					6,230,916	138,839	6,369,755
Franchise taxes					429,462	-	429,462
Property taxes					459,407	-	459,407
Gasoline taxes					214,074	-	214,074
Lodger's taxes					146,832	-	146,832
Water conservation fees					-	275,673	275,673
Investment earnings					39,571	73,103	112,674
Rentals, reimbursements & other					138,258	-	138,258
Transfers					1,228,579	(1,228,579)	-
Total general revenues and transfers					8,887,099	(740,964)	8,146,135
Changes in net position					(686,333)	(3,822,860)	(4,509,193)
Net position, beginning of year					7,133,276	20,071,129	27,204,405
Net position, end of year					\$ 6,446,943	\$ 16,248,269	\$ 22,695,212

See independent auditors' report and accompanying notes to financial statements.

GOVERNMENTAL FUND STATEMENTS

STATE OF NEW MEXICO
CITY OF PORTALES
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2016

	General Fund	Economic Development Fund	Total Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 2,001,033	\$ 2,155,623	\$ 1,744,452	\$ 5,901,108
Restricted cash and cash equivalents	-	-	108,878	108,878
Investments	1,157,708	506,014	377,233	2,040,955
Accounts receivable	119,362	-	-	119,362
Taxes receivable	1,088,244	43,664	39,603	1,171,511
Intergovernmental receivable	9,360	-	154,490	163,850
Accrued interest receivable	-	-	23,249	23,249
Due from enterprise funds	39,509	-	-	39,509
Due from other funds	28,727	-	-	28,727
	<u>4,443,943</u>	<u>2,705,301</u>	<u>2,447,905</u>	<u>9,597,149</u>
Total assets	<u>\$ 4,443,943</u>	<u>\$ 2,705,301</u>	<u>\$ 2,447,905</u>	<u>\$ 9,597,149</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$ 238,007	\$ 262,336	\$ 12,488	\$ 512,831
Accrued GRT tax	24,817	-	-	24,817
Accrued interest	-	-	1,352	1,352
Accrued salaries	183,464	-	6,583	190,047
Due to other funds	-	-	28,727	28,727
	<u>446,288</u>	<u>262,336</u>	<u>49,150</u>	<u>757,774</u>
Total liabilities	446,288	262,336	49,150	757,774
Deferred Inflows:				
Property tax revenue	<u>9,188</u>	<u>-</u>	<u>-</u>	<u>9,188</u>
Total liabilities and deferred inflows	455,476	262,336	49,150	766,962
Fund balances:				
Restricted, reported in:				
Special revenue funds	-	2,442,965	1,009,714	3,452,679
Capital projects funds	-	-	309,920	309,920
Debt service funds	-	-	1,107,944	1,107,944
Unassigned, reported in:				
Special revenue funds	-	-	(28,823)	(28,823)
General fund	<u>3,988,467</u>	<u>-</u>	<u>-</u>	<u>3,988,467</u>
Total fund balances	<u>3,988,467</u>	<u>2,442,965</u>	<u>2,398,755</u>	<u>8,830,187</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 4,443,943</u>	<u>\$ 2,705,301</u>	<u>\$ 2,447,905</u>	<u>\$ 9,597,149</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
CITY OF PORTALES
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2016

Total fund balances - governmental funds \$ 8,830,187

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.

The cost of capital assets	22,431,389	
Accumulated depreciation	<u>(15,714,650)</u>	6,716,739

Deferred outflows:

Contributions made after the measurement date, will be recognized as a reduction of net pension liability	603,845	
Change in assumption	<u>550,244</u>	1,154,089

Deferred inflows due to actual non-investment experience that was better than expected and changes in benefits or assumption which result in a decrease to net pension liability:	(310,158)
---	-----------

Long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the funds:

Property taxes	9,188
----------------	-------

Other long-term liabilities and certain other liabilities, including bonds and notes payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term and other liabilities at year end consist of:

Net pension liability	(9,039,465)	
Long-term debt	(450,931)	
Compensated absences	<u>(462,706)</u>	<u>(9,953,102)</u>

Total net position - governmental activities **\$ 6,446,943**

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
CITY OF PORTALES
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS
JUNE 30, 2016

	General Fund	Economic Development Fund	Total Nonmajor Funds	Total Governmental Funds
REVENUES				
Taxes:				
Gross receipts	\$ 5,904,194	\$ 277,702	\$ 49,020	\$ 6,230,916
Franchise	429,462	-	-	429,462
Property	447,398	-	-	447,398
Other	-	-	360,906	360,906
Intergovernmental	92,847	-	528,578	621,425
Charges for services	383,934	-	-	383,934
Licenses, fees and permits	190,151	-	855,933	1,046,084
Fines	51,498	-	-	51,498
Rentals	70,382	-	-	70,382
Federal operating grants	-	1,500,000	1,750	1,501,750
Other grants and contributions	740	-	360,260	361,000
Investment income (loss)	10,418	6,496	25,415	42,329
Other	67,876	150,000	-	217,876
	<u>7,648,900</u>	<u>1,934,198</u>	<u>2,181,862</u>	<u>11,764,960</u>
Total revenues				
EXPENDITURES				
Current:				
General government	1,450,685	314,497	132,117	1,897,299
Public safety	4,424,857	-	596,957	5,021,814
Public works	482,221	-	466,422	948,643
Culture and recreation	1,617,033	-	140,250	1,757,283
Capital outlay	97,841	-	310,155	407,996
Debt service:				
Principal	-	-	197,932	197,932
Interest	-	-	17,025	17,025
	<u>8,072,637</u>	<u>314,497</u>	<u>1,860,858</u>	<u>10,247,992</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	(423,737)	1,619,701	321,004	1,516,968
OTHER FINANCING SOURCES (USES):				
Transfers in	1,275,000	-	502,908	1,777,908
Transfers out	(549,329)	-	-	(549,329)
	<u>725,671</u>	<u>-</u>	<u>502,908</u>	<u>1,228,579</u>
Total other financing source (uses)				
Net change in fund balance	301,934	1,619,701	823,912	2,745,547
Fund balance at beginning of year	<u>3,686,533</u>	<u>823,264</u>	<u>1,574,843</u>	<u>6,084,640</u>
Fund balance at end of year	<u>\$ 3,988,467</u>	<u>\$ 2,442,965</u>	<u>\$ 2,398,755</u>	<u>\$ 8,830,187</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
CITY OF PORTALES
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

Net change in fund balances - total governmental funds \$ 2,745,547

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

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

Capital assets reported as capital outlay expenditures	407,995	
Depreciation expense	(3,927,963)	
Retirement, transfers, or disposal of capital assets	<u>(10,695)</u>	(3,530,663)

Change in deferred outflows	458,914
-----------------------------	---------

Change in deferred inflows	1,693,558
----------------------------	-----------

Change in net pension liability	(2,230,359)
---------------------------------	-------------

Governmental funds report loan payments as debt service expenditures. However, in the statement of activities, these payments are not recognized as expenditures.	197,932
---	---------

Property taxes that do not provide current financial resources, made available to pay for the current period's expenditures, reported as deferred inflows in the funds.	(12,009)
---	----------

In the Statement of Activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts paid).	<u>(9,253)</u>
---	----------------

Change in net position of governmental activities **\$ (686,333)**

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
CITY OF PORTALES
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes:				
Gross receipts	\$ 2,755,270	\$ 5,376,627	\$ 5,904,194	\$ 527,567
Franchise	325,000	475,000	429,462	(45,538)
Property	397,899	415,547	447,398	31,851
Intergovernmental	2,602,800	78,050	92,847	14,797
Charges for services	666,123	650,500	383,934	(266,566)
Licenses, fees and permits	39,950	148,050	190,151	42,101
Fines	77,500	71,800	51,498	(20,302)
Rentals	-	40,428	70,382	29,954
Other grant and contributions	-	-	740	740
Interest	50,000	30,000	10,418	(19,582)
Other	200,190	63,500	67,876	4,376
	<u>7,114,732</u>	<u>7,349,502</u>	<u>7,648,900</u>	<u>299,398</u>
Total revenues	7,114,732	7,349,502	7,648,900	299,398
EXPENDITURES:				
Current				
General government	1,747,475	1,747,475	1,450,685	296,790
Public safety	4,709,657	4,709,657	4,424,857	284,800
Public works	537,075	537,075	482,221	54,854
Culture and recreation	1,758,003	1,758,003	1,617,033	140,970
Capital outlay	97,841	97,841	97,841	-
	<u>8,850,051</u>	<u>8,850,051</u>	<u>8,072,637</u>	<u>777,414</u>
Total expenditures	8,850,051	8,850,051	8,072,637	777,414
Excess (deficiency) of revenues over expenditures	(1,735,319)	(1,500,549)	(423,737)	1,076,812
OTHER FINANCING SOURCES (USES)				
Transfers in	1,275,000	1,275,000	1,275,000	-
Transfers out	(683,091)	(683,091)	(549,329)	133,762
	<u>591,909</u>	<u>591,909</u>	<u>725,671</u>	<u>133,762</u>
Total other financing sources (uses)	591,909	591,909	725,671	133,762
Net changes in fund balance	(1,143,410)	(908,640)	301,934	1,210,574
Fund balance - beginning of the year	3,686,533	3,686,533	3,686,533	-
Fund balance - end of the year	<u>\$ 2,543,123</u>	<u>\$ 2,777,893</u>	<u>\$ 3,988,467</u>	<u>\$ 1,210,574</u>
Reconciliation of budgetary basis to GAAP basis:				
Net change in fund balance budgetary basis			<u>\$ 301,934</u>	
Net change in fund balance GAAP basis			<u>\$ 301,934</u>	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
CITY OF PORTALES
ECONOMIC DEVELOPMENT SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
State shared taxes	\$ 251,040	\$ 251,040	\$ 277,702	\$ 26,662
Other	-	-	150,000	150,000
Federal grants	-	-	1,500,000	1,500,000
Interest income	<u>20,000</u>	<u>20,000</u>	<u>6,496</u>	<u>(13,504)</u>
Total revenues	271,040	271,040	1,934,198	1,663,158
EXPENDITURES:				
Current				
General government	<u>314,497</u>	<u>314,497</u>	<u>314,497</u>	<u>-</u>
Total expenditures	<u>314,497</u>	<u>314,497</u>	<u>314,497</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(43,457)</u>	<u>(43,457)</u>	<u>1,619,701</u>	<u>1,663,158</u>
Net changes in fund balance	(43,457)	(43,457)	1,619,701	1,663,158
Fund balance - beginning of the year	<u>823,264</u>	<u>823,264</u>	<u>823,264</u>	<u>-</u>
Fund balance - end of the year	<u>\$ 779,807</u>	<u>\$ 779,807</u>	<u>\$ 2,442,965</u>	<u>\$ 1,663,158</u>
Reconciliation of budgetary basis to GAAP basis:				
Net change in fund balance budgetary basis			<u>\$ 1,619,701</u>	
Net change in fund balance GAAP basis			<u>\$ 1,619,701</u>	

See independent auditors' report and accompanying notes to financial statements.

PROPRIETARY FUNDS

STATE OF NEW MEXICO
CITY OF PORTALES
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016

	Water and Sewer Fund	Solid Waste Fund	Airport Fund	Convention Center Fund	Total Proprietary Funds
ASSETS					
CURRENT ASSETS:					
Cash and cash equivalents	\$ 3,503,248	\$ 1,046,548	\$ 150	\$ 17,711	\$ 4,567,657
Investment	3,304,717	708,179	-	-	4,012,896
Accounts receivable	674,859	151,044	-	-	825,903
Taxes receivable	-	21,829	-	-	21,829
Intergovernmental receivable	654,476	-	6,459	-	660,935
Inventory	-	-	45,313	-	45,313
	<u>8,137,300</u>	<u>1,927,600</u>	<u>51,922</u>	<u>17,711</u>	<u>10,134,533</u>
Total current assets					
NON-CURRENT ASSETS:					
Restricted assets:					
Cash and cash equivalents	723,804	-	-	-	723,804
Investments	443,831	-	-	-	443,831
Capital assets, net	<u>30,957,087</u>	<u>232,496</u>	<u>1,286,189</u>	<u>-</u>	<u>32,475,772</u>
Total non-current assets	<u>32,124,722</u>	<u>232,496</u>	<u>1,286,189</u>	<u>-</u>	<u>33,643,407</u>
Total assets	40,262,022	2,160,096	1,338,111	17,711	43,777,940
Deferred outflows					
Subsequent contributions	56,334	21,616	3,382	-	81,332
Difference in expected and actual experience	26,896	10,593	1,648	-	39,137
Change in proportion	16,047	6,320	983	-	23,350
Change in assumption	7,095	2,696	423	-	10,214
Total deferred outflows	<u>106,372</u>	<u>41,225</u>	<u>6,436</u>	<u>-</u>	<u>154,033</u>
Total assets and deferred outflows	<u>\$ 40,368,394</u>	<u>\$ 2,201,321</u>	<u>\$ 1,344,547</u>	<u>\$ 17,711</u>	<u>\$ 43,931,973</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
CITY OF PORTALES
STATEMENT OF NET POSITION
PROPRIETARY FUNDS (CONTINUED)
JUNE 30, 2016

	Water and Sewer Fund	Solid Waste Fund	Airport Fund	Convention Center Fund	Total Proprietary Funds
LIABILITIES AND NET POSITION					
CURRENT LIABILITIES:					
Accounts payable	\$ 244,335	\$ 46,395	\$ 29,615	\$ 1,912	\$ 322,257
Accrued interest	21,404	-	-	-	21,404
Accrued salaries	23,405	10,209	1,280	-	34,894
Unapplied deposits	10,992	22,434	-	-	33,426
Due to other funds	-	-	39,509	-	39,509
Compensated absences - current portion	-	140	-	-	140
Long-term debt - current portion	<u>62,860</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>62,860</u>
Total current liabilities	362,996	79,178	70,404	1,912	514,490
NON-CURRENT LIABILITIES:					
Customer deposits	367,009	-	-	-	367,009
Compensated absences	60,046	15,981	6,827	-	82,854
Net pension liability	837,192	323,171	50,498	-	1,210,861
Landfill closure	-	524,458	-	-	524,458
Long-term debt - long-term portion	<u>24,936,792</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,936,792</u>
Total non-current liabilities	<u>26,201,039</u>	<u>863,610</u>	<u>57,325</u>	<u>-</u>	<u>27,121,974</u>
Total liabilities	26,564,035	942,788	127,729	1,912	27,636,464
Deferred inflows					
Change in assumption	8,785	3,358	526	-	12,669
Difference in expected and actual experience	6,486	2,554	397	-	9,437
Change in proportion	11,688	4,603	716	-	17,007
Deferred inflows - net difference between projected and actual investment earnings	<u>6,991</u>	<u>927</u>	<u>209</u>	<u>-</u>	<u>8,127</u>
Total deferred inflows	<u>33,950</u>	<u>11,442</u>	<u>1,848</u>	<u>-</u>	<u>47,240</u>
Total liabilities and deferred inflows	26,597,985	954,230	129,577	1,912	27,683,704
NET POSITION					
Net investment in capital assets	5,957,435	232,496	1,286,189	-	7,476,120
Restricted for:					
Unrestricted	<u>7,812,974</u>	<u>1,014,595</u>	<u>(71,219)</u>	<u>15,799</u>	<u>8,772,149</u>
Total net position	<u>13,770,409</u>	<u>1,247,091</u>	<u>1,214,970</u>	<u>15,799</u>	<u>16,248,269</u>
Total liabilities and net position	<u>\$ 40,368,394</u>	<u>\$ 2,201,321</u>	<u>\$ 1,344,547</u>	<u>\$ 17,711</u>	<u>\$ 43,931,973</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
CITY OF PORTALES
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Water and Sewer Fund	Solid Waste Fund	Airport Fund	Convention Center Fund	Total Proprietary Funds
OPERATING REVENUES					
Charges for services	\$ 4,554,376	\$ 1,255,329	\$ -	\$ -	\$ 5,809,705
Fuel sales	-	-	91,415	-	91,415
Late charges	94,474	-	2,168	-	96,642
Rentals	99,402	-	46,553	-	145,955
Tapping and reconnect fees	58,528	-	-	-	58,528
Other and miscellaneous	-	-	402	8,099	8,501
	<u>4,806,780</u>	<u>1,255,329</u>	<u>140,538</u>	<u>8,099</u>	<u>6,210,746</u>
Total operating revenues					
OPERATING EXPENSES					
Salaries and wages	663,770	239,698	36,678	-	940,146
Employee benefits	326,015	86,005	36,419	-	448,439
Maintenance	551,025	54,698	5,006	-	610,729
Contracted and purchased services	552,165	392,549	84,552	-	1,029,266
Supplies	53,455	72,703	4,767	-	130,925
Operating costs	5,166,756	49,131	107,698	9,938	5,333,523
Depreciation	528,670	95,940	830,702	-	1,455,312
	<u>7,841,856</u>	<u>990,724</u>	<u>1,105,822</u>	<u>9,938</u>	<u>9,948,340</u>
Total operating expenses					
Operating income (loss)	(3,035,076)	264,605	(965,284)	(1,839)	(3,737,594)
NON-OPERATING REVENUES (EXPENSES):					
Investment income	52,499	20,604	-	-	73,103
Environmental gross receipts tax	-	138,839	-	-	138,839
Water conservation fees	275,673	-	-	-	275,673
Miscellaneous	(18,505)	(8,756)	-	-	(27,261)
Grants	633,987	-	75,676	-	709,663
Interest expense	(26,704)	-	-	-	(26,704)
	<u>916,950</u>	<u>150,687</u>	<u>75,676</u>	<u>-</u>	<u>1,143,313</u>
Total non-operating revenues (expenses)					
Transfers:					
Transfers in	220,333	-	46,591	-	266,924
Transfers out	(1,220,503)	(275,000)	-	-	(1,495,503)
	<u>(1,000,170)</u>	<u>(275,000)</u>	<u>46,591</u>	<u>-</u>	<u>(1,228,579)</u>
Total transfers					
Change in net position	(3,118,296)	140,292	(843,017)	(1,839)	(3,822,860)
Net position, beginning of year	16,888,705	1,106,799	2,057,987	17,638	20,071,129
Net position, end of year	<u>\$ 13,770,409</u>	<u>\$ 1,247,091</u>	<u>\$ 1,214,970</u>	<u>\$ 15,799</u>	<u>\$ 16,248,269</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
CITY OF PORTALES
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Water and Sewer Fund	Solid Waste Fund	Airport Fund	Convention Center Fund	Total Proprietary Funds
Cash flows from operating activities:					
Cash received from customers	\$ 4,030,512	\$ 1,239,835	\$ 140,539	\$ 8,099	\$ 5,418,985
Payments to employees for services	(976,508)	(300,072)	(71,804)	-	(1,348,384)
Payments to suppliers and contractors	<u>(7,647,972)</u>	<u>(588,739)</u>	<u>(195,290)</u>	<u>(10,542)</u>	<u>(8,442,543)</u>
Net cash provided by (used in) operating activities	(4,593,968)	351,024	(126,555)	(2,443)	(4,371,942)
Cash flows from non-capital activities and related financing activities:					
State shared taxes	-	139,023	79,964	-	218,987
Water conservation fees	275,673	-	-	-	275,673
Net transfers in (out)	<u>(1,000,170)</u>	<u>(275,000)</u>	<u>46,591</u>	<u>-</u>	<u>(1,228,579)</u>
Net cash provided by (used in) non-capital activities and related financing activities:	(724,497)	(135,977)	126,555	-	(733,919)
Cash flows from capital activities and related financing activities:					
Grant proceeds	633,987	-	-	-	633,987
Interest expense	(27,904)	-	-	-	(27,904)
Change in capital assets	(1,652,567)	(30,700)	-	-	(1,683,267)
Principal payments on debt	<u>5,805,549</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,805,549</u>
Net cash used in capital activities and related financing activities:	4,759,065	(30,700)	-	-	4,728,365
Cash flows from investing activities:					
Investment income (loss)	<u>(2,789,991)</u>	<u>5,489</u>	<u>-</u>	<u>-</u>	<u>(2,784,502)</u>
Net cash provided by (used in) investing activities	<u>(2,789,991)</u>	<u>5,489</u>	<u>-</u>	<u>-</u>	<u>(2,784,502)</u>
Net increase (decrease) in cash and cash equivalents	(3,349,391)	189,836	-	(2,443)	(3,161,998)
Cash and cash equivalents - beginning	<u>7,576,443</u>	<u>856,712</u>	<u>150</u>	<u>20,154</u>	<u>8,453,459</u>
Cash and cash equivalents - ending	<u>\$ 4,227,052</u>	<u>\$ 1,046,548</u>	<u>\$ 150</u>	<u>\$ 17,711</u>	<u>\$ 5,291,461</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
CITY OF PORTALES
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016

	Water and Sewer Fund	Solid Waste Fund	Airport Fund	Convention Center Fund	Total Proprietary Funds
SUPPLEMENTARY INFORMATION:					
Cash and cash equivalents	\$ 3,503,248	\$ 1,046,548	\$ 150	\$ 17,711	\$ 4,567,657
Restricted cash	<u>723,804</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>723,804</u>
Total cash and cash equivalents	<u>\$ 4,227,052</u>	<u>\$ 1,046,548</u>	<u>\$ 150</u>	<u>\$ 17,711</u>	<u>\$ 5,291,461</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ (3,035,076)	\$ 264,605	\$ (965,284)	\$ (1,839)	\$ (3,737,594)
Adjustments to operating income to net cash used in operating activities:					
Depreciation	528,670	95,940	830,702	-	1,455,312
Restatement	-	-	-	-	-
Changes in net position and liabilities:					
Accounts receivables	(797,929)	2,472	-	-	(795,457)
Inventory	-	-	(2,610)	-	(2,610)
Other assets	44,650	(16,232)	(2,540)	-	25,878
Accounts payable	(1,331,245)	1,771	(7,898)	(604)	(1,337,976)
Accrued expenses	6,237	3,091	339	-	9,667
Unapplied credits	3,317	(1,734)	-	-	1,583
Landfill	-	(21,429)	-	-	(21,429)
Compensated absences	4,837	3,431	523	-	8,791
Customer deposits	18,344	-	-	-	18,344
Other liabilities	<u>(35,773)</u>	<u>19,109</u>	<u>20,213</u>	<u>-</u>	<u>3,549</u>
Net cash provided by (used in) operating activities	<u>\$ (4,593,968)</u>	<u>\$ 351,024</u>	<u>\$ (126,555)</u>	<u>\$ (2,443)</u>	<u>\$ (4,371,942)</u>

See independent auditors' report and accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

STATE OF NEW MEXICO
CITY OF PORTALES
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Portales (the "City"), a political subdivision of the state of New Mexico, operates under the Mayor-Council form of government. The City provides the following authorized services: public safety, police and fire, highways and streets, water, sanitation, health and welfare, social services, culture and recreation, public improvements and general administrative services.

The City's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board ("FASB") issued through November 30, 1989, when applicable, that do not conflict with or contradict GASB pronouncements. Although the City has the option to apply FASB pronouncements issued after that date to its business-type funds, the City has chosen not to do so. The more significant accounting policies established in GAAP and used by the City are discussed below.

A. Reporting Entity

The City Council (the "Council") is elected by the public and has the authority to make decisions, appoint the City Manager, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the City is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB") in its Statement No. 14, "The Financial Reporting Entity." There are no component units included within the reporting entity as defined by Statement No. 14.

B. Basis of Presentation

Government-Wide and Fund Financial Statements - The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

STATE OF NEW MEXICO
CITY OF PORTALES
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

B. Basis of Presentation (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity and 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or activity and 3) grants and contributions that are restricted to meeting the capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported instead as general revenues. The net cost (by function of governmental-type activity) is normally covered by general revenues (property, sales, franchise taxes, intergovernmental revenues, interest income, etc.) The City does not allocate indirect costs.

Separate fund based financial statements are provided for governmental funds and proprietary funds. Major individual government funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The general fund is the only major government fund.

The water and sewer fund, solid waste fund, airport fund and convention center fund are the major proprietary funds. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category for the governmental and enterprise combined) for the determination of major funds.

The government-wide focus is more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on the major individual funds of the governmental and business-type categories, as well as the fiduciary funds (by category), and the component units. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

C. Measurement Focus, Basis of Accounting

Government-Wide Financial Statements - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Nonexchange transactions, in which the City gives (or receives)

STATE OF NEW MEXICO
CITY OF PORTALES
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

C. Measurement Focus, Basis of Accounting (Continued)

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 grants, entitlements, and donations is recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Derived tax revenues (i.e., sales taxes) are recognized in the period when the exchange transaction on the tax is imposed or when the resources are received, whichever occurs first.

Governmental Fund Financial Statements - The governmental fund level financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is made.

Ad valorem, franchise, and sales tax revenues associated with the current fiscal period are recognized under the susceptible to accrual concept. Licenses and permits, charges for services, fines and forfeitures, contributions, and miscellaneous revenues are recorded as revenues when received in cash, as the resulting receivable is immaterial. Investment earnings are recorded as earned since they are measurable and available. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues.

In one, monies must be expended for the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

STATE OF NEW MEXICO
CITY OF PORTALES
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

C. Measurement Focus, Basis of Accounting (Continued)

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

Business-type activities and all proprietary funds are accounted for on a flow of economic resources measurement focus and the full accrual basis of accounting. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund-type operating statements present increases and decreases (e.g., revenues and expenses) in net total assets.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principle ongoing operations. The principle operating revenues of the City's water, sewer, and sanitary landfill funds are charges to customers for sales and services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The Economic Development Fund accounts for the grants received and the related expenditures in conjunction with the promotion of economic development within the City.

The City reports the following major business-type funds:

The Water & Sewer Fund accounts for the provisions of water and sewer 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, operations, maintenance, financing and related debt service, billing and collection.

STATE OF NEW MEXICO
CITY OF PORTALES
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

C. Measurement Focus, Basis of Accounting (Continued)

The City reports the following major business-type funds (continued):

The water and sewer fund presented in the financial statements consists of several funds: water and sewer improvement bond fund, water and wastewater fund, water conservation fund and water improvement fund. The Solid Waste Fund accounts for the billings, collections and disposal of solid waste for the residents of the City. The Airport Fund accounts for the operation of the municipal airport. The Convention Center Fund accounts for the operation of the municipal convention center.

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity

Cash and Cash Equivalents - For purposes of the statement of cash flows, the City considers all highly liquid investments, including restricted assets, with a maturity when purchased of three months or less to be cash equivalents.

Deposits and Investments - Investments in the City's cash are stated at cost, which approximates fair value. State statutes authorize the City to invest in certificates of deposit, obligations of the state and the U.S. government, and the New Mexico State Treasurer's investments pool. Cash is reported at book value. All other investments are carried at fair market value using quoted market prices. Interest income, realized gains and losses on investment transactions, and amortization of premiums/discounts on investment purchases are included for financial statement purposes as investment income and are allocated to participating funds based on the specific identification of the source of funds for a given investment.

Receivables and Payables - Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as inter-fund balance. Long-term advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable from available financial resources. Property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in equal semiannual installments by November 10th and April 10th of the subsequent year with levies becoming delinquent 30 days thereafter unless a timely protest has been made. Taxes are collected on behalf of the City by the Roosevelt County Treasurer, and are distributed in the month of collection.

STATE OF NEW MEXICO
CITY OF PORTALES
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Inventory - Proprietary fund inventories are recorded at the lower of cost or market on a first-in, first-out basis, and consist of operating supplies held for use in operations and are recorded as an expense when consumed rather than when purchased.

Restricted Assets - Certain long-term assets in the proprietary funds and the component unit are classified as restricted assets on the balance sheet because their use is limited to payments for debt service or other purposes such as "deposits held in trust for others."

Deferred Outflows - In the government-wide fund financial statements, deferred outflows are contributions to a pension plan after the measurement date, and the change in assumption.

Interfund Activity - Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund balance as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

Capital Assets - Capital assets include: property, plant, utility systems, equipment, and infrastructure assets. Infrastructure includes streets, sidewalks, bridges, drainage systems, lighting systems and similar items. Such assets are reported in the applicable governmental or business-type activities columns the government-wide financial statements. The government defines capital assets as assets with an initial individual cost of more than \$5,000, and an estimated useful life in excess of two years. Assets are capitalized at historical cost or estimated historical cost if purchased or constructed. It is the policy of the City not to capitalize computer software. Donated assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add value of the asset or materially extend the asset's lives are not capitalized.

As allowed by GASB Statement No. 34, the City had retroactively reported all infrastructure assets owned by the municipality.

STATE OF NEW MEXICO
CITY OF PORTALES
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-like activities is included as part of the capitalized value of the assets under construction.

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

Assets	Years
Building and building improvements	30-40
Water and sewer plants	40
Streets	10-20
Vehicles, machinery and equipment	5-20
Computer equipment and software	3-5

Compensated Absences - It is the City's policy to permit some employees to accumulate earned but unused vacation and sick pay benefits. All sick pay and vacation pay is accrued when incurred in the government-wide or proprietary fund financial statements.

Deferred Inflows - Within the governmental funds, revenues must be available in order to be recognized. Revenues such as real estate taxes that are not available are recorded as deferred inflows and reflected within the balance sheet.

Long-Term Debt - In the government-wide fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

STATE OF NEW MEXICO
CITY OF PORTALES
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Customer Deposits - Cash held in the proprietary funds for customer deposits is restricted.

Net Position - The government-wide financial statements utilize a net position presentation. Net position are categorized as follows:

Net investment in capital assets - This category reflects the portion of net position that are associated with capital assets less outstanding capital asset related debt.

Restricted net position - Restricted net position result from the constraints placed on the use of net position when externally imposed by creditors, grantors, laws and regulations of other governments and imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position - This category reflects net position of the City, not restricted for any project or other purpose. When the City incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first whenever they will have to be returned if they are not used.

Fund Balances - In the fund financial statements, governmental fund balances are classified as follows:

Nonspendable - fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts. It also includes amounts to be held in perpetuity.

STATE OF NEW MEXICO
CITY OF PORTALES
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Restricted - Fund balance should be reported when constraints placed on the use of resources are either:

- 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, as the term is used in this Statement, authorizes the government 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 purposes 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.

Unassigned - fund balance is the residual classification for the general fund. This classification 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. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

The City's policy is to apply restricted resources first, committed sources second, assigned resources third, and unassigned resources last when an expense is incurred for purposes for which all or any fund balance classification is available.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

STATE OF NEW MEXICO
CITY OF PORTALES
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

E. New Governmental Accounting Standards

In 2015, GASB issued GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and amendments to Certain Provisions of GASB Statements 67 and 68. The provisions in statement 73 are effective for fiscal years beginning after June 15, 2015—except those provisions that address employers and governmental nonemployer contributing entities or pensions that are not within the scope of Statement 68, which are effective for fiscal years beginning after June 15, 2016. Earlier application is encouraged. 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. The 2016 is analyzing the effect that this statement will have on its financial statements, and currently believes it will have no significant effect on the financial statements for the upcoming year.

In 2015, the GASB issued GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The provisions in Statement 74 are effective for fiscal years beginning after June 15, 2016. Earlier application is encouraged. 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. The 2016 is analyzing the effect that this statement will have on its financial statements, and currently believes it will have no significant effect on the financial statements for the upcoming year.

In 2015, the GASB issued GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017. Earlier application is encouraged. 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

STATE OF NEW MEXICO
CITY OF PORTALES
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

E. New Governmental Accounting Standards (Continued)

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. The 2016 is analyzing the effect that this statement will have on its financial statements, and currently believes it will have no significant effect on the financial statements for the upcoming year.

In 2015, the GASB issued GASB Statement No. 77, *Tax Abatement Disclosures*. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged. Financial statements prepared by state and local governments in conformity with generally accepted accounting principles provide citizens and taxpayers, legislative and oversight bodies, municipal bond analysts, and others with information they need to evaluate the financial health of governments, make decisions, and assess accountability. This information is intended, among other things, to assist these users of financial statements in assessing (1) whether a government's current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government's financial resources come from and how it uses them, and (4) a government's financial position and economic condition and how they have changed over time. The City is analyzing the effect that this statement will have on its financial statements, and currently believes it will have no significant effect on the financial statements for the upcoming year.

In 2015, GASB issued GASB Statement No. 78, The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, Accounting and Financial Reporting for Pensions. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions.

STATE OF NEW MEXICO
CITY OF PORTALES
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

E. New Governmental Accounting Standards (Continued)

In 2015, GASB issued GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing. Those provisions are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. Professional judgment is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant.

In 2016, GASB issued GASB Statement No. 80, *Blending Requirements for Certain Component Units - An Amendment of GASB Statement No. 14*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. Earlier application is encouraged. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity*, as amended.

In 2016, GASB issued GASB Statement No. 81, *Irrevocable Split-Interest Agreements*. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively. Earlier application is encouraged. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

STATE OF NEW MEXICO
CITY OF PORTALES
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

E. New Governmental Accounting Standards (Continued)

In 2016, GASB issued GASB Statement No. 82, *Pension Issues An Amendment of GASB Statements No. 67, No. 68, and No. 73*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

STATE OF NEW MEXICO
CITY OF PORTALES
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Data - The City Council adopts an annual budget for the General Fund, Special Revenue Funds, Capital Projects Funds, Debt Service Funds and the Enterprise Funds by following the budgetary procedures outlined below. The City is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The City compares the final amended budget to actual revenues and expenditures based on the City's modified accrual basis of accounting.

The following procedures are followed in establishing the budgetary data reflected in the general purpose financial statements:

1. The City prepares a proposed interim operating budget based upon input from public hearings conducted to obtain taxpayer comments and management assessment of City needs and resources available. The operating budget includes proposed expenditures and the means of financing them. A budget is proposed for the General, Special Revenue, Capital Projects, Debt Service and Proprietary Funds.
2. The interim operating budget for the fiscal year commencing July 1 is submitted to the Department of Finance and Administration-Local Government Division by June 1. The Department of Finance reviews the interim budget, makes any needed adjustments and grants interim approval by July 1.
3. The final operating budget for the fiscal year is submitted to the Department of Finance on or before July 31. The Department of Finance reviews the budget and grants approval by September 1.
4. The interim and final budgets are legally enacted through passage of resolutions and the council is authorized to transfer budgeted amounts between departments within any fund. Any revisions that alter the total expenditures of any fund must be approved by the Department of Finance and Administration-Local Government Division.
5. Budgets for funds are adopted on the modified accrual basis of accounting. Budgetary comparisons have been presented in this report on the basis of the legally adopted budget.
6. Appropriations lapse at year end with any unspent cash balance being available for expenditures and appropriation in the subsequent year's budget.
7. The level of classification detail in which expenditures may not legally exceed appropriations for each budget is in fund total.

STATE OF NEW MEXICO
CITY OF PORTALES
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

3. CASH AND DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

State statutes authorize the investment of City funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the City properly followed State deposit and investment requirements as of June 30, 2016.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more financial institution. Deposits may be made to the extent that they are insured by an agency of the United States or by collateral deposited as security or by bond given by the financial institution.

In accordance with FDIC, public unit deposits are funds owned by the City. Time deposits, savings deposits and interest bearing NOW accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the unlimited coverage for public unit demand deposits at the same institution.

Excess of funds may be temporarily invested in securities which are issued by the State or by the United States government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments.

The rate of interest in non-demand interest-bearing accounts is set by the State Board of Finance, but the rate of interest will not be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of deposit.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the government's deposits and investments may not be returned to it. The City does not have a formal deposit policy for custodial credit risk other than following state statutes. The City has not suffered any previous losses and management believes any risk of loss of funds is minimal.

Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the City for at least 50% of the amount on deposit with the institution, and 103% for amounts invested in repurchase agreements with the institution.

The types of collateral an institution is permitted to use as pledged securities are limited to direct obligations of the United States Government and all bonds issued by any agency or political subdivision of the State of New Mexico.

The schedules listed below disclose requirements on reporting the insured and uninsured portions of the City's deposits regarding custodial credit risk.

STATE OF NEW MEXICO
CITY OF PORTALES
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

3. CASH AND DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (CONTINUED)

Interest Rate Risk - Interest rate risk is the risk that the change in interest rates will adversely affect the fair value of the investments. The City does not have a formal policy to manage its exposure to interest rate risk.

New Mexico State Treasurer Local Government Investment Pool - The City maintains accounts with the New Mexico State Treasurer Local Government Investment Pool (LGIP), an external investment pool. The LGIP is not SEC registered, and as a government investment pool, exempt from disclosing concentration risk. The LGIP is rated AAA by Standard and Poor's and has a weighted average maturity of 52 days.

Section 6-10-10. I, NMSA 1978 empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment funds in securities that are issued by the United States government or by its departments or agencies and are either backed by the full faith and credit of the United States government or are agencies sponsored by the United States government.

The LGIP investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments. The pool does not have unit shares and earnings are distributed monthly by the State Treasurer to the participants in proportion to the amount and length of time the participants have funds on deposit. Participation in the LGIP is voluntary and can be liquidated by the City at the City council's discretion. The City's balance in the LGIP account as of June 30, 2016 is \$1,862,092.

New Mexico Finance Authority Investment - The City maintains investment funds on account with the New Mexico Finance Authority (NMFA), which in turn invests the funds in the State Treasurer. NMFA's cash on deposit with the State Treasurer is invested by the State Treasurer in "overnight" repurchase programs. State statutes require that all deposits held by the State Treasurer be collateralized at a minimum level of 50%. Repurchase agreements are collateralized at 103% by the NMFA's internal policies. Funds held by the NMFA acting as trustee for the City are invested in money market accounts that invest in United States Treasury obligations and/or repurchase agreements secured by U.S. Treasury obligations. There are separate financial statements of the NMFA and State Treasurer collateral, categories of risk, and market value of purchased investments which may differ from the cash deposited with the NMFA by the City.

Other Investments - The City also maintains \$4,635,505 in investments outside of the internal investment pool in the LGIP. The funds are invested in money market funds investing in federal government-backed securities. The investments are in compliance with state statutes regarding investments of governmental funds. These investments have not been rated.

STATE OF NEW MEXICO
CITY OF PORTALES
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

3. CASH AND DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (CONTINUED)

All deposits are collateralized with eligible securities, as described by New Mexico State Statute, in amounts equal to at least 50% of the City carrying value of the deposits (demand and certificates of deposit).

Such collateral, as permitted by the state statutes is held in each respective depository bank's collateral pool at a Federal Reserve Bank, or member bank other than the depository bank, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds with the exception of deposit insurance provided by the Federal Deposit Insurance Corporation.

A summary of the cash deposits at June 30, 2016 is as follows:

	US Bank	New Mexico Finance Authority	First American Financial Advisors	Total
Total cash deposits	\$10,805,615	\$ 668,878	\$ 4,635,505	\$16,109,998
FDIC/SPIC coverage	<u>(250,000)</u>	<u>(668,878)</u>	<u>(250,000)</u>	<u>(1,168,878)</u>
Uninsured funds subject to custodial credit risk	10,555,615	-	4,385,505	14,941,120
Lloyd's of London securities insurance protection	<u>-</u>	<u>-</u>	<u>4,385,505</u>	<u>4,385,505</u>
Funds (over) under collateralized - total funds subject to custodial credit risks	<u>\$10,555,615</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$10,555,615</u>

The following summarizes the collateral requirements at June 30, 2016:

50% of uninsured funds	\$ 5,277,808	\$ -	\$ -	\$ 5,277,808
Letter of credit collateral	<u>6,500,000</u>	<u>-</u>	<u>-</u>	<u>6,500,000</u>
Over (under) collateralized	<u>\$ 1,222,193</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,222,193</u>

STATE OF NEW MEXICO
CITY OF PORTALES
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

4. ACCOUNTS RECEIVABLE

Accounts receivable reported in the business-type activities at June 30, 2016 represent net balances due from customers of water and sewer and solid waste services provided by the City. The following is the detail of the business-type receivables at June 30, 2016:

	Accounts Receivable	Allowance for Uncollectibles	Total
Water and sewer	\$ 1,113,782	\$ (438,923)	\$ 674,859
Solid waste	204,194	(53,150)	151,044
	\$ 1,317,976	\$ (492,073)	\$ 825,903

The general fund receivable of \$119,362 consists primarily of ambulance charges outstanding at June 30, 2016. No allowance for uncollectible accounts has been established for the ambulance accounts receivable, as management believes the amounts are fully collectible from either third party insurance companies or the patient. Management reevaluates the collectibility of the ambulance receivables on an ongoing basis.

Taxes receivable are considered fully collectible and consist of the following:

Taxes Receivables	
Gross receipts taxes	\$ 1,001,565
Franchise	105,567
Property taxes	22,004
Other	64,204
	\$ 1,193,340

Governmental funds report deferred inflows in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year deferred inflows which related to delinquent property taxes was \$9,188.

STATE OF NEW MEXICO
CITY OF PORTALES
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund transfers reflect a transfer of cash due to needs within the fund. The composition of interfund transfers during the year ended June 30, 2016 is as follows:

TRANSFERS:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 1,275,000	\$ 549,329
Fire Protection Fund	-	42,118
Library Fund	25,000	-
Portales Area Transit Fund	85,000	-
Capital Repair and Replacement Fund	152,549	-
Capital Projects Funds	200,000	173,762
Comprehensive Capital Projects Fund	30,039	-
CDBG Capital Projects Fund	433	-
Risk Management Fund	9,717	-
Energy Conservation Lease Fund	216,050	-
Water and Sewer Fund	220,333	1,220,503
Solid Waste Fund	-	275,000
Airport Fund	<u>46,591</u>	<u>-</u>
Total	<u>\$ 2,260,712</u>	<u>\$ 2,260,712</u>

STATE OF NEW MEXICO
CITY OF PORTALES
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

6. CAPITAL ASSETS

A summary of capital assets and changes occurring during the year ended June 30, 2016, including those changes pursuant to the implementation of GASB Statement No. 34, follows. Land and Construction in Progress is not subject to depreciation.

	Balance June 30, 2015	Additions	Retirements and Transfers	Balance June 30, 2016
<i>Governmental activities:</i>				
Capital assets not being depreciated:				
Land	\$ 727,102	\$ -	\$ -	\$ 727,102
Construction in progress	<u>63,157</u>	<u>35,920</u>	<u>-</u>	<u>99,077</u>
Total	790,259	35,920	-	826,179
Other capital assets being depreciated:				
Buildings	7,074,033	-	-	7,074,033
Improvements	7,036,124	-	-	7,036,124
Machinery and equipment	3,126,892	20,381	(126,980)	3,020,293
Furniture and fixtures	199,472	-	(1,800)	197,672
Vehicles	<u>4,368,967</u>	<u>351,694</u>	<u>(443,573)</u>	<u>4,277,088</u>
Total	<u>21,805,488</u>	<u>372,075</u>	<u>(572,353)</u>	<u>21,605,210</u>
Total capital assets	22,595,747	407,995	(572,353)	22,431,389
Less accumulated depreciation for:				
Buildings	4,125,392	615,272	-	4,740,664
Improvements	2,540,773	2,295,060	-	4,835,833
Machinery and equipment	2,314,083	600,786	(120,080)	2,794,789
Furniture and fixtures	196,760	9,192	(1,800)	204,152
Vehicles	<u>3,171,338</u>	<u>407,653</u>	<u>(439,779)</u>	<u>3,139,212</u>
Total accumulated depreciation	<u>12,348,346</u>	<u>3,927,963</u>	<u>(561,659)</u>	<u>15,714,650</u>
Governmental capital assets, net	<u>\$ 10,247,401</u>	<u>\$ (3,519,968)</u>	<u>\$ (10,694)</u>	<u>\$ 6,716,739</u>

STATE OF NEW MEXICO
CITY OF PORTALES
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

6. CAPITAL ASSETS (CONTINUED)

	Balance June 30, 2015	Additions	Retirements and Transfers	Balance June 30, 2016
<i>Business-type activities:</i>				
Capital assets not being depreciated:				
Land	\$ 4,593,347	\$ -	\$ -	\$ 4,593,347
Construction in progress	<u>20,098,057</u>	<u>1,498,670</u>	<u>-</u>	<u>21,596,727</u>
Total	24,691,404	1,498,670	-	26,190,074
Capital assets being depreciated:				
Buildings	1,558,823	-	-	1,558,823
Improvements	19,568,694	30,701	(2,431,399)	17,167,996
Machinery and equipment	4,073,286	117,238	(141,803)	4,048,721
Furniture and fixtures	4,929	-	-	4,929
Vehicles	<u>1,738,793</u>	<u>61,069</u>	<u>(97,841)</u>	<u>1,702,021</u>
Total	<u>26,944,525</u>	<u>209,008</u>	<u>(2,671,043)</u>	<u>24,482,490</u>
Total capital assets	51,635,929	1,707,678	(2,671,043)	50,672,564
Less accumulated depreciation:				
Buildings	1,072,225	486,593	-	1,558,818
Improvements	13,773,776	547,777	(2,431,396)	11,890,157
Machinery and equipment	3,330,858	316,853	(117,394)	3,530,317
Furniture and fixtures	4,929	82,935	-	87,864
Vehicles	<u>1,206,323</u>	<u>21,154</u>	<u>(97,841)</u>	<u>1,129,636</u>
Total accumulated depreciation	<u>19,388,111</u>	<u>1,455,312</u>	<u>(2,646,631)</u>	<u>18,196,792</u>
Business-type capital assets, net	<u>\$ 32,247,818</u>	<u>\$ 252,366</u>	<u>\$ (24,412)</u>	<u>\$ 32,475,772</u>

The City reported \$3,927,963 of accumulated depreciation in general fixed assets in use by governmental funds on the Government-Wide Statement of Activities. The City did not allocate the depreciation to the various governmental functions, instead presenting the amount separately from the departmental functions on the statement.

STATE OF NEW MEXICO
CITY OF PORTALES
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

7. LONG-TERM DEBT

A summary of changes in long-term debt, including capital lease obligations for the year ended June 30, 2016, was as follows:

	Balance June 30, 2015	Additions	Reductions	Balance June 30, 2016
Governmental Activities:				
NMFA - Recreation Center	\$ 164,188	\$ -	\$ 164,188	\$ -
NMFA Loan - Fire Truck	<u>484,675</u>	<u>-</u>	<u>33,744</u>	<u>450,931</u>
Total Governmental Debt	<u>\$ 648,863</u>	<u>\$ -</u>	<u>\$ 197,932</u>	<u>\$ 450,931</u>

	Balance June 30, 2015	Additions	Reductions	Balance June 30, 2016
Business-Type Activities:				
Project # 0344 - WTB	\$ -	\$ 224,000	\$ 3,434	\$ 220,566
Water Improvement	930,126	-	50,009	880,117
NMED - Wastewater Facility	<u>18,263,977</u>	<u>5,634,992</u>	<u>-</u>	<u>23,898,969</u>
Total Business-Type Debt	<u>\$19,194,103</u>	<u>\$ 5,858,992</u>	<u>\$ 53,443</u>	<u>\$24,999,652</u>

Scheduled principal and interest payments on the City's long-term debt are as follows:

Year Ended June 30,	Governmental			Business-Type		
	Principal	Interest	Total	Principal	Interest	Total
2017	\$ 34,007	\$ 8,374	\$ 42,381	\$ 62,860	\$ 26,404	\$ 89,264
2018	34,344	8,111	42,455	1,771,747	24,859	1,796,606
2019	34,783	7,774	42,557	1,773,339	23,267	1,796,606
2020	35,329	7,334	42,663	1,774,978	21,628	1,796,606
2021	35,969	6,788	42,757	1,776,667	19,939	1,796,606
2022-2026	192,887	19,268	212,155	8,910,493	72,539	8,983,032
2027-2031	83,612	1,880	85,492	8,883,074	32,748	8,915,822
2032-2035	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,494</u>	<u>-</u>	<u>46,494</u>
Total	<u>\$ 450,931</u>	<u>\$ 59,529</u>	<u>\$ 510,460</u>	<u>\$24,999,652</u>	<u>\$ 221,384</u>	<u>\$25,221,036</u>

STATE OF NEW MEXICO
CITY OF PORTALES
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

7. LONG-TERM DEBT (CONTINUED)

Below are the terms, amounts due within one year, and maturity dates of the City's outstanding long-term debt:

Description	Interest Rate	Payment Frequency	Payment Amount	Maturity Date	Due Within One Year	Servicing Fund
Governmental Activities:						
NMFA - Recreation Center	Varies to 5.23%	Monthly	\$4,085	May 2019	\$ -	Capital Projects
NMFA - Fire Truck	1.73%	Monthly	\$2,984	May 2028	<u>34,007</u>	General
					<u>\$ 34,007</u>	

Description	Interest Rate	Payment Frequency	Payment Amount	Maturity Date	Due Within One Year	Servicing Fund
Business-Type Activities:						
Water/Sewer Revenue Bonds	0	Annual	\$1,153,540	June 2031	\$ -	Water and Sewer
Project # 0344 - WTB	0.25%	Monthly	\$859	June 2035	11,350	Water and Sewer
Water Improvement	3.00%	Annual	\$78,309	September 2029	<u>51,510</u>	Water Conservation
					<u>\$ 62,860</u>	

8. ACCRUED COMPENSATED ABSENCES

The City pays any accumulated accrued vacation leave in a lump cash payment to employees upon retirement or to the employee's estate in the event of death. Compensation for sick leave is limited to time-off and is not monetarily compensated. The Water and Sewer, Solid Waste, Airport, General Fund, or Portales Area Transit special revenue fund, as appropriate, are used to liquidate the liability. The City does not pay accrued sick leave upon termination. The liability also includes the City's portion of employment taxes related to the hours and time accrued by the employee.

STATE OF NEW MEXICO
CITY OF PORTALES
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

8. ACCRUED COMPENSATED ABSENCES (CONTINUED)

	Balance June 30, 2015	Additions	Reductions	Balance June 30, 2016	Due Within One Year
Governmental Activities	\$ 453,453	\$ 127,046	\$ 117,793	\$ 462,706	\$ 16,920
Business-Type Activities	<u>74,203</u>	<u>32,126</u>	<u>23,335</u>	<u>82,994</u>	<u>140</u>
	<u>\$ 527,656</u>	<u>\$ 159,172</u>	<u>\$ 141,128</u>	<u>\$ 545,700</u>	<u>\$ 17,060</u>

9. REVENUE BONDS

The City has the capacity and has issued both Sales Tax and Revenue Bonds whereby the City has pledged income derived from the Gross Receipts Tax and billings on water to pay the required debt service on the bonds. Moody's Investors Service affirmed the A3 underlying rating for both the Sales Tax and Revenue Bonds in July, 2010. As of the year ended June 30, 2016 the City does not have any outstanding bonds.

10. LANDFILL CLOSURE AND POST-CLOSURE COSTS

State and federal laws and regulations require that the City place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure of the landfill site. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and post-closure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and post-closure care costs is based on the amount of the landfill used during the year. The landfill was closed in 1997. The estimated liability for landfill closure and post-closure care costs is \$524,458 as of June 30, 2016, which is based on 100 percent usage (filled) of the landfill. The estimated total current cost of the landfill closure and post-closure care is based on the amount that would be paid if all equipment, facilities, and services required to monitor and maintain the landfill were acquired as of June 30, 2016. However, the actual cost of post-closure care may be higher due to inflation, changes in technology, or changes in state and federal landfill laws and regulations.

STATE OF NEW MEXICO
CITY OF PORTALES
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

11. RISK MANAGEMENT

The City is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental, and accident benefits. The City participates in the New Mexico Self-Insurer's Fund risk pool. The New Mexico Self-Insurer's Fund risk pool operates as a common risk management and insurance program for workers compensation and property and casualty coverage.

These funds are funded entirely by member contributions and are administered by the New Mexico Self-insurer's Fund. The pools are authorized by joint powers agreements entered into by each participating entity as a separate and independent government and legal entity pursuant to the provisions of Section 11-1-1 et. Seq. NMSA 1978. The City's contributions for the year ended June 30, 2016 were \$510,243.

The City has not filed any claims for which the settlement amount exceeded the insurance coverage in any preceding years. However, should a claim be filed against the Authority which exceeds the insurance coverage, the City would be responsible for a loss in excess of the coverage amounts. As claims are filed, the New Mexico Self-Insurers Fund assesses and estimates the potential for loss. At June 30, 2016 no unpaid claims have been filed which exceed the policy limits and to the best of management's knowledge and belief all known and unknown claims will be covered by insurance. No major lawsuits have been filed against the City.

12. PERA PENSION PLAN

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

The City adopted GASB 68 during the year ended June 30, 2015. GASB 68, *Accounting and Financial Reporting for Pensions*, requires contributing employers of cost-sharing multiple employer defined benefit pension plans to include the net pension liability, pension expense, and pension-related deferred inflows and outflows of resources related to their share of the pension plan in their government-wide financial statement presentation. PERA engaged their financial statement auditors to prepare a schedule allocating obligations to the contributing employers as of the year ended June 30, 2015.

STATE OF NEW MEXICO
CITY OF PORTALES
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

12. PERA PENSION PLAN (CONTINUED)

Summary of Significant Accounting Policies

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.

General Information about the Pension Plan

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

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

Benefits provided. For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2014 available at:
http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2014.pdf.

STATE OF NEW MEXICO
CITY OF PORTALES
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

12. PERA PENSION PLAN (CONTINUED)

Contributions. The contribution requirements of defined benefit plan members and the (name of employer) 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 Municipal General Division, Municipal Police Division, and Municipal Fire Division. Statutorily required contributions to the pension plan from the City were \$685,177 and employer paid member benefits that were “picked up” by the employer were \$0 for the year ended June 30, 2016.

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, 2014. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2015, using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date June 30, 2015.

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 Village of Des Moines’ 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, 2014 to June 30, 2015 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2015 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.

STATE OF NEW MEXICO
CITY OF PORTALES
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

12. PERA PENSION PLAN (CONTINUED)

For PERA at June 30, 2016, the City reported the following liability:

Municipal General Division	\$ 3,665,414
Municipal Police Division	2,536,997
Municipal Fire Division	<u>4,047,915</u>
 Total Net Pension Liability	 <u>\$ 10,250,326</u>

The amounts are the proportionate share of the net pension liability. At June 30, 2015, the City's proportion noted below was unchanged from its proportion measured as of June 30, 2014, due to the insignificance of the difference.

For the year ended June 30, 2016, the City recognized the following pension expense:

Municipal General Division	\$ 280,057
Municipal Police Division	159,220
Municipal Fire Division	<u>188,761</u>
 Total pension expense	 <u>\$ 628,038</u>

At June 30, 2016, the City reported deferred outflows of resources and deferred inflows or resources related to pensions for Municipal General Division from the following sources:

	Deferred Outflows of Resources	Deferred inflows of resources
	<u>\$</u>	<u>\$</u>
Changes in assumptions	-	1,428
Net difference between projected and actual earnings on pension plan investments	-	11,595
Difference between expected and actual experience	-	81,191
Contributions subsequent to the measurement date	276,437	-
Change in proportion and differences between employer contributions and proportionate share of contributions	<u>-</u>	<u>104,245</u>
 Total	 <u>\$ 276,437</u>	 <u>\$ 198,459</u>

STATE OF NEW MEXICO
CITY OF PORTALES
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

12. PERA PENSION PLAN (CONTINUED)

At June 30, 2016, the City reported deferred outflows of resources and deferred inflows or resources related to pensions for Municipal Police Division from the following sources:

	Deferred Outflows of Resources	Deferred inflows of resources
Changes in assumptions	\$ -	\$ 104,961
Net difference between projected and actual earnings on pension plan investments	-	7,037
Difference between expected and actual experience	177,275	-
Contributions subsequent to the measurement date	202,320	-
Change in proportion and differences between employer contributions and proportionate share of contributions	<u>200,881</u>	<u>-</u>
Total	<u>\$ 580,476</u>	<u>\$ 111,998</u>

At June 30, 2016, the City reported deferred outflows of resources and deferred inflows or resources related to pensions for Municipal Fire Division from the following sources:

	Deferred Outflows of Resources	Deferred inflows of resources
Changes in assumptions	\$ 85,374	\$ -
Net difference between projected and actual earnings on pension plan investments	-	4,869
Difference between expected and actual experience	159,415	-
Contributions subsequent to the measurement date	206,420	-
Change in proportion and differences between employer contributions and proportionate share of contributions	<u>-</u>	<u>42,072</u>
Total	<u>\$ 451,209</u>	<u>\$ 46,941</u>

STATE OF NEW MEXICO
CITY OF PORTALES
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

12. PERA PENSION PLAN (CONTINUED)

	<u>Liability Proportion</u>
Municipal General Division	0.3595%
Municipal Police Division	0.5276%
Municipal Fire Division	0.7843%

In June 30, 2016, \$685,177 deferred outflows - contributions made after measurement date, will be recognized as a reduction of net pension liability. Other deferred amounts to be recognized in fiscal years following the reporting date are below:

Year Ended June 30:	<u>Municipal General Division</u>	<u>Municipal Police Division</u>	<u>Municipal Fire Division</u>
2016	\$ (97,082)	\$ (21,602)	\$ 48,068
2017	\$ (97,082)	\$ (21,602)	\$ 48,068
2018	\$ (97,082)	\$ (21,602)	\$ 48,068
2019	\$ 197,033	\$ 130,083	\$ 95,717
2020	\$ -	\$ -	\$ -

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
-Projected benefit payment	100 years
-Payroll growth	3.50% annual rate
-Projected salary increases	3.50% to 14.25% annual rate

STATE OF NEW MEXICO
CITY OF PORTALES
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

12. PERA PENSION PLAN (CONTINUED)

Includes inflation at	3.00% annual rate
-Mortality assumption	RP-2000 Mortality Tables (Combined table for healthy post-retirements, Employee table for active members, and Disabled table for disabled retirees before retirement age) with projection to 2018 using Scale AA
-Experience study dates	July 1, 2008 to June 30, 2013

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

ALL FUNDS - Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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	100.0 %	

Sensitivity of the net pension liability to changes in the discount rate - The following presents the net pension liability of City of Portales, calculated using the discount rate of 7.75 percent, as well as what the 2016's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease 6.75%	Current 7.75%	1% Increase 8.75%
City's proportionate share of the Net Pension Liability	<u>\$ 15,920,418</u>	<u>\$ 10,250,326</u>	<u>\$ 5,564,886</u>
TOTAL	<u>\$ 15,920,418</u>	<u>\$ 10,250,326</u>	<u>\$ 5,564,886</u>

STATE OF NEW MEXICO
CITY OF PORTALES
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

12. PERA PENSION PLAN (CONTINUED)

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>.

Payables to the pension plan. Employers should disclose the amount of payables to the Plan with a description of what gave rise to the payable per GASBS 68, paragraphs 122 and 124. The City of Portales had payables of \$ 48,914 at June 30, 2016. The payable was a result of cutoff, and was paid in to PERA on July 12, 2016.

13. POST-EMPLOYMENT BENEFITS - STATE RETIREE HEALTH CARE PLAN

Plan Description - The City contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit post-employment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents.

The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

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

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

STATE OF NEW MEXICO
CITY OF PORTALES
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

13. POST-EMPLOYMENT BENEFITS - STATE RETIREE HEALTH CARE PLAN (CONTINUED)

Funding Policy - The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at www.nmrhca.state.nm.us. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the board.

(1) The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees who are members of an enhanced retirement plan (state police and adult correctional officer coverage plan 1; municipal police member coverage plans 3, 4 and 5; municipal fire member coverage plan 3, 4 and 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act [10-12B-1 NMSA 1978]). During the fiscal year ended June 30, 2016, the statute required each participating employer to contribute 2.50% for fire and police departments and 2.00% for general departments of each participating employee's annual salary; each participating employee was required to contribute 1.25% of their salary. In the fiscal years ending June 30, 2016 the contribution rates for employees and employers will rise as follows:

For employees who are not members of an enhanced retirement plan the contribution rates will be:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
2015	2.00%	1.00%

In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act. The City's contributions to the RHCA for the years ended June 30, 2016, 2015, and 2014 were \$148,372, \$163,570, and \$105,414, respectively, which equal the required contributions for each year.

STATE OF NEW MEXICO
CITY OF PORTALES
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

14. COMMITMENTS AND CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the City expects such amount, if any, to be immaterial.

The City has several capital projects in progress at various states of completion. The majority of these capital projects are being funded by reimbursement type grants, which require the City to incur the expenditure then submit a request for reimbursement to the grantor. These requests must be made before the respective grants expire.

The City is involved in 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 outcome of these matters will not have a material effect on the financial position of the City.

15. SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 2, 2016 the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
CITY OF PORTALES
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PLAN
PERA MUNICIPAL GENERAL DIVISION
LAST 10 FISCAL YEARS*
FOR THE YEAR ENDED JUNE 30, 2016

	<u>2015</u>	<u>2016</u>
The City of Portales' proportion of the net pension liability	\$ 2,941,005	\$ 3,665,414
The City of Portales' proportionate share of the net pension liability	0.3595%	0.3595%
The City of Portales' covered-employee payroll	\$ 1,878,126	\$ 2,207,416
The City of Portales' proportionate share of the net pension liability as a percentage of its covered-employee payroll	156.59 %	166.05 %
Plan fiduciary net position as a percentage of the total pension liability	81.29 %	76.99 %

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

STATE OF NEW MEXICO
CITY OF PORTALES
SCHEDULE OF CITY OF PORTALES' CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PLAN
PERA MUNICIPAL GENERAL DIVISION
LAST 10 FISCAL YEARS*
FOR THE YEAR ENDED JUNE 30, 2016

	<u>2015</u>	<u>2016</u>
Contractually required contribution	\$ 122,698	\$ 276,437
Contributions in relation to the contractually required contribution	<u>122,698</u>	<u>276,437</u>
Contribution deficiency (excess)	-	-
The City of Portales' covered-employee payroll	<u>\$ 1,878,126</u>	<u>\$ 2,207,416</u>
Contributions as a percentage of covered-employee payroll	<u>6.53 %</u>	<u>12.52 %</u>

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

STATE OF NEW MEXICO
CITY OF PORTALES
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PLAN
PERA MUNICIPAL POLICE DIVISION
LAST 10 FISCAL YEARS*
FOR THE YEAR ENDED JUNE 30, 2016

	<u>2015</u>	<u>2016</u>
The City of Portales' proportion of the net pension liability	\$ 1,456,845	\$ 2,536,997
The City of Portales' proportionate share of the net pension liability	0.45 %	0.53 %
The City of Portales' covered-employee payroll	\$ 930,341	\$ 1,615,574
The City of Portales' proportionate share of the net pension liability as a percentage of its covered-employee payroll	156.59 %	157.03 %
Plan fiduciary net position as a percentage of the total pension liability	81.29 %	76.99 %

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

STATE OF NEW MEXICO
CITY OF PORTALES
SCHEDULE OF CITY OF PORTALES' CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PLAN
PERA MUNICIPAL POLICE DIVISION
LAST 10 FISCAL YEARS*
FOR THE YEAR ENDED JUNE 30, 2016

	<u>2015</u>	<u>2016</u>
Contractually required contribution	\$ 97,835	\$ 202,320
Contributions in relation to the contractually required contribution	<u>97,835</u>	<u>202,320</u>
Contribution deficiency (excess)	-	-
The City of Portales' covered-employee payroll	<u>\$ 930,341</u>	<u>\$ 1,615,574</u>
Contributions as a percentage of covered-employee payroll	<u>10.52 %</u>	<u>12.52 %</u>

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

STATE OF NEW MEXICO
CITY OF PORTALES
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PLAN
PERA MUNICIPAL FIRE DIVISION
LAST 10 FISCAL YEARS*
FOR THE YEAR ENDED JUNE 30, 2016

	<u>2015</u>	<u>2016</u>
The City of Portales' proportion of the net pension liability	\$ 3,328,760	\$4,047,915
The City of Portales' proportionate share of the net pension liability	0.7975 %	0.7843%
The City of Portales' covered-employee payroll	\$ 2,125,747	\$1,648,313
The City of Portales' proportionate share of the net pension liability as a percentage of its covered-employee payroll	156.59 %	245.58 %
Plan fiduciary net position as a percentage of the total pension liability	81.29 %	76.99 %

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

STATE OF NEW MEXICO
CITY OF PORTALES
SCHEDULE OF CITY OF PORTALES' CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PLAN
PERA MUNICIPAL FIRE DIVISION
LAST 10 FISCAL YEARS*
FOR THE YEAR ENDED JUNE 30, 2016

	<u>2015</u>	<u>2016</u>
Contractually required contribution	\$ 294,033	\$ 206,420
Contributions in relation to the contractually required contribution	<u>294,033</u>	<u>206,420</u>
Contribution deficiency (excess)	-	-
The City of Portales' covered-employee payroll	<u>\$ 2,125,747</u>	<u>\$ 1,648,313</u>
Contributions as a percentage of covered-employee payroll	<u>13.83 %</u>	<u>12.52 %</u>

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

SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
CITY OF PORTALES
NON-MAJOR FUNDS
JUNE 30, 2016

SPECIAL REVENUE FUNDS

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

CORRECTION FUND - Accounts for the cost of housing prisoners through the assessment of traffic violations within the City's jurisdiction.

EMERGENCY MEDICAL SERVICES FUND - Accounts for the state funding and expenditures of emergency medical equipment and supplies for the fire department.

ENHANCED 911 FUND - Accounts for state in-kind support and operations for the Enhanced 911 emergency system.

FIRE PROTECTION FUND - Accounts for state fire allotment funds received for the operations and maintenance of the fire department.

BEAUTIFICATION/LITTER CONTROL FUND - Accounts for the state grant funds necessary to aid in the litter control and beautification of the municipality.

LAW ENFORCEMENT PROTECTION FUND - To account for the proceeds of a State grant provided for the purchase and repair of equipment as well as specialized training of police personnel. (NMSA 29-13-3)

LIBRARY FUND - Accounts for the state, county, and private grants and donations to purchase books and provide library supplies and operational expense.

LODGERS TAX FUND - Accounts for the special assessment tax on motel room rentals used for the promotion of the City.

RECREATION FUND - To account for the operations of certain recreational activities in the City. Financing was provided by State shared taxes and charges for services. (NMSA 7-12-15)

LOCAL DWI PROGRAM FUND - Accounts for state driving while intoxicated fines and other state grants for the education and prevention of driving while intoxicated arrests.

LAW ENFORCEMENT SPECIAL SERVICE FUND - Accounts for the revenue received from traffic safety fees to promote law enforcement education in the community.

CDBG REHABILITATION LOAN REPAYMENT FUND - Accounts for the collection and disbursement of the federal and state grants collected by the City on behalf of the citizens to assist in eligible single family home improvements.

STATE OF NEW MEXICO
CITY OF PORTALES
NON-MAJOR FUNDS (CONTINUED)
JUNE 30, 2016

SPECIAL REVENUE FUNDS (CONTINUED)

MUNICIPAL STREET FUND - Accounts for special assessment gasoline tax received from the state and used for the maintenance and improvement of City streets.

CRIMINAL JUSTICE FUND - Accounts for the state courts fees collected through municipal court on behalf of the state.

MAINSTREET FUND - Accounts for the donations and grants received and the related expenditures in conjunction with the Mainstreet Portales project.

Portales Area Transit Fund - Accounts for the state grants received and ridership fees charged to operate and maintain the local public transportation system.

RISK MANAGEMENT FUND - Accounts for the expenditures of unemployment and other insurance premiums paid by the City.

CAPITAL PROJECTS FUNDS

CAPITAL PROJECTS FUND - This fund accounts for the City's capital project in conjunction with the purchase and remodeling of the building for the City's recreation center.

COMMUNITY DEVELOPMENT BLOCK GRANT FUND - Accounts for the state and federal funding received for the improvement of streets in designated parts of the City.

COMPREHENSIVE PLAN FUND - This fund accounts for the City's capital assets and ongoing capital projects not associated with the proprietary funds.

CAPITAL REPAIR AND REPLACEMENT FUND - This fund accounts for the City's capital assets and ongoing capital projects not associated with the proprietary funds.

DEBT SERVICE FUNDS

SALES TAX REVENUE BONDS FUND - This fund accounts for the collection of allocated gross receipts taxes and the related debt service of the Sales Tax Revenue Bonds issued in November, 1997.

ENERGY CONSERVATION LEASE DEBT SERVICE FUND - Accounts for the dedicated gross receipts taxes collected to fund the debt service on the HVAC system.

WASTE WATER TREATMENT PLANT DEBT SERVICE FUND - Accounts for the collection of allocated gross receipts taxes to fund the debt service on the waste water treatment plant.

STATE OF NEW MEXICO
CITY OF PORTALES
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

Special Revenue Funds							
	Correction Fund	Emergency Medical Services Fund	Enhanced 911 Fund	Fire Protection Fund	Beautification/ Litter Control Fund	Law Enforcement Protection Law Fund	Library Fund
ASSETS							
Cash and cash equivalents	\$ 9,528	\$ 5	\$ 5,916	\$ 128,308	\$ 5,344	\$ -	\$ 1,023
Restricted cash and cash equivalents				108,878			
Intergovernmental receivables	-	-	958	-	-	-	7,119
Accrued interest receivable	-	-	-	23,249	-	-	-
	<u>9,528</u>	<u>5</u>	<u>6,874</u>	<u>260,435</u>	<u>5,344</u>	<u>-</u>	<u>8,142</u>
Total assets	<u>\$ 9,528</u>	<u>\$ 5</u>	<u>\$ 6,874</u>	<u>\$ 260,435</u>	<u>\$ 5,344</u>	<u>\$ -</u>	<u>\$ 8,142</u>
LIABILITIES AND FUND BALANCE							
Liabilities							
Accounts payable	\$ -	\$ -	\$ -	\$ 102	\$ -	\$ -	\$ 90
Accrued interest	-	-	-	1,352	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,454</u>	<u>-</u>	<u>-</u>	<u>90</u>
Total liabilities	-	-	-	1,454	-	-	90
Fund balances:							
Restricted, reported in:							
Special revenue funds	<u>9,528</u>	<u>5</u>	<u>6,874</u>	<u>258,981</u>	<u>5,344</u>	<u>-</u>	<u>8,052</u>
Total fund balances	<u>9,528</u>	<u>5</u>	<u>6,874</u>	<u>258,981</u>	<u>5,344</u>	<u>-</u>	<u>8,052</u>
Total liabilities and fund balances	<u>\$ 9,528</u>	<u>\$ 5</u>	<u>\$ 6,874</u>	<u>\$ 260,435</u>	<u>\$ 5,344</u>	<u>\$ -</u>	<u>\$ 8,142</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
CITY OF PORTALES
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2016

Special Revenue Funds

	Lodgers Tax Fund	Recreation Fund	Local DWI Program Fund	Law Enforcement Special Service Fund	CDBG Rehabilitation Loan Repayment Fund	Municipal Street Fund
ASSETS						
Cash and cash equivalents	\$ 133,908	\$ 187,130	\$ 28,319	\$ 15,832	\$ 8,115	\$ 205,088
Taxes receivables	13,103	-	-	-	-	18,330
Intergovernmental receivables	<u>10</u>	<u>-</u>	<u>26,287</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 147,021</u>	<u>\$ 187,130</u>	<u>\$ 54,606</u>	<u>\$ 15,832</u>	<u>\$ 8,115</u>	<u>\$ 223,418</u>
LIABILITIES AND FUND BALANCE						
Liabilities						
Accounts payable	\$ 1,171	\$ 363	\$ 897	\$ -	\$ -	\$ 3,315
Accrued salaries	<u>-</u>	<u>2,472</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	1,171	2,835	897	-	-	3,315
Fund balances:						
Restricted, reported in:						
Special revenue funds	<u>145,850</u>	<u>184,295</u>	<u>53,709</u>	<u>15,832</u>	<u>8,115</u>	<u>220,103</u>
Total fund balances	<u>145,850</u>	<u>184,295</u>	<u>53,709</u>	<u>15,832</u>	<u>8,115</u>	<u>220,103</u>
Total liabilities and fund balances	<u>\$ 147,021</u>	<u>\$ 187,130</u>	<u>\$ 54,606</u>	<u>\$ 15,832</u>	<u>\$ 8,115</u>	<u>\$ 223,418</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
CITY OF PORTALES
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2016

	Criminal Justice Fund	MainStreet Fund	Portales Area Transit Fund	Risk Management Fund	Total Nonmajor Special Revenue Funds
ASSETS					
Cash and cash equivalents	\$ 6,220	\$ 159	\$ -	\$ -	\$ 734,895
Restricted cash and cash equivalents	-	-	-	-	108,878
Investments	-	-	-	89,763	89,763
Taxes receivables	-	-	-	-	31,433
Intergovernmental receivables	-	-	7,449	-	41,823
Accrued interest receivable	-	-	-	-	23,249
	<u>6,220</u>	<u>159</u>	<u>7,449</u>	<u>89,763</u>	<u>1,030,041</u>
Total assets	<u>\$ 6,220</u>	<u>\$ 159</u>	<u>\$ 7,449</u>	<u>\$ 89,763</u>	<u>\$ 1,030,041</u>
LIABILITIES AND FUND BALANCE					
Liabilities					
Accounts payable	\$ 351	\$ -	\$ 3,434	\$ 2,765	\$ 12,488
Accrued interest	-	-	-	-	1,352
Accrued salaries	-	-	4,111	-	6,583
Due to other funds	-	-	28,727	-	28,727
	<u>351</u>	<u>-</u>	<u>36,272</u>	<u>2,765</u>	<u>49,150</u>
Total liabilities	351	-	36,272	2,765	49,150
Fund balances:					
Restricted, reported in:					
Special revenue funds	5,869	159	-	86,998	1,009,714
Unrestricted, reported in:					
Special revenue funds	-	-	(28,823)	-	(28,823)
	<u>5,869</u>	<u>159</u>	<u>(28,823)</u>	<u>86,998</u>	<u>980,891</u>
Total fund balances	<u>5,869</u>	<u>159</u>	<u>(28,823)</u>	<u>86,998</u>	<u>980,891</u>
Total liabilities and fund balances	<u>\$ 6,220</u>	<u>\$ 159</u>	<u>\$ 7,449</u>	<u>\$ 89,763</u>	<u>\$ 1,030,041</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
CITY OF PORTALES
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2016

	Capital Projects Funds			Debt Service Funds			Total Nonmajor Governmental Funds	
	Capital Projects Fund	CDBG Capital Projects	Comprehensive Plan Fund	Capital Repair and Replacement Fund	Sales Tax Revenue Bond Fund	Energy Conservation Lease Fund		Waste Water Treatment Plant
ASSETS								
Cash and cash equivalents	\$ 300,449	\$ 1,301	\$ -	\$ -	\$ 64,109	\$ -	\$ 643,698	\$ 1,744,452
Restricted cash and cash equivalents	-	-	-	-	-	-	-	108,878
Investments	-	-	-	-	287,470	-	-	377,233
Taxes receivables	8,170	-	-	-	-	-	-	39,603
Intergovernmental receivables	-	-	-	-	-	-	112,667	154,490
Accrued interest receivable	-	-	-	-	-	-	-	23,249
Total assets	<u>\$ 308,619</u>	<u>\$ 1,301</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 351,579</u>	<u>\$ -</u>	<u>\$ 756,365</u>	<u>\$ 2,447,905</u>
LIABILITIES AND FUND BALANCE								
Liabilities								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,488
Accrued interest	-	-	-	-	-	-	-	1,352
Accrued salaries	-	-	-	-	-	-	-	6,583
Due to other funds	-	-	-	-	-	-	-	28,727
Total liabilities	-	-	-	-	-	-	-	49,150
Fund balances:								
Restricted, reported in:								
Special revenue funds	-	-	-	-	-	-	-	1,009,714
Capital project funds	308,619	1,301	-	-	-	-	-	309,920
Debt service funds	-	-	-	-	351,579	-	756,365	1,107,944
Unrestricted, reported in:								
Special revenue funds	-	-	-	-	-	-	-	(28,823)
Total fund balances	<u>308,619</u>	<u>1,301</u>	<u>-</u>	<u>-</u>	<u>351,579</u>	<u>-</u>	<u>756,365</u>	<u>2,398,755</u>
Total liabilities and fund balances	<u>\$ 308,619</u>	<u>\$ 1,301</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 351,579</u>	<u>\$ -</u>	<u>\$ 756,365</u>	<u>\$ 2,447,905</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
CITY OF PORTALES
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Special Revenue Funds						
	Correction Fund	Emergency Medical Services Fund	Enhanced 911 Fund	Fire Protection Fund	Beautification/ Litter Control Fund	Law Enforcement Protection Law Fund	Library Fund
Revenues:							
Intergovernmental	\$ -	\$ 16,833	\$ 106,484	\$ 217,882	\$ 6,275	\$ 31,400	\$ -
Fees, fines and forfeitures	15,710	-	-	-	-	-	-
Other grants and contributions	-	6,000	-	-	935	-	40,906
Interest and other	<u>1</u>	<u>-</u>	<u>-</u>	<u>13,811</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	15,711	22,833	106,484	231,693	7,210	31,400	40,906
Expenditures:							
General government	-	-	-	-	7,916	-	-
Public safety	26,030	22,871	106,227	54,109	-	31,400	-
Culture and recreation	-	-	-	-	-	-	63,025
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>163,033</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>26,030</u>	<u>22,871</u>	<u>106,227</u>	<u>217,142</u>	<u>7,916</u>	<u>31,400</u>	<u>63,025</u>
Excess (deficit) of revenues over expenditures	(10,319)	(38)	257	14,551	(706)	-	(22,119)
Other financing sources:							
Transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(42,118)</u>	<u>-</u>	<u>-</u>	<u>25,000</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>(42,118)</u>	<u>-</u>	<u>-</u>	<u>25,000</u>
Net change in fund balances	(10,319)	(38)	257	(27,567)	(706)	-	2,881
Fund balance - beginning of year	<u>19,847</u>	<u>43</u>	<u>6,617</u>	<u>286,548</u>	<u>6,050</u>	<u>-</u>	<u>5,171</u>
Fund balance - end of year	<u>\$ 9,528</u>	<u>\$ 5</u>	<u>\$ 6,874</u>	<u>\$ 258,981</u>	<u>\$ 5,344</u>	<u>\$ -</u>	<u>\$ 8,052</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
CITY OF PORTALES
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Special Revenue Funds</u>					
	<u>Lodgers Tax Fund</u>	<u>Recreation Fund</u>	<u>Local DWI Program Fund</u>	<u>Law Enforcement Special Service Fund</u>	<u>CDBG Rehabilitation Loan Repayment Fund</u>	<u>Municipal Street Fund</u>
Revenues:						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,613
Taxes	146,832	-	-	-	-	214,074
Fees, fines and forfeitures	-	86,580	8,830	20	-	-
Other grants and contributions	-	11,777	291,926	8,716	-	-
Interest and other	<u>12</u>	<u>17</u>	<u>3</u>	<u>2</u>	<u>-</u>	<u>-</u>
Total revenues	146,844	98,374	300,759	8,738	-	264,687
Expenditures:						
General government	117,069	-	-	-	-	-
Public safety	-	-	318,268	10,200	-	-
Public works	-	-	-	-	-	277,393
Culture and recreation	<u>-</u>	<u>77,225</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	117,069	77,225	318,268	10,200	-	277,393
Excess (deficit) of revenues over expenditures	<u>29,775</u>	<u>21,149</u>	<u>(17,509)</u>	<u>(1,462)</u>	<u>-</u>	<u>(12,706)</u>
Net change in fund balances	29,775	21,149	(17,509)	(1,462)	-	(12,706)
Fund balance - beginning of year	<u>116,075</u>	<u>163,146</u>	<u>71,218</u>	<u>17,294</u>	<u>8,115</u>	<u>232,809</u>
Fund balance - end of year	<u>\$ 145,850</u>	<u>\$ 184,295</u>	<u>\$ 53,709</u>	<u>\$ 15,832</u>	<u>\$ 8,115</u>	<u>\$ 220,103</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
CITY OF PORTALES
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016

	Criminal Justice Fund	Main Street Fund	Portales Area Development Fund	Risk Management Fund	Total Nonmajor Special Revenue Fund
Revenues:					
Intergovernmental	\$ -	\$ -	\$ 99,091	\$ -	\$ 528,578
Taxes	-	-	-	-	360,906
Fees, fines and forfeitures	6,944	-	6,043	-	124,127
Federal operating grants	-	-	1,750	-	1,750
Other grants and contributions	-	-	-	-	360,260
Interest and other	-	-	-	231	14,077
Total revenues	<u>6,944</u>	<u>-</u>	<u>106,884</u>	<u>231</u>	<u>1,389,698</u>
Expenditures:					
General government	-	-	-	4,342	129,327
Public safety	6,713	-	-	-	575,818
Public works	-	-	169,361	-	446,754
Culture and recreation	-	-	-	-	140,250
Capital outlay	-	-	-	-	163,033
Total expenditures	<u>6,713</u>	<u>-</u>	<u>169,361</u>	<u>4,342</u>	<u>1,455,182</u>
Excess (deficit) of revenues over expenditures	231	-	(62,477)	(4,111)	(65,484)
Other financing sources:					
Transfers in (out)	<u>-</u>	<u>-</u>	<u>85,000</u>	<u>9,717</u>	<u>77,599</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>85,000</u>	<u>9,717</u>	<u>77,599</u>
Net change in fund balances	231	-	22,523	5,606	12,115
Fund balance - beginning of year	<u>5,638</u>	<u>159</u>	<u>(51,346)</u>	<u>81,392</u>	<u>968,776</u>
Fund balance - end of year	<u>\$ 5,869</u>	<u>\$ 159</u>	<u>\$ (28,823)</u>	<u>\$ 86,998</u>	<u>\$ 980,891</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
CITY OF PORTALES
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016

	Capital Projects Funds				Debt Service Funds			Total Nonmajor Governmental Funds
	Capital Projects Fund	CDBG Capital Projects	Comprehensive Plan Fund	Capital Repair and Replacement Fund	Sales Tax Revenue Bond Fund	Energy Conservation Lease Fund	Waste Water Treatment Plant	
Revenues:								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 528,578
Taxes	49,020	-	-	-	-	-	-	409,926
Fees, fines and forfeitures	-	-	-	-	-	-	731,806	855,933
Federal operating grants	-	-	-	-	-	-	-	1,750
Other grants and contributions	-	-	-	-	-	-	-	360,260
Interest and other	2,057	-	-	4,339	4,909	-	33	25,415
Total revenues	51,077	-	-	4,339	4,909	-	731,839	2,181,862
Expenditures:								
General government	-	433	-	-	1,264	1,093	-	132,117
Public safety	-	-	-	21,139	-	-	-	596,957
Public works	1,002	-	18,666	-	-	-	-	466,422
Culture and recreation	-	-	-	-	-	-	-	140,250
Capital outlay	-	-	11,373	135,749	-	-	-	310,155
Debt service								
Principal	-	-	-	-	-	197,932	-	197,932
Interest	-	-	-	-	-	17,025	-	17,025
Total expenditures	1,002	433	30,039	156,888	1,264	216,050	-	1,860,858
Excess (deficit) of revenues over expenditures	50,075	(433)	(30,039)	(152,549)	3,645	(216,050)	731,839	321,004
Other financing sources:								
Transfers in (out)	26,238	433	30,039	152,549	-	216,050	-	502,908
Total other financing sources	26,238	433	30,039	152,549	-	216,050	-	502,908
Net change in fund balances	76,313	-	-	-	3,645	-	731,839	823,912
Fund balance - beginning of year	232,306	1,301	-	-	347,934	-	24,526	1,574,843
Fund balance - end of year	<u>\$ 308,619</u>	<u>\$ 1,301</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 351,579</u>	<u>\$ -</u>	<u>\$ 756,365</u>	<u>\$ 2,398,755</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
CITY OF PORTALES
CORRECTION SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Fines and forfeitures	\$ 21,000	\$ 21,000	\$ 15,710	\$ (5,290)
Interest income	<u> -</u>	<u> -</u>	<u> 1</u>	<u> 1</u>
Total revenues	21,000	21,000	15,711	(5,289)
EXPENDITURES:				
Current				
Public safety	<u>38,005</u>	<u>38,005</u>	<u>26,030</u>	<u>11,975</u>
Total expenditures	<u>38,005</u>	<u>38,005</u>	<u>26,030</u>	<u>11,975</u>
Excess (deficiency) of revenues over expenditures	(17,005)	(17,005)	(10,319)	6,686
OTHER FINANCING SOURCES				
Net changes in fund balance	(17,005)	(17,005)	(10,319)	6,686
Fund balance - beginning of the year	<u>19,847</u>	<u>19,847</u>	<u>19,847</u>	<u> -</u>
Fund balance - end of the year	<u>\$ 2,842</u>	<u>\$ 2,842</u>	<u>\$ 9,528</u>	<u>\$ 6,686</u>
Reconciliation of budgetary basis to GAAP basis:				
Net change in fund balance budgetary basis			<u>\$ (10,319)</u>	
Net change in fund balance GAAP basis			<u>\$ (10,319)</u>	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
CITY OF PORTALES
EMERGENCY MEDICAL SERVICES SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Other grants and contributions	\$ 6,000	\$ 6,000	\$ 6,000	\$ -
State grants	<u>16,833</u>	<u>16,833</u>	<u>16,833</u>	<u>-</u>
Total revenues	22,833	22,833	22,833	-
EXPENDITURES:				
Current				
Public safety	<u>22,875</u>	<u>22,875</u>	<u>22,871</u>	<u>4</u>
Total expenditures	<u>22,875</u>	<u>22,875</u>	<u>22,871</u>	<u>4</u>
Excess (deficiency) of revenues over expenditures	<u>(42)</u>	<u>(42)</u>	<u>(38)</u>	<u>4</u>
Net changes in fund balance	(42)	(42)	(38)	4
Fund balance - beginning of the year	<u>43</u>	<u>43</u>	<u>43</u>	<u>-</u>
Fund balance - end of the year	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 5</u>	<u>\$ 4</u>
Reconciliation of budgetary basis to GAAP basis:				
Net change in fund balance budgetary basis			<u>\$ (38)</u>	
Net change in fund balance GAAP basis			<u>\$ (38)</u>	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
CITY OF PORTALES
ENHANCED 911 SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Network & Data Base Grant	\$ 190,000	\$ 190,000	\$ 106,484	\$ (83,516)
Total revenues	190,000	190,000	106,484	(83,516)
EXPENDITURES:				
Current				
Public safety	190,000	190,000	106,227	83,773
Total expenditures	190,000	190,000	106,227	83,773
Excess (deficiency) of revenues over expenditures	-	-	257	257
Net changes in fund balance	-	-	257	257
Fund balance - beginning of year	6,617	6,617	6,617	-
Fund balance - end of the year	<u>\$ 6,617</u>	<u>\$ 6,617</u>	<u>\$ 6,874</u>	<u>\$ 257</u>
Reconciliation of budgetary basis to GAAP basis:				
Net change in fund balance budgetary basis			<u>\$ 257</u>	
Net change in fund balance GAAP basis			<u>\$ 257</u>	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
CITY OF PORTALES
FIRE PROTECTION SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	\$ 194,633	\$ 194,633	\$ 217,882	\$ 23,249
Miscellaneous	<u>-</u>	<u>-</u>	<u>13,811</u>	<u>13,811</u>
Total revenues	194,633	194,633	231,693	37,060
EXPENDITURES:				
Current				
Public safety	54,109	54,109	54,109	-
Capital outlay	<u>204,006</u>	<u>204,006</u>	<u>163,033</u>	<u>40,973</u>
Total expenditures	<u>258,115</u>	<u>258,115</u>	<u>217,142</u>	<u>40,973</u>
Excess (deficiency) of revenues over expenditures	(63,482)	(63,482)	14,551	78,033
OTHER FINANCING SOURCES				
Transfers out	<u>(42,118)</u>	<u>(42,118)</u>	<u>(42,118)</u>	<u>-</u>
Total other financing sources	<u>(42,118)</u>	<u>(42,118)</u>	<u>(42,118)</u>	<u>-</u>
Net changes in fund balance	(105,600)	(105,600)	(27,567)	78,033
Fund balance - beginning of the year	<u>286,548</u>	<u>286,548</u>	<u>286,548</u>	<u>-</u>
Fund balance - end of the year	<u>\$ 180,948</u>	<u>\$ 180,948</u>	<u>\$ 258,981</u>	<u>\$ 78,033</u>
Reconciliation of budgetary basis to GAAP basis:				
Net change in fund balance budgetary basis			<u>\$ (27,567)</u>	
Net change in fund balance GAAP basis			<u>\$ (27,567)</u>	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
CITY OF PORTALES
BEAUTIFICATION/LITTER CONTROL SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Intergovernmental	\$ 6,065	\$ 6,065	\$ 7,210	\$ 1,145
Total revenues	6,065	6,065	7,210	1,145
EXPENDITURES:				
Current				
General government	<u>7,935</u>	<u>7,935</u>	<u>7,916</u>	<u>19</u>
Total expenditures	<u>7,935</u>	<u>7,935</u>	<u>7,916</u>	<u>19</u>
Excess (deficiency) of revenues over expenditures	<u>(1,870)</u>	<u>(1,870)</u>	<u>(706)</u>	<u>1,164</u>
Net changes in fund balance	(1,870)	(1,870)	(706)	1,164
Fund balance - beginning of the year	<u>6,050</u>	<u>6,050</u>	<u>6,050</u>	<u>-</u>
Fund balance - end of the year	<u>\$ 4,180</u>	<u>\$ 4,180</u>	<u>\$ 5,344</u>	<u>\$ 1,164</u>
Reconciliation of budgetary basis to GAAP basis:				
Net change in fund balance budgetary basis			<u>\$ (706)</u>	
Net change in fund balance GAAP basis			<u>\$ (706)</u>	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
CITY OF PORTALES
LAW ENFORCEMENT PROTECTION LAW SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	\$ 31,400	\$ 31,400	\$ 31,400	\$ -
Total revenues	31,400	31,400	31,400	-
EXPENDITURES:				
Current				
Public safety	31,400	31,400	31,400	-
Total expenditures	31,400	31,400	31,400	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
Net changes in fund balance	-	-	-	-
Fund balance - beginning of the year	-	-	-	-
Fund balance - end of the year	\$ -	\$ -	\$ -	\$ -
Reconciliation of budgetary basis to GAAP basis:				
Net change in fund balance budgetary basis			\$ -	
Net change in fund balance GAAP basis			\$ -	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
CITY OF PORTALES
LIBRARY SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Other grants and contributions	\$ 52,825	\$ 52,825	\$ 40,906	\$ (11,919)
Total revenues	52,825	52,825	40,906	(11,919)
EXPENDITURES:				
Culture and recreation	77,825	77,825	63,025	14,800
Total expenditures	77,825	77,825	63,025	14,800
Excess (deficiency) of revenues over expenditures	(25,000)	(25,000)	(22,119)	2,881
OTHER FINANCING SOURCES (USES)				
Transfers in	25,000	25,000	25,000	-
Total other financing sources (uses)	25,000	25,000	25,000	-
Net changes in fund balance	-	-	2,881	2,881
Fund balance - beginning of the year	5,171	5,171	5,171	-
Fund balance - end of the year	<u>\$ 5,171</u>	<u>\$ 5,171</u>	<u>\$ 8,052</u>	<u>\$ 2,881</u>
Reconciliation of budgetary basis to GAAP basis:				
Net change in fund balance budgetary basis			<u>\$ 2,881</u>	
Net change in fund balance GAAP basis			<u>\$ 2,881</u>	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
CITY OF PORTALES
LODGERS TAX SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
State shared taxes	\$ 115,000	\$ 115,000	\$ 146,832	\$ 31,832
Miscellaneous revenue	<u>15</u>	<u>15</u>	<u>12</u>	<u>(3)</u>
Total revenues	115,015	115,015	146,844	31,829
EXPENDITURES:				
General government	<u>176,070</u>	<u>176,070</u>	<u>117,069</u>	<u>59,001</u>
Total expenditures	<u>176,070</u>	<u>176,070</u>	<u>117,069</u>	<u>59,001</u>
Excess (deficiency) of revenues over expenditures	<u>(61,055)</u>	<u>(61,055)</u>	<u>29,775</u>	<u>90,830</u>
Net changes in fund balance	(61,055)	(61,055)	29,775	90,830
Fund balance - beginning of the year	<u>116,075</u>	<u>116,075</u>	<u>116,075</u>	<u>-</u>
Fund balance - end of the year	<u>\$ 55,020</u>	<u>\$ 55,020</u>	<u>\$ 145,850</u>	<u>\$ 90,830</u>
Reconciliation of budgetary basis to GAAP basis:				
Net change in fund balance budgetary basis			<u>\$ 29,775</u>	
Net change in fund balance GAAP basis			<u>\$ 29,775</u>	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
CITY OF PORTALES
RECREATION SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Fines and forfeitures	\$ 94,070	\$ 94,070	\$ 86,580	\$ (7,490)
Other grants and contributions	8,700	8,700	11,777	3,077
Interest income	<u>100</u>	<u>100</u>	<u>17</u>	<u>(83)</u>
Total revenues	102,870	102,870	98,374	(4,496)
EXPENDITURES:				
Current				
Culture and recreation	<u>102,867</u>	<u>102,867</u>	<u>77,225</u>	<u>25,642</u>
Total expenditures	<u>102,867</u>	<u>102,867</u>	<u>77,225</u>	<u>25,642</u>
Excess (deficiency) of revenues over expenditures	<u>3</u>	<u>3</u>	<u>21,149</u>	<u>21,146</u>
Net changes in fund balance	3	3	21,149	21,146
Fund balance - beginning of the year	<u>163,146</u>	<u>163,146</u>	<u>163,146</u>	<u>-</u>
Fund balance - end of the year	<u>\$ 163,149</u>	<u>\$ 163,149</u>	<u>\$ 184,295</u>	<u>\$ 21,146</u>
Reconciliation of budgetary basis to GAAP basis:				
Net change in fund balance budgetary basis			<u>\$ 21,149</u>	
Net change in fund balance GAAP basis			<u>\$ 21,149</u>	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
CITY OF PORTALES
LOCAL DWI PROGRAM SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Plosive (Negative)
REVENUES:				
Fines and forfeitures	\$ 10,900	\$ 10,900	\$ 8,830	\$ (2,070)
Other grants and contributions	344,076	344,076	291,926	(52,150)
Interest income	25	25	3	(22)
Total revenues	355,001	355,001	300,759	(54,242)
EXPENDITURES:				
Current				
Public safety	377,576	377,576	318,268	59,308
Total expenditures	377,576	377,576	318,268	59,308
Excess (deficiency) of revenues over expenditures	(22,575)	(22,575)	(17,509)	5,066
Net changes in fund balance	(22,575)	(22,575)	(17,509)	5,066
Fund balance - beginning of the year	71,218	71,218	71,218	-
Fund balance - end of the year	\$ 48,643	\$ 48,643	\$ 53,709	\$ 5,066
Reconciliation of budgetary basis to GAAP basis:				
Net change in fund balance budgetary basis			\$ (17,509)	
Net change in fund balance GAAP basis			\$ (17,509)	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
CITY OF PORTALES
LAW ENFORCEMENT SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Fines and forfeitures	\$ 20	\$ 20	\$ 20	\$ -
Other grants and contributions	10,000	10,000	8,716	(1,284)
Interest income	<u>-</u>	<u>-</u>	<u>2</u>	<u>2</u>
Total revenues	10,020	10,020	8,738	(1,282)
EXPENDITURES:				
Current				
Public safety	<u>12,000</u>	<u>12,000</u>	<u>10,200</u>	<u>1,800</u>
Total expenditures	<u>12,000</u>	<u>12,000</u>	<u>10,200</u>	<u>1,800</u>
Excess (deficiency) of revenues over expenditures	<u>(1,980)</u>	<u>(1,980)</u>	<u>(1,462)</u>	<u>518</u>
Net changes in fund balance	(1,980)	(1,980)	(1,462)	518
Fund balance - beginning of the year, as restated	<u>17,294</u>	<u>17,294</u>	<u>17,294</u>	<u>-</u>
Fund balance - end of the year	<u>\$ 15,314</u>	<u>\$ 15,314</u>	<u>\$ 15,832</u>	<u>\$ 518</u>
Reconciliation of budgetary basis to GAAP basis:				
Net change in fund balance budgetary basis			<u>\$ (1,462)</u>	
Net change in fund balance GAAP basis			<u>\$ (1,462)</u>	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
CITY OF PORTALES
CDBG REHABILITATION LOAN REPAYMENT SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES:				
Current				
General government	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
Fund balance - beginning of the year	8,115	8,115	8,115	-
Fund balance - end of the year	\$ 8,115	\$ 8,115	\$ 8,115	\$ -
Reconciliation of budgetary basis to GAAP basis:				
Net change in fund balance budgetary basis			\$ -	
Net change in fund balance GAAP basis			\$ -	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
CITY OF PORTALES
MUNICIPAL STREET FUND - SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	\$ 56,000	\$ 56,000	\$ 50,613	\$ (5,387)
State shared taxes	<u>189,000</u>	<u>189,000</u>	<u>214,074</u>	<u>25,074</u>
Total revenues	245,000	245,000	264,687	19,687
EXPENDITURES:				
Current				
Public works	<u>376,197</u>	<u>376,197</u>	<u>277,393</u>	<u>98,804</u>
Total expenditures	<u>376,197</u>	<u>376,197</u>	<u>277,393</u>	<u>98,804</u>
Excess (deficiency) of revenues over expenditures	<u>(131,197)</u>	<u>(131,197)</u>	<u>(12,706)</u>	<u>118,491</u>
Net changes in fund balance	(131,197)	(131,197)	(12,706)	118,491
Fund balance - beginning of the year	<u>232,809</u>	<u>232,809</u>	<u>232,809</u>	<u>-</u>
Fund balance - end of the year	<u>\$ 101,612</u>	<u>\$ 101,612</u>	<u>\$ 220,103</u>	<u>\$ 118,491</u>
Reconciliation of budgetary basis to GAAP basis:				
Net change in fund balance budgetary basis			<u>\$ (12,706)</u>	
Net change in fund balance GAAP basis			<u>\$ (12,706)</u>	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
CITY OF PORTALES
CRIMINAL JUSTICE SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Fines and forfeitures	\$ 11,500	\$ 11,500	\$ 6,944	\$ (4,556)
Total revenues	11,500	11,500	6,944	(4,556)
EXPENDITURES:				
Current				
Public safety	11,500	11,500	6,713	4,787
Total expenditures	11,500	11,500	6,713	4,787
Excess (deficiency) of revenues over expenditures	-	-	231	231
Net changes in fund balance	-	-	231	231
Fund balance - beginning of the year	5,638	5,638	5,638	-
Fund balance - end of the year	<u>\$ 5,638</u>	<u>\$ 5,638</u>	<u>\$ 5,869</u>	<u>\$ 231</u>
Reconciliation of budgetary basis to GAAP basis:				
Net change in fund balance budgetary basis			<u>\$ 231</u>	
Net change in fund balance GAAP basis			<u>\$ 231</u>	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
CITY OF PORTALES
MAINSTREET SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES:				
Current				
General government	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
Fund balance - beginning of the year	159	159	159	-
Fund balance - end of the year	\$ 159	\$ 159	\$ 159	\$ -
Reconciliation of budgetary basis to GAAP basis:				
Net change in fund balance budgetary basis			\$ -	
Net change in fund balance GAAP basis			\$ -	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
CITY OF PORTALES
PORTALES AREA TRANSIT SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	\$ 144,648	\$ 144,648	\$ 99,091	\$ (45,557)
Fines and forfeitures	6,000	6,000	6,043	43
Federal grants	-	-	1,750	1,750
Total revenues	<u>150,648</u>	<u>150,648</u>	106,884	(43,764)
EXPENDITURES:				
Current				
Public works	<u>235,648</u>	<u>235,648</u>	<u>169,361</u>	<u>66,287</u>
Total expenditures	<u>235,648</u>	<u>235,648</u>	<u>169,361</u>	<u>66,287</u>
Excess (deficiency) of revenues over expenditures	(85,000)	(85,000)	(62,477)	22,523
OTHER FINANCING SOURCES				
Transfers in	<u>85,000</u>	<u>85,000</u>	<u>85,000</u>	<u>-</u>
Total other financing sources	<u>85,000</u>	<u>85,000</u>	<u>85,000</u>	<u>-</u>
Net changes in fund balance	-	-	22,523	22,523
Fund balance - beginning of the year	<u>(51,346)</u>	<u>(51,346)</u>	<u>(51,346)</u>	<u>-</u>
Fund balance - end of the year	<u>\$ (51,346)</u>	<u>\$ (51,346)</u>	<u>\$ (28,823)</u>	<u>\$ 22,523</u>
Reconciliation of budgetary basis to GAAP basis:				
Net change in fund balance budgetary basis			<u>\$ 22,523</u>	
Net change in fund balance GAAP basis			<u>\$ 22,523</u>	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
CITY OF PORTALES
RISK MANAGEMENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Interest income	\$ 100	\$ 100	\$ 231	\$ 131
Total revenues	100	100	231	131
EXPENDITURES:				
Current				
General government	36,100	36,100	4,342	31,758
Total expenditures	36,100	36,100	4,342	31,758
Excess (deficiency) of revenues over expenditures	(36,000)	(36,000)	(4,111)	31,889
OTHER FINANCING SOURCES				
Transfers in	-	-	9,717	9,717
Total other financing sources	-	-	9,717	9,717
Net changes in fund balance	(36,000)	(36,000)	5,606	41,606
Fund balance - beginning of the year	81,392	81,392	81,392	-
Fund balance - end of the year	<u>\$ 45,392</u>	<u>\$ 45,392</u>	<u>\$ 86,998</u>	<u>\$ 41,606</u>
Reconciliation of budgetary basis to GAAP basis:				
Net change in fund balance budgetary basis			<u>\$ 5,606</u>	
Net change in fund balance GAAP basis			<u>\$ 5,606</u>	

See independent auditors' report and accompanying notes to financial statements.

CAPITAL PROJECTS FUNDS

STATE OF NEW MEXICO
CITY OF PORTALES
CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
State shared taxes	\$ 49,020	\$ 49,020	\$ 49,020	\$ -
Interest income	<u>300</u>	<u>300</u>	<u>2,057</u>	<u>1,757</u>
Total revenues	49,320	49,320	51,077	1,757
EXPENDITURES:				
Current				
Public works	<u>250,000</u>	<u>250,000</u>	<u>1,002</u>	<u>248,998</u>
Total expenditures	<u>250,000</u>	<u>250,000</u>	<u>1,002</u>	<u>248,998</u>
Excess (deficiency) of revenues over expenditures	(200,680)	(200,680)	50,075	250,755
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>26,238</u>	<u>26,238</u>	<u>26,238</u>	<u>-</u>
Total other financing sources (uses)	<u>26,238</u>	<u>26,238</u>	<u>26,238</u>	<u>-</u>
Net changes in fund balance	(174,442)	(174,442)	76,313	250,755
Fund balance - beginning of the year	<u>232,306</u>	<u>232,306</u>	<u>232,306</u>	<u>-</u>
Fund balance - end of the year	<u>\$ 57,864</u>	<u>\$ 57,864</u>	<u>\$ 308,619</u>	<u>\$ 250,755</u>
Reconciliation of budgetary basis to GAAP basis:				
Net change in fund balance budgetary basis			<u>\$ 76,313</u>	
Net change in fund balance GAAP basis			<u>\$ 76,313</u>	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
CITY OF PORTALES
COMMUNITY DEVELOPMENT BLOCK GRANT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
EXPENDITURES:				
Current				
General government	500	500	433	67
Total expenditures	500	500	433	67
Excess (deficiency) of revenues over expenditures	(500)	(500)	(433)	67
OTHER FINANCING SOURCES				
Transfers in	50,500	50,500	433	(50,067)
Total other financing sources	50,500	50,500	433	(50,067)
Net changes in fund balance	50,000	50,000	-	(50,000)
Fund balance - beginning of the year	1,301	1,301	1,301	-
Fund balance - end of the year	<u>\$ 51,301</u>	<u>\$ 51,301</u>	<u>\$ 1,301</u>	<u>\$ (50,000)</u>
Reconciliation of budgetary basis to GAAP basis:				
Net change in fund balance budgetary basis			\$ -	
Net change in fund balance GAAP basis			<u>\$ -</u>	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
CITY OF PORTALES
COMPREHENSIVE PLAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES:				
Current				
Public works	28,627	28,627	18,666	9,961
Capital outlay	11,373	11,373	11,373	-
Total expenditures	40,000	40,000	30,039	9,961
Excess (deficiency) of revenues over expenditures	(40,000)	(40,000)	(30,039)	9,961
OTHER FINANCING SOURCES				
Transfers in	30,039	30,039	30,039	-
Total other financing sources	30,039	30,039	30,039	-
Net changes in fund balance	(9,961)	(9,961)	-	9,961
Fund balance - beginning of the year	-	-	-	-
Fund balance - end of the year	\$ (9,961)	\$ (9,961)	\$ -	\$ 9,961
Reconciliation of budgetary basis to GAAP basis:				
Net change in fund balance budgetary basis			\$ -	
Net change in fund balance GAAP basis			\$ -	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
CITY OF PORTALES
CAPITAL REPAIR AND REPLACEMENT CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Interest income	-	-	4,339	4,339
Total revenues	-	-	4,339	4,339
EXPENDITURES:				
Current				
Public safety	64,251	64,251	21,139	43,112
Capital outlay	135,749	135,749	135,749	-
Total expenditures	200,000	200,000	156,888	43,112
Excess (deficiency) of revenues over expenditures	(200,000)	(200,000)	(152,549)	47,451
OTHER FINANCING SOURCES				
Transfers in	200,000	200,000	152,549	(47,451)
Total other financing sources	200,000	200,000	152,549	(47,451)
Fund balance - beginning of the year	-	-	-	-
Fund balance - end of the year	\$ -	\$ -	\$ -	\$ -
Reconciliation of budgetary basis to GAAP basis:				
Net change in fund balance budgetary basis			\$ -	
Net change in fund balance GAAP basis			\$ -	

See independent auditors' report and accompanying notes to financial statements.

DEBT SERVICE FUND

STATE OF NEW MEXICO
CITY OF PORTALES
SALES TAX REVENUE BOND DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Interest income (loss)	\$ 11,060	\$ 11,060	\$ 4,909	\$ (6,151)
Total revenues	11,060	11,060	4,909	(6,151)
EXPENDITURES:				
General government	2,200	2,200	1,264	936
Total expenditures	2,200	2,200	1,264	936
Excess (deficiency) of revenues over expenditures	8,860	8,860	3,645	(5,215)
Net changes in fund balance	8,860	8,860	3,645	(5,215)
Fund balance - beginning of the year	347,934	347,934	347,934	-
Fund balance - end of the year	<u>\$ 356,794</u>	<u>\$ 356,794</u>	<u>\$ 351,579</u>	<u>\$ (5,215)</u>
Reconciliation of budgetary basis to GAAP basis:				
Net change in fund balance budgetary basis			<u>\$ 3,645</u>	
Net change in fund balance GAAP basis			<u>\$ 3,645</u>	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
CITY OF PORTALES
ENERGY CONSERVATION LEASE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Local taxes	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES:				
General government	1,093	1,093	1,093	-
Principal	395,864	395,864	197,932	197,932
Interest	17,025	17,025	17,025	-
Total expenditures	413,982	413,982	216,050	197,932
Excess (deficiency) of revenues over expenditures	(413,982)	(413,982)	(216,050)	197,932
Transfers in	297,399	297,399	216,050	(81,349)
Total other financing sources	297,399	297,399	216,050	(81,349)
Net changes in fund balance	(116,583)	(116,583)	-	116,583
Fund balance - beginning of the year	-	-	-	-
Fund balance - end of the year	\$ (116,583)	\$ (116,583)	\$ -	\$ 116,583
Reconciliation of budgetary basis to GAAP basis:				
Net change in fund balance budgetary basis			\$ -	
Net change in fund balance GAAP basis			\$ -	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
CITY OF PORTALES
WASTE WATER TREATMENT PLANT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Fines and forfeitures	\$ 600,000	\$ 600,000	\$ 731,806	\$ 131,806
Interest income (loss)	<u>5,000</u>	<u>5,000</u>	<u>33</u>	<u>4,967</u>
Total revenues	605,000	605,000	731,839	136,773
EXPENDITURES:				
Current				
General government	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>605,000</u>	<u>605,000</u>	<u>731,839</u>	<u>136,773</u>
Net changes in fund balance	605,000	605,000	731,839	136,773
Fund balance - beginning of the year	<u>24,526</u>	<u>24,526</u>	<u>24,526</u>	<u>-</u>
Fund balance - end of the year	<u>\$ 629,526</u>	<u>\$ 629,526</u>	<u>\$ 756,365</u>	<u>\$ 136,773</u>
Reconciliation of budgetary basis to GAAP basis:				
Net change in fund balance budgetary basis			<u>\$ 731,839</u>	
Net change in fund balance GAAP basis			<u>\$ 731,839</u>	

See independent auditors' report and accompanying notes to financial statements.

PROPRIETARY FUNDS

STATE OF NEW MEXICO
CITY OF PORTALES
WATER AND SEWER ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
OPERATING REVENUES:				
Charges for services	\$ 4,550,000	\$ 4,550,000	\$ 4,554,376	\$ 4,376
Tapping and reconnect fees	71,000	71,000	58,528	(12,472)
Rentals	115,292	115,292	99,402	(15,890)
Late fees	89,100	89,100	94,474	5,374
Total revenues	4,825,392	4,825,392	4,806,780	(18,612)
OPERATING EXPENSES:				
Salaries and wages	731,091	731,091	663,770	67,321
Employee benefits	303,482	303,482	326,015	(22,533)
Maintenance	1,330,000	1,330,000	551,025	778,975
Contracted and purchased services	1,487,613	1,487,613	552,165	935,448
Supplies	87,000	87,000	53,455	33,545
Operating costs	12,834,865	12,834,865	5,166,756	7,668,109
Total operating expenses	16,774,051	16,774,051	7,313,186	9,460,865
Operating income (loss)	(11,948,659)	(11,948,659)	(2,506,406)	9,442,253
NON-OPERATING REVENUE (EXPENSES):				
Investment income (expense)	105,612	105,612	52,499	(53,113)
Water conservation fees	278,500	278,500	275,673	(2,827)
Miscellaneous	-	-	(18,505)	(18,505)
Grant proceeds	701,487	701,487	633,987	(67,500)
Interest expense	-	-	(26,704)	(26,704)
Total non-operating revenues (expenses)	1,085,599	1,085,599	916,950	(168,649)
Net loss before transfers	(10,863,060)	(10,863,060)	(1,589,456)	9,273,604
Transfers:				
Transfers in	220,333	220,333	220,333	-
Transfers out	(1,220,503)	(1,220,503)	(1,220,503)	-
Total operating transfers	(1,000,170)	(1,000,170)	(1,000,170)	-
Total net income (loss)	(11,863,230)	(11,863,230)	(2,589,626)	9,273,604

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
CITY OF PORTALES
WATER AND SEWER ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
Fund balance - beginning of year	<u>16,888,705</u>	<u>16,888,705</u>	<u>16,888,705</u>	<u>-</u>
Fund balance - end of the year	<u>\$ 5,025,475</u>	<u>\$ 5,025,475</u>	<u>\$ 14,299,079</u>	<u>\$ 9,273,604</u>
Reconciliation of net income for budgetary basis to statement of activities for proprietary funds:				
Net income after transfers - budgetary basis			\$ (2,589,626)	
Depreciation is reported in the proprietary funds statement of activities but is not a budget expenditure item			<u>(528,670)</u>	
Net income after transfers-financial statement basis			<u>\$ (3,118,296)</u>	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
CITY OF PORTALES
SOLID WASTE ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
OPERATING REVENUES:				
Charges for services	\$ 1,255,000	\$ 1,255,000	\$ 1,255,329	\$ 329
Total revenues	1,255,000	1,255,000	1,255,329	329
OPERATING EXPENSES:				
Salaries and wages	249,986	249,986	239,698	10,288
Employee benefits	99,086	99,086	86,005	13,081
Maintenance	89,500	89,500	54,698	34,802
Contracted and purchased services	504,025	504,025	392,549	111,476
Supplies	121,725	121,725	72,703	49,022
Operating costs	60,600	60,600	49,131	11,469
Total operating expenses	1,124,922	1,124,922	894,784	230,138
Operating income (loss)	130,078	130,078	360,545	230,467
NON-OPERATING REVENUE (EXPENSES):				
Investment income	50,000	50,000	20,604	(29,396)
Environmental gross receipts tax	125,500	125,500	138,839	13,339
Total non-operating revenues (expenses)	175,500	175,500	159,443	(16,057)
Net income before transfers	305,578	305,578	519,988	214,410
Transfers:				
Transfers out	(275,000)	(275,000)	(275,000)	-
Total operating transfers	(275,000)	(275,000)	(275,000)	-
Total net income (loss)	30,578	30,578	244,988	214,410

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
CITY OF PORTALES
SOLID WASTE ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
Fund balance - beginning of the year	<u>1,106,799</u>	<u>1,106,799</u>	<u>1,106,799</u>	<u>-</u>
Fund balance - end of the year	<u>\$ 1,137,377</u>	<u>\$ 1,137,377</u>	<u>\$ 1,351,787</u>	<u>\$ 214,410</u>
Reconciliation of net income for budgetary basis to statement of activities for proprietary funds:				
Net income after transfers - budgetary basis			\$ 244,988	
Depreciation is reported in the proprietary funds statement of activities but is not a budget expenditure item			<u>(95,940)</u>	
Net income after transfers-financial statement basis			<u>\$ 149,048</u>	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
CITY OF PORTALES
AIRPORT ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
OPERATING REVENUES:				
Fuel sales	\$ 150,000	\$ 150,000	\$ 91,415	\$ (58,585)
Late charges	100	100	2,168	2,068
Rentals	48,000	48,000	46,553	(1,447)
Miscellaneous income	<u>1,900</u>	<u>1,900</u>	<u>402</u>	<u>(1,498)</u>
Total revenues	200,000	200,000	140,538	(59,462)
OPERATING EXPENSES:				
Salaries and wages	35,816	35,816	36,678	(862)
Employee benefits	7,755	7,755	36,419	(28,664)
Maintenance	22,500	22,500	5,006	17,494
Contracted and purchased services	84,600	84,600	84,552	48
Supplies	15,100	15,100	4,767	10,333
Operating costs	<u>156,496</u>	<u>156,496</u>	<u>107,698</u>	<u>48,798</u>
Total operating expenses	<u>322,267</u>	<u>322,267</u>	<u>275,120</u>	<u>47,147</u>
Operating income (loss)	(122,267)	(122,267)	(134,582)	(12,315)
NON-OPERATING REVENUE (EXPENSES):				
Grant proceeds	<u>75,676</u>	<u>75,676</u>	<u>75,676</u>	<u>-</u>
Total non-operating revenues (expenses)	<u>75,676</u>	<u>75,676</u>	<u>75,676</u>	<u>-</u>
Net income (loss) before transfers	(46,591)	(46,591)	(58,906)	(12,315)
Transfers:				
Transfers in	<u>46,591</u>	<u>46,591</u>	<u>46,591</u>	<u>-</u>
Total operating transfers	<u>46,591</u>	<u>46,591</u>	<u>46,591</u>	<u>-</u>
Total net income (loss)	-	-	(12,315)	(12,315)
Fund balance - beginning of the year	<u>2,057,987</u>	<u>2,057,987</u>	<u>2,057,987</u>	<u>-</u>
Fund balance - end of the year	<u>\$ 2,057,987</u>	<u>\$ 2,057,987</u>	<u>\$ 2,045,672</u>	<u>\$ (12,315)</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
CITY OF PORTALES
AIRPORT ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016

Reconciliation of net income for budgetary basis to statement of activities for proprietary funds:

Net income after transfers - budgetary basis	\$ (12,315)
Depreciation is reported in the proprietary funds statement of activities but is not a budget expenditure item	<u>(830,702)</u>
Net income after transfers-financial statement basis	<u>\$ (843,017)</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
CITY OF PORTALES
YAM CONVENTION CENTER PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
OPERATING REVENUES:				
Miscellaneous income	\$ 500	\$ 500	\$ 8,099	\$ 7,599
Total revenues	500	500	8,099	7,599
OPERATING EXPENSES:				
Operating costs	10,000	10,000	9,938	62
Total operating expenses	10,000	10,000	9,938	62
Operating income (loss)	(9,500)	(9,500)	(1,839)	7,661
Total net income (loss)	(9,500)	(9,500)	(1,839)	7,661
Fund balance - beginning of the year	17,638	17,638	17,638	-
Fund balance - end of the year	\$ 8,138	\$ 8,138	\$ 15,799	\$ 7,661
Reconciliation of net income for budgetary basis to statement of activities for proprietary funds:				
Net income after transfers - budgetary basis			\$ (1,839)	
Net income after transfers-financial statement basis			\$ (1,839)	

See independent auditors' report and accompanying notes to financial statements.

OTHER SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
CITY OF PORTALES
SCHEDULE OF VENDOR INFORMATION FOR PURCHASES EXCEEDING \$60,000 (EXCLUDING GRT)
FOR THE YEAR ENDED JUNE 30, 2016
Prepared by: CARLA WEEMS, CHIEF PROCUREMENT OFFICER Date: JUNE 30, 2016

"RFB#/RFP#"	Type of Procurement	Awarded Vendor	Date Contract Signed	\$ Amount of Awarded Contract	\$ Amount of Amended Contract	Name and Physical Address per the Procurement Documentation of ALL Vendor(s) that Responded	In-State/ Out-of-State Vendor (Y or N) (Based on Statutory Definition)	Was the vendor in-state and chose Veteran's preference (Y or N) For federal funds answer N/A	Brief Description of the Scope of Work
ITB 2016-05-01 EQUIP	Invitation to Bid	RMCI, Inc.	8/23/16	535,528.13	541,217.71	RMCI, Inc., PO Box 91447, Albuquerque, NM 87199	-	N/A	Biosolids Composting Equipment for the WWTP
RFP 2015-09-13	Request for Proposals	WH Pacific	4/8/16	87,688.67	-	Durham Mackay Architects, Inc. 102 N. Canyon Carlsbad, NM 88220 Huitt-Zollars, Inc. 6501 Americas Pkwy. NE, Ste. 550 Albuquerque, NM 87110-5372 McClain + Yu Architecture & Design 2009 Ridgecrest Drive SE Albuquerque, NM 87108 Molzen Corbin 2701 Miles Road SE Albuquerque, NM 87106 NCA Architects 1306 Rio Grande Blvd. NW Albuquerque, NM 87104 NPSR Architects, Inc. 606 W. Pierce St. Carlsbad, NM 88220 Weller Architects 401 Alvarado SE Albuquerque, NM 87108 WH Pacific 6501 Americas Parkway NE, Ste. 400 Albuquerque, NM 87110			Professional architectural services for planning & design services for the City of Portales Fire Substation.

STATE OF NEW MEXICO
CITY OF PORTALES
SCHEDULE OF VENDOR INFORMATION FOR PURCHASES EXCEEDING \$60,000 (EXCLUDING GRT)
(CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2016

Prepared by: CARLA WEEMS, CHIEF PROCUREMENT OFFICER Date: JUNE 30, 2016

"RFB#/RFP#"	Type of Procurement	Awarded Vendor	Date Contract Signed	\$ Amount of Awarded Contract	\$ Amount of Amended Contract	Name and Physical Address per the Procurement Documentation of ALL Vendor(s) that Responded	In-State/ Out-of-State Vendor (Y or N) (Based on Statutory Definition)	Was the vendor in-state and chose Veteran's preference (Y or N) For federal funds answer N/A	Brief Description of the Scope of Work
RFP 2016-02-28	Request for Proposals	Souder, Miller & Associates	7/29/16	\$ 110,253.49	-	Engineer's Inc. 1601 Camino del Coronado Tucumcari, NM 88401 Souder, Miller & Associates 3451 Candelaria Rd. NE, Ste. D Albuquerque, NM 87110 T & D Services 9550 San Mateo Blvd. NE, Ste. G Albuquerque, NM 87113	Y Y Y	-	Lift Stations
2016-05-08 - 344 WTB	Request for Proposals	OCCAM Engineer's Inc.	7/22/16	\$551,724.67 + GRT	38435.15 Increased to cover GRT in Las Cruces	Bohannon, Huston, Inc. 7500 Jefferson St. NE Albuquerque, NM 87109 OCCAM Engineers Inc. 506 S. Main Street, Suite #600 Las Cruces, NM 88001 Smith Engineering PO Box 2565 Roswell, NM 88202 Sullivan Design Group, Inc. 227 East Palace Avenue Santa Fe, NM 87504	Y Y Y Y	- - - Y	Water Storage & Distribution System Improvements - - -

STATE OF NEW MEXICO
CITY OF PORTALES
SCHEDULE OF DEPOSITORIES AND TEMPORARY INVESTMENTS
BY DEPOSITORY FOR PUBLIC FUNDS
JUNE 30, 2016

	Account Type	Fund Type	Amount Per Bank	Net Reconciling Items	Balance Per Books
US Bank					
General Fund	Checking	Governmental	\$ 10,740,205	\$ (183,520)	\$ 10,556,685
CDBG Capital Project	Checking	Governmental	1,301	-	1,301
Total Checking			<u>10,741,506</u>	<u>(183,520)</u>	<u>10,557,986</u>
Sales Tax 402	Interest bearing	Governmental	64,109	-	64,109
Total interest bearing			<u>64,109</u>	<u>-</u>	<u>64,109</u>
Total US Bank deposits			<u>\$ 10,805,615</u>	<u>\$ (183,520)</u>	<u>\$ 10,622,095</u>
New Mexico State Treasurer - Local Government Investment Pool					
General Fund	Savings	Governmental	\$ 648,291	\$ -	\$ 648,291
Risk Management Reserve	Savings	Governmental	89,763	-	89,763
Water/Wastewater	Savings	Business-type	480,733	-	480,733
Water Meter Reserve	Savings	Business-type	119,685	-	119,685
Water Improvement Reserve	Savings	Business-type	324,146	-	324,146
Solid Waste	Savings	Business-type	199,474	-	199,474
Total LGIP deposits			<u>\$ 1,862,092</u>	<u>\$ -</u>	<u>\$ 1,862,092</u>
New Mexico Finance Authority Held at New York Mellon Trust Company, N.A.					
Program funds	Savings	Governmental	\$ 108,878	\$ -	\$ 108,878
Water & Wastewater	Savings	Business-type	224,000	-	224,000
Total NMFA - Mellon deposits			<u>\$ 332,878</u>	<u>\$ -</u>	<u>\$ 332,878</u>
New Mexico Finance Authority					
Pumper Truck	Savings	Business-type	\$ 336,000	\$ -	\$ 336,000
Total NMFA deposits			<u>\$ 668,878</u>	<u>\$ -</u>	<u>\$ 668,878</u>
Fidelity Investments					
Solid Waste	Savings	Business-type	\$ 508,705	\$ -	\$ 508,705
Water Conservation Reserve	Savings	Business-type	1,092,134	-	1,092,134
Reserve	Savings	Business-type	509,417	-	509,417
Economic development	Savings	Business-type	506,014	-	506,014
Water/Sewer	Savings	Governmental	1,731,765	-	1,731,765
97 Sales Tax Reserve	Savings	Governmental	287,470	-	287,470
Total Fidelity deposits			<u>\$ 4,635,505</u>	<u>\$ -</u>	<u>\$ 4,635,505</u>

STATE OF NEW MEXICO
CITY OF PORTALES
SCHEDULE OF DEPOSITORIES AND TEMPORARY INVESTMENTS
BY DEPOSITORY FOR PUBLIC FUNDS
JUNE 30, 2016

Reconciliation of Public Funds to Government-Wide Balance Sheet:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Cash and cash equivalents - Unrestricted	\$ 5,901,108	\$ 4,567,657	\$ 10,468,765
Cash and cash equivalents - Restricted	108,878	723,804	832,682
Investments - Unrestricted	2,040,955	4,012,896	6,053,851
Investments - Restricted	<u>-</u>	<u>443,831</u>	<u>443,831</u>
	<u>\$ 8,050,941</u>	<u>\$ 9,748,188</u>	<u>\$ 17,799,129</u>
Cash Source:			
US Bank			\$ 10,622,095
NM State Treasurer			1,862,092
NMFA - Mellon			332,878
First American Financial Advisors			4,635,505
Petty cash			<u>346,559</u>
			<u>\$ 17,799,129</u>

STATE OF NEW MEXICO
CITY OF PORTALES
JOINT POWERS AGREEMENTS
JUNE 30, 2016

<u>Other Principal</u>	<u>Agreement Description</u>	<u>Effective Date</u>	<u>Ending Date</u>	<u>Project Cost</u>	<u>Fiscal Year Contribution</u>	<u>Party Responsible for Operations/Revenues and Expenditure Reporting/Audit Responsibility (if Any)</u>
Region V Drug Task Force	Regional Drug Enforcement	October 10, 2005	Perpetual	Not Specified	Unknown	Region V Drug Task Force
Portales Municipal Schools	School Resource Office Program	May 28, 1999	Perpetual	Not Specified	Unknown	City of Portales
Portales Municipal Schools	District Facilities and Ball Fields Usage	June 9, 2014	June 30, 2016	Not Specified	2014	City of Portales
Roosevelt County	Law Enforcement Complex Usage	January 19, 1999	Perpetual	Not Specified	Unknown	Roosevelt County
Roosevelt County	County Jail Usage for City	December 3, 2002	Perpetual	Not Specified	Unknown	Roosevelt County
Eastern New Mexico University & Portales/Roosevelt County Office of Civil Emergency Preparedness	Mutual Aid & Protection for Roosevelt City Residents	September 9, 1987	Perpetual	Not Specified	Unknown	City of Portales, ENMU, Roosevelt County
Eastern New Mexico University	Police, Fire and Ambulance Service	February 10, 1982	Perpetual	Not Specified	Unknown	City of Portales
New Mexico Energy, Minerals & Nature Resources Department	Wildfire Suppression and Protection	August 13, 2007	Perpetual	Not Specified	Unknown	City of Portales
Roosevelt County; Municipalities of Causey, Dora, Floyd & Elida; and Fire Departments of Arch & Milnesand	Fire Prevention and Emergency Health Services	January 1, 2006	Perpetual	Not Specified	Unknown	City of Portales
NM Construction Industries Division	Concurrent Jurisdiction Over Construction Activities Within the City of Portales	January 14, 1982	Perpetual	Not Specified	Unknown	City of Portales
Secretary of the Air Force (CAFB)	Fire Protection and Hazardous Materials Incident Response	July 7, 1992 May 1, 1998 June 1, 2009	Ongoing	Not Specified	Unknown	City of Portales

STATE OF NEW MEXICO
CITY OF PORTALES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2016

Federal Grantor Pass Through Grantor Program Title	CFDA	Program or Grant Number	Award Amount	Expenditures
<i><u>United States Environmental Protection Agency</u></i>				
Congressionally Mandated Project	66.202		\$ 291,000	\$ 291,000
Passed Through the State of New Mexico New Mexico Environment Department - Loan	66.202	CWSRF 023	26,580,000	24,318,969
<i><u>United States Department of Transportation</u></i>				
Airport Improvement Program	20.106	3-35-0061-018-2014	171,251	22,012
Formula Grants for Rural Areas	20.509	M01270 and M01362	324,623	99,091
<i><u>Federal Communication Commission</u></i>				
Communications Information and Assistance and Investigation of Complaints	32.001		2,067	2,067
<i><u>United States Department of Health nad Human Services</u></i>				
Substance Abuse and Mental Health Services- Projects of Regional and National Significance	93.243		<u>52,792</u>	<u>52,792</u>
Total Expenditures of Federal Awards			<u>\$ 27,421,733</u>	<u>\$ 24,785,931</u>

STATE OF NEW MEXICO
CITY OF PORTALES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2016

Note 1 - Basis of Presentation

The above Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Portales and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of, the basic financial statements.

COMPLIANCE SECTION



Beasley, Mitchell & Co.

Certified Public Accountants

Donald A. Beasley, CPA, Partner
Christine Wright, CPA, Partner
Beth Fant, EA, Partner
Brad Beasley, CPA, Partner

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

Timothy Keller, State Auditor
and the Mayor and City Council of the
City of Portales, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds of City of Portales, New Mexico as of and for the year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the City's basic financial statements and the combined and individual funds and related budgetary comparisons presented as supplementary information, and have issued our report thereon dated December 2, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit, of the financial statements, we considered City of Portales, New Mexico's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Portales, New Mexico's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Portales, New Mexico'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 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 over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. Given the limitations, during our audit we did not identify any deficiencies in internal control that we considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Portales, New Mexico'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 result of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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.

Beasley Mitchell & Co LLP

Beasley, Mitchell & Co.
Las Cruces, New Mexico
December 2, 2016



Beasley, Mitchell & Co.

Certified Public Accountants

Donald A. Beasley, CPA, Partner
Christine Wright, CPA, Partner
Beth Fant, EA, Partner
Brad Beasley, CPA, Partner

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Timothy Keller, State Auditor
and the Mayor and City Council of the
City of Portales, New Mexico

Report on Compliance for Each Major Federal Program

We have audited City of Portales, New Mexico's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of City of Portales, New Mexico's major federal programs for the year ended June 30, 2016. City of Portales, New Mexico's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, City of Portales, New Mexico 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, 2016.

Other Matters

The results of our auditing procedures disclose no instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance.

Report on Internal Control over Compliance

Management of City of Portales, New Mexico, 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 Portales, New Mexico's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Portales, New Mexico's internal control over compliance.

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

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

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


Beasley, Mitchell & Co., LLP
Las Cruces, New Mexico
December 2, 2016

STATE OF NEW MEXICO
CITY OF PORTALES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2016

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness (es) identified? Yes **X** No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes **X** No

Noncompliance material to financial statements noted? Yes **X** No

Federal Awards

Internal control over major programs

- Material weakness (es) identified? Yes **X** No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes **X** No

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

- Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? Yes **X** No

Identification of Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
66.458	Capitalization Grants for Clean Water State Revolving Funds

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

Auditee qualified as low-risk auditee Yes **X** No

STATE OF NEW MEXICO
CITY OF PORTALES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2016

Section II - Financial Statement Findings

PRIOR YEAR FINDINGS

2015-001	Data Collection Form - Material Weakness	Resolved
2015-002	Internal Controls in Information Technology - Other Matters	Resolved

CURRENT YEAR FINDINGS

None

STATE OF NEW MEXICO
CITY OF PORTALES
EXIT CONFERENCE
FOR THE YEAR ENDED JUNE 30, 2016

An entrance conference was held on September 26, 2016 in a closed meeting with Beasley, Mitchell & Co., LLP and with the following City officials:

Oscar Robinson	City Councilor
Sammy Standefer	City Manager
Marilyn Rapp	City Treasurer

Beasley, Mitchell & Co., LLP

Dahlia Garcia	Senior Accountant
Juan Garcia	Audit Staff II
Christopher Torres	Clerical Staff

An exit conference was held on September 30, 2016 in a closed meeting with Beasley, Mitchell & Co., LLP and with the following City officials:

Oscar Robinson	Mayor
Sammy Standefer	City Manager
Marilyn Rapp	City Treasurer

Beasley, Mitchell & Co., LLP

Dahlia Garcia	Senior Accountant
---------------	-------------------

The financial statements presented in this report were compiled with the assistance of the auditors, Beasley, Mitchell & Co., LLP. However, the contents of the financial statements remain the responsibility of management.