

STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES

Financial Statements

June 30, 2016



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CITY OF TRUTH OR CONSEQUENCES
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STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES

Official Roster

June 30, 2016

| <u>Title</u> | <u>Name</u> |
|------------------------------|----------------------------|
| City Commissioner/Mayor..... | Steve Green |
| Mayor Pro-Tem..... | Sandra Whitehead |
| City Commissioner..... | Kathy Clark |
| City Commissioner..... | Roff Hechler |
| City Commissioner..... | Joshua Frankel |
| City Manager..... | Juan Fuentes |
| Finance Director..... | Melissa Torres |
| City Clerk | Renee Cantin |
| Municipal Judge | Judge B. Sanders |
| City Attorney | Holt, Mynatt Martinez, P.C |
| | Coppler Law Firm |

HOUSING AUTHORITY

| | |
|--------------------------|---------------|
| Chairman | Greg D'Amour |
| Vice Chairman | LeeAnn Tooley |
| Commissioner..... | Daniel Mena |
| Commissioner | Earl Greer |
| Executive Director | Steven Rice |

INDEPENDENT AUDITOR'S REPORT

To the City Commission
City of Truth or Consequences
and Mr. Tim Keller
New Mexico State Auditor

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information and the budgetary comparisons for the general fund of the City of Truth or Consequences ("City") 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 have also audited the financial statements of each of the City's non-major governmental funds, each non-major enterprise fund, internal service fund, and the budgetary comparisons for the major debt service fund, major enterprise funds and all of the nonmajor funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Housing Authority, which represents 11.45 percent, 11.00 percent, and 0.15 percent, respectively, of the assets, net position, and revenues of the City. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Housing Authority, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2016, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparisons for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each non-major governmental fund and each non-major enterprise fund of the City as of June 30, 2016, and the respective changes in financial position and cash flows where applicable, thereof and the respective

budgetary comparisons for the proprietary funds, major debt service fund, major enterprise funds and 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

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not 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. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require the Schedule of the City's Proportionate Share of the Net Pension Liability, and Schedule of City Contributions on pages 50 and 51 to 53, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The other schedules required by 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other schedules required by Section 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the other schedules required by Section 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Schedule of Vendor Information for Purchases Exceeding \$60,000 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2017 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

The logo for Axiom, featuring the word "Axiom" in a stylized, cursive blue font.

Albuquerque, New Mexico
March 1, 2017

BASIC FINANCIAL STATEMENT

STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
STATEMENT OF NET POSITION
June 30, 2016

| | Primary Government | | | Component Unit |
|--|----------------------------|-----------------------------|-------------------|-------------------|
| | Governmental Activities | Business-Type Activities | Total | |
| ASSETS AND DEFERRED OUTFLOWS | | | | |
| Current assets | | | | |
| Cash, investments and cash equivalents | \$ 1,998,697 | 2,557,614 | 4,556,311 | 1,132,729 |
| Investments | 687,160 | 3,263,266 | 3,950,426 | - |
| Receivables: | | | | |
| Property taxes | - | - | - | - |
| Other taxes | 756,645 | - | 756,645 | - |
| Charges for services, net | - | 876,448 | 876,448 | 255,210 |
| Due from other governments | - | - | - | - |
| Miscellaneous receivables | - | - | - | - |
| Prepaid expenses | - | - | - | 29,066 |
| Due from tenants | - | - | - | - |
| Inventory | 292,811 | 970,859 | 1,263,670 | 7,087 |
| Total current assets | <u>3,735,313</u> | <u>7,668,187</u> | <u>11,403,500</u> | <u>1,424,092</u> |
| Noncurrent assets | | | | |
| Restricted cash and cash equivalents | 510,929 | 1,490,107 | 2,001,036 | 217,026 |
| Capital assets | 20,785,635 | 25,065,401 | 45,851,036 | 8,723,879 |
| Less: Accumulated depreciation | (9,310,589) | (12,432,155) | (21,742,744) | (5,516,327) |
| Total assets | <u>15,721,288</u> | <u>21,791,540</u> | <u>37,512,828</u> | <u>4,848,670</u> |
| DEFERRED OUTFLOWS - Pension Related | | | | |
| | <u>322,038</u> | <u>118,923</u> | <u>440,961</u> | <u>68,824</u> |

See Notes to Financial Statements.

STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
STATEMENT OF NET POSITION (CONTINUED)
June 30, 2016

| | Primary Government | | | Component Unit |
|---|----------------------------|-----------------------------|-------------------|-------------------|
| | Governmental Activities | Business-Type Activities | Total | |
| LIABILITIES AND DEFERRED INFLOWS | | | | |
| Current liabilities | | | | |
| Accounts payable | 382,109 | 351,299 | 733,408 | 25,949 |
| Accrued payroll expenses | 173,480 | 84,965 | 258,445 | 101,942 |
| Accrued interest | 12,929 | 13,399 | 26,328 | - |
| Tenant deposit | - | - | - | 34,727 |
| Customer deposits | - | 200,646 | 200,646 | - |
| FSS deposits | - | - | - | 91,886 |
| Other liabilities | - | - | - | - |
| Due within one year | - | - | - | - |
| Bonds, notes and loans payable | 241,250 | 424,253 | 665,503 | 37,402 |
| Compensated absences | 154,714 | 68,374 | 223,088 | - |
| Total current liabilities | <u>964,482</u> | <u>1,142,936</u> | <u>2,107,418</u> | <u>291,906</u> |
| Due in more than one year | | | | |
| Bonds, notes and loans payable | 3,575,291 | 3,840,695 | 7,415,986 | 848,241 |
| Compensated absences | 38,018 | 25,366 | 63,384 | 35,523 |
| Accrued landfill closure costs | - | 921,034 | 921,034 | - |
| Net Pension Liability | 3,185,143 | 1,176,221 | 4,361,364 | 797,317 |
| Total liabilities | <u>7,762,934</u> | <u>7,106,252</u> | <u>14,869,186</u> | <u>1,972,987</u> |
| DEFERRED INFLOWS - Pension Related | <u>293,642</u> | <u>108,436</u> | <u>402,078</u> | <u>139,631</u> |
| NET POSITION | | | | |
| Net investment in capital assets | 7,658,505 | 8,368,298 | 16,026,803 | 2,321,909 |
| Restricted for | | | | |
| Special projects | 807,728 | - | 807,728 | - |
| Debt service | 1,182,406 | 391,921 | 1,574,327 | - |
| Capital outlay | 362,054 | - | 362,054 | - |
| Housing assistance payments | - | - | - | 84,397 |
| Unrestricted (Deficit) | (2,023,943) | 5,935,556 | 3,911,613 | 398,570 |
| Total net position | <u>\$ 7,986,750</u> | <u>14,695,775</u> | <u>22,682,525</u> | <u>2,804,876</u> |

See Notes to Financial Statements.

STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
STATEMENT OF ACTIVITIES
Year Ended June 30, 2016

| Functions/Programs | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Position | | | Component Unit |
|---|----------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|--------------------|------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | | |
| | | | | | Governmental Activities | Business-Type Activities | Total | |
| Primary government | | | | | | | | |
| Governmental activities | | | | | | | | |
| General government | \$ 3,069,877 | 207,189 | 352,659 | 396,324 | (2,113,705) | - | (2,113,705) | - |
| Public safety | 2,553,961 | 70,414 | 223,036 | 566,459 | (1,694,052) | - | (1,694,052) | - |
| Public works | 498,165 | - | 68,299 | - | (429,866) | - | (429,866) | - |
| Culture and recreation | 568,170 | 21,761 | 27,997 | - | (518,412) | - | (518,412) | - |
| Health and welfare | 654,625 | - | - | - | (654,625) | - | (654,625) | - |
| Interest on long-term debt | 155,742 | - | - | - | (155,742) | - | (155,742) | - |
| Total governmental activities | 7,500,540 | 299,364 | 671,991 | 962,783 | (5,566,402) | - | (5,566,402) | - |
| Business-Type Activities | | | | | | | | |
| Joint utility | 7,563,793 | 11,818,464 | 103,790 | - | - | 4,358,461 | 4,358,461 | - |
| Solid waste | 1,133,236 | 376,995 | - | - | - | (756,241) | (756,241) | - |
| Airport | 865,711 | 176,100 | 395,032 | - | - | (294,579) | (294,579) | - |
| Cemetery | 17,825 | 16,055 | - | - | - | (1,770) | (1,770) | - |
| Golf Course | 190,752 | 5,424 | - | - | - | (185,328) | (185,328) | - |
| Total business-type activities | 9,771,317 | 12,393,038 | 498,822 | - | - | 3,120,543 | 3,120,543 | - |
| Total primary government | \$ 17,271,857 | 12,692,402 | 1,170,813 | 962,783 | (5,566,402) | 3,120,543 | (2,445,859) | - |
| Component Unit | | | | | | | | |
| Housing Authority | \$ 1,892,272 | 578,683 | - | 1,625,252 | - | - | - | 311,663 |
| General revenues and transfers | | | | | | | | |
| Taxes | | | | | | | | |
| Property taxes | | | | | \$ 189,368 | - | 189,368 | - |
| Gross receipts tax | | | | | 2,589,180 | 583,208 | 3,172,388 | - |
| Gasoline and motor vehicle taxes | | | | | 52,976 | - | 52,976 | - |
| Other taxes | | | | | 303,662 | - | 303,662 | - |
| Miscellaneous revenue | | | | | 19,072 | 139,849 | 158,921 | 6,266 |
| Transfers | | | | | 3,858,783 | (3,858,783) | - | - |
| Unrestricted investment earnings | | | | | 70,167 | 24,658 | 94,825 | - |
| Gain (loss) on disposition of assets | | | | | - | - | - | - |
| Total general revenues and transfers | | | | | 7,083,208 | (3,111,068) | 3,972,140 | 6,266 |
| Change in net position | | | | | 1,516,806 | 9,475 | 1,526,281 | 317,929 |
| Net position, beginning | | | | | 6,469,944 | 14,686,300 | 21,156,244 | 2,486,947 |
| Net position, ending | | | | | \$ 7,986,750 | 14,695,775 | 22,682,525 | 2,804,876 |

See Notes to Financial Statements.

**STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2016**

| | General Fund 100 | Debt Service Funds 403 | Other Governmental Funds | Total Governmental Funds |
|--|------------------------|------------------------------|--------------------------------|--------------------------------|
| ASSETS | | | | |
| Cash, investments and cash equivalents | \$ 718,356 | 152,021 | 1,050,234 | 1,920,611 |
| Restricted cash and cash equivalents | 21,783 | 489,016 | 130 | 510,929 |
| Investments | 100,242 | 586,918 | - | 687,160 |
| Restricted investments | - | - | - | - |
| Receivables: | | | | |
| Property taxes | 46,437 | - | - | 46,437 |
| Other taxes | 688,204 | - | 22,004 | 710,208 |
| Due from other governments | - | - | - | - |
| Miscellaneous receivables | - | - | - | - |
| Inventory | 226,550 | - | 66,261 | 292,811 |
| Total assets | \$ 1,801,572 | 1,227,955 | 1,138,629 | 4,168,156 |
| LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Accounts payable | \$ 138,938 | 60,708 | 182,463 | 382,109 |
| Accrued payroll expenses | 166,930 | - | 6,550 | 173,480 |
| Due to Other Funds | - | - | - | - |
| Total liabilities | 305,868 | 60,708 | 189,013 | 555,589 |
| DEFERRED INFLOWS | | | | |
| Property taxes | 38,784 | - | - | 38,784 |
| Total deferred inflows | 38,784 | - | - | 38,784 |
| FUND BALANCES | | | | |
| Nonspendable: | | | | |
| Inventory | 226,550 | - | 66,261 | 292,811 |
| Restricted to: | | | | |
| Public safety | - | - | 176,726 | 176,726 |
| Culture and recreation | - | - | 142,218 | 142,218 |
| Transportation and roads | - | - | 280,191 | 280,191 |
| Fire protection | - | - | 175,559 | 175,559 |
| Veteran's Wall | - | - | 33,034 | 33,034 |
| Debt service expenditures | 15,159 | 1,167,247 | - | 1,182,406 |
| Capital projects | 286,427 | - | 75,627 | 362,054 |
| Committed to: | | | | |
| Subsequent year's expenditures | - | - | - | - |
| Unassigned | 928,784 | - | - | 928,784 |
| Total fund balances | 1,456,920 | 1,167,247 | 949,616 | 3,573,783 |
| Total liabilities, deferred inflows and fund balances | \$ 1,801,572 | 1,227,955 | 1,138,629 | 4,168,156 |

See Notes to Financial Statements.

STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
RECONCILIATION OF THE BALANCE SHEET
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
Year Ended June 30, 2016

| Total Fund Balance Governmental Funds Governmental Funds Balance Sheet | Governmental Activities |
|---|--|
| <p>Amounts reported for governmental activities in the statement of net position are different because:</p> | |
| Fund balances - total governmental funds | \$ 3,573,783 |
| Residual balance of Internal Service Funds are included within the governmental activities but not reported within the governmental funds. | 78,086 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | 11,475,046 |
| Delinquent property taxes and grants not collected within sixty days after year end are not considered "available" revenues and are considered to be unavailable revenue in the fund financial statements, but are considered revenue in the Statement of Activities. | 38,784 |
| Defined benefit pension plan deferred outflows are not financial resources and, therefore, are not reported in the funds. | 322,038 |
| Some revenues will not be available to pay for current period expenditures and, therefore, are recorded as deferred inflows in the governmental funds. | (293,642) |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. | |
| Accrued interest | (12,929) |
| Compensated absences | (192,732) |
| Bonds and notes payable | (3,816,541) |
| Net Pension liability | (3,185,143) |
| Total long-term and other liabilities | (7,207,345) |
| | |
| Net position of governmental activities (Statement of Net Position) | \$ 7,986,750 |

See Notes to Financial Statements.

**STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended June 30, 2016**

| | General Fund 100 | Debt Service Funds 403 | Other Governmental Funds | Total Governmental Funds |
|--|------------------------|------------------------------|--------------------------------|--------------------------------|
| Revenues | | | | |
| Taxes: | | | | |
| Property | \$ 165,520 | \$ - | \$ - | \$ 165,520 |
| Gross receipts | 2,288,125 | 174,490 | 126,565 | 2,589,180 |
| Gasoline and motor vehicle | - | - | 52,976 | 52,976 |
| Other | 51,940 | - | 251,722 | 303,662 |
| Intergovernmental | | | | |
| Federal capital grants | - | - | 566,459 | 566,459 |
| State capital grants | - | 396,324 | - | 396,324 |
| State operating grants | 312,659 | - | 359,332 | 671,991 |
| Charges for services | 97,849 | - | 144,122 | 241,971 |
| Licenses and fees | 57,393 | - | - | 57,393 |
| Investment income | 932 | 6,737 | 62,498 | 70,167 |
| Miscellaneous | 9,857 | - | 9,215 | 19,072 |
| Total revenues | 2,984,275 | 577,551 | 1,572,889 | 5,134,715 |
| Expenditures | | | | |
| Current | | | | |
| General government | 1,733,824 | 437 | 175,065 | 1,909,326 |
| Public safety | 1,687,797 | - | 1,100,297 | 2,788,094 |
| Public works | 1,256,039 | - | 29,278 | 1,285,317 |
| Culture and recreation | 358,555 | - | 194,962 | 553,517 |
| Health and welfare | 637,742 | - | - | 637,742 |
| Capital outlay | 286,427 | - | 1,283,626 | 1,570,053 |
| Debt service | | | | |
| Principal | 13,131 | 253,763 | 526,790 | 793,684 |
| Interest | 2,028 | 152,007 | 1,707 | 155,742 |
| Total expenditures | 5,975,543 | 406,207 | 3,311,725 | 9,693,475 |
| Excess (deficiency) of revenues over (under) expenditures before other financings sources (uses) | (2,991,268) | 171,344 | (1,738,836) | (4,558,760) |
| Other Financing Sources (Uses) | | | | |
| Loan proceeds | - | - | - | - |
| Transfers, in | 4,787,500 | 115,489 | 1,347,303 | 6,250,292 |
| Transfers, out | (1,636,858) | (587,251) | (167,400) | (2,391,509) |
| <i>Total other financing sources (uses)</i> | <i>3,150,642</i> | <i>(471,762)</i> | <i>1,179,903</i> | <i>3,858,783</i> |
| Net change in fund balances | 159,374 | (300,418) | (558,933) | (699,977) |
| Fund balances, beginning of year | 1,297,546 | 1,467,665 | 1,508,549 | 4,273,760 |
| Fund balances, end of year | \$ 1,456,920 | \$ 1,167,247 | \$ 949,616 | \$ 3,573,783 |

See Notes to Financial Statements.

**STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2016**

**Net Change in Fund Balances - Total Governmental Funds
(Statement of Revenue, Expenditures, and Changes
in Fund Balances)** \$ (699,977)

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

Change in net position of internal service funds 19,114

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 as depreciation expense.

| | | |
|---|------------------|-----------|
| Capital expenditure recorded in capital outlay in the fund financial statements | 1,570,053 | |
| Depreciation expense | <u>(463,292)</u> | |
| | | 1,106,761 |

Revenues in the governmental funds that provide current financial resources are not included in the Statement of Activities because they were recognized in a prior period.

Change in unavailable revenue related to property taxes receivable 23,848

Governmental funds report City pension contributions as expenditures. However, in the Statement of Net Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense:

Pension expense 250,230

The issuance of long-term debt (e.g. bonds, loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction; however, has any effect on net position.

The following table represents the changes in long-term debt for the fiscal year:

| | | |
|--|--------------|----------------|
| Change in bonds, notes, and loans payable | 793,684 | |
| Change in compensated absences | 14,550 | |
| Change in accrued interest on long-term debt | <u>8,596</u> | |
| | | <u>816,830</u> |

Change in net position in governmental activities \$ 1,516,806

See Notes to Financial Statements.

STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (GAAP BASIS)
GENERAL FUND
Year Ended June 30, 2016

| | Budgeted Amounts | | Actual Amounts | Variance from Final Budget Positive (Negative) |
|---|-------------------------|-------------------------|--------------------|--|
| | Original | Final | | |
| Revenues | | | | |
| Taxes | | | | |
| Property | \$ 164,000 | 164,000 | 165,520 | 1,520 |
| Gross Receipts | 2,719,000 | 2,719,000 | 2,550,918 | (168,082) |
| Gasoline and motor vehicle | 22,500 | 22,500 | - | (22,500) |
| Other | 73,038 | 73,038 | 51,940 | (21,098) |
| Intergovernmental income: | | | | |
| Federal grants | 10,100 | 10,100 | - | |
| State operating grant | 731,275 | 731,275 | 312,659 | (418,616) |
| Charges for services | 116,150 | 116,150 | 97,849 | (18,301) |
| Licenses and fees | 40,800 | 40,800 | 57,393 | 16,593 |
| Fines and forfeits | 6,000 | 6,000 | | |
| Investment earnings | 360 | 360 | 932 | 572 |
| Miscellaneous | 8,230 | 8,230 | 9,857 | 1,627 |
| Total revenues | 3,891,453 | 3,891,453 | 3,247,068 | (628,285) |
| Expenditures | | | | |
| Current | | | | |
| General government | 2,271,568 | 2,358,627 | 1,708,768 | 649,859 |
| Public safety | 1,604,817 | 1,624,817 | 1,687,297 | (62,480) |
| Public works | 1,316,757 | 1,299,854 | 1,256,039 | 43,815 |
| Culture and recreation | 397,539 | 397,539 | 358,555 | 38,984 |
| Health and welfare | 268,000 | 278,000 | 637,742 | (359,742) |
| Miscellaneous | 1,000 | 1,000 | - | 1,000 |
| Capital outlay | 35,350 | 52,253 | 286,427 | (234,174) |
| Debt Service | | | | |
| Principal | - | - | 13,131 | (13,131) |
| Interest | - | - | 2,028 | (2,028) |
| Total expenditures | 5,895,031 | 6,012,090 | 5,949,987 | 62,103 |
| Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses) | <u>(2,003,578)</u> | <u>(2,120,637)</u> | <u>(2,702,919)</u> | <u>(566,182)</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers, in | 1,610,000 | 1,610,000 | 4,787,500 | 3,177,500 |
| Transfers, out | - | - | (1,636,858) | (1,636,858) |
| Total other financing sources (uses) | 1,610,000 | 1,610,000 | 3,150,642 | 1,540,642 |
| Net change in fund balances | <u>(393,578)</u> | <u>(510,637)</u> | 447,723 | <u>974,460</u> |
| Net change in fund balance (non-GAAP budgetary basis) | | | 447,723 | |
| Adjustments to revenues | | | (262,793) | |
| Adjustments to expenditures | | | (25,556) | |
| Net change in fund balance (GAAP) | | | <u>\$ 159,374</u> | |

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
June 30, 2016**

| ASSETS | Joint Utility Fund 500 | Business Type Activities | |
|--|---------------------------|--------------------------|-------------------------|
| | | Airport Fund 509 | Solid Waste Fund 507 |
| Current Assets | | | |
| Cash and cash equivalents | \$ 2,175,069 | 69,193 | 274,784 |
| Investments | 3,263,266 | - | - |
| Receivables | | | |
| Charges for services | 780,008 | 54,099 | 42,341 |
| Due from other government | - | - | - |
| Miscellaneous receivables | - | - | - |
| Due from other funds | - | - | - |
| Inventory | 923,928 | 46,931 | - |
| Total current assets | <u>7,142,271</u> | <u>170,223</u> | <u>317,125</u> |
| Noncurrent Assets | | | |
| Restricted cash and cash equivalents | 1,490,107 | - | - |
| Restricted investment | - | - | - |
| Capital assets | 16,469,115 | 3,594,960 | 3,668,045 |
| Less accumulated depreciation | (8,745,201) | (1,183,114) | (2,024,123) |
| Total noncurrent assets | <u>9,214,021</u> | <u>2,411,846</u> | <u>1,643,922</u> |
| Total assets | <u>16,356,292</u> | <u>2,582,069</u> | <u>1,961,047</u> |
| DEFERRED OUTFLOWS - PENSION RELATED | <u>113,378</u> | <u>5,545</u> | <u>-</u> |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Accounts payable | 286,619 | - | 48,609 |
| Accrued payroll expenses | 80,992 | 3,973 | - |
| Accrued compensated absences | 65,539 | 2,835 | - |
| Customer deposits | 200,646 | - | - |
| Accrued interest | 13,399 | - | - |
| Due to other funds | - | - | - |
| Current portion of long-term debt | 424,253 | - | - |
| Total current liabilities | <u>1,071,448</u> | <u>6,808</u> | <u>48,609</u> |
| Non-Current Liabilities | | | |
| Accrued compensated absences | 20,101 | 5,265 | - |
| Accrued landfill closure costs | 121,030 | - | 800,004 |
| Bonds, notes and loans | 3,840,695 | - | - |
| Net pension liability | 1,121,484 | 54,737 | - |
| Total non-current liabilities | <u>5,103,310</u> | <u>60,002</u> | <u>800,004</u> |
| Total liabilities | <u>6,174,758</u> | <u>66,810</u> | <u>848,613</u> |
| DEFERRED INFLOWS - PENSION RELATED | <u>104,679</u> | <u>3,757</u> | <u>-</u> |
| NET POSITION | | | |
| Net investment in capital assets | 3,458,966 | 2,411,846 | 1,643,922 |
| Restricted for debt service | 391,921 | - | - |
| Unrestricted (Deficit) | 6,339,346 | 105,201 | (531,488) |
| Total net position | <u>10,190,233</u> | <u>2,517,047</u> | <u>1,112,434</u> |
| Total net position | <u>\$ 10,190,233</u> | <u>2,517,047</u> | <u>1,112,434</u> |

See Notes to Financial Statements.

| Business Type Activities | | Governmental Activities | |
|--------------------------|-------------------|-------------------------|-----|
| Other Enterprise Fund | Total | Internal Service Fund | 600 |
| 38,568 | \$ 2,557,614 | \$ 78,086 | |
| - | 3,263,266 | - | |
| - | 876,448 | - | |
| - | - | - | |
| - | - | - | |
| - | - | - | |
| - | 970,859 | - | |
| <u>38,568</u> | <u>7,668,187</u> | <u>78,086</u> | |
| - | 1,490,107 | - | |
| - | - | - | |
| 1,333,281 | 25,065,401 | - | |
| (479,717) | (12,432,155) | - | |
| <u>853,564</u> | <u>14,123,353</u> | <u>-</u> | |
| <u>892,132</u> | <u>21,791,540</u> | <u>78,086</u> | |
| - | 118,923 | - | |
| 16,071 | 351,299 | - | |
| - | 84,965 | - | |
| - | 68,374 | - | |
| - | 200,646 | - | |
| - | 13,399 | - | |
| - | - | - | |
| - | 424,253 | - | |
| <u>16,071</u> | <u>1,142,936</u> | <u>-</u> | |
| - | 25,366 | - | |
| - | 921,034 | - | |
| - | 3,840,695 | - | |
| - | 1,176,221 | - | |
| <u>-</u> | <u>5,963,316</u> | <u>-</u> | |
| <u>16,071</u> | <u>7,106,252</u> | <u>-</u> | |
| - | 108,436 | - | |
| 853,564 | 8,368,298 | - | |
| - | 391,921 | - | |
| 22,497 | 5,935,556 | 78,086 | |
| <u>876,061</u> | <u>14,695,775</u> | <u>78,086</u> | |
| <u>876,061</u> | <u>14,695,775</u> | <u>78,086</u> | |

STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION - PROPRIETARY FUNDS
Year Ended June 30, 2016

| | Joint Utility Fund 500 | Business Type Activities Airport Fund 509 | Solid Waste Fund 507 |
|--|---------------------------|---|-------------------------|
| Operating Revenues | | | |
| Charges for Services | \$ 11,818,464 | 176,100 | 376,995 |
| Total operating revenues | 11,818,464 | 176,100 | 376,995 |
| Operating Expenses | | | |
| General operating | 5,023,919 | 597,664 | 912,990 |
| Personnel services | 1,577,199 | 97,370 | - |
| Depreciation | 538,124 | 156,752 | 220,246 |
| Utilities | 263,608 | 13,925 | - |
| Total operating expenses | 7,402,850 | 865,711 | 1,133,236 |
| Operation income (loss) | 4,415,614 | (689,611) | (756,241) |
| Non-Operating Revenues (Expenses) | | | |
| Interest expense | (160,943) | - | - |
| Investment earnings | 24,041 | 30 | 552 |
| Gross receipts tax | 499,141 | - | 84,067 |
| Miscellaneous income | 39,892 | - | 63,246 |
| Grant income | 103,790 | 395,032 | - |
| Gain (loss) on disposition of asset | - | - | - |
| Total non-operating revenue (expenses) | 505,921 | 395,062 | 147,865 |
| Income (loss) before contributions and transfers | 4,921,535 | (294,549) | (608,376) |
| Government contributions | - | - | - |
| Capital contributions from governmental activities | - | - | - |
| Transfers related to current year capital assets | - | - | - |
| Transfers, in | 2,163,708 | 140,000 | 162,040 |
| Transfers, out | (6,418,531) | - | - |
| Change in net position | 666,712 | (154,549) | (446,336) |
| Net position, beginning of year | 9,523,521 | 2,671,596 | 1,558,770 |
| Net position, end of year | \$ 10,190,233 | 2,517,047 | 1,112,434 |

See Notes to Financial Statements.

| Business Type Activities | | Governmental Activities |
|--------------------------|---------------|------------------------------|
| Other Enterprise Fund | Total | Internal Service Fund 600 |
| 21,479 | \$ 12,393,038 | \$ 55,432 |
| 21,479 | 12,393,038 | 55,432 |
| 144,463 | 6,679,036 | 36,318 |
| - | 1,674,569 | - |
| 45,101 | 960,223 | - |
| 19,013 | 296,546 | - |
| 208,577 | 9,610,374 | 36,318 |
| (187,098) | 2,782,664 | 19,114 |
| - | (160,943) | - |
| 35 | 24,658 | - |
| - | 583,208 | - |
| 36,711 | 139,849 | - |
| - | 498,822 | - |
| - | - | - |
| 36,746 | 1,085,594 | - |
| (150,352) | 3,868,258 | 19,114 |
| - | - | - |
| - | - | - |
| - | - | - |
| 94,000 | 2,559,748 | - |
| - | (6,418,531) | - |
| (56,352) | 9,475 | 19,114 |
| 932,413 | 14,686,300 | 58,972 |
| 876,061 | \$ 14,695,775 | \$ 78,086 |

**STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
Year Ended June 30, 2016**

| | Business Type Activities | | |
|---|--------------------------|------------------|------------------|
| | Joint Utility Fund | Airport Fund | Solid Waste Fund |
| Cash Flows From Operating Activities | | | |
| Cash received from customers and others | \$ 11,671,227 | 171,483 | 346,990 |
| Cash paid for vendors and employees | (7,314,136) | (745,138) | (901,299) |
| Net cash provided (used) by operating activities | 4,357,091 | (573,655) | (554,309) |
| Cash flows from noncapital financing activities | | | |
| Government contributions | 103,790 | 395,032 | - |
| Gross receipts taxes | 499,141 | - | 84,067 |
| Miscellaneous income | 39,892 | - | 63,246 |
| Landfill closure costs | - | - | - |
| Transfers | (4,254,823) | 140,000 | 162,040 |
| Net cash provided (used) by noncapital financing activities | (3,612,000) | 535,032 | 309,353 |
| Cash Flows from Investing Activities | | | |
| Purchases of capital assets | 142,838 | - | - |
| Interest on investments | 24,041 | 30 | 552 |
| Net cash (used) provided by investing activities | 166,879 | 30 | 552 |
| Cash Flows from Capital and Related Financing Activities | | | |
| Acquisition of capital assets | - | - | (244,410) |
| Proceeds from sale of capital assets | - | - | - |
| Interest paid | (160,943) | - | - |
| Proceeds from issuance of long-term debt | - | - | - |
| Principal payments on bonds, loans and notes payable | (331,357) | - | - |
| Net cash provided (used) by capital and related financing activities | (492,300) | - | (244,410) |
| Net increase (decrease) in cash and cash equivalents | 419,670 | (38,593) | (488,814) |
| Cash and cash equivalents, beginning of year | 3,245,506 | 107,786 | 763,598 |
| Cash and cash equivalents, end of year | \$ 3,665,176 | 69,193 | 274,784 |
| Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities | | | |
| Operating income (loss) | \$ 4,415,614 | (689,611) | (756,241) |
| Noncash items | | | |
| Depreciation expense | 538,124 | 156,752 | 220,246 |
| PERA pension plan expense | (87,785) | (4,621) | - |
| Adjustments to operating income (loss) to net cash provided by operating activities: | | | |
| Loss on disposal of capital assets | - | - | - |
| Change in assets and liabilities: | | | |
| Accounts receivable | (147,237) | (4,617) | (30,005) |
| Inventory | (364,837) | (4,511) | - |
| Accounts payable | (127,744) | (27,954) | 11,691 |
| Accrued payroll expenses | 130,168 | (269) | - |
| Accrued compensated absences | 1,341 | 1,176 | - |
| Meter deposits | (553) | - | - |
| Net cash provided (used) by operating activities | \$ 4,357,091 | (573,655) | (554,309) |

See Notes to Financial Statements.

| Business Type Activities | | Governmental Activities |
|--------------------------|-------------|-------------------------|
| Other Enterprise Fund | Total | Internal Service Fund |
| 26,001 | 12,215,701 | 55,432 |
| (157,515) | (9,118,088) | (36,318) |
| (131,514) | 3,097,613 | 19,114 |
| - | 498,822 | - |
| - | 583,208 | - |
| 36,746 | 139,884 | - |
| - | - | - |
| 94,000 | (3,858,783) | - |
| 130,746 | (2,636,869) | - |
| - | 142,838 | - |
| - | 24,623 | - |
| - | 167,461 | - |
| - | (244,410) | - |
| - | - | - |
| - | (160,943) | - |
| - | - | - |
| - | (331,357) | - |
| - | (736,710) | - |
| (768) | (108,505) | 19,114 |
| 39,336 | 4,156,226 | 58,972 |
| 38,568 | 4,047,721 | 78,086 |
| (187,098) | 2,782,664 | 19,114 |
| 45,101 | 960,223 | - |
| - | (92,406) | - |
| - | - | - |
| 4,522 | (177,337) | - |
| - | (369,348) | - |
| 5,961 | (138,046) | - |
| - | 129,899 | - |
| - | 2,517 | - |
| - | (553) | - |
| (131,514) | 3,097,613 | 19,114 |

**STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
NOTES TO FINANCIAL STATEMENTS
June 30, 2016**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The City of Truth or Consequences, (City), New Mexico, which was incorporated in 1917, operates under a Commission / Manager form of government. Five commissioners are elected at large and one of the commissioners serves as Mayor. This reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the City's financial statements to be misleading or incomplete.

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in generally accepted accounting principles (GAAP). Blended component unit, although legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that is legally separate from the government.

The basic (but not the only) criteria for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, the City has one component unit required to be reported under GASB Statements No. 14, No. 39, and No 61.

The Truth or Consequences Housing Authority (The Authority) has been determined to be a component unit of the City that should be discretely presented in the City's financial statements pursuant to the criteria described above. The authority was audited by another auditor and has separately issued financial statements and all exhibits, schedules and footnotes are included in those financial statements. Excerpts of the component unit's activities that we deemed material are included in the City's financial report. The Authority's separately issued financial statements may be obtained directly from their administrative office as follows: Executive Director, Truth or Consequences Housing Authority, 108 South Cedar, Truth or Consequences, New Mexico 87901.

**STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
NOTES TO FINANCIAL STATEMENTS
June 30, 2016**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and fund financial statements

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

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

Separate financial statements are provided for governmental funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements and the fiduciary fund – agency financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Derived tax revenues (gross receipts taxes, cigarette taxes and gas taxes) are recognized when the underlying transaction takes place. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

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

The **Debt Service Fund** was created to account for the accumulation of resources for, and the repayment of general long-term principal, interest, and related costs of the general obligation bonds. Revenues for this fund are taxes generated by sources designated in bond obligations. The fund is required by bond-obligation requirements.

The government reports the following major proprietary funds:

The **joint utility** fund accounts for the provision of water, electric, sewer and wastewater 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.

The **airport fund** used to account for the operations and maintenance of the airport. Financing is provided by fuel sales and fees for services. The fund is authorized by City Commissioner.

The **solid waste** fund accounts for the activities of the City's solid waste services.

Additionally, the City maintains one individual internal service fund. A description of the fund is as follows:

The **internal service** fund accounts for the costs of maintaining the City's vehicle and equipment fleet. The fund bills various City departments to cover the cost of maintaining the City's fleet.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other

**STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
NOTES TO FINANCIAL STATEMENTS
June 30, 2016**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

charges between the City's utility and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds and internal service funds are charges to customers for sales and services. The utilities also recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

D. Assets, Liabilities and Net Position

Deposits and Investments. The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the City to invest in obligations of the U.S. Treasury, repurchase agreements, Certificates of Deposits, and the State Treasurer's Investment Pool. Investments for the City are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations and is not SEC registered. The reported value of the pool is the same as the fair value of the pool shares. Generally, investment income earned as a result of pooling is distributed to the appropriate funds utilizing a formula based on the average daily balance of cash and investments of each fund. All investment in such pool is voluntary.

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

**STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
NOTES TO FINANCIAL STATEMENTS
June 30, 2016**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Net Position (Continued)

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

The joint utility enterprise fund is responsible for billing and collecting electric, water, and wastewater charges using a cycle billing system. No billing cycles are billed in advance of services. Metered accounts are billed in arrears and have been accrued. The only unearned revenue is customer payments for prepaid electric distribution construction. Customers are required to pay 100% of the estimate prepared by the electric director. When the job is complete the actual costs of the job are prepared and the customer is either refunded the overpayment or billed for the shortage. These payments for construction are then reported as increases in net assets at the end of the fiscal year. All trade receivables are shown net of an allowance for uncollectible accounts. The City is required to provide service and grant credit to a diverse customer base within its service territory. The City may require security deposits prior to providing service to customers depending upon an assessment of credit worthiness.

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

Property taxes are levied on November 1 based on the assessed value of property as listed on the previous January 1 and are due in two payments by November 10th and April 10th. Property taxes uncollected after November 10th and April 10th are considered delinquent and the City may assess penalties and interest. The taxes attach as an enforceable lien on property thirty (30) days thereafter, at which time they become delinquent. Property taxes are collected by Sierra County and remitted monthly to the City.

The City estimates the allowance for uncollectible accounts based on the days delinquent. The City has estimated all accounts that are greater than 120 days to be uncollectible.

Restricted Assets: Restricted assets consist of those funds expendable for operating purposes but restricted by donors or other outside agencies as to the specific purpose for which they may be used and restricted for future debt service payments, capital projects, customer deposits and other restrictions.

Inventories and Prepaid Items. Inventories are by the City and the Joint Utility, Airport, and Solid Waste Funds and are valued at cost using the first-in/first-out (FIFO) method.

Certain payments to vendors reflect costs applicable to future accounting periods wide and are recorded as prepaid items in both government-wide and fund financial statements.

**STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
NOTES TO FINANCIAL STATEMENTS
June 30, 2016**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Net Position (Continued)

Capital Assets. Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are, reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Such assets, including infrastructure, have higher limits that must be met before they are capitalized. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Computer software costs, whether externally purchased or developed in-house, shall be capitalized if the total cost of the software equals or exceeds \$5,000 and has a life of at least two years. Library books and periodicals are estimated to have a useful life of less than one year or are under the capitalization threshold and are expensed when purchased.

Property, plant, and equipment of the primary government have the following threshold levels to be capitalized and are depreciated using the straight line method over the following estimated useful lives:

| | | <u>Estimated Useful Life</u> |
|--|----|------------------------------|
| Buildings and improvements | \$ | 10-50 years |
| Equipment | \$ | 5-25 years |
| Infrastructure including golf course and airport | \$ | 10-50 years |
| Vehicles | \$ | 5-10 years |
| Utility plant | \$ | 20-40 years |

Compensated Absences. Each employee of the City may accumulate a total of thirteen to twenty-six days of vacation per year. Employees may accumulate up to thirty days of vacation and carry leave forward from calendar year to calendar year. Upon termination, employees will be paid up to thirty days of accrued vacation pay leave. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability is reported in the governmental funds only if they have matured.

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental or proprietary fund that will pay it. In prior years, substantially all of the related expenditures have been liquidated by the general fund. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the government-wide statement of net position.

Sick Leave – Each employee of the City may accumulate a total of thirteen days of sick leave per year. Sick leave can be carried forward from calendar year to calendar year. Upon separation of employment, an employee with five or more continuous years of service will be compensated for

**STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
NOTES TO FINANCIAL STATEMENTS
June 30, 2016**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Net Position (Continued)

one third of the first 480 accrued sick leave hours for a total of 160 hours. Employees with less than five years of continuous service forfeit all accrued sick leave at separation of employment. Employees cannot donate sick leave at time of separation.

Deferred Outflows/Inflows of Resources. In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Also, in addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows are reported in the governmental funds regarding property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Long-Term Obligations. In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs related to insurance, are 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 other than related insurance are expended in the year incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs related to insurance, during the current period. The face amount of debt issued is reported as other financing sources. Bond premium and discounts are reported as other financing uses. Issuance costs, even if withheld from actual net proceeds received, are reported as debt service expenditures.

Net Position Flow Assumptions. In the government-wide financial statements, restricted net position is legally restricted by outside parties for a specific purpose. Net investment in capital assets represents the City's investment in the book value of capital assets, less any outstanding debt that was issued to construct or acquire the capital asset.

In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position. The amount of net position restricted by enabling legislation is \$1,169,782.

Fund Equity Flow Assumptions. In the fund financial statements, governmental funds report restricted and unassigned fund balances. Restricted fund balances represent amounts that are

**STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
NOTES TO FINANCIAL STATEMENTS
June 30, 2016**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Net Position (Continued)

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

Fund Balances. In the fund financial statements, fund balances of the governmental funds are classified as follows:

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

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

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

Assigned – amounts that are constrained by the City's intent to use them for a specific purpose, but are neither restricted nor committed. The City has not established a policy regarding the assignment of funds, so this category of fund balance represents the residual amounts not otherwise reported as unspendable, restricted, or committed in governmental funds outside of the general fund.

Unassigned – all other spendable amounts.

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.

Pensions. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expenses, information about the Fiduciary Net Position of the New Mexico Public Employee's Retirement Board (PERA) and additions to/deductions from PERA's Fiduciary Net Position have been determined on the same basis as they are reported for PERA, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee

**STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
NOTES TO FINANCIAL STATEMENTS
June 30, 2016**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Net Position (Continued)

contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted for all funds. All budgets are consistent with generally accepted accounting principles (GAAP). All annual appropriations lapse at fiscal year-end. Carryover funds must be appropriated in the budget of the subsequent fiscal year. Because the budget process in the State of New Mexico requires that the beginning cash balance be appropriated in the budget of the subsequent fiscal year, such appropriated balance is legally restricted and is therefore presented as a reserved portion of fund balance.

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

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

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

1. Prior to June, the City Manager submits to the City Commission a proposed operating budget for preliminary approval for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them. A budget is prepared for each fund.
2. Prior to September 1, the budget is legally enacted through passage of a resolution and the Local Government Division of the State Department of Finance and Administration approves the final budget.
3. After the budget is adopted any supplemental appropriations must be approved by the City Commission

The budgetary basis and GAAP basis are the same for all governmental fund types. Budgets for proprietary enterprise funds are adopted on a non-GAAP basis, using the spending measurement focus as in governmental fund types.

**STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
NOTES TO FINANCIAL STATEMENTS
June 30, 2016**

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

B. Excess of Expenditures over Appropriations

As of June 30, 2016, the City did not over expend the budget in any fund.

C. Deficit Fund Balance or Net Position

As of June 30, 2016, the Municipal Pool Fund and the USDA WWTP Fund reported a negative fund balance of \$8,761 and \$162,443 respectively. Management is addressing the negative fund balances and is planning on taking the appropriate actions to eliminate the negative balance.

NOTE 3. DEPOSITS AND INVESTMENTS

As of June 30, 2016, the City had the following deposits and investments:

| | | |
|-------------------------|-----------|--------------------------|
| Demand deposits | \$ | 5,654,163 |
| Certificates of deposit | | 2,646,889 |
| State Treasurer's LGIP | | 1,303,537 |
| Cash with fiscal Agent | | 902,723 |
| Cash on hand | | <u>461</u> |
| Total | \$ | <u>10,507,773</u> |
| | | |
| Governmental funds | \$ | 3,196,786 |
| Proprietary funds | | <u>7,310,987</u> |
| Total | \$ | <u>10,507,773</u> |

The City has investments in the State Treasurer external investment pool (the Local Government Investment Pool). The investments are valued at fair value based on quoted market prices as of June 30, 2016. The State Treasurer Local Government Investment Pool (LGIP) is not SEC registered. Section 6-10-10 I, NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment fund in securities that are issued by the United States government or by its departments or agencies and are either direct obligations of the United States or are backed by the full faith and credit of the United States government or are agencies sponsored by the United States government. The Local Government Investment Pool investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments. The pool does not have unit shares. Per Section 6-10-10.1F, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the amounts were invested. Participation in the local government investment pool is voluntary. The LGIP has been rated by Standard & Poor's and has received an AAAM rating.

**STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
NOTES TO FINANCIAL STATEMENTS
June 30, 2016**

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

| Investment Type | Weighted Average Maturities | Fair Value | Rating* |
|---|-----------------------------|---------------------|---------|
| U.S. Treasury Money Market Mutual Funds | >365 | \$ 902,723 | Aaa |
| New Mexico LGIP | 77.7 days WAM(F) | <u>1,303,463</u> | AAAm |
| | | \$ <u>2,206,186</u> | |

*Based off Moody's rating

At June 30, 2016 there was \$240,792 of U.S. Treasury Money Market Mutual funds classified as restricted cash and cash equivalents in the Statement of Net Position.

In addition to the restricted cash and cash equivalents above there are \$2,646,889 of certificates of deposit that are greater than 90 days and therefore are considered investments in the Statement of Net Position.

Interest Rate Risk. The risk that interest rate variations may adversely affect the fair value of an investment. An acceptable method for reporting interest rate risk is weighted average maturity (WAM). The State Treasurer's Office uses this method for reporting purposes for the Local Government Investment Pool. As of June 30, 2016 the LGIP WAM (R) was 44 days and WAM (F) was 77 days. The City does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

Credit Risk. As directed by State Statute 6-10-36, E. and F., excess funds may be invested in securities backed by the full faith and credit of the United States Government, such as treasury notes, bills and bonds; in securities of Agencies that are guaranteed by the United States Government; bonds or negotiable securities of the State of New Mexico or of any county, municipality or school district in the State of New Mexico which has a taxable valuation of real property for the last preceding year of at least one million dollars (\$1,000,000) and has not defaulted in the payment of any interest or sinking fund obligation or failed to meet any bonds at maturity at any time within five years last preceding. The LGIP is exempt from this reporting requirement.

Custodial Credit Risk (Deposits) - City. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statute requires that the bank deposits be 50% collateralized and repurchase agreements be 102% collateralized. The City's carrying amount of deposits as of June 30, 2016 was \$6,125,853 and the bank balance was \$6,556,449. Of the bank balance, \$250,000 was covered by federal depository insurance, \$5,669,342 was collateralized with securities held by the pledging financial institution's trust department or agent in the City's name, and no deposits were subject to custodial credit risk.

Custodial Credit Risk (Deposits) - Component. Custodial credit risk is the risk that in the event of a bank failure, the Housing Authority deposits may not be returned to it. State statute requires that the bank deposits be 50% collateralized and repurchase agreements be 102% collateralized. The Authority's carrying amount of deposits as of June 30, 2016 was \$1,349,755 and the bank balance was \$1,289,492. Of the bank balance, \$911,964 was insured, \$377,528 was collateralized with securities held by the pledging financial institution's trust department or agent in the Authority's name, and no deposits were subject to custodial credit risk.

**STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
NOTES TO FINANCIAL STATEMENTS
June 30, 2016**

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk (Investments). In the case of investments, this is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The LGIP is exempt from this reporting requirement.

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

Concentration of Credit Risk – Investments. For an investment, concentration of credit risk is when any one issuer is 5% or more of the investment portfolio of the City. The investments in New Mexico State LGIP and U.S. Treasury Money Market Mutual Funds represent 59% and 41%, respectively, of the investment portfolio. The City’s policy related to concentration credit risk is to comply with the state statute as put forth in the Public Money Act (Section 6-10-63, NMSA 1978).

Component Unit

Custodial Credit Risk. Custodial credit risk is the risk in the event of a bank failure the Authority’s deposits may not be returned to it. The Authority does not have a deposit policy for credit risk beyond that disclosed in Note 1. As of June 30, 2016, \$.00 of the Authority’s bank balance of \$1,289,492 was exposed to custodial credit risk.

| | <u>Bank Balance</u> | <u>Carrying Amount</u> |
|---|---------------------|----------------------------|
| Deposits by custodial risk | | |
| Category: | | |
| Insured | \$ 911,964 | 911,964 |
| Collateral held by the pledging bank's agent in Authority's name | 377,528 | 437,791 |
| Uninsured | <u>-</u> | <u>-</u> |
| | <u>\$ 1,289,492</u> | <u>1,349,755</u> |

**STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
NOTES TO FINANCIAL STATEMENTS
June 30, 2016**

NOTE 4. RECEIVABLES

Governmental receivables as of June 30, 2016 are as follows:

| | <u>General</u> | <u>Debt Service</u> | <u>Other Governmental Funds</u> | <u>Total</u> |
|-----------------------------|-------------------|-------------------------|---|----------------|
| Property taxes | \$ 46,437 | - | - | 46,437 |
| Other taxes: | | | | |
| Gross receipts taxes | 688,204 | - | - | 688,204 |
| Franchise and lodgers taxes | - | - | 22,004 | 22,004 |
| Intergovernmental-grants: | | | | |
| State | - | - | - | - |
| Miscellaneous receivables: | | | | |
| Licenses and fees | - | - | - | - |
| Reimbursements for services | - | - | - | - |
| Totals | <u>\$ 734,641</u> | <u>-</u> | <u>22,004</u> | <u>756,645</u> |

Receivables for governmental activities are considered to be 100% collectible.

Governmental funds report *unavailable revenue* in connection with receivables for revenues that are not considered to be available to liquidate in the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. Unavailable revenue related to property taxes receivable was \$38,874 for the City for the year ended June 30, 2016.

Proprietary fund receivables as of June 30, 2016 are as follows:

| | <u>Joint Utility</u> | <u>Airport</u> | <u>Solid Waste</u> | <u>Enterprise Funds</u> | <u>Total</u> |
|--|--------------------------|----------------|------------------------|-----------------------------|----------------|
| Charges for services | \$ 1,007,995 | 54,099 | 42,341 | - | 1,104,435 |
| Less: Allowance for uncollectible accounts | (227,987) | - | - | - | (227,987) |
| Other receivables: | | | | | - |
| Intergovernmental-grants: | | | | | - |
| Federal | - | - | - | - | - |
| Miscellaneous | - | - | - | - | - |
| Totals | <u>\$ 780,008</u> | <u>54,099</u> | <u>42,341</u> | <u>-</u> | <u>876,448</u> |

**STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
NOTES TO FINANCIAL STATEMENTS
June 30, 2016**

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016 was as follows:

| Governmental Activities | Balance June 30, 2015 | Additions | Deletions | Balance June 30, 2016 |
|----------------------------------|--------------------------|------------------|-----------|--------------------------|
| Non-Depreciable Assets | | | | |
| Land | \$ 4,721,569 | - | - | 4,721,569 |
| Construction in progress | - | 797,380 | - | 797,380 |
| Total non-depreciable assets | <u>4,721,569</u> | <u>797,380</u> | <u>-</u> | <u>5,518,949</u> |
| Depreciable Assets | | | | |
| Buildings and improvements | 7,975,616 | 460,348 | - | 8,435,964 |
| Equipment | 2,044,082 | 74,647 | - | 2,118,729 |
| Infrastructure | 2,023,747 | - | - | 2,023,747 |
| Vehicles | 2,450,568 | 237,678 | - | 2,688,246 |
| Total depreciable assets | <u>14,494,013</u> | <u>772,673</u> | <u>-</u> | <u>15,266,686</u> |
| Accumulated Depreciation | | | | |
| Building and improvements | 4,645,723 | 36,503 | - | 4,682,226 |
| Equipment | 1,696,201 | 140,712 | - | 1,836,913 |
| Infrastructure | 388,563 | 104,514 | - | 493,077 |
| Vehicles | 2,116,810 | 181,562 | - | 2,298,372 |
| Total Accumulated Depreciation | <u>8,847,297</u> | <u>463,292</u> | <u>-</u> | <u>9,310,589</u> |
| Governmental Capital Assets, net | <u>\$ 10,368,285</u> | <u>1,106,761</u> | <u>-</u> | <u>11,475,046</u> |

**STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
NOTES TO FINANCIAL STATEMENTS
June 30, 2016**

NOTE 5. CAPITAL ASSETS (CONTINUED)

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

| Governmental Activities: | |
|---------------------------------|-------------------|
| General Government | \$ 194,340 |
| Public safety | 160,679 |
| Public works | 31,341 |
| Public health and welfare | 35,746 |
| Culture and recreation | 41,185 |
| | <u>\$ 463,291</u> |

| Business-Type Activities | Balance June 30, 2015 | Additions | Deletions | Balance June 30, 2016 |
|---|--------------------------|------------------|-----------|--------------------------|
| Non-depreciable assets: | | | | |
| Land | \$ 1,755,406 | - | - | 1,755,406 |
| Construction in progress | 664,222 | - | - | 664,222 |
| Total non-depreciable assets | <u>2,419,628</u> | <u>-</u> | <u>-</u> | <u>2,419,628</u> |
| Depreciable assets: | | | | |
| Building improvements | 3,267,445 | - | - | 3,267,445 |
| Utility plant | 10,463,886 | - | - | 10,463,886 |
| Infrastructure | 2,880,566 | - | - | 2,880,566 |
| Equipment | 3,672,519 | - | - | 3,672,519 |
| Vehicles | 2,116,947 | 244,410 | - | 2,361,357 |
| Total depreciable assets | <u>22,401,363</u> | <u>244,410</u> | <u>-</u> | <u>22,645,773</u> |
| Accumulated depreciation: | | | | |
| Building and improvements | 1,197,776 | 116,936 | - | 1,314,712 |
| Utility plant | 4,760,533 | 608,236 | - | 5,368,769 |
| Infrastructure | 561,390 | 10,599 | - | 571,989 |
| Equipment | 3,307,522 | 161,163 | - | 3,468,685 |
| Vehicles | 1,644,711 | 63,290 | - | 1,708,001 |
| Total accumulated depreciation | <u>11,471,932</u> | <u>960,223</u> | <u>-</u> | <u>12,432,155</u> |
| Business-type activities capital assets, net | <u>\$ 13,349,059</u> | <u>(715,813)</u> | <u>-</u> | <u>12,633,246</u> |

**STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
NOTES TO FINANCIAL STATEMENTS
June 30, 2016**

NOTE 5. CAPITAL ASSETS (CONTINUED)

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

| Business-Type Activities: | |
|----------------------------------|-------------------|
| Joint Utility | \$ 538,124 |
| Airport | 156,752 |
| Solid Waste | 220,246 |
| Golf Course Fund | 37,651 |
| Cemetery Fund | 7,450 |
| | <u>\$ 960,223</u> |

| Component Unit | Balance 6/30/2015 | Additions | Deletions | Balance 6/30/2016 |
|------------------------------------|----------------------|----------------|---------------|----------------------|
| Non-depreciable assets: | | | | |
| Land | \$ 637,536 | - | - | 637,536 |
| Construction in progress | 6,320 | - | 6,320 | - |
| Total non-depreciable assets | <u>643,856</u> | - | 6,320 | <u>637,536</u> |
| Depreciable assets: | | | | |
| Furniture and fixtures | 805,119 | - | 15,929 | 789,190 |
| Buildings | 6,413,820 | 32,698 | - | 6,446,518 |
| Improvements | 679,401 | 171,234 | - | 850,635 |
| Total depreciable assets | <u>7,898,340</u> | <u>203,932</u> | <u>15,929</u> | <u>8,086,343</u> |
| Accumulated depreciation: | | | | |
| Furniture and fixtures | 675,849 | 14,384 | 16,949 | 673,284 |
| Buildings | 4,182,249 | 105,909 | - | 4,288,158 |
| Improvements | 542,132 | 12,753 | - | 554,885 |
| Total accumulated depreciation | <u>5,400,230</u> | <u>133,046</u> | <u>16,949</u> | <u>5,516,327</u> |
| Component unit capital assets, net | <u>\$ 3,141,966</u> | <u>70,886</u> | <u>5,300</u> | <u>3,207,552</u> |

**STATE OF NEW MEXICO
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June 30, 2016**

NOTE 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund transfers and advances consisted of the following as of June 30, 2016:

| TRANSFERS | | |
|-------------------------------|-----------------------------|-----------------------------|
| Governmental Funds | <u>Transfer In</u> | <u>Transfer Out</u> |
| General | \$ 4,787,500 | 1,636,858 |
| Corrections | 29,200 | - |
| Lodger's Tax | - | 154,900 |
| Veteran's Wall Perpetual Care | 12,500 | 12,500 |
| Municipal Pool | 100,000 | - |
| PD GRT | 125,952 | - |
| Veteran's Wall | 9,900 | - |
| Capital Improvements-General | 480,000 | - |
| USDA WWTP | 587,251 | - |
| Emergency | 2,500 | - |
| Pledge State | 115,489 | 587,251 |
| | | |
| Business-Type Funds | | |
| Joint Utilities | 2,163,708 | 6,418,531 |
| Solid Waste Transfer Station | 162,040 | - |
| Golf Course | 94,000 | - |
| Municipal Airport | 140,000 | - |
| | <u> </u> | <u> </u> |
| Net Transfers | \$ <u>8,810,040</u> | <u>8,810,040</u> |

Transfers are used to 1) move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due, 2) move restricted amounts from borrowings to the debt service fund to establish mandatory reserve accounts, 3) move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

General Obligation Bonds. The City has the capacity to issue general obligation bonds to provide funds for the acquisition and/or construction of major capital projects, but as of June 30, 2016 no general obligation bonds had been issued.

**STATE OF NEW MEXICO
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NOTES TO FINANCIAL STATEMENTS
June 30, 2016**

NOTE 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)

Revenue Bonds. The City has the capacity to issue bonds where the City pledges gross receipts tax revenue and revenues derived from the acquired or constructed assets to pay debt service, but as of June 30, 2016 the City had one revenue bond issued on February 2, 2012 for the construction of the solid waste collection center and other equipment required for optimal operation. The bond bears interest at 3.95% per annum and matures on June 1, 2026. The payment of principal, premium and interest thereon, whether at maturity or on a redemption date, are paid with the income derived from the operation of the joint utility system which includes revenues from the solid waste collection center.

NOTE 7. LONG-TERM DEBT

Governmental Activities

During the year ended June 30, 2016, the following changes occurred in the liabilities reported in the government-wide statement of net position:

| | <u>Balance</u> <u>6/30/2015</u> | <u>Additions</u> | <u>Retirements</u> | <u>Balance</u> <u>6/30/2016</u> | <u>Due Within</u> <u>One Year</u> |
|-----------------------------|------------------------------------|------------------|--------------------|------------------------------------|--------------------------------------|
| Police Department | | | | | |
| Building | \$ 153,729 | - | 13,131 | 140,598 | 13,304 |
| Recreational Loan | 2,063,802 | - | 165,000 | 1,898,802 | 114,842 |
| Streets Loan | 1,679,473 | - | 88,763 | 1,590,710 | 91,290 |
| WWTP-RCAC Loan | 505,117 | - | 505,117 | - | - |
| NMFA Fire Pumper | 208,104 | - | 21,673 | 186,431 | 21,814 |
| Total Notes Payable | <u>4,610,225</u> | <u>-</u> | <u>793,684</u> | <u>3,816,541</u> | <u>241,250</u> |
| Compensated Absences | 207,280 | 124,433 | 138,981 | 192,732 | 154,714 |
| Total Long-term debt | <u>\$ 4,817,505</u> | <u>124,431</u> | <u>932,762</u> | <u>4,009,271</u> | <u>395,964</u> |

On October 13, 2009, the City adopted into Ordinance No. 601 to enter into an agreement to borrow \$2,046,949 from the New Mexico Finance Authority. The loan was funded on November 20, 2009. The note matures on May 1, 2030 and accrues interest at 3.699% per annum. The proceeds of the loan will be used for construction, repairing and improving various streets, alleys, sidewalks and curbs within the City, including rehabilitation, repaving and drainage improvements. The payments of principal and interest are paid from the first increment of one-quarter of one percent (0.25%) of municipal gross receipts tax, dedicated to the general fund.

On January 23, 2009 the City borrowed \$2,958,802 from the New Mexico Finance Authority. The note matures on May 1, 2029, and accrues interest at 4.342% per annum. The proceeds of the loan were used for the refinancing of the 1996 Improvement Bonds and for improvements at existing municipal buildings and recreation facilities. The payment of principal and interest are paid from pledged state shared gross receipts tax revenue.

**STATE OF NEW MEXICO
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NOTES TO FINANCIAL STATEMENTS
June 30, 2016**

NOTE 7. LONG-TERM DEBT (CONTINUED)

On April 14, 2006, the City borrowed \$265,152 from the New Mexico Finance Authority. The note matures on May 1, 2026, and accrues interest at 1.2700% per annum. The proceeds of the loan were used for acquiring a building for use by the City's police department. The payments of principal and interest are paid from pledged gross receipts tax revenues.

On June 21, 2013, the City borrowed \$228,113 from the New Mexico Finance Authority. The note matures on May 1, 2024, and accrues interest at from 0.420% to 1.75% per annum. The proceeds of the loan were used for acquiring a Fire Pumper used by the City's volunteer fire department. The payments of principal and interest are paid from pledged gross receipts tax revenues.

On October 24, 2014, the City borrowed \$505,117 from the Rural Community Assistance Corporation (RCAC). The note matures on October 24, 2016, and accrues interest at from 4.75% to 5.00% per annum. The proceeds of the loan were used for expenses related to the Wastewater Plant Improvement Project.

The annual requirements to amortize the governmental activities debt as of June 30, 2016, including interest payments, are as follows:

| <u>Year Ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total Requirements</u> |
|-----------------------------|----------------------------|-------------------------|---------------------------|
| 2017 | \$ 241,250 | 146,377 | 387,627 |
| 2018 | 247,864 | 139,763 | 387,627 |
| 2019 | 255,181 | 132,445 | 387,626 |
| 2020 | 263,204 | 124,422 | 387,627 |
| 2021 | 272,175 | 115,452 | 387,627 |
| 2022-2026 | 1,475,763 | 418,120 | 1,893,883 |
| 2027-2031 | <u>1,061,105</u> | <u>104,319</u> | <u>1,165,424</u> |
| Total | \$ <u>3,816,541</u> | <u>1,180,898</u> | <u>4,997,439</u> |

The debt service and fire protection fund have typically been used to liquidate long-term liabilities.

Compensated Absences- Employees of the City are able to accrue a limited amount of vacation and other compensatory time during the year. One third of vacation hours accrued are payable to employees of at least 5 years, and a maximum of 240 vacation hours are payable to all employees.

STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 7. LONG-TERM DEBT (CONTINUED)

Business-Type Activities

| | Balance 6/30/2015 | Additions | Retirements | Balance 6/30/2016 | Due Within One Year |
|---|----------------------|-----------|-------------|----------------------|------------------------|
| Revenue Bonds | | | | | |
| Series 2012 Solid Waste Revenue | \$ 1,025,000 | - | 75,000 | 950,000 | 80,000 |
| Total Revenue Bonds | 1,025,000 | - | 75,000 | 950,000 | 80,000 |
| Loans Payable | | | | | |
| Water Tank Loan | 660,938 | - | 103,330 | 557,608 | 106,405 |
| Elec Upgrade Loan | 879,711 | - | 83,583 | 796,128 | 87,179 |
| NMFA | 205,817 | - | 12,624 | 193,193 | 12,656 |
| NMFA | 140,880 | - | 8,287 | 132,593 | 8,287 |
| NMFA | 1,243,588 | - | 57,628 | 1,185,960 | 58,181 |
| PER/Asset Mgmt Plan | 59,425 | - | 3,232 | 56,193 | 3,240 |
| Waste Water Project Design/Construction Phase 2 | 73,077 | - | 3,847 | 69,230 | 3,848 |
| | - | 75,000 | - | 73,464 | 3,867 |
| NMED | 96,606 | - | 31,255 | 65,351 | 32,192 |
| NMED | 211,263 | - | 27,571 | 183,692 | 28,398 |
| Total Loans Payable | 3,571,305 | 75,000 | 331,357 | 3,314,948 | 344,253 |
| Compensated Absences | 92,061 | 54,797 | 53,118 | 93,740 | 68,374 |
| Total Long-term debt | \$ 4,688,366 | 129,797 | 459,475 | 4,358,688 | 492,627 |

Revenue Bonds

On February 3, 2012, the City issued solid waste revenue bond in the amount of \$1,260,000 for the construction of the solid waste collection center and purchase of any equipment necessary for optimal operation. The bond bears interest at 3.95% per annum and matures on June 1, 2026. The payment of principal, premium and interest thereon, whether at maturity or on a redemption date, are paid with income derived from the operation of the joint utility system which includes revenues from the solid waste collection center.

The annual requirements to amortize the revenue bonds as of June 30, 2016, including interest payments, are as follows:

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June 30, 2016**

NOTE 7. LONG-TERM DEBT (CONTINUED)

| Year Ending June 30, | Principal | Interest | Total Requirements |
|-----------------------------|-------------------|-----------------|---------------------------|
| 2017 | \$ 80,000 | 37,525 | 117,525 |
| 2018 | 80,000 | 34,365 | 114,365 |
| 2019 | 85,000 | 31,205 | 116,205 |
| 2020 | 90,000 | 27,848 | 117,848 |
| 2021 | 95,000 | 24,293 | 119,293 |
| 2022-2026 | 520,000 | 63,200 | 583,200 |
| Total | \$ 950,000 | 218,435 | 1,168,435 |

Loans Payable

On October 31, 2001, the City borrowed \$1,841,089 from the New Mexico Finance Authority. The note matures on May 1, 2021, and accrues interest at a rate of 2.2681% per annum. The proceeds of the loan were used for acquiring and constructing two new storage tanks for the purpose of improving the City's joint water and wastewater utility system. The payments of principal and interest are paid from net revenues from the City's utility system.

On September 20, 2004, the City borrowed \$1,625,693 from the New Mexico Finance Authority. The note matures on May 1, 2024, and accrues interest at a rate of 3.787% per annum. The proceeds of the loan were used to upgrade a low voltage feeder line for the City's municipality owned electric utility system. The payments of principal and interest are paid from pledged net revenues from the City's electric utility system.

On April 19, 1995, the City borrowed \$407,713 from the New Mexico Environment Department. The note matures on November 21, 2017, and accrues interest at 3.00% per annum. Loan amendment was entered into on July 26, 1996. The proceeds of the loan were used for improvements to the City's utility system. The payments of principal and interest are paid from the net revenues from the City's utility system.

On December 30, 2011, the City borrowed \$256,000 from the New Mexico Finance Authority. The note matures on June 1, 2032, with 0% interest rate with an administrative fee component of ¼ of 1%. The proceeds of the loan were ground storage tanks. The payments of principal and interest are paid from net revenues from the City's utility system.

On August 17, 2012, the City borrowed \$1,424,865 from the New Mexico Finance Authority. The note matures on May 1, 2033, with 3.00% interest rate with an administrative fee component of ¼ of 1%. The proceeds of the loan were used to refinance Revenue Bonds 95, 96, and 98. The payments of principal and interest are paid from net revenues from the City's utility system.

**STATE OF NEW MEXICO
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NOTES TO FINANCIAL STATEMENTS
June 30, 2016**

NOTE 7. LONG-TERM DEBT (CONTINUED)

On October 1, 2012, the City borrowed \$165,741 from the New Mexico Finance Authority. The note matures on May 1, 2032, with 0% interest rate with an administrative fee component of ¼ of 1%. The proceeds of the loan were used for water storage tanks. The payments of principal and interest are paid from net revenues from the City’s utility system.

On March 21, 2014, the City borrowed \$64,000 from the New Mexico Finance Authority. The note matures on June 1, 2033, with 0.25% interest rate. The proceeds of the loan were used for a project for storage, conveyance, or delivery of water to end users. The payments of principal and interest are paid net revenues from the City’s utility system.

One June 26, 2015, the City borrowed \$75,000 from the New Mexico Finance Authority. The note matures on June 1, 2035, with 0% interest rate. The proceeds of the loan were used for a project for wastewater system improvements. The payments of principal and interest are paid from net revenues from the City’s utility system.

The annual requirement to amortize the loan payables as of June 30, 2016, including interest payments, are as follows:

| Year Ending June 30, | Principal | Interest | Total Requirements |
|-----------------------------|---------------------|-----------------|---------------------------|
| 2017 | \$ 344,253 | 86,725 | 430,978 |
| 2018 | 352,716 | 78,276 | 430,991 |
| 2019 | 327,543 | 69,311 | 396,853 |
| 2020 | 336,050 | 60,821 | 396,870 |
| 2021 | 439,825 | 51,810 | 491,635 |
| 2022-2026 | 837,337 | 152,289 | 989,627 |
| 2027-2031 | 548,058 | 70,456 | 618,514 |
| 2032-2035 | 129,168 | 8,570 | 137,738 |
| Total | \$ 3,314,948 | 578,258 | 3,893,206 |

In prior years, the Joint Utility fund has typically been used to liquidate long-term liabilities.

Compensated Absences- Employees of the City are able to accrue a limited amount of vacation and other compensatory time during the year. One third of vacation hours accrued are payable to employees of at least 5 years, and a maximum of 240 vacation hours are payable to all employees.

**STATE OF NEW MEXICO
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NOTES TO FINANCIAL STATEMENTS
June 30, 2016**

NOTE 7. LONG-TERM DEBT (CONTINUED)

Component Unit

Changes in long-term debt were as follows during the year ended June 30, 2016:

| | <u>Balance July 1, 2015</u> | <u>Additions</u> | <u>Retirements</u> | <u>Balance June 30, 2016</u> | <u>Due Within One Year</u> |
|---------------------------|---------------------------------|------------------|--------------------|--------------------------------------|--------------------------------|
| Business-Type Activities: | | | | | |
| Notes Payable: | | | | | |
| Hacienda Orgullo Apts. | \$ 475,865 | - | 29,387 | 446,478 | 29,692 |
| Puesta del Sol Apts. | <u>446,016</u> | <u>-</u> | <u>6,851</u> | <u>439,165</u> | <u>7,710</u> |
| | <u>\$ 921,881</u> | <u>-</u> | <u>36,238</u> | <u>885,643</u> | <u>37,402</u> |
| Compensated absences | <u>\$ 32,362</u> | <u>70,248</u> | <u>67,087</u> | <u>35,523</u> | <u>-</u> |

The Hacienda Orgullo notes are payable to the U.S. Department of Agriculture, through the Rural Housing Service. The stated interest rates are paid 1% by the Authority, and the remainder by Rural Housing Service, in the form of a debt service subsidy.

The Puesta del Sol note is payable to the U.S. Department of Agriculture, through the Rural Housing Service. The Authority receives a fixed debt service subsidy from the Rural Housing Service of \$3,681 per month.

Hacienda Orgullo Notes:

Loan No. 1, secured by apartment complex, the Authority's liability payable at \$2,160 per month, including interest at 1%, stated interest 9%, maturing June 25, 2030

\$ 340,417

Loan No. 2, secured by Hacienda Senior Center, the Authority's liability payable at \$675 per month, including interest at 1%, stated interest 10.75%, maturing June 25, 2030

106,061

\$ 446,478

Puesta del Sol note, secured by apartment complex, the Authority's Liability payable at \$1,273 per month, total payment \$4,954 per Month, including interest at 11.875%, maturing March 5, 2034

439,165

\$ 885,643

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NOTES TO FINANCIAL STATEMENTS
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NOTE 7. LONG-TERM DEBT (CONTINUED)

Component Unit

The annual debt service requirements to maturity are as follows:

| | <u>Principal</u> | <u>Interest</u> |
|-----------------------------|-------------------|-----------------|
| Due in year ending June 30: | | |
| 2017 | \$ 37,402 | 56,068 |
| 2018 | 38,667 | 54,803 |
| 2019 | 40,056 | 53,414 |
| 2020 | 41,585 | 51,885 |
| 2021 | 43,271 | 50,199 |
| 2022-2026 | 248,625 | 218,725 |
| 2027-2031 | 297,172 | 138,694 |
| 2032-2036 | <u>138,865</u> | <u>24,579</u> |
| | <u>\$ 885,643</u> | <u>648,367</u> |

NOTE 8. RESTRICTED FUND BALANCES

Fund balances were restricted for the following purposes:

Subsequent Years Expenditures. The New Mexico Department of Finance and Administration (DFA) requires that 1/12th of the general fund budgeted expenditures be restricted as subsequent year expenditures to maintain an adequate cash flow until the next significant property tax collection.

NOTE 9. COMMITMENTS AND CONTINGENCIES

Risk Management. The City is also exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omission; and natural disasters. In addition, the City is party to numerous pending or threatened lawsuits, under which it may be required to pay certain amounts upon final disposition of these matters. The City has historically retained these risks, except where it has determined that commercial insurance is more cost beneficial or legally required. The City has covered all claim settlements and judgments out of its General Fund resources, except where specifically identifiable to an enterprise fund. The City currently reports substantially all of its risk management activities, except worker's compensation, in its General Fund. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Current liabilities are reported when the liability has matured. These losses include an estimate of claims that have been incurred but not reported.

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

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NOTE 10. JOINTLY GOVERNED ORGANIZATIONS

The City is a participant in a *joint powers agreement with the Village of Williamsburg* for police protection services wherein the City is to provide management, operations, patrols, police powers under the direction and guidance of the City Chief of Police and the Trustees of the Village in accordance with applicable provisions of the New Mexico State Laws and Regulations. The Village will pay the City \$40,000 yearly. The agreement was entered into on February 10, 2015. The term of this contract is three years, each fiscal year the party's shall review the agreement.

The City is a participant in a *joint powers agreement with the City of Elephant Butte* for animal control services. The City of Truth or Consequences shall provide, through the Animal Control Officer, control of dangerous animals and enforcement of the City of Elephant Butte's Ordinance No. 134. The City of Elephant Butte shall pay \$50 per response and/or patrol plus an additional \$25 per hour after the first hour. The contract may be renewed annually for up to 2 additional years.

The City is a participant in a *memorandum of understanding with Sierra County* for MALCO site cleanup. The parties shall endeavor to work together to prepare and submit a grant application to secure funding to clean the MALCO site and nearby county sites, and to expend funds received in conjunction with the grant application purpose. This agreement was entered into on March 16, 2015. The agreement is cancellable by either party within 30 days advance written notice.

The City is a participant in a *joint powers agreement with Sierra County* to share resources in order to protect the citizens of the County and to humanely treat the stray animals in the County through the joint exercise of the City's Animal Control Officers. The County shall pay the City, \$30 for each response by the City's Animal Control Officers as requested by the County. The County shall be responsible for any charges arising from the "animal shelter" related to care, feeding and disposal. The contract shall remain in effect for 3 years until it is terminated pursuant to the terms of the JPA.

The City is a participant in a *joint powers agreement with Sierra County* for fiscal agent for animal shelter services with Sierra Veterinary Services. The City has entered into a contract with the Sierra Veterinary Services for the housing, feeding, adoption, and final disposition of all impounded animals. The County shall be \$3,000 per month for all regular services. The contract may be renewed annually for up to 4 years, upon the parties' mutual consent.

The City is a participant in a *memorandum of understanding with the City of Truth or Consequences Housing Authority* wherein the City shall provide the following equipment and services to the Housing Authority; 1 recycling collection trailer with recycling bins and processing of recyclable materials. The Housing Authority shall pay a fee of \$50 per trailer to the City in the event delivered materials contain greater than 25% contaminant by volume. This agreement shall remain in effect until terminated by either party pursuant to the agreement terms.

The City is a participant in a *joint powers agreement with the Sierra County, the Village of Williamsburg, and the City of Elephant Butte* wherein all parties agree to provide intergovernmental cooperation between each participant for the centralized dispatching of area law enforcement and emergency services, and to allow entry by other subdivisions or municipal corporations. The parties to the agreement are responsible each for a base amount of \$200,000

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NOTES TO FINANCIAL STATEMENTS
June 30, 2016**

NOTE 10. JOINTLY GOVERNED ORGANIZATIONS (CONTINUED)

annually, but shall be negotiated. The agreement was entered into on June 22, 2010 and will remain in full force until by mutual agreement of the parties or by written notice by one party to the other giving 30 day notice of cancellation. Each party is responsible for the audit of its own related expenditures.

The City is a participant in a *joint powers agreement with the New Mexico Spaceport Authority* wherein both parties agree to provide services for the reconstruction, administration, and use for the Spaceport related activities. The City is responsible for \$175,000 contribution for environmental remediation. The agreement was entered into on October 29, 2009 and will remain in full force for one year unless mutually agreed by both parties to extend to a possible five to thirty years. The agreement can be terminated upon 30 days of written notice. Each party is responsible for the audit of its own related expenditures.

The City is a participant in a *joint powers agreement with the Village of Williamsburg* for road maintenance wherein the City is to provide road maintenance services which includes, but is not limited to street sweeping, pot hole patching, replacement of street signs and grant writing assistance. The Village will pay the City pursuant to a rate schedule and reimburse the City for fees charged in the performance of this MOU. This contract is renewable on an annual basis. The agreement can be terminated upon 30 days of written notice.

The City is a participant in a *joint powers agreement with the Sierra County, the Village of Williamsburg, and the City of Elephant Butte* wherein all parties agree to provide and maintain an adequate health care facility, including acute care hospital within the County. The City is responsible for 3/16% gross receipts tax, pledged for operations. The pledge shall not exceed 20 years. The agreement was adopted on May 14, 1998 and revised on July 15, 2009 and will remain in full force until by mutual agreement of the parties or by written notice by one party to the other giving 30 day notice of cancellation. Each party is responsible for the audit of its own related expenditures.

The City is a participant in a *joint powers agreement with the Main Street Truth or Consequences Organization and the New Mexico Main Street Program* for the revitalization and economic development of its traditional downtown and historic commercial core as a designated Main Street District. The agreement will allow the City to partner its resources with the New Mexico Economic Development Department's (NMED) Main Street Program to support business and property owners for commercial district revitalization. The agreement is valid until July 31, 2015.

NOTE 11. PENSION PLAN- PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

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,

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**NOTE 11. PENSION PLAN- PUBLIC EMPLOYEES RETIREMENT ASSOCIATION
(CONTINUED)**

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, 2015 available at <http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/CAFR-2015.pdf>.

Contributions: The contribution requirements of defined benefit plan members and the City are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY15 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 FY15 annual audit report at: http://www.saonm.org/media/audits/366_Public_Employees_Retirement_Association_FY2015.pdf.

PERA coverage options that apply to City are the Municipal General Plan, and Municipal Police Plan. Statutorily required contributions to the pension plan from the City were \$337,851.

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 City's proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity's percentage of that membership group's total employer contributions for the fiscal year ended June 30, 2015.

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**NOTE 11. PENSION PLAN- PUBLIC EMPLOYEES RETIREMENT ASSOCIATION
(CONTINUED)**

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.

For PERA Fund Division Municipal Plan 2, at June 30, 2016, the City reported a liability of \$2,964,958 for its proportionate share of the net pension liability. At June 30, 2015, the City's proportion was 0.2908% percent, a 0.0421% decrease from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the City recognized PERA Fund Division Municipal Plan 2 pension expense of \$35,820. At June 30, 2016, the City reported PERA Fund Division Municipal Plan 2 deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Differences between expected and actual experience | \$ - | 9,379 |
| Changes in assumptions | - | 1,155 |
| Net difference between projected and actual earnings on pension plan investments | - | 65,675 |
| Changes in proportion and differences between City's contributions and proportionate share of contributions | - | 250,783 |
| City's contributions subsequent to the measurement date | <u>247,113</u> | <u>-</u> |
| Total | \$ <u><u>247,113</u></u> | <u><u>326,992</u></u> |

**STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
NOTES TO FINANCIAL STATEMENTS
June 30, 2016**

**NOTE 11. PENSION PLAN- PUBLIC EMPLOYEES RETIREMENT ASSOCIATION
(CONTINUED)**

\$247,113 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date June 30, 2015 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

| | | |
|------|----|----------|
| 2017 | \$ | (78,530) |
| 2018 | | (78,530) |
| 2019 | | (78,530) |
| 2020 | | (91,402) |
| 2021 | | - |

For PERA Fund Division Municipal Police Plan 5, at June 30, 2016, the City reported a liability of \$1,396,406 for its proportionate share of the net pension liability. At June 30, 2015, the City's proportion was 0.2904% percent, a 0.2958% decrease 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 PERA Fund Division Municipal Police Plan 5 pension expense of \$88,311. At June 30, 2016, the City reported PERA Fund Division Municipal Police Plan 5 deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

| | | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|----|---|--|
| Differences between expected and actual experience | \$ | - | - |
| Changes in assumptions | | - | 57,772 |
| Net difference between projected and actual earnings on pension plan investments | | 97,575 | 3,873 |
| Changes in proportion and differences between City's contributions and proportionate share of contributions | | - | 13,442 |
| City's contributions subsequent to the measurement date | | <u>96,273</u> | <u>-</u> |
| Total | \$ | <u><u>193,848</u></u> | <u><u>75,087</u></u> |

**STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
NOTES TO FINANCIAL STATEMENTS
June 30, 2016**

**NOTE 11. PENSION PLAN- PUBLIC EMPLOYEES RETIREMENT ASSOCIATION
(CONTINUED)**

\$96,273 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date June 30, 2015 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ended June 30: | |
|---------------------|-------------|
| 2017 | \$ (11,890) |
| 2018 | (11,890) |
| 2019 | (11,890) |
| 2020 | (39,417) |
| 2021 | - |

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, 2014 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, 2015 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, 2015. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2015 actuarial valuation.

| | |
|----------------------------|---|
| Actuarial valuation date | June 30, 2014 |
| Actuarial cost method | Entry age normal |
| Amortization method | Level of percentage of pay, open |
| 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 |
| Includes inflation at | 3.00% annual rate |
| Mortality assumption | RP-2000 Mortality Tables (Combined table for health 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.

STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

**NOTE 11. PENSION PLAN- PUBLIC EMPLOYEES RETIREMENT ASSOCIATION
(CONTINUED)**

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:

| 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 | 4.0% | 4.15% |
| Total | <u>100.0%</u> | |

Discount rate: The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan’s fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASBS 67. Therefore, the 7.75% assumed long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

PERA Fund Division Municipal Plan 2

| | <u>1% Decrease (6.75%)</u> | <u>Current Discount Rate (7.75%)</u> | <u>1% Increase (8.75%)</u> |
|---|--------------------------------|--|--------------------------------|
| City’s proportionate share of the net pension liability | \$ 5,048,147 | 2,964,958 | 1,232,928 |

PERA Fund Division Municipal Police Plan 5

| | <u>1% Decrease (6.75%)</u> | <u>Current Discount Rate (7.75%)</u> | <u>1% Increase (8.75%)</u> |
|---|--------------------------------|--|--------------------------------|
| City’s proportionate share of the net pension liability | \$ 2,306,080 | 1,396,406 | 650,165 |

Payables to the pension plan: The City accrued \$1,035 in PERA benefits at June 30, 2016 for the pay period beginning June 25, 2016, and ending July 15, 2016.

**STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
NOTES TO FINANCIAL STATEMENTS
June 30, 2016**

**NOTE 11. PENSION PLAN- PUBLIC EMPLOYEES RETIREMENT ASSOCIATION
(CONTINUED)**

Component Unit

For **PERA Fund Division** – Municipal General, at June 30, 2016, the Authority reported a liability of \$797,317 for its proportionate share of the net pension liability. At June 30, 2015, the Authority’s proportion was .0782 percent, which is a .02% reduction from its proportion measured as of June 30, 2014, of .0982%

For the year ended June 30, 2016, the Authority recognized PERA Fund Division Municipal General Pension expense of \$(16,204). At June 30, 2016, the Authority reported PERA Fund Division Municipal General deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ - | 17,661 |
| Changes of assumptions | - | 311 |
| Net difference between projected and actual earnings on pension plan investments | - | 2,522 |
| Changes in proportion and differences between the Authority contributions and proportionate share of contributions | - | 119,137 |
| The Authority’s contributions subsequent to the measurement date | 68,824 | - |
| Total | \$ <u>68,824</u> | <u>139,631</u> |

\$68,824 reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date June 30, 2015 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended June 30: | |
|---------------------|----------------|
| 2017 | \$ (50,902) |
| 2018 | (50,902) |
| 2019 | (50,902) |
| 2020 | 13,075 |
| | <u>139,631</u> |

**STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
NOTES TO FINANCIAL STATEMENTS
June 30, 2016**

**NOTE 11. PENSION PLAN- PUBLIC EMPLOYEES RETIREMENT ASSOCIATION
(CONTINUED)**

Component Unit

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, 2014 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, 2015 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, 2015. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2015 actuarial valuation.

| | |
|----------------------------|--|
| Actuarial valuation date | June 30, 2014 |
| Actuarial cost method | Entry age normal |
| Amortization method | Level percentage of pay |
| Amortization period | Solved for based on statutory rates |
| Asset valuation method | Fair value |
| Actuarial assumptions: | |
| Investment rate of return | 7.75% annual rate, net of investment expense |
| Payroll growth | 3.50% annual rate |
| Projected salary increases | 3.50% to 14.25% annual rate |
| Includes inflation at | 3.00% annual rate |

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

| 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 | 4.0% | 4.15% |
| Total | <u>100.0%</u> | |

**STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
NOTES TO FINANCIAL STATEMENTS
June 30, 2016**

**NOTE 11. PENSION PLAN- PUBLIC EMPLOYEES RETIREMENT ASSOCIATION
(CONTINUED)**

Component Unit

Discount Rate – The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan’s fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASBS 67. Therefore, the 7.75% assumed long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Authority’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following tables show the sensitivity of the net pension liability to changes in the discount rate. In particular, the tables present the Authority’s net pension liability in each PERA Fund Division that the Authority participates in, under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

| PERA Fund Division Municipal General | 1% Decrease (6.75%) | Current Discount Rate (7.75%) | 1% Increase (8.75%) |
|--|--------------------------------|--|--------------------------------|
| The Authority’s proportionate share of the net pension liability | \$ 1,357,514 | 797,317 | 331,551 |

Pension Plan Fiduciary Net Position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued FY15 restated PERA financial report. The report is available at <http://www.pera.state.nm.us/publications.html>

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

Plan Description. The City contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (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.

**STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
NOTES TO FINANCIAL STATEMENTS
June 30, 2016**

**NOTE 12. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN
(CONTINUED)**

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

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

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

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2016, the statutes required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2015, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the

**STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
NOTES TO FINANCIAL STATEMENTS
June 30, 2016**

**NOTE 12. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN
(CONTINUED)**

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 \$65,479, \$95,101 and \$103,254, respectively, which equal the required contributions for each year.

NOTE 13. RECENT ACCOUNTING PRONOUNCEMENTS

In February 2015, the GASB issued statement No. 72, *Fair Value Measurement and Application*. This Statement provides guidance for determining the fair value and applying the fair value to certain investments and note disclosures. GASB Statement No. 72 was effective for periods ending after June 15, 2016. The adoption of GASB Statement No. 72 did not have any effect on the City's Financial Statements.

In June 2015, the GASB issued 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 No. 67 and 68*. This Statement establishes requirements for defined benefit pension plans and other pension plans not addressed under GASB Statement No. 68. This Statement also amends some requirements of GASB Statement No. 67 and GASB Statement No. 68. GASB Statement No. 73 clarifies requirements of GASB Statements No. 67 and 68 regarding the information that must be presented as notes to the required supplemental 10 year schedules, accounting and financial reporting for certain liabilities for individual employers and non-employer contributing entities, and the revenue recognition for non-employer contributing entities that are not in a special funding situation. This statement requires that all pensions under GASB Statement No. 68 that are not administered through trusts and meet the requirements of GASB Statement No. 68 not be classified as pension plan assets. The implementation of GASB No. 73 did not have an impact on the City's Financial Statements.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. Statement No. 76, which supersedes Statement No. 55, aims to identify, in the context of the current governmental financial reporting environment, the hierarchy of U.S. GAAP, which consists of the sources of accounting principles used to prepare the financial statements of state and local governments entities in conformity with U.S. GAAP, as well as the framework for selecting those principles. The City adopted GASB Statement No. 76 during fiscal year 2016, with no significant impact to the City's financial statements.

In December 2015, the GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement establishes criteria that must be met for an external investment pool to be permitted to measure its investments at the amortized cost for financial reporting purposes. This Statement also requires that the pool participants of external investment pools that meet the criteria also report their investments at the amortized cost for financial reporting purposes. External Investment Pools that not meet the requirement are required to follow paragraph 16 of GASB Statement No. 31. GASB Statement No. 79 requires additional note disclosures to be made

**STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
NOTES TO FINANCIAL STATEMENTS
June 30, 2016**

NOTE 13. RECENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)

in qualifying external investment pools financial statements. The additional note disclosures are also required to be made in the pool participants financial statements. The adoption of GASB Statement No. 79 did not have a significant impact on the City's financial statements.

NOTE 14. NEW ACCOUNTING PRONOUNCEMENTS

The following GASB pronouncements have been issued, but are not yet effective at June 30, 2016.

GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other than Pension Plans

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions

GASB Statement No. 77, Tax Abatement Disclosures

GASB Statement No. 78, Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans

GASB Statement No. 80, Blending Requirements for Certain Units – an amendment to GASB Statement No. 14

GASB Statement No. 81, Irrevocable Split-Interest Agreements

GASB Statement No. 82, Pension Issues (an Amendment of GASB Statements No. 67, No. 68, and No. 73)

The City will implement the new GASB pronouncements in the fiscal year no later than the required effective date. The City believes that the above listed new GASB pronouncements will not have a significant financial impact to the City or in issuing its financial statements.

NOTE 15 – SUBSEQUENT EVENTS

The City did not enter into any new lease agreements, debt agreements, significant purchases or large or unusual transactions in the period subsequent to fiscal year end.

REQUIRED SUPPLEMENTARY INFORMATION

**STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
June 30, 2016**

**Public Employees Retirement Association of New Mexico
Schedule of Ten Year Tracking Data*
(Combined Municipal General and Police Divisions)
(Dollars in Thousands)**

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| City's Proportion of the Net Pension Liability (Asset) | 0.12% | 0.13% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| City's Proportionate Share of Net Pension Liability (Asset) | \$ 3,561 | 4,361 | - | - | - | - | - | - | - | - |
| City's Covered-Employee Payroll | \$ 2,708 | 3,084 | - | - | - | - | - | - | - | - |
| City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered-Employee Payroll | 131.50% | 141.39% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 81.29% | 76.99% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |

*The amounts presented for each fiscal year were determined as of June 30, 2015

STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
SCHEDULE OF CITY CONTRIBUTIONS
JUNE 30, 2016

Public Employees Retirement Association of New Mexico
Schedule of Ten Year Tracking Data
General and Police Divisions Combined Summary
(Dollars in Thousands)

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|--|--------|------|------|------|------|------|------|------|------|------|
| Contractually Required Contribution | \$ 350 | 343 | - | - | - | - | - | - | - | - |
| Contributions in Relation to the Contractually Required Contribution | 350 | 343 | - | - | - | - | - | - | - | - |
| Contribution Deficiency (Excess)* | \$ - | - | - | - | - | - | - | - | - | - |

Increase (Decrease) in Pension Expense over Recognition Periods

| Year | Total Amount Deferred | Amortization Years | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|------|-----------------------|--------------------|------|---------------|------------|------------|------------|------------|----------|----------|----------|----------|
| 2014 | \$ 1,462 | 5 | | \$ 363 | 363 | 363 | 363 | 10 | | | | |
| 2015 | 403 | 5 | | | 91 | 91 | 91 | 130 | | | | |
| 2016 | - | 5 | | | | - | - | - | | | | |
| 2017 | - | 5 | | | | | - | - | | | | |
| 2018 | - | 5 | | | | | | - | | | | |
| 2019 | - | 5 | | | | | | | | | | |
| 2020 | - | 5 | | | | | | | | | | |
| 2021 | - | 5 | | | | | | | | | | |
| 2022 | - | 5 | | | | | | | | | | |
| 2023 | - | 5 | | | | | | | | | | |
| | <u>\$ 1,865</u> | | | <u>\$ 363</u> | <u>454</u> | <u>454</u> | <u>454</u> | <u>140</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

*Excess contributions represent the employee portion covered by the employer

STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
SCHEDULE OF CITY CONTRIBUTIONS
JUNE 30, 2016

Public Employees Retirement Association of New Mexico
Schedule of Ten Year Tracking Data
General Division
(Dollars in Thousands)

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|--|--------|------|------|------|------|------|------|------|------|------|
| Contractually Required Contribution | \$ 237 | 247 | - | - | - | - | - | - | - | - |
| Contributions in Relation to the Contractually Required Contribution | 237 | 247 | - | - | - | - | - | - | - | - |
| Contribution Deficiency (Excess)* | \$ - | - | - | - | - | - | - | - | - | - |

Increase (Decrease) in Pension Expense over Recognition Periods

| Year | Total Amount Deferred | Amortization Years | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|------|-----------------------|--------------------|------|--------|------|------|------|------|------|------|------|------|
| 2014 | \$ 1,026 | 5 | | \$ 254 | 254 | 254 | 254 | 10 | | | | |
| 2015 | 328 | 5 | | | 79 | 79 | 79 | 91 | - | | | |
| 2016 | - | 5 | | | | - | - | - | - | - | | |
| 2017 | - | 5 | | | | - | - | - | - | - | - | |
| 2018 | - | 5 | | | | - | - | - | - | - | - | - |
| 2019 | - | 5 | | | | - | - | - | - | - | - | - |
| 2020 | - | 5 | | | | - | - | - | - | - | - | - |
| 2021 | - | 5 | | | | - | - | - | - | - | - | - |
| 2022 | - | 5 | | | | - | - | - | - | - | - | - |
| 2023 | - | 5 | | | | - | - | - | - | - | - | - |
| | \$ 1,354 | | | \$ 254 | 333 | 333 | 333 | 101 | - | - | - | - |

*Excess contributions represent the employee portion covered by the employer

STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
SCHEDULE OF CITY CONTRIBUTIONS
JUNE 30, 2016

Public Employees Retirement Association of New Mexico
Schedule of Ten Year Tracking Data
Police Division
(Dollars in Thousands)

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|--|--------|------|------|------|------|------|------|------|------|------|
| Contractually Required Contribution | \$ 114 | 96 | - | - | - | - | - | - | - | - |
| Contributions in Relation to the Contractually Required Contribution | 114 | 96 | - | - | - | - | - | - | - | - |
| Contribution Deficiency (Excess)* | \$ - | - | - | - | - | - | - | - | - | - |

Increase (Decrease) in Pension Expense over Recognition Periods

| Year | Total Amount Deferred | Amortization Years | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|------|-----------------------|--------------------|------|---------------|------------|------------|------------|-----------|----------|----------|----------|----------|
| 2014 | \$ 436 | 5 | | \$ 109 | 109 | 109 | 109 | - | | | | |
| 2015 | 75 | 5 | | | 12 | 12 | 12 | 39 | - | | | |
| 2016 | - | 5 | | | | - | - | - | - | - | | |
| 2017 | - | 5 | | | | - | - | - | - | - | - | |
| 2018 | - | 5 | | | | - | - | - | - | - | - | - |
| 2019 | - | 5 | | | | - | - | - | - | - | - | - |
| 2020 | - | 5 | | | | - | - | - | - | - | - | - |
| 2021 | - | 5 | | | | - | - | - | - | - | - | - |
| 2022 | - | 5 | | | | - | - | - | - | - | - | - |
| 2023 | - | 5 | | | | - | - | - | - | - | - | - |
| | <u>\$ 511</u> | | | <u>\$ 109</u> | <u>121</u> | <u>121</u> | <u>121</u> | <u>39</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

*Excess contributions represent the employee portion covered by the employer

**STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
NOTES TO PENSION REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2016**

Changes of Benefit Terms. The PERA and COLA and retirement eligibility benefits changes in recent years are described in Note 1 (pages 48-50). This report is available at:

<http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/CAFR-2015.pdf>

Assumptions. The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2015 report is available at:

<http://www.nmpera.org/assets/uploads/downloads/retirement-fund-valuation-reports/6-30-2015-PERA-Valuation-Report-FINAL.pdf>

The assumptions can be found starting on page 133 of the report.

Other. The pension schedules in the required supplementary information are intended to show information for ten years. Additional information will be presented as it becomes available.

SUPPLEMENTARY INFORMATION

**STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
NON-MAJOR FUNDS
June 30, 2016**

Special Revenue Funds

Fire Protection - 209

To account for the operations and maintenance of the fire department. The operations are financed by an allotment from the annual fire grant from the State of New Mexico. Authority: NMSA 59-A-53-1.

Recreation Fund - 217

To account for the operation and maintenance of recreational facilities in the City. Financing is provided by a specific annual cigarette tax levy. The fund is authorized by Section 7-12-1 and 7-12-15, NMSA 1978.

Correction Fees - 201

To establish an additional source of funds to municipalities to offset the costs of corrections. The source of funds is a five dollar fee, which must be paid by all persons violating laws relating to the operations of a motor vehicle. Authority: NMSA 33-0-3.

Law Enforcement Protection - 211

To account for grant funds used for maintenance and development of the City's police force. Financing is provided by a grant from the State of New Mexico. Such revenue provides for purchase and repair of equipment as well as classes to upgrade the training of police personnel and may be used only for these purposes. Funding authority is NMSA 29-13-1.

Police Department GRT Fund - 296

To account for 0.25% GRT for public safety purposes to include as salaries and equipment as authorized and approved by the City Commission.

Lodger's Tax - 214

To account for the lodger's tax as authorized under 3-38-13 through 3-38-24 NMSA 1978. The City must use not less than 40% of the tax collected for advertising, publicizing and promotion of tourist-related attractions, facilities and events.

Municipal Streets - 216

To account for various street projects funded by cooperative agreements with the New Mexico State Department of Transportation. The fund is authorized by Section 7-1-6.24, NMSA 1978.

Municipal Pool - 295

To account for the City's pool funds. This fund was authorized by the City Commission.

State Library - 294

To account for a local grant and private donations for the operations of the public City library. This fund is authorized by NMSL Rule 92-1.

Veteran's Wall Perpetual Care - 293

To account for monies related to the columbarium for the Veteran's Memorial Park owned by the City. This fund was authorized by the City Commission.

**STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
NON-MAJOR FUNDS
June 30, 2016**

Special Revenue Funds (Continued)

Federal Seizures Share - 292

To account for federal receipts and disbursements for capital assets and other allowable expenses within the police department. This fund was authorized by the City Commission.

Capital Projects Funds

Senior Transportation - 304

To account for monies appropriated for the meal site center for city residents. This fund is authorized by Section 13-1-59, NMSA 1978.

Capital Expenditures - 305

To account for monies related to upgrades and improvements for the senior meal sites as approved by the City Commission. This fund was authorized by the City Commission.

Golf Course Improvements - 307

To account for monies related to capital outlay upgrade of the golf course. This fund was authorized by the City Commission.

USDA Street Sweeper - 308

To account for the federal grant received to purchase a Street Sweeper. This fund was authorized by the City Commission.

USDA WWTP - 309

To account for the monies related to wastewater treatment facility upgrade. This fund was authorized by the City Commission.

R & R Emergency - 310

To account for the accumulation of resources to be used in the event of an emergency with construction expenditures in mind. This fund was authorized by the City Commission.

Veteran's Wall - 303

To account for monies related to the Veteran's Memorial Park owned by the City. This fund was authorized by the City Commission.

CDBG Project - 314

To account for the proceeds of a Community Development Block Grant (CDBG) from the U.S. Department of Housing and Urban Development. The grant is being used for water system improvements. Grant proceeds flow through the State Department of Finance and Administration. This fund was authorized by the City Commission.

**STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
NON-MAJOR FUNDS
June 30, 2016**

Proprietary Funds

Golf Course Fund - 508

To account for the operations and maintenance of the City's public golf course. Financing is provided by fees for services. The fund is authorized by City Commission.

Cemetery Fund - 501

To account for the operation and maintenance of the City cemetery. Financing is provided through lot sales and fees for services. The fund is authorized by 14-41-1, NMSA 1978.

STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2016

| | Special Revenue | | | |
|---|------------------------|------------------------|------------------------|--------------------------------------|
| | Fire Protection 209 | Recreation Fund 217 | Correction Fees 201 | Law Enforcement Protection 211 |
| <i>Assets</i> | | | | |
| Cash and cash equivalents | \$ 176,735 | 34,829 | 3,412 | 11,165 |
| Restricted cash and cash equivalents | 130 | - | - | - |
| Receivables: | | | | |
| Other taxes | - | - | - | - |
| Miscellaneous receivables | - | - | - | - |
| Inventory | - | - | - | - |
| <i>Total assets</i> | <u>\$ 176,865</u> | <u>34,829</u> | <u>3,412</u> | <u>11,165</u> |
| <i>Liabilities</i> | | | | |
| Accounts payable | \$ 1,306 | - | - | - |
| Accrued payroll | - | - | - | - |
| <i>Total liabilities</i> | <u>1,306</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <i>Deferred Inflows - Property Taxes</i> | | | | |
| Unearned revenue - property taxes | - | - | - | - |
| <i>Total Deferred Inflows</i> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <i>Total Liabilities and Deferred Inflows</i> | <u>1,306</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <i>Fund balances</i> | | | | |
| Nonspendable | | | | |
| Inventory | - | - | - | - |
| Spendable: | | | | |
| Restricted for: | | | | |
| Public Safety | - | - | - | 11,165 |
| Culture and recreation | - | 34,829 | - | - |
| Transportation and roads | - | - | - | - |
| Fire protection | 175,559 | - | - | - |
| Veteran's Wall | - | - | - | - |
| Capital projects | - | - | - | - |
| Unassigned | - | - | 3,412 | - |
| <i>Total fund balances</i> | <u>175,559</u> | <u>34,829</u> | <u>3,412</u> | <u>11,165</u> |
| <i>Total liabilities and fund balances</i> | <u>\$ 176,865</u> | <u>34,829</u> | <u>3,412</u> | <u>11,165</u> |

Special Revenue

| Police Department GRT Fund 296 | Lodger's Tax 214 | Municipal Streets Fund 216 | Municipal Pool 295 | State Library 294 | Veteran's Wall Perpetual Care 293 |
|--------------------------------------|---------------------|----------------------------------|-----------------------|----------------------|---|
| 225,956 | 102,521 | 213,930 | 915 | 6,316 | 33,034 |
| - | - | - | - | - | - |
| - | 22,004 | - | - | - | - |
| - | - | - | - | - | - |
| - | - | 66,261 | - | - | - |
| <u>225,956</u> | <u>124,525</u> | <u>280,191</u> | <u>915</u> | <u>6,316</u> | <u>33,034</u> |
| - | 14,691 | - | 3,126 | - | - |
| - | - | - | 6,550 | - | - |
| - | <u>14,691</u> | - | <u>9,676</u> | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | <u>14,691</u> | - | <u>9,676</u> | - | - |
| - | - | 66,261 | - | - | - |
| 225,956 | - | - | - | - | - |
| - | 109,834 | - | - | 6,316 | - |
| - | - | 213,930 | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | 33,034 |
| - | - | - | - | - | - |
| - | - | - | (8,761) | - | - |
| <u>225,956</u> | <u>109,834</u> | <u>280,191</u> | <u>(8,761)</u> | <u>6,316</u> | <u>33,034</u> |
| <u>225,956</u> | <u>124,525</u> | <u>280,191</u> | <u>915</u> | <u>6,316</u> | <u>33,034</u> |

**STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2016**

| | Special Revenue | Capital Projects | | |
|---|---------------------------|--------------------------|-------------------------|-----------------------------|
| | Federal Seizures Share | Senior Transportation | Capital Expenditures | Golf Course Improvements |
| | 292 | 304 | 305 | 307 |
| <i>Assets</i> | | | | |
| Cash and cash equivalents | \$ 2,454 | 88,170 | 1,545 | 36,454 |
| Restricted cash and cash equivalents | - | - | - | - |
| Receivables: | | | | |
| Other taxes | - | - | - | - |
| Miscellaneous receivables | - | - | - | - |
| Inventory | - | - | - | - |
| Total assets | \$ 2,454 | 88,170 | 1,545 | 36,454 |
| <i>Liabilities</i> | | | | |
| Accounts payable | \$ - | - | - | - |
| Accrued payroll | - | - | - | - |
| Total liabilities | - | - | - | - |
| <i>Deferred Inflows - Property Taxes</i> | | | | |
| Unearned revenue - property taxes | - | - | - | - |
| Total Deferred Inflows | - | - | - | - |
| Total Liabilities and Deferred Inflows | - | - | - | - |
| <i>Fund balances</i> | | | | |
| Nonspendable | | | | |
| Inventory | - | - | - | - |
| Spendable: | | | | |
| Restricted for: | | | | |
| Public Safety | 2,454 | - | - | - |
| Culture and recreation | - | - | - | - |
| Transportation and roads | - | - | - | - |
| Fire protection | - | - | - | - |
| Veteran's Wall | - | - | - | - |
| Capital projects | - | 88,170 | 1,545 | 36,454 |
| Unassigned | - | - | - | - |
| Total fund balances | 2,454 | 88,170 | 1,545 | 36,454 |
| Total liabilities and fund balances | \$ 2,454 | 88,170 | 1,545 | 36,454 |

| Capital Projects | | | | | Total Nonmajor Governmental Funds |
|-------------------------------|------------------|---------------------------|-----------------------|---------------------|--------------------------------------|
| USDA Street Sweeper 308 | USDA WWTP 309 | R & R Emergency 310 | Veteran's Wall 303 | CDBG Project 314 | |
| 100 | 897 | 54,938 | 54,744 | 2,119 | 1,050,234 |
| - | - | - | - | - | 130 |
| - | - | - | - | - | 22,004 |
| - | - | - | - | - | - |
| - | - | - | - | - | 66,261 |
| <u>100</u> | <u>897</u> | <u>54,938</u> | <u>54,744</u> | <u>2,119</u> | <u>1,138,629</u> |
| - | 163,340 | - | - | - | 182,463 |
| - | - | - | - | - | 6,550 |
| - | <u>163,340</u> | - | - | - | <u>189,013</u> |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | <u>163,340</u> | - | - | - | <u>189,013</u> |
| - | - | - | - | - | 66,261 |
| - | - | - | - | - | 239,575 |
| - | - | - | - | - | 150,979 |
| - | - | - | - | - | 213,930 |
| - | - | - | - | - | 175,559 |
| - | - | - | 54,744 | - | 87,778 |
| 100 | - | 54,938 | - | 2,119 | 183,326 |
| - | (162,443) | - | - | - | (167,792) |
| <u>100</u> | <u>(162,443)</u> | <u>54,938</u> | <u>54,744</u> | <u>2,119</u> | <u>949,616</u> |
| <u>100</u> | <u>897</u> | <u>54,938</u> | <u>54,744</u> | <u>2,119</u> | <u>1,138,629</u> |

STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2016

| | Special Revenue | | | |
|--|------------------------|------------------------|------------------------|--------------------------------------|
| | Fire Protection 209 | Recreation Fund 217 | Correction Fees 201 | Law Enforcement Protection 211 |
| <i>Revenues</i> | | | | |
| Taxes: | | | | |
| Gross Receipts | \$ - | - | - | - |
| Gasoline and motor vehicle | - | - | - | - |
| Other | - | - | - | - |
| Intergovernmental | | | | |
| Federal capital grants | - | - | - | - |
| State operating grants | 194,636 | - | - | 28,400 |
| State capital grants | - | - | - | - |
| Charges for services | - | - | 3,320 | - |
| Investment income | - | - | - | - |
| Miscellaneous | 993 | 41 | - | - |
| <i>Total revenues</i> | <u>195,629</u> | <u>41</u> | <u>3,320</u> | <u>28,400</u> |
| <i>Expenditures:</i> | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Public safety | 124,216 | - | 1,456 | 17,452 |
| Public works | - | - | - | - |
| Culture and recreation | - | - | - | - |
| Capital outlay | 146,118 | 14,558 | 23,580 | 7,391 |
| Debt service | | | | |
| Principal | 21,673 | - | - | - |
| Interest | 1,707 | - | - | - |
| <i>Total expenditures</i> | <u>293,714</u> | <u>14,558</u> | <u>25,036</u> | <u>24,843</u> |
| <i>Excess (deficiency) of revenues over (under) expenditures</i> | <u>(98,085)</u> | <u>(14,517)</u> | <u>(21,716)</u> | <u>3,557</u> |
| Other Financing Sources (Uses) | | | | |
| Proceeds from loans | | | | |
| Transfers, in | - | - | 29,200 | - |
| Transfers, out | - | - | - | - |
| <i>Total other financing sources (uses)</i> | <u>-</u> | <u>-</u> | <u>29,200</u> | <u>-</u> |
| <i>Net change in fund balances</i> | (98,085) | (14,517) | 7,484 | 3,557 |
| <i>Fund balances - beginning of year</i> | <u>273,644</u> | <u>49,346</u> | <u>(4,072)</u> | <u>7,608</u> |
| <i>Fund balances, end of year</i> | <u>\$ 175,559</u> | <u>34,829</u> | <u>3,412</u> | <u>11,165</u> |

Special Revenue

| Police Department GRT Fund 296 | Lodger's Tax 214 | Municipal Streets Fund 216 | Municipal Pool 295 | State Library 294 | Veteran's Wall Perpetual Care 293 |
|--------------------------------------|---------------------|----------------------------------|-----------------------|----------------------|---|
| - | - | 125,594 | 971 | - | - |
| - | - | 52,976 | - | - | - |
| - | 251,722 | - | - | - | - |
| - | - | - | - | - | - |
| - | 40,000 | 68,299 | - | 27,997 | - |
| - | - | - | - | - | - |
| 67,094 | 51,947 | - | 21,761 | - | - |
| 212 | 134 | 210 | - | - | - |
| - | - | - | - | 1,978 | 6,200 |
| <u>67,306</u> | <u>343,803</u> | <u>247,079</u> | <u>22,732</u> | <u>29,975</u> | <u>6,200</u> |
| - | 175,065 | - | - | - | - |
| - | - | - | - | - | - |
| - | - | 9,608 | - | - | - |
| - | - | - | 162,671 | 31,016 | - |
| 156,217 | 53,461 | 201,262 | 20,015 | 72 | 690 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>156,217</u> | <u>228,526</u> | <u>210,870</u> | <u>182,686</u> | <u>31,088</u> | <u>690</u> |
| <u>(88,911)</u> | <u>115,277</u> | <u>36,209</u> | <u>(159,954)</u> | <u>(1,113)</u> | <u>5,510</u> |
| 125,952 | - | - | 100,000 | 12,500 | - |
| - | (154,900) | - | - | (12,500) | - |
| <u>125,952</u> | <u>(154,900)</u> | <u>-</u> | <u>100,000</u> | <u>-</u> | <u>-</u> |
| 37,041 | (39,623) | 36,209 | (59,954) | (1,113) | 5,510 |
| <u>188,915</u> | <u>149,457</u> | <u>243,982</u> | <u>51,193</u> | <u>7,429</u> | <u>27,524</u> |
| <u>225,956</u> | <u>109,834</u> | <u>280,191</u> | <u>(8,761)</u> | <u>6,316</u> | <u>33,034</u> |

STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2016

| | Special Revenue Federal Seizures Share 292 | Senior Transportation 304 | Capital Projects Capital Expenditures 305 | Golf Course Improvements 307 |
|--|---|---------------------------------|--|------------------------------------|
| <i>Revenues</i> | | | | |
| Taxes: | | | | |
| Gross Receipts | \$ - | - | - | - |
| Gasoline and motor vehicle | - | - | - | - |
| Other | - | - | - | - |
| Intergovernmental | | | | |
| Federal capital grants | - | - | - | - |
| State operating grants | - | - | - | - |
| State capital grants | - | - | - | - |
| Charges for services | - | - | - | - |
| Investment income | - | - | 108 | - |
| Miscellaneous | 1 | - | - | - |
| <i>Total revenues</i> | <u>1</u> | <u>-</u> | <u>108</u> | <u>-</u> |
| <i>Expenditures:</i> | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Public works | - | - | 19,670 | - |
| Culture and recreation | - | - | - | - |
| Capital outlay | - | - | 501,665 | 3,263 |
| Debt service | - | - | - | - |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| <i>Total expenditures</i> | <u>-</u> | <u>-</u> | <u>521,335</u> | <u>3,263</u> |
| <i>Excess (deficiency) of revenues over (under) expenditures</i> | <u>1</u> | <u>-</u> | <u>(521,227)</u> | <u>(3,263)</u> |
| Other Financing Sources (Uses) | | | | |
| Proceeds from loans | - | - | 480,000 | - |
| Transfers, in | - | - | - | - |
| Transfers, out | - | - | - | - |
| <i>Total other financing sources (uses)</i> | <u>-</u> | <u>-</u> | <u>480,000</u> | <u>-</u> |
| <i>Net change in fund balances</i> | 1 | - | (41,227) | (3,263) |
| <i>Fund balances - beginning of year</i> | <u>2,453</u> | <u>88,170</u> | <u>42,772</u> | <u>39,717</u> |
| <i>Fund balances, end of year</i> | <u>\$ 2,454</u> | <u>88,170</u> | <u>1,545</u> | <u>36,454</u> |

| Capital Projects | | | | | | Total Nonmajor Governmental Funds |
|-------------------------------|------------------|---------------------------|-----------------------|---------------------|---|---|
| USDA Street Sweeper 308 | USDA WWTP 309 | R & R Emergency 310 | Veteran's Wall 303 | CDBG Project 314 | | |
| - | - | - | - | - | - | 126,565 |
| - | - | - | - | - | - | 52,976 |
| - | - | - | - | - | - | 251,722 |
| - | 566,459 | - | - | - | - | 566,459 |
| - | - | - | - | - | - | 359,332 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | 144,122 |
| - | 61,834 | - | - | - | - | 62,498 |
| - | 2 | - | - | - | - | 9,215 |
| - | 628,295 | - | - | - | - | 1,572,889 |
| - | - | - | - | - | - | 175,065 |
| - | 957,173 | - | - | - | - | 1,100,297 |
| - | - | - | - | - | - | 29,278 |
| - | - | - | 1,275 | - | - | 194,962 |
| 93,500 | 61,834 | - | - | - | - | 1,283,626 |
| - | 505,117 | - | - | - | - | 526,790 |
| - | - | - | - | - | - | 1,707 |
| 93,500 | 1,524,124 | - | 1,275 | - | - | 2,783,228 |
| (93,500) | (895,829) | - | (1,275) | - | - | (1,210,339) |
| - | 587,251 | 2,500 | 9,900 | - | - | 1,347,303 |
| - | - | - | - | - | - | (167,400) |
| - | 587,251 | 2,500 | 9,900 | - | - | 1,179,903 |
| (93,500) | (308,578) | 2,500 | 8,625 | - | - | (558,933) |
| 93,600 | 146,135 | 52,438 | 46,119 | 2,119 | - | 1,508,549 |
| 100 | (162,443) | 54,938 | 54,744 | 2,119 | - | 949,616 |

STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FIRE PROTECTION SPECIAL REVENUE FUND - 209
For the Year Ended June 30, 2016

| | <u>Budgeted Amounts</u> | | | <u>Variance Positive (Negative)</u> |
|--|-------------------------|---------------------|----------------------|---|
| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amount</u> | |
| Revenues: | | | | |
| Taxes: | | | | |
| Property | \$ - | - | - | - |
| Gross Receipts | - | - | - | - |
| Intergovernmental | | | | |
| State Operating Grants | 165,000 | 165,000 | 194,636 | 29,636 |
| State Capital Grants | - | - | - | - |
| Charges for Services | | | | |
| Investment Income | 130 | 130 | 348 | 218 |
| Miscellaneous | 2,000 | 2,000 | 645 | (1,355) |
| Total Revenues | <u>167,130</u> | <u>167,130</u> | <u>195,629</u> | <u>28,499</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General Government | - | - | - | - |
| Public Safety | 169,535 | 169,535 | 125,262 | 44,273 |
| Public Works | - | - | - | - |
| Culture and Recreation | - | - | - | - |
| Health and Welfare | - | - | - | - |
| Capital Outlay | 271,791 | 271,791 | 146,118 | 125,673 |
| Debt Service | | | | |
| Principal | - | - | 21,673 | (21,673) |
| Interest | - | - | - | - |
| Total Expenditures | <u>441,326</u> | <u>441,326</u> | <u>293,053</u> | <u>148,273</u> |
| <i>Excess (Deficiency) of Revenues</i> | | | | |
| <i>Over (Under) Expenditures</i> | <u>(274,196)</u> | <u>(274,196)</u> | <u>(97,424)</u> | <u>176,772</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers, In | - | - | - | - |
| Transfers, Out | - | - | - | - |
| Total Other Financing sources (Uses): | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <i>Revenues and other financing sources</i> | | | | |
| <i>(uses) over (under) expenditures</i> | <u>\$ (274,196)</u> | <u>(274,196)</u> | <u>(97,424)</u> | <u>176,772</u> |
| Reconciliation to GAAP Basis: | | | | |
| Adjustments to Revenues | | | - | |
| Adjustments to Expenditures | | | (661) | |
| NET CHANGE IN FUND BALANCE | | | <u>\$ (98,085)</u> | |

See Notes to Financial Statements.

STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
RECREATION FUND SPECIAL REVENUE FUND - 217
For the Year Ended June 30, 2016

| | <u>Budgeted Amounts</u> | | | Variance Positive (Negative) |
|--|-------------------------|---------------------|----------------------|------------------------------------|
| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amount</u> | |
| Revenues: | | | | |
| Taxes: | | | | |
| Property | \$ | | - | - |
| Gross Receipts | - | - | - | - |
| Intergovernmental | | | | |
| State Operating Grants | - | - | - | - |
| State Capital Grants | - | - | - | - |
| Charges for Services | - | - | - | - |
| Investment Income | - | - | 41 | 41 |
| Miscellaneous | 16 | 16 | - | (16) |
| Total Revenues | <u>16</u> | <u>16</u> | <u>41</u> | <u>25</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General Government | 50,500 | 10,500 | - | 10,500 |
| Public Safety | - | - | - | - |
| Public Works | - | - | - | - |
| Culture and Recreation | - | - | - | - |
| Health and Welfare | - | - | - | - |
| Capital Outlay | - | 40,000 | 14,558 | 25,442 |
| Debt Service | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Total Expenditures | <u>50,500</u> | <u>50,500</u> | <u>14,558</u> | <u>35,942</u> |
| <i>Excess (Deficiency) of Revenues</i> | | | | |
| <i>Over (Under) Expenditures</i> | <u>(50,484)</u> | <u>(50,484)</u> | <u>(14,517)</u> | <u>35,967</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers, In | 10,000 | 10,000 | - | (10,000) |
| Transfers, Out | - | - | - | - |
| Total Other Financing sources (Uses): | <u>10,000</u> | <u>10,000</u> | <u>-</u> | <u>(10,000)</u> |
| <i>Revenues and other financing sources</i> | | | | |
| <i>(uses) over (under) expenditures</i> | <u>\$ (40,484)</u> | <u>(40,484)</u> | <u>(14,517)</u> | <u>25,967</u> |
| Reconciliation to GAAP Basis: | | | | |
| Adjustments to Revenues | | | - | |
| Adjustments to Expenditures | | | - | |
| NET CHANGE IN FUND BALANCE | | | <u>\$ (14,517)</u> | |

See Notes to Financial Statements.

STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
CORRECTION FEES SPECIAL REVENUE FUND - 201
For the Year Ended June 30, 2016

| | <u>Budgeted Amounts</u> | | | Variance Positive (Negative) |
|--|-------------------------|---------------------|----------------------|---|
| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amount</u> | |
| Revenues: | | | | |
| Taxes: | | | | |
| Property | \$ | | - | - |
| Gross Receipts | - | - | - | - |
| Intergovernmental | | | | |
| State Operating Grants | 8,430 | 8,430 | 3,320 | (5,110) |
| State Capital Grants | - | - | - | - |
| Charges for Services | - | - | - | - |
| Investment Income | - | - | - | - |
| Miscellaneous | - | - | - | - |
| Total Revenues | <u>8,430</u> | <u>8,430</u> | <u>3,320</u> | <u>(5,110)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General Government | - | - | - | - |
| Public Safety | 23,100 | 40,600 | 7,836 | 32,764 |
| Public Works | - | - | - | - |
| Culture and Recreation | - | - | - | - |
| Health and Welfare | - | - | - | - |
| Capital Outlay | - | - | 23,580 | (23,580) |
| Debt Service | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Total Expenditures | <u>23,100</u> | <u>40,600</u> | <u>31,416</u> | <u>9,184</u> |
| <i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i> | <u>(14,670)</u> | <u>(32,170)</u> | <u>(28,096)</u> | <u>4,074</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers, In | 13,000 | 30,500 | 29,200 | (1,300) |
| Transfers, Out | - | - | - | - |
| Total Other Financing sources (Uses): | <u>13,000</u> | <u>30,500</u> | <u>29,200.00</u> | <u>(1,300)</u> |
| <i>Revenues and other financing sources (uses) over (under) expenditures</i> | <u>\$ (1,670)</u> | <u>(1,670)</u> | <u>1,104</u> | <u>2,774</u> |
| Reconciliation to GAAP Basis: | | | | |
| Adjustments to Revenues | | | - | |
| Adjustments to Expenditures | | | 6,380 | |
| NET CHANGE IN FUND BALANCE | | | <u>\$ 7,484</u> | |

See Notes to Financial Statements.

STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
LAW ENFORCEMENT PROTECTION SPECIAL REVENUE FUND - 211
For the Year Ended June 30, 2016

| | <u>Budgeted Amounts</u> | | | Variance Positive (Negative) |
|--|-------------------------|---------------------|----------------------|------------------------------------|
| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amount</u> | |
| Revenues: | | | | |
| Taxes: | | | | |
| Property | \$ - | - | - | - |
| Gross Receipts | - | - | - | - |
| Intergovernmental | | - | | |
| State Operating Grants | 28,400 | 28,400 | 28,400 | - |
| State Capital Grants | - | - | - | - |
| Charges for Services | - | - | - | - |
| Investment Income | - | - | - | - |
| Miscellaneous | - | - | - | - |
| Total Revenues | <u>28,400</u> | <u>28,400</u> | <u>28,400</u> | <u>-</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General Government | - | - | - | - |
| Public Safety | 36,008 | 36,008 | 17,452 | 18,556 |
| Public Works | - | - | - | - |
| Culture and Recreation | - | - | - | - |
| Health and Welfare | - | - | - | - |
| Capital Outlay | - | - | 7,391 | (7,391) |
| Debt Service | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Total Expenditures | <u>36,008</u> | <u>36,008</u> | <u>24,843</u> | <u>11,165</u> |
| <i>Excess (Deficiency) of Revenues</i> | | | | |
| <i>Over (Under) Expenditures</i> | <u>(7,608)</u> | <u>(7,608)</u> | <u>3,557</u> | <u>11,165</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers, In | - | - | - | - |
| Transfers, Out | - | - | - | - |
| Total Other Financing sources (Uses): | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <i>Revenues and other financing sources</i> | | | | |
| <i>(uses) over (under) expenditures</i> | <u>\$ (7,608)</u> | <u>(7,608)</u> | <u>3,557</u> | <u>11,165</u> |
| Reconciliation to GAAP Basis: | | | | |
| Adjustments to Revenues | | | - | |
| Adjustments to Expenditures | | | - | |
| NET CHANGE IN FUND BALANCE | | | <u>\$ 3,557</u> | |

See Notes to Financial Statements.

STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
POLICE DEPARTMENT GRT FUND SPECIAL REVENUE FUND - 296
For the Year Ended June 30, 2016

| | <u>Budgeted Amounts</u> | | | <u>Variance Positive (Negative)</u> |
|--|-------------------------|---------------------|----------------------|---|
| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amount</u> | |
| Revenues: | | | | |
| Taxes: | | | | |
| Property | \$ - | - | - | - |
| Gross Receipts | - | - | - | - |
| Intergovernmental | | | | |
| State Operating Grants | 77,070 | 77,070 | - | (77,070) |
| State Capital Grants | - | - | - | - |
| Charges for Services | - | - | 55,857 | 55,857 |
| Investment Income | - | 70 | 212 | 142 |
| Miscellaneous | - | - | - | - |
| Total Revenues | <u>77,070</u> | <u>77,140</u> | <u>56,069</u> | <u>(21,071)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General Government | - | - | - | - |
| Public Safety | 120,000 | 124,000 | 128,439 | (4,439) |
| Public Works | - | - | - | - |
| Culture and Recreation | - | - | - | - |
| Health and Welfare | - | - | - | - |
| Capital Outlay | 57,000 | 33,000 | 24,465 | 8,535 |
| Debt Service | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Total Expenditures | <u>177,000</u> | <u>157,000</u> | <u>152,904</u> | <u>4,096</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(99,930)</u> | <u>(79,860)</u> | <u>(96,835)</u> | <u>(16,975)</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers, In | 125,952 | 125,952 | 125,952 | - |
| Transfers, Out | - | - | - | - |
| Total Other Financing sources (Uses): | <u>125,952</u> | <u>125,952</u> | <u>125,952.00</u> | <u>-</u> |
| Revenues and other financing sources (uses) over (under) expenditures | \$ <u>26,022</u> | <u>46,092</u> | 29,117 | <u>(16,975)</u> |
| Reconciliation to GAAP Basis: | | | | |
| Adjustments to Revenues | | | 11,237 | |
| Adjustments to Expenditures | | | <u>(3,313)</u> | |
| NET CHANGE IN FUND BALANCE | | | <u>\$ 37,041</u> | |

See Notes to Financial Statements.

STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
LODGER'S TAX SPECIAL REVENUE FUND - 214
For the Year Ended June 30, 2016

| | <u>Budgeted Amounts</u> | | | Variance Positive (Negative) |
|--|-------------------------|---------------------|----------------------|------------------------------------|
| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amount</u> | |
| Revenues: | | | | |
| Taxes: | | | | |
| Property | \$ - | - | - | - |
| Gross Receipts | 243,000 | 243,000 | 251,722 | 8,722 |
| Intergovernmental | | | | |
| State Operating Grants | - | 50,000 | 94,279 | 44,279 |
| State Capital Grants | - | - | - | - |
| Charges for Services | - | 3,000 | - | (3,000) |
| Investment Income | - | 72 | 134 | 62 |
| Miscellaneous | 103,072 | 50,000 | - | (50,000) |
| Total Revenues | <u>346,072</u> | <u>346,072</u> | <u>346,135</u> | <u>63</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General Government | - | - | - | - |
| Public Safety | 231,881 | 231,881 | 165,332 | 66,549 |
| Public Works | - | - | - | - |
| Culture and Recreation | - | - | - | - |
| Health and Welfare | - | - | - | - |
| Capital Outlay | - | - | 53,461 | (53,461) |
| Debt Service | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Total Expenditures | <u>231,881</u> | <u>231,881</u> | <u>218,793</u> | <u>13,088</u> |
| <i>Excess (Deficiency) of Revenues</i> | | | | |
| <i>Over (Under) Expenditures</i> | <u>114,191</u> | <u>114,191</u> | <u>127,342</u> | <u>13,151</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers, In | - | - | - | - |
| Transfers, Out | (155,000) | (155,000) | (154,900) | 100 |
| Total Other Financing sources (Uses): | <u>(155,000)</u> | <u>(155,000)</u> | <u>(154,900)</u> | <u>100</u> |
| <i>Revenues and other financing sources</i> | | | | |
| <i>(uses) over (under) expenditures</i> | <u>\$ (40,809)</u> | <u>(40,809)</u> | <u>(27,558)</u> | <u>13,251</u> |
| Reconciliation to GAAP Basis: | | | | |
| Adjustments to Revenues | | | (2,332) | |
| Adjustments to Expenditures | | | (9,733) | |
| NET CHANGE IN FUND BALANCE | | | <u>\$ (39,623)</u> | |

See Notes to Financial Statements.

STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
MUNICIPAL STREETS FUND SPECIAL REVENUE FUND - 216
For the Year Ended June 30, 2016

| | <u>Budgeted Amounts</u> | | | Variance Positive (Negative) |
|--|-------------------------|---------------------|----------------------|---|
| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amount</u> | |
| Revenues: | | | | |
| Taxes: | | | | |
| Property | \$ - | | - | - |
| Gross Receipts | 199,500 | 199,500 | 158,496 | (41,004) |
| Intergovernmental | | | | |
| State Operating Grants | 334,503 | 334,503 | 68,299 | (266,204) |
| State Capital Grants | - | - | - | - |
| Charges for Services | - | - | - | - |
| Investment Income | 110 | 110 | 210 | 100 |
| Miscellaneous | - | - | - | - |
| Total Revenues | <u>534,113</u> | <u>534,113</u> | <u>227,005</u> | <u>(307,108)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General Government | - | - | - | - |
| Public Safety | 617,502 | 507,357 | 9,930 | 497,427 |
| Public Works | - | - | - | - |
| Culture and Recreation | - | - | - | - |
| Health and Welfare | - | - | - | - |
| Capital Outlay | - | 110,145 | 201,262 | (91,117) |
| Debt Service | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Total Expenditures | <u>617,502</u> | <u>617,502</u> | <u>211,192</u> | <u>406,310</u> |
| <i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i> | <u>(83,389)</u> | <u>(83,389)</u> | <u>15,813</u> | <u>99,202</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers, In | 20,000 | 20,000 | - | (20,000) |
| Transfers, Out | - | - | - | - |
| Total Other Financing sources (Uses): | <u>20,000</u> | <u>20,000</u> | <u>-</u> | <u>(20,000)</u> |
| <i>Revenues and other financing sources (uses) over (under) expenditures</i> | <u>\$ (63,389)</u> | <u>(63,389)</u> | <u>15,813</u> | <u>79,202</u> |
| Reconciliation to GAAP Basis: | | | | |
| Adjustments to Revenues | | | 20,074 | |
| Adjustments to Expenditures | | | 322 | |
| NET CHANGE IN FUND BALANCE | | | <u>\$ 36,209</u> | |

See Notes to Financial Statements.

STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
MUNICIPAL POOL SPECIAL REVENUE FUND - 295
For the Year Ended June 30, 2016

| | <u>Budgeted Amounts</u> | | | Variance Positive (Negative) |
|--|-------------------------|---------------------|----------------------|------------------------------------|
| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amount</u> | |
| Revenues: | | | | |
| Taxes: | | | | |
| Property | \$ - | - | - | - |
| Gross Receipts | - | - | 971 | 971 |
| Intergovernmental | | | | |
| State Operating Grants | 22,700 | 22,700 | 21,761 | (939) |
| State Capital Grants | - | - | - | - |
| Charges for Services | - | - | - | - |
| Investment Income | - | - | - | - |
| Miscellaneous | - | - | - | - |
| Total Revenues | <u>22,700</u> | <u>22,700</u> | <u>22,732</u> | <u>32</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General Government | - | - | - | - |
| Public Safety | 213,062 | 199,562 | 185,337 | 14,225 |
| Public Works | - | - | - | - |
| Culture and Recreation | - | - | - | - |
| Health and Welfare | - | - | - | - |
| Capital Outlay | - | 13,500 | - | 13,500 |
| Debt Service | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Total Expenditures | <u>213,062</u> | <u>213,062</u> | <u>185,337</u> | <u>27,725</u> |
| <i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i> | <u>(190,362)</u> | <u>(190,362)</u> | <u>(162,605)</u> | <u>27,757</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers, In | 130,000 | 130,000 | 100,000 | (30,000) |
| Transfers, Out | - | - | - | - |
| Total Other Financing sources (Uses): | <u>130,000</u> | <u>130,000</u> | <u>100,000.00</u> | <u>(30,000)</u> |
| <i>Revenues and other financing sources (uses) over (under) expenditures</i> | <u>\$ (60,362)</u> | <u>(60,362)</u> | <u>(62,605)</u> | <u>(2,243)</u> |
| Reconciliation to GAAP Basis: | | | | |
| Adjustments to Revenues | | | - | |
| Adjustments to Expenditures | | | 2,651 | |
| NET CHANGE IN FUND BALANCE | | | <u>\$ (59,954)</u> | |

See Notes to Financial Statements.

STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
STATE LIBRARY SPECIAL REVENUE FUND - 294
For the Year Ended June 30, 2016

| | <u>Budgeted Amounts</u> | | | Variance Positive (Negative) |
|--|-------------------------|---------------------|----------------------|------------------------------------|
| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amount</u> | |
| Revenues: | | | | |
| Taxes: | | | | |
| Property | \$ - | - | - | - |
| Gross Receipts | - | - | - | - |
| Intergovernmental | | | | |
| State Operating Grants | 54,657 | 50,857 | 29,963 | (20,894) |
| State Capital Grants | - | - | - | - |
| Charges for Services | - | - | - | - |
| Investment Income | - | - | - | - |
| Miscellaneous | - | 3,800 | - | (3,800) |
| Total Revenues | <u>54,657</u> | <u>54,657</u> | <u>29,963</u> | <u>(24,694)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General Government | 56,827 | 56,827 | - | 56,827 |
| Public Safety | - | - | 31,016 | (31,016) |
| Public Works | - | - | - | - |
| Culture and Recreation | - | - | - | - |
| Health and Welfare | - | - | - | - |
| Capital Outlay | - | - | 72 | (72) |
| Debt Service | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Total Expenditures | <u>56,827</u> | <u>56,827</u> | <u>31,088</u> | <u>25,739</u> |
| <i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i> | <u>(2,170)</u> | <u>(2,170)</u> | <u>(1,125)</u> | <u>1,045</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers, In | 10,000 | 10,000 | 12,500 | 2,500 |
| Transfers, Out | (10,000) | (10,000) | (12,500) | (2,500) |
| Total Other Financing sources (Uses): | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <i>Revenues and other financing sources (uses) over (under) expenditures</i> | <u>\$ (2,170)</u> | <u>(2,170)</u> | <u>(1,125)</u> | <u>1,045</u> |
| Reconciliation to GAAP Basis: | | | | |
| Adjustments to Revenues | | | 12 | |
| Adjustments to Expenditures | | | - | |
| NET CHANGE IN FUND BALANCE | | | <u>\$ (1,113)</u> | |

See Notes to Financial Statements.

STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
VETERAN'S WALL PERPETUAL CARE SPECIAL REVENUE FUND - 293
For the Year Ended June 30, 2016

| | <u>Budgeted Amounts</u> | | | Variance Positive (Negative) |
|--|-------------------------|---------------------|----------------------|------------------------------------|
| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amount</u> | |
| Revenues: | | | | |
| Taxes: | | | | |
| Property | \$ - | - | - | - |
| Gross Receipts | - | - | - | - |
| Intergovernmental | | | | |
| State Operating Grants | - | - | - | - |
| State Capital Grants | - | - | - | - |
| Charges for Services | - | - | - | - |
| Investment Income | - | - | - | - |
| Miscellaneous | 1,500 | 1,500 | 6,200 | 4,700 |
| Total Revenues | <u>1,500</u> | <u>1,500</u> | <u>6,200</u> | <u>4,700</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General Government | - | - | - | - |
| Public Safety | 1,500 | 1,500 | - | 1,500 |
| Public Works | - | - | - | - |
| Culture and Recreation | - | - | - | - |
| Health and Welfare | - | - | - | - |
| Capital Outlay | - | - | 690 | (690) |
| Debt Service | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Total Expenditures | <u>1,500</u> | <u>1,500</u> | <u>690</u> | <u>810</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | - | - | 5,510 | 5,510 |
| Other Financing Sources (Uses): | | | | |
| Transfers, In | - | - | - | - |
| Transfers, Out | - | - | - | - |
| Total Other Financing sources (Uses): | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Revenues and other financing sources (uses) over (under) expenditures | \$ <u>-</u> | <u>-</u> | 5,510 | <u>5,510</u> |
| Reconciliation to GAAP Basis: | | | | |
| Adjustments to Revenues | | | - | |
| Adjustments to Expenditures | | | - | |
| NET CHANGE IN FUND BALANCE | | | <u>\$ 5,510</u> | |

See Notes to Financial Statements.

STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FEDERAL SEIZURES SHARE SPECIAL REVENUE FUND - 292
For the Year Ended June 30, 2016

| | <u>Budgeted Amounts</u> | | | <u>Variance Positive (Negative)</u> |
|--|-------------------------|---------------------|----------------------|---|
| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amount</u> | |
| Revenues: | | | | |
| Taxes: | | | | |
| Property | \$ - | - | - | - |
| Gross Receipts | - | - | - | - |
| Intergovernmental | | | | |
| State Operating Grants | - | - | - | - |
| State Capital Grants | - | - | - | - |
| Charges for Services | - | - | - | - |
| Investment Income | 1 | 1 | 1 | - |
| Miscellaneous | - | - | - | - |
| Total Revenues | <u>1</u> | <u>1</u> | <u>1</u> | <u>-</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General Government | 1,064 | 1,064 | - | 1,064 |
| Public Safety | - | - | - | - |
| Public Works | - | - | - | - |
| Culture and Recreation | - | - | - | - |
| Health and Welfare | - | - | - | - |
| Capital Outlay | - | - | - | - |
| Debt Service | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Total Expenditures | <u>1,064</u> | <u>1,064</u> | <u>-</u> | <u>1,064</u> |
| <i>Excess (Deficiency) of Revenues</i> | | | | |
| <i>Over (Under) Expenditures</i> | <u>(1,063)</u> | <u>(1,063)</u> | <u>1</u> | <u>1,064</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers, In | - | - | - | - |
| Transfers, Out | - | - | - | - |
| Total Other Financing sources (Uses): | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <i>Revenues and other financing sources</i> <i>(uses) over (under) expenditures</i> | \$ <u>(1,063)</u> | <u>(1,063)</u> | <u>1</u> | <u>1,064</u> |
| Reconciliation to GAAP Basis: | | | | |
| Adjustments to Revenues | | | - | |
| Adjustments to Expenditures | | | - | |
| NET CHANGE IN FUND BALANCE | | | <u>1</u> | |

See Notes to Financial Statements.

STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
SENIOR TRANSPORTATION CAPITAL PROJECTS FUND - 304
For the Year Ended June 30, 2016

| | <u>Budgeted Amounts</u> | | | Variance Positive (Negative) |
|--|-------------------------|---------------------|----------------------|------------------------------------|
| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amount</u> | |
| Revenues: | | | | |
| Taxes: | | | | |
| Property | \$ - | - | - | - |
| Gross Receipts | - | - | - | - |
| Intergovernmental | | | | |
| State Operating Grants | - | - | - | - |
| State Capital Grants | - | - | - | - |
| Charges for Services | - | - | - | - |
| Investment Income | - | - | - | - |
| Miscellaneous | - | - | - | - |
| Total Revenues | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General Government | - | - | - | - |
| Public Safety | - | - | - | - |
| Public Works | - | - | - | - |
| Culture and Recreation | - | - | - | - |
| Health and Welfare | - | - | - | - |
| Capital Outlay | - | - | - | - |
| Debt Service | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Total Expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <i>Excess (Deficiency) of Revenues</i> | | | | |
| <i>Over (Under) Expenditures</i> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers, In | | | - | - |
| Transfers, Out | | | - | - |
| Total Other Financing sources (Uses): | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <i>Revenues and other financing sources</i> | | | | |
| <i>(uses) over (under) expenditures</i> | <u>\$ -</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Reconciliation to GAAP Basis: | | | | |
| Adjustments to Revenues | | | - | |
| Adjustments to Expenditures | | | - | |
| NET CHANGE IN FUND BALANCE | | | <u>-</u> | |

See Notes to Financial Statements.

STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
CAPITAL EXPENDITURES CAPITAL PROJECTS FUND - 305
For the Year Ended June 30, 2016

| | <u>Budgeted Amounts</u> | | | Variance Positive (Negative) |
|--|-------------------------|---------------------|----------------------|------------------------------------|
| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amount</u> | |
| Revenues: | | | | |
| Taxes: | | | | |
| Property | \$ 250,000 | 250,000 | - | (250,000) |
| Gross Receipts | - | - | - | - |
| Intergovernmental | | | | |
| State Operating Grants | - | - | - | - |
| State Capital Grants | - | - | - | - |
| Charges for Services | - | - | - | - |
| Investment Income | 25 | 25 | 108 | 83 |
| Miscellaneous | - | - | - | - |
| Total Revenues | <u>250,025</u> | <u>250,025</u> | <u>108</u> | <u>(249,917)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General Government | 502,500 | 502,500 | - | 502,500 |
| Public Safety | - | - | 19,670 | (19,670) |
| Public Works | - | - | - | - |
| Culture and Recreation | - | - | - | - |
| Health and Welfare | - | - | - | - |
| Capital Outlay | 208,000 | 208,000 | 501,665 | (293,665) |
| Debt Service | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Total Expenditures | <u>710,500</u> | <u>710,500</u> | <u>521,335</u> | <u>189,165</u> |
| <i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i> | <u>(460,475)</u> | <u>(460,475)</u> | <u>(521,227)</u> | <u>(60,752)</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers, In | 450,000 | 450,000 | 480,000 | 30,000 |
| Transfers, Out | - | - | - | - |
| Total Other Financing sources (Uses): | <u>450,000</u> | <u>450,000</u> | <u>480,000.00</u> | <u>30,000</u> |
| <i>Revenues and other financing sources (uses) over (under) expenditures</i> | <u>\$ (10,475)</u> | <u>(10,475)</u> | <u>(41,227)</u> | <u>(30,752)</u> |
| Reconciliation to GAAP Basis: | | | | |
| Adjustments to Revenues | | | - | |
| Adjustments to Expenditures | | | - | |
| NET CHANGE IN FUND BALANCE | | | <u>\$ (41,227)</u> | |

See Notes to Financial Statements.

STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
GOLF COURSE IMPROVEMENTS CAPITAL PROJECTS FUND - 307
For the Year Ended June 30, 2016

| | <u>Budgeted Amounts</u> | | | Variance Positive (Negative) |
|--|-------------------------|---------------------|----------------------|------------------------------------|
| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amount</u> | |
| Revenues: | | | | |
| Taxes: | | | | |
| Property | \$ - | - | - | - |
| Gross Receipts | - | - | - | - |
| Intergovernmental | | | | |
| State Operating Grants | - | - | - | - |
| State Capital Grants | - | - | - | - |
| Charges for Services | - | - | - | - |
| Investment Income | - | - | - | - |
| Miscellaneous | - | - | - | - |
| Total Revenues | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General Government | - | - | - | - |
| Public Safety | - | - | - | - |
| Public Works | - | - | - | - |
| Culture and Recreation | 10,000 | 10,000 | - | 10,000 |
| Health and Welfare | - | - | - | - |
| Capital Outlay | - | - | 3,263 | (3,263) |
| Debt Service | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Total Expenditures | <u>10,000</u> | <u>10,000</u> | <u>3,263</u> | <u>6,737</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(10,000)</u> | <u>(10,000)</u> | <u>(3,263)</u> | <u>6,737</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers, In | 8,000 | 8,000 | - | (8,000) |
| Transfers, Out | - | - | - | - |
| Total Other Financing sources (Uses): | <u>8,000</u> | <u>8,000</u> | <u>-</u> | <u>(8,000)</u> |
| Revenues and other financing sources (uses) over (under) expenditures | \$ <u>(2,000)</u> | <u>(2,000)</u> | (3,263) | <u>(1,263)</u> |
| Reconciliation to GAAP Basis: | | | | |
| Adjustments to Revenues | | | - | |
| Adjustments to Expenditures | | | - | |
| NET CHANGE IN FUND BALANCE | | | <u>\$ (3,263)</u> | |

See Notes to Financial Statements.

STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
USDA STREET SWEEPER CAPITAL PROJECTS FUND - 308
For the Year Ended June 30, 2016

| | Budgeted Amounts | | | Variance Positive (Negative) |
|--|------------------|-----------------|--------------------|------------------------------------|
| | Original Budget | Final Budget | Actual Amount | |
| Revenues: | | | | |
| Taxes: | | | | |
| Property | \$ - | - | - | - |
| Gross Receipts | - | - | - | - |
| Intergovernmental | | | | |
| State Operating Grants | - | - | - | - |
| State Capital Grants | - | - | - | - |
| Charges for Services | - | - | - | - |
| Investment Income | - | - | - | - |
| Miscellaneous | - | - | - | - |
| Total Revenues | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General Government | - | - | - | - |
| Public Safety | - | - | - | - |
| Public Works | - | - | - | - |
| Culture and Recreation | - | - | - | - |
| Health and Welfare | - | - | - | - |
| Capital Outlay | - | 93,500 | 93,500 | - |
| Debt Service | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Total Expenditures | <u>-</u> | <u>93,500</u> | <u>93,500</u> | <u>-</u> |
| <i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i> | <u>-</u> | <u>(93,500)</u> | <u>(93,500)</u> | <u>-</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers, In | - | - | - | - |
| Transfers, Out | - | - | - | - |
| Total Other Financing sources (Uses): | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <i>Revenues and other financing sources (uses) over (under) expenditures</i> | <u>\$ -</u> | <u>(93,500)</u> | <u>(93,500)</u> | <u>-</u> |
| Reconciliation to GAAP Basis: | | | | |
| Adjustments to Revenues | | | - | |
| Adjustments to Expenditures | | | - | |
| NET CHANGE IN FUND BALANCE | | | <u>\$ (93,500)</u> | |

See Notes to Financial Statements.

STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
USDA WWTP CAPITAL PROJECTS FUND - 309
For the Year Ended June 30, 2016

| | <u>Budgeted Amounts</u> | | | Variance Positive (Negative) |
|--|-------------------------|---------------------|----------------------|------------------------------------|
| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amount</u> | |
| Revenues: | | | | |
| Taxes: | | | | |
| Property | \$ - | - | - | - |
| Gross Receipts | - | - | - | - |
| Intergovernmental | | | | |
| State Operating Grants | 4,655,132 | 4,655,132 | 628,293 | (4,026,839) |
| State Capital Grants | - | - | - | - |
| Charges for Services | - | - | - | - |
| Investment Income | 1 | 1 | 2 | 1 |
| Miscellaneous | - | - | - | - |
| Total Revenues | <u>4,655,133</u> | <u>4,655,133</u> | <u>628,295</u> | <u>(4,026,838)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General Government | 3,582,000 | 3,582,000 | - | 3,582,000 |
| Public Safety | - | - | 806,636 | (806,636) |
| Public Works | 850 | 850 | - | 850 |
| Culture and Recreation | - | - | - | - |
| Health and Welfare | - | - | - | - |
| Capital Outlay | - | - | 61,834 | (61,834) |
| Debt Service | | | | |
| Principal | 1,073,132 | 1,073,132 | 505,117 | 568,015 |
| Interest | - | - | - | - |
| Total Expenditures | <u>4,655,982</u> | <u>4,655,982</u> | <u>1,373,587</u> | <u>3,282,395</u> |
| <i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i> | <u>(849)</u> | <u>(849)</u> | <u>(745,292)</u> | <u>(744,443)</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers, In | - | - | 587,251 | 587,251 |
| Transfers, Out | - | - | - | - |
| Total Other Financing sources (Uses): | <u>-</u> | <u>-</u> | <u>587,251</u> | <u>587,251</u> |
| <i>Revenues and other financing sources (uses) over (under) expenditures</i> | <u>\$ (849)</u> | <u>(849)</u> | <u>(158,041)</u> | <u>(157,192)</u> |
| Reconciliation to GAAP Basis: | | | | |
| Adjustments to Revenues | | | - | |
| Adjustments to Expenditures | | | (150,537) | |
| NET CHANGE IN FUND BALANCE | | | <u>\$ (308,578)</u> | |

See Notes to Financial Statements.

STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
R & R EMERGENCY CAPITAL PROJECTS FUND - 310
For the Year Ended June 30, 2016

| | Budgeted Amounts | | | Variance Positive (Negative) |
|--|------------------|--------------|-----------------|------------------------------------|
| | Original Budget | Final Budget | Actual Amount | |
| Revenues: | | | | |
| Taxes: | | | | |
| Property | \$ - | - | - | - |
| Gross Receipts | - | - | - | - |
| Intergovernmental | | | | |
| State Operating Grants | - | - | - | - |
| State Capital Grants | - | - | - | - |
| Charges for Services | - | - | - | - |
| Investment Income | - | - | - | - |
| Miscellaneous | - | - | - | - |
| Total Revenues | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General Government | - | - | - | - |
| Public Safety | - | - | - | - |
| Public Works | - | - | - | - |
| Culture and Recreation | - | - | - | - |
| Health and Welfare | - | - | - | - |
| Capital Outlay | - | - | - | - |
| Debt Service | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Total Expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers, In | 2,500 | 2,500 | 2,500 | - |
| Transfers, Out | - | - | - | - |
| Total Other Financing sources (Uses): | <u>2,500</u> | <u>2,500</u> | <u>2,500</u> | <u>-</u> |
| Revenues and other financing sources (uses) over (under) expenditures | <u>\$ 2,500</u> | <u>2,500</u> | <u>2,500</u> | <u>-</u> |
| Reconciliation to GAAP Basis: | | | | |
| Adjustments to Revenues | | | - | |
| Adjustments to Expenditures | | | - | |
| NET CHANGE IN FUND BALANCE | | | <u>\$ 2,500</u> | |

See Notes to Financial Statements.

STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
VETERAN'S WALL CAPITAL PROJECTS FUND - 303
For the Year Ended June 30, 2016

| | <u>Budgeted Amounts</u> | | | Variance Positive (Negative) |
|--|-------------------------|---------------------|----------------------|------------------------------------|
| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amount</u> | |
| Revenues: | | | | |
| Taxes: | | | | |
| Property | \$ - | - | - | - |
| Gross Receipts | - | - | - | - |
| Intergovernmental | | | | |
| State Operating Grants | - | - | - | - |
| State Capital Grants | - | - | - | - |
| Charges for Services | - | - | - | - |
| Investment Income | - | - | - | - |
| Miscellaneous | 100,000 | 100,000 | - | (100,000) |
| Total Revenues | <u>100,000</u> | <u>100,000</u> | <u>-</u> | <u>(100,000)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General Government | 10,000 | 10,000 | - | 10,000 |
| Public Safety | - | - | 1,275 | (1,275) |
| Public Works | - | - | - | - |
| Culture and Recreation | - | - | - | - |
| Health and Welfare | - | - | - | - |
| Capital Outlay | 100,000 | 100,000 | - | 100,000 |
| Debt Service | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Total Expenditures | <u>110,000</u> | <u>110,000</u> | <u>1,275</u> | <u>108,725</u> |
| <i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i> | <u>(10,000)</u> | <u>(10,000)</u> | <u>(1,275)</u> | <u>8,725</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers, In | 10,000 | 10,000 | 9,900 | (100) |
| Transfers, Out | - | - | - | - |
| Total Other Financing sources (Uses): | <u>10,000</u> | <u>10,000</u> | <u>9,900</u> | <u>(100)</u> |
| <i>Revenues and other financing sources (uses) over (under) expenditures</i> | <u>\$ -</u> | <u>-</u> | <u>8,625</u> | <u>8,625</u> |
| Reconciliation to GAAP Basis: | | | | |
| Adjustments to Revenues | | | - | |
| Adjustments to Expenditures | | | - | |
| NET CHANGE IN FUND BALANCE | | | <u>8,625</u> | |

See Notes to Financial Statements.

STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
CDBG PROJECT CAPITAL PROJECTS FUND - 314
For the Year Ended June 30, 2016

| | Budgeted Amounts | | | Variance Positive (Negative) |
|--|---------------------|----------------|---------------|------------------------------------|
| | Original Budget | Final Budget | Actual Amount | |
| Revenues: | | | | |
| Taxes: | | | | |
| Property | \$ - | - | - | - |
| Gross Receipts | - | - | - | - |
| Intergovernmental | | | | |
| State Operating Grants | - | 500,000 | - | (500,000) |
| State Capital Grants | - | - | - | - |
| Charges for Services | - | - | - | - |
| Investment Income | - | - | - | - |
| Miscellaneous | - | - | - | - |
| Total Revenues | <u>-</u> | <u>500,000</u> | <u>-</u> | <u>(500,000)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General Government | - | - | - | - |
| Public Safety | - | - | - | - |
| Public Works | 500,000 | 500,000 | - | 500,000 |
| Culture and Recreation | - | - | - | - |
| Health and Welfare | - | - | - | - |
| Capital Outlay | - | - | - | - |
| Debt Service | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Total Expenditures | <u>500,000</u> | <u>500,000</u> | <u>-</u> | <u>500,000</u> |
| <i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i> | <u>(500,000)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers, In | - | - | - | - |
| Transfers, Out | - | - | - | - |
| Total Other Financing sources (Uses): | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <i>Revenues and other financing sources (uses) over (under) expenditures</i> | <u>\$ (500,000)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Reconciliation to GAAP Basis: | | | | |
| Adjustments to Revenues | | | - | |
| Adjustments to Expenditures | | | - | |
| NET CHANGE IN FUND BALANCE | | | <u>-</u> | |

See Notes to Financial Statements.

STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
DEBT SERVICE FUND - 403
For the Year Ended June 30, 2016

| | <u>Budgeted Amounts</u> | | | Variance Positive (Negative) |
|--|-------------------------|---------------------|----------------------|---|
| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amount</u> | |
| Revenues: | | | | |
| Taxes: | | | | |
| Property | \$ - | - | - | - |
| Gross Receipts | 436,500 | 436,500 | 104,204 | (332,296) |
| Intergovernmental | | | | |
| State Operating Grants | - | - | 396,324 | 396,324 |
| State Capital Grants | - | - | - | - |
| Charges for Services | - | - | - | - |
| Investment Income | 68 | 68 | 6,737 | 6,669 |
| Miscellaneous | - | - | - | - |
| Total Revenues | <u>436,568</u> | <u>436,568</u> | <u>507,265</u> | <u>70,697</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General Government | - | - | - | - |
| Public Safety | 194,000 | 194,000 | 91,736 | 102,264 |
| Public Works | - | - | - | - |
| Culture and Recreation | - | - | - | - |
| Health and Welfare | - | - | - | - |
| Capital Outlay | - | - | - | - |
| Debt Service | | | | |
| Principal | 335,000 | 335,000 | 253,763 | 81,237 |
| Interest | - | - | - | - |
| Total Expenditures | <u>529,000</u> | <u>529,000</u> | <u>345,499</u> | <u>183,501</u> |
| <i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i> | <u>(92,432)</u> | <u>(92,432)</u> | <u>161,766</u> | <u>254,198</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers, In | 115,488 | 115,488 | 115,489 | 1 |
| Transfers, Out | - | - | (587,251) | (587,251) |
| Total Other Financing sources (Uses): | <u>115,488</u> | <u>115,488</u> | <u>(471,762)</u> | <u>(587,250)</u> |
| <i>Revenues and other financing sources (uses) over (under) expenditures</i> | <u>\$ 23,056</u> | <u>23,056</u> | <u>(309,996)</u> | <u>(333,052)</u> |
| Reconciliation to GAAP Basis: | | | | |
| Adjustments to Revenues | | | 70,286 | |
| Adjustments to Expenditures | | | (60,708) | |
| NET CHANGE IN FUND BALANCE | | | <u>(300,418)</u> | |

See Notes to Financial Statements.

**STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
June 30, 2016**

| | Business Type Activities - Enterprise Funds | | |
|---|---|-----------------|------------------------------------|
| | Golf Course 508 | Cemetery 501 | Total Nonmajor Enterprise Funds |
| ASSETS | | | |
| Current assets | | | |
| Cash, investments and cash equivalents | \$ 3,158 | 35,410 | 38,568 |
| Receivables: | | | |
| Charges for services, net | - | - | - |
| Total current assets | <u>3,158</u> | <u>35,410</u> | <u>38,568</u> |
| Noncurrent assets | | | |
| Capital assets | 1,193,199 | 140,082 | 1,333,281 |
| Less: Accumulated depreciation | (448,899) | (30,818) | (479,717) |
| Total assets | <u>747,458</u> | <u>144,674</u> | <u>892,132</u> |
| LIABILITIES AND NET POSITION | | | |
| Current liabilities | | | |
| Accounts payable | 14,303 | 1,768 | 16,071 |
| Total current liabilities | <u>14,303</u> | <u>1,768</u> | <u>16,071</u> |
| Net position | | | |
| Net investment in capital assets | - | 109,264 | 109,264 |
| Unrestricted | 733,155 | 33,642 | 766,797 |
| Total net position | <u>733,155</u> | <u>142,906</u> | <u>876,061</u> |
| Total liabilities and net position | <u>\$ 747,458</u> | <u>144,674</u> | <u>892,132</u> |

See Notes to Financial Statements.

**STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION
NONMAJOR PROPRIETARY FUNDS
For the Year Ended June 30, 2016**

| | Business Type Activities - Enterprise Funds | | |
|---|---|-----------------|------------------------------------|
| | Golf Course 508 | Cemetery 501 | Total Nonmajor Enterprise Funds |
| <i>Operating Revenues</i> | | | |
| Charges for services | \$ 5,424 | 16,055 | 21,479 |
| <i>Total revenues</i> | <u>5,424</u> | <u>16,055</u> | <u>21,479</u> |
| <i>Operating Expenses</i> | | | |
| General operating | 134,088 | 10,375 | 144,463 |
| Depreciation | 37,651 | 7,450 | 45,101 |
| Utilities | 19,013 | - | 19,013 |
| <i>Total operating expenses</i> | <u>190,752</u> | <u>17,825</u> | <u>208,577</u> |
| <i>Operating income (loss)</i> | <u>(185,328)</u> | <u>(1,770)</u> | <u>(187,098)</u> |
| <i>Nonoperating revenues (expenses)</i> | | | |
| Investment income | 21 | 14 | 35 |
| Miscellaneous income | 36,711 | - | 36,711 |
| <i>Total non-operating revenues (expenses)</i> | <u>36,732</u> | <u>14</u> | <u>36,746</u> |
| <i>Income (loss) before contributions and transfers</i> | <u>(148,596)</u> | <u>(1,756)</u> | <u>(150,352)</u> |
| Transfers in | 94,000 | - | 94,000 |
| Transfers out | - | - | - |
| <i>Change in net position</i> | <u>(54,596)</u> | <u>(1,756)</u> | <u>(56,352)</u> |
| Net position - beginning | <u>787,751</u> | <u>144,662</u> | <u>932,413</u> |
| <i>Net position - end of year</i> | <u>\$ 733,155</u> | <u>142,906</u> | <u>876,061</u> |

**STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
For the Year Ended June 30, 2016**

| | Business Type Activities - Enterprise Funds | | |
|--|---|----------------------|---------------------------------|
| | Golf Course | Cemetery | Total Nonmajor Enterprise Funds |
| <i>Cash flows from operating activities</i> | | | |
| Cash received from user charges | \$ 9,946 | 16,055 | 26,001 |
| Cash payments to suppliers for goods and services | (148,605) | (8,910) | (157,515) |
| <i>Net cash provided (used) by operating activities</i> | <u>(138,659)</u> | <u>7,145</u> | <u>(131,514)</u> |
| <i>Cash flows from noncapital financing activities</i> | | | |
| Miscellaneous income | 36,732 | 14 | 36,746 |
| Transfers | 94,000 | - | 94,000 |
| <i>Net cash provided by noncapital financing activities</i> | <u>130,732</u> | <u>14</u> | <u>130,746</u> |
| <i>Cash flows from investing activities</i> | | | |
| Interest on investments | - | - | - |
| <i>Net cash provided by investing activities</i> | <u>-</u> | <u>-</u> | <u>-</u> |
| <i>Cash flows from capital and related financing activities</i> | | | |
| Acquisition of capital assets | - | - | - |
| <i>Net cash (used) by capital and related financing activities</i> | <u>-</u> | <u>-</u> | <u>-</u> |
| <i>Net (decrease) increase in cash and cash equivalents</i> | <u>(7,927)</u> | <u>7,159</u> | <u>(768)</u> |
| Cash and cash equivalents - beginning of year | <u>11,085</u> | <u>28,251</u> | <u>39,336</u> |
| Cash and cash equivalents - end of year | \$ <u><u>3,158</u></u> | <u><u>35,410</u></u> | <u><u>38,568</u></u> |
| <i>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</i> | | | |
| Operating income (loss) | \$ (185,328) | (1,770) | (187,098) |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities | | | |
| <i>Depreciation</i> | 37,651 | 7,450 | 45,101 |
| Changes in assets and liabilities | | | |
| Receivables | 4,522 | - | 4,522 |
| Account payable | 4,496 | 1,465 | 5,961 |
| <i>Net cash provided (used) by operating activities</i> | \$ <u><u>(138,659)</u></u> | <u><u>7,145</u></u> | <u><u>(131,514)</u></u> |

STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
JOINT UTILITY FUND - 500
For the Year Ended June 30, 2016

| | <u>Budgeted Amounts</u> | | | Variance Positive (Negative) |
|---|-------------------------|---------------------|----------------------|---|
| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amount</u> | |
| Operating Revenues: | | | | |
| Charges for Services | \$ 2,875,400 | 2,875,400 | 11,818,464 | 8,943,064 |
| State Operating Grants | 1,003,503 | 1,003,503 | 103,790 | (899,713) |
| <i>Total operating revenues</i> | <u>3,878,903</u> | <u>3,878,903</u> | <u>11,922,254</u> | <u>8,043,351</u> |
| Operating expenses: | | | | |
| General operating | 7,254,080 | 7,445,501 | 5,023,919 | 2,421,582 |
| Personnel services | 101,000 | 110,000 | 1,577,199 | (1,467,199) |
| Public Works | 54,000 | 54,000 | - | 54,000 |
| Utilities | - | - | 263,608 | (263,608) |
| Capital Outlay | 876,800 | 876,800 | - | 876,800 |
| Debt Service | | | | |
| Principal | 306,233 | 306,233 | - | 306,233 |
| <i>Total operating expenses</i> | <u>8,592,113</u> | <u>8,792,534</u> | <u>6,864,726</u> | <u>1,927,808</u> |
| <i>Operating income (loss)</i> | <u>(4,713,210)</u> | <u>(4,913,631)</u> | <u>5,057,528</u> | <u>9,971,159</u> |
| Nonoperating revenues (expenses) | | | | |
| Interest expense | (118,938) | (118,938) | (160,943) | (42,005) |
| Interest income | 2,790 | 2,790 | 24,041 | 21,251 |
| Gross Receipts Tax | - | - | 499,141 | 499,141 |
| Miscellaneous income | 663,750 | 663,750 | 39,892 | (623,858) |
| <i>Total non-operating revenues (expenses)</i> | <u>547,602</u> | <u>547,602</u> | <u>402,131</u> | <u>(145,471)</u> |
| <i>Income (loss) before contributions and transfers</i> | <u>(4,165,608)</u> | <u>(4,366,029)</u> | <u>5,459,659</u> | <u>9,825,688</u> |
| Transfers In | 66,510 | 66,510 | 2,163,708 | 2,097,198 |
| Transfers Out | 2,248,097 | 2,248,097 | 6,418,531 | (4,170,434) |
| Change in net position | <u>(6,347,195)</u> | <u>(6,547,616)</u> | 1,204,836 | <u>7,752,452</u> |
| Depreciation | | | (538,124) | |
| Change in net position (GAAP) | | | <u>\$ 666,712</u> | |

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
AIRPORT FUND - 509
For the Year Ended June 30, 2016

| | <u>Budgeted Amounts</u> | | | Variance Positive (Negative) |
|---|-------------------------|---------------------|----------------------|---|
| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amount</u> | |
| Operating Revenues: | | | | |
| Taxes | \$ - | - | 0 | - |
| Charges for Services | 205,250 | 205,250 | 176,100 | 29,150 |
| Other Operating Income | - | - | 395,032 | - |
| <i>Total operating revenues</i> | <u>205,250</u> | <u>205,250</u> | <u>571,132</u> | <u>365,882</u> |
| Operating expenses: | | | | |
| General operating | 890,989 | 892,925 | 522,081 | 370,844 |
| Personnel services | 5,000 | 3,064 | 114,603 | (111,539) |
| <i>Total operating expenses</i> | <u>895,989</u> | <u>895,989</u> | <u>636,684</u> | <u>259,305</u> |
| <i>Operating income (loss)</i> | <u>(690,739)</u> | <u>(690,739)</u> | <u>(65,552)</u> | <u>(625,187)</u> |
| Nonoperating revenues (expenses) | | | | |
| Interest income | 7,120 | 7,120 | 30 | 7,090 |
| <i>Total non-operating revenues (expenses)</i> | <u>7,120</u> | <u>7,120</u> | <u>30</u> | <u>(7,090)</u> |
| <i>Income (loss) before contributions and transfers</i> | <u>(683,619)</u> | <u>(683,619)</u> | <u>(65,522)</u> | <u>(632,277)</u> |
| Transfers In | - | - | 198,000 | 198,000 |
| Transfers Out | - | - | - | - |
| Change in net position | <u>(683,619)</u> | <u>(683,619)</u> | 132,478 | <u>816,097</u> |
| Adjustments to revenues | | | (58,000) | |
| Adjustments to expenses | | | (229,027) | |
| Depreciation | | | - | |
| Change in net position (GAAP) | | | <u>\$ (154,549)</u> | |

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
SOLID WASTE FUND - 507
For the Year Ended June 30, 2016

| | <u>Budgeted Amounts</u> | | | Variance Positive (Negative) |
|---|-------------------------|---------------------|----------------------|---|
| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amount</u> | |
| Operating Revenues: | | | | |
| Charges for Services | \$ 476,000 | 476,000 | 376,995 | 99,005 |
| <i>Total operating revenues</i> | <u>476,000</u> | <u>476,000</u> | <u>376,995</u> | <u>(99,005)</u> |
| | | | | - |
| Operating expenses: | | | | |
| General operating | 925,125 | 838,818 | 912,990 | (74,172) |
| Personnel services | 93,000 | 179,307 | - | 179,307 |
| <i>Total operating expenses</i> | <u>1,018,125</u> | <u>1,018,125</u> | <u>912,990</u> | <u>105,135</u> |
| <i>Operating income (loss)</i> | <u>(542,125)</u> | <u>(542,125)</u> | <u>(535,995)</u> | <u>(6,130)</u> |
| <i>Nonoperating revenues (expenses)</i> | | | | |
| Interest income | - | - | 552 | (552) |
| Gross receipts taxes | 103,982 | 149,682 | 84,067 | 65,615 |
| <i>Total non-operating revenues (expenses)</i> | <u>103,982</u> | <u>149,682</u> | <u>84,619</u> | <u>65,063</u> |
| <i>Income (loss) before contributions and transfers</i> | <u>(438,143)</u> | <u>(392,443)</u> | <u>(451,376)</u> | <u>58,933</u> |
| Transfers In | - | - | 162,040 | 162,040 |
| Transfers Out | 179,034 | 179,034 | - | 179,034 |
| Change in net position | <u>(617,177)</u> | <u>(571,477)</u> | (289,336) | <u>282,141</u> |
| Adjustments to revenues | | | 63,246 | |
| Adjustments to expenses | | | - | |
| Depreciation | | | (220,246) | |
| Change in net position (GAAP) | | | <u>(446,336)</u> | |

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
GOLF COURSE FUND - 508
For the Year Ended June 30, 2016

| | Budgeted Amounts | | | Variance Positive (Negative) |
|---|------------------|--------------|--------------------|---------------------------------|
| | Original Budget | Final Budget | Actual Amount | |
| Operating Revenues: | | | | |
| Charges for Services | - | - | 5,424 | (5,424) |
| <i>Total operating revenues</i> | - | - | 5,424 | (5,424) |
| | | | | |
| Operating expenses: | | | | |
| General operating | 25,150 | 25,150 | 128,110 | (102,960) |
| Personnel services | 70,000 | 121,000 | - | 121,000 |
| Utilities | - | - | 15,973 | (15,973) |
| <i>Total operating expenses</i> | 95,150 | 146,150 | 144,083 | 2,067 |
| | | | | |
| <i>Operating income (loss)</i> | (95,150) | (146,150) | (138,659) | 7,491 |
| | | | | |
| <i>Nonoperating revenues (expenses)</i> | | | | |
| Interest income | 10 | 10 | 21 | (11) |
| Gross receipts taxes | - | - | 285 | |
| Miscellaneous income | 9,000 | 9,000 | 36,426 | (27,426) |
| <i>Total non-operating revenues (expenses)</i> | 9,010 | 9,010 | 36,732 | (27,722) |
| | | | | |
| <i>Income (loss) before contributions and transfers</i> | (86,140) | (137,140) | (101,927) | (20,231) |
| | | | | |
| Government contributions | | | | |
| Transfers in | 85,000 | 85,000 | 281,000 | 196,000 |
| Transfers Out | 8,000 | 8,000 | (58,000) | 66,000 |
| | | | | |
| Change in net position | (9,140) | (60,140) | 121,073 | 181,213 |
| | | | | |
| Adjustments to revenues | | | (187,000) | |
| | | | | |
| Adjustments to expenses | | | 11,331 | |
| | | | | |
| Depreciation | | | - | |
| Change in net position (GAAP) | | | <u>\$ (54,596)</u> | |

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
CEMETERY FUND - 501
For the Year Ended June 30, 2016

| | <u>Budgeted Amounts</u> | | | Variance Positive (Negative) |
|---|-------------------------|---------------------|----------------------|---|
| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amount</u> | |
| Operating Revenues: | | | | |
| Charges for Services | 10,600 | 10,600 | 16,055 | (5,455) |
| <i>Total operating revenues</i> | <u>10,600</u> | <u>10,600</u> | <u>16,055</u> | <u>(5,455)</u> |
| Operating expenses: | | | | |
| General operating | 7,000 | 7,000 | 10,375 | (3,375) |
| Personnel services | 4,000 | 4,000 | - | 4,000 |
| <i>Total operating expenses</i> | <u>11,000</u> | <u>11,000</u> | <u>10,375</u> | <u>625</u> |
| <i>Operating income (loss)</i> | <u>(400)</u> | <u>(400)</u> | <u>5,680</u> | <u>(6,080)</u> |
| Nonoperating revenues (expenses) | | | | |
| Interest expense | - | - | - | - |
| Interest income | - | - | 14 | (14) |
| <i>Total non-operating revenues (expenses)</i> | <u>-</u> | <u>-</u> | <u>14</u> | <u>14</u> |
| <i>Income (loss) before contributions and transfers</i> | <u>(400)</u> | <u>(400)</u> | <u>5,694</u> | <u>(6,066)</u> |
| Transfers In | - | - | - | - |
| Transfers Out | - | - | - | - |
| Change in net position | (400) | (400) | 5,694 | 6,094 |
| Adjustments to revenues | | | - | |
| Adjustments to expenses | | | - | |
| Depreciation | | | (7,450) | |
| Change in net position (GAAP) | | | <u>\$ (1,756)</u> | |

The accompanying notes are an integral part of these financial statements

ADDITIONAL OTHER SUPPLEMENTARY SCHEDULES

**STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
SCHEDULE OF CASH AND INVESTMENT ACCOUNTS
Year Ended June 30, 2016**

| <u>Bank Name</u> | <u>Account Type</u> | <u>Totals</u> |
|---|-------------------------------------|------------------|
| First Savings Bank | | |
| GENERAL | Demand Account | \$ 485,046 |
| LOCAL GOVERNMENT CORRECTIONS | Demand Account | 3,412 |
| FIRE PROTECTION | Demand Account | 176,735 |
| LAW ENFORCEMENT PROTECTION | Demand Account | 11,164 |
| LODGER'S TAX | Demand Account | 102,521 |
| MUNICIPAT STREET FUND | Demand Account | 213,930 |
| RECREATION | Demand Account | 34,779 |
| FEDERAL SEIZURE SHARE | Demand Account | 2,454 |
| VETERANS WALL PERPETUAL CARE | Demand Account | 33,034 |
| LIBRARY | Demand Account | 6,316 |
| MUNICIPAL POOL | Demand Account | 915 |
| PD GRT FUND | Demand Account | 225,956 |
| PD CONFIDENTIAL | Demand Account | 5,564 |
| PD DONATIONS | Demand Account | 9,978 |
| W/WW IMPACT FEES | Demand Account | 305,009 |
| ELECTRICAL CONSTRUCTION | Demand Account | 79,187 |
| VETERANS WALL | Demand Account | 54,744 |
| SENIOR GRANTS | Demand Account | 88,170 |
| CAPITAL IMPROVEMENTS GENERAL | Demand Account | 1,545 |
| CAPITAL IMPROVEMENT JT UTILITY | Demand Account | 169,463 |
| GOLF COURSE IMPROVEMENTS | Demand Account | 36,454 |
| USDA STREET SWEEPER | Demand Account | 100 |
| USDA WWTP FUND | Demand Account | 897 |
| JOINT UT EMERGENCY | Demand Account | 54,938 |
| R & R AIRPORT (FFA) | Demand Account | 47,253 |
| CDBG | Demand Account | 2,119 |
| CAPITAL IMPOV RESERVE | Demand Account | 665,995 |
| EMERGENCY REPAIR RESERVE | Demand Account | 84,507 |
| WASTE WATER RESERVE | Demand Account | 90,249 |
| CEMETARY FUND | Demand Account | 35,410 |
| TRANSFER STATION | Demand Account | 310,163 |
| GOLF COURSE | Demand Account | 3,158 |
| MUNICIPAL AIRPORT | Demand Account | 21,640 |
| INTERNAL SERVICE | Demand Account | 78,086 |
| PD BONDS | Demand Account | 1,000 |
| JOINT UTILITY (502, 503, 504, 505, 506) | Demand Account | 1,830,336 |
| REVOLVING FUND | Demand Account | 536,027 |
| R & R WATER | Demand Account | 3,981 |
| ELECTRICAL CONSTRUCTION RESERVE | Demand Account | 80,651 |
| PLEDGE STATE TAX | Demand Account | 152,021 |
| CD INVESTMENT R&R SEWER | Time Account | 143,694 |
| CD INVESTMENT R&R WATER | Time Account | 126,976 |
| CD INVESTMENT PLEDGE | Time Account | 586,918 |
| CD INVESTMENT ELECTRIC | Time Account | 501,757 |
| CD INVESTMENT CAPITAL IMPOVE | Time Account | 1,021,124 |
| CD INVESTMENT EMERG REPAIR | Time Account | 81,564 |
| CD INVESTMENT WASTE WATER REPAIR | Time Account | 102,115 |
| CD INVESTMENT ELEC CONST | Time Account | 82,741 |
| | Total for First Savings Bank | 8,691,794 |

| | | | |
|--|-----------------|----|-------------------------|
| NMFA | | | |
| Storage Tanks | Cash/Investment | | 29,638 |
| Electric Upgrade | Cash/Investment | | 174,398 |
| Police Department Building | Cash/Investment | | 21,655 |
| Recreational | Cash/Investment | | 307,695 |
| Streets Improvements | Cash/Investment | | 181,322 |
| Water Tank | Cash/Investment | | 9,885 |
| Refunding Water Revenue | Cash/Investment | | 108,770 |
| Fire Pump | Cash/Investment | | 130 |
| Wastewater System Improvement | Cash/Investment | | 69,230 |
| | Total NMFA | | <u>902,723</u> |
| NM LGIP Fund | | | |
| LGIP Fund | | | <u>1,303,537</u> |
| | Total NM LGIP | | <u>1,303,537</u> |
| Total on Deposit and Investments | Cash/Investment | | <u>10,898,054</u> |
| Reconciling Items | | | <u>(390,281)</u> |
| Total Deposits and Investments | | | <u>10,507,773</u> |
| Less: Restricted Cash and Cash Equivalents per the Statement of Net Position | | | 2,001,036 |
| Less: Investments per the Statement of Net Position | | | 3,950,426 |
| Less: Restricted Investments per the Statement of Net Position | | | - |
| Total Unrestricted Cash and Cash Equivalents per the Statement of Net Position | | \$ | <u><u>4,556,311</u></u> |

**STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
SCHEDULE OF PLEDGED COLLATERAL
Year Ended June 30, 2016**

| <u>Name of Depository</u> | <u>Description of Pledged Collateral</u> | <u>Maturity</u> | <u>CUSIP Number</u> | <u>Fair Market Value at June 30, 2016</u> | <u>Location of Safekeeper</u> |
|---------------------------|--|-----------------|---------------------|---|-------------------------------|
| First Savings Bank | | | | | |
| | FHLMC AGENCY | 5/30/2019 | 3137EADG1 | \$ 2,046,848 | Federal Reserve, Beresford SD |
| | FNMA 10 YR | 4/1/2024 | 31418BB54 | 484,530 | Federal Reserve, Beresford SD |
| | FNMA 15YR | 8/1/2026 | 31417Y4X2 | 384,434 | Federal Reserve, Beresford SD |
| | FNMA 15YR | 12/1/2026 | 3138E1HB6 | 1,605,480 | Federal Reserve, Beresford SD |
| | GNMA 15YR | 2/15/2027 | 36176XBY4 | 1,377,490 | Federal Reserve, Beresford SD |
| | GNMA II 15YR | 3/20/2027 | 36202F4K9 | 807,581 | Federal Reserve, Beresford SD |
| | FNR 2012-66 HE | 6/25/2027 | 3136A6A20 | 696,522 | Federal Reserve, Beresford SD |
| | FHLMC 15YR | 12/1/2028 | 3132KEMF9 | 1,182,365 | Federal Reserve, Beresford SD |
| | FHLMC 15YR | 2/1/2030 | 3128MECV1 | 350,454 | Federal Reserve, Beresford SD |
| | | | Total | \$ <u>8,935,705</u> | |

Housing Authority of the City of Truth or Consequences
Truth or Consequences, NM
Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2016

| | Project Total | 93.575 Child Care and Development Block Grant | 10.415 Rural Rental Housing Loans | 10.427 Rural Rental Assistance Payments | 14.870 Resident Opportunity and Supportive Services | 14.871 Housing Choice Vouchers | 14.879 Mainstream Vouchers | 14.239 HOME Investment Partnerships Program | 1 Business Activities | Subtotal | Total |
|---|---------------|---|-----------------------------------|---|---|--------------------------------|----------------------------|---|-----------------------|--------------|--------------|
| 111 Cash - Unrestricted | \$587,589 | \$40,718 | \$45,698 | | | \$33,273 | | \$5,922 | \$278,764 | \$991,964 | \$991,964 |
| 112 Cash - Restricted - Modernization and Development | | | | | | | | | | | |
| 113 Cash - Other Restricted | \$45,432 | | \$84,397 | | | \$52,470 | | | | \$182,299 | \$182,299 |
| 114 Cash - Tenant Security Deposits | \$26,240 | | \$8,487 | | | | | | | \$34,727 | \$34,727 |
| 115 Cash - Restricted for Payment of Current Liabilities | | | | | | | | | | | |
| 100 Total Cash | \$659,261 | \$40,718 | \$138,582 | \$0 | \$0 | \$85,743 | \$0 | \$5,922 | \$278,764 | \$1,208,990 | \$1,208,990 |
| 121 Accounts Receivable - PHA Projects | | | | | | | | | | | |
| 122 Accounts Receivable - HUD Other Projects | | | | | | | | | | | |
| 124 Accounts Receivable - Other Government | | | | | | | | | | | |
| 125 Accounts Receivable - Miscellaneous | \$0 | | | | | | | | \$221,807 | \$221,807 | \$221,807 |
| 126 Accounts Receivable - Tenants | \$20,578 | | \$13,578 | | | | | | | \$34,156 | \$34,156 |
| 126.1 Allowance for Doubtful Accounts - Tenants | \$-753 | | \$0 | | | | | | | \$-753 | \$-753 |
| 126.2 Allowance for Doubtful Accounts - Other | \$0 | | | | | | | | \$0 | \$0 | \$0 |
| 127 Notes, Loans, & Mortgages Receivable - Current | | | | | | | | | | | |
| 128 Fraud Recovery | | | | | | | | | | | |
| 128.1 Allowance for Doubtful Accounts - Fraud | | | | | | | | | | | |
| 129 Accrued Interest Receivable | | | | | | | | | | | |
| 120 Total Receivables, Net of Allowances for Doubtful Accounts | \$19,825 | \$0 | \$13,578 | \$0 | \$0 | \$0 | \$0 | \$0 | \$221,807 | \$255,210 | \$255,210 |
| 131 Investments - Unrestricted | \$102,335 | | | | | \$38,430 | | | | \$140,765 | \$140,765 |
| 132 Investments - Restricted | | | | | | | | | | | |
| 135 Investments - Restricted for Payment of Current Liability | | | | | | | | | | | |
| 142 Prepaid Expenses and Other Assets | \$13,218 | \$2,666 | \$13,182 | | | | | | | \$29,066 | \$29,066 |
| 143 Inventories | \$4,141 | | \$2,946 | | | | | | | \$7,087 | \$7,087 |
| 143.1 Allowance for Obsolete Inventories | \$0 | | \$0 | | | | | | | \$0 | \$0 |
| 144 Inter Program Due From | \$175,909 | | | | | | | | \$64,096 | \$240,005 | \$240,005 |
| 145 Assets Held for Sale | | | | | | | | | | | |
| 150 Total Current Assets | \$974,689 | \$43,384 | \$168,288 | \$0 | \$0 | \$124,173 | \$0 | \$5,922 | \$564,667 | \$1,881,123 | \$1,881,123 |
| 161 Land | \$431,590 | | \$205,946 | | | | | | | \$637,536 | \$637,536 |
| 162 Buildings | \$4,603,985 | \$6,551 | \$2,022,079 | | | | | | | \$6,632,615 | \$6,632,615 |
| 163 Furniture, Equipment & Machinery - Dwellings | \$259,252 | | \$56,243 | | | | | | | \$315,495 | \$315,495 |
| 164 Furniture, Equipment & Machinery - Administration | \$354,804 | \$16,342 | \$48,661 | | | \$35,730 | | | | \$455,537 | \$455,537 |
| 165 Leasehold Improvements | \$512,104 | \$18,015 | \$37,719 | | | | | | | \$567,838 | \$567,838 |
| 166 Accumulated Depreciation | \$-4,367,959 | \$-20,034 | \$-1,099,626 | | | \$-28,708 | | | | \$-5,516,327 | \$-5,516,327 |
| 167 Construction in Progress | \$114,858 | | | | | | | | | \$114,858 | \$114,858 |
| 168 Infrastructure | | | | | | | | | | | |
| 160 Total Capital Assets, Net of Accumulated Depreciation | \$1,908,634 | \$20,874 | \$1,271,022 | \$0 | \$0 | \$7,022 | \$0 | \$0 | \$0 | \$3,207,552 | \$3,207,552 |
| 171 Notes, Loans and Mortgages Receivable - Non-Current | | | | | | | | | | | |
| 172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due | | | | | | | | | | | |
| 173 Grants Receivable - Non Current | | | | | | | | | | | |
| 174 Other Assets | | | | | | | | | | | |
| 176 Investments in Joint Ventures | | | | | | | | | | | |
| 180 Total Non-Current Assets | \$1,908,634 | \$20,874 | \$1,271,022 | \$0 | \$0 | \$7,022 | \$0 | \$0 | \$0 | \$3,207,552 | \$3,207,552 |

Housing Authority of the City of Truth or Consequences
 Truth or Consequences, NM
Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2016

| | | | | | | | | | | | | |
|-------|---|-------------|----------|-------------|-----|-----|------------|-----|-----------|-------------|-------------|-------------|
| 200 | Deferred Outflow of Resources | \$26,908 | | \$5,374 | | | \$14,468 | | \$22,074 | \$68,824 | \$68,824 | |
| 290 | Total Assets and Deferred Outflow of Resources | \$2,910,231 | \$64,258 | \$1,444,684 | \$0 | \$0 | \$145,663 | \$0 | \$5,922 | \$586,741 | \$5,157,499 | \$5,157,499 |
| 311 | Bank Overdraft | | | | | | | | | | | |
| 312 | Accounts Payable <= 90 Days | \$17,894 | \$156 | \$5,767 | | | \$1,808 | | \$324 | \$25,949 | \$25,949 | |
| 313 | Accounts Payable >90 Days Past Due | | | | | | | | | | | |
| 321 | Accrued Wage/Payroll Taxes Payable | \$101,942 | | | | | | | | \$101,942 | \$101,942 | |
| 322 | Accrued Compensated Absences - Current Portion | | | | | | | | | | | |
| 324 | Accrued Contingency Liability | | | | | | | | | | | |
| 325 | Accrued Interest Payable | | | | | | | | | | | |
| 331 | Accounts Payable - HUD PHA Programs | | | | | | | | | | | |
| 332 | Account Payable - PHA Projects | | | | | | | | | | | |
| 333 | Accounts Payable - Other Government | | | | | | | | | | | |
| 341 | Tenant Security Deposits | \$26,240 | | \$8,487 | | | | | | \$34,727 | \$34,727 | |
| 342 | Unearned Revenue | | | | | | | | | | | |
| 343 | Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue | | | \$37,402 | | | | | | \$37,402 | \$37,402 | |
| 344 | Current Portion of Long-term Debt - Operating Borrowings | | | | | | | | | | | |
| 345 | Other Current Liabilities | \$39,416 | | | | | \$52,470 | | | \$91,886 | \$91,886 | |
| 346 | Accrued Liabilities - Other | | | | | | | | | | | |
| 347 | Inter Program - Due To | | | \$64,096 | | | | | \$175,909 | \$240,005 | \$240,005 | |
| 348 | Loan Liability - Current | | | | | | | | | | | |
| 310 | Total Current Liabilities | \$185,492 | \$156 | \$115,752 | \$0 | \$0 | \$54,278 | \$0 | \$0 | \$176,233 | \$531,911 | \$531,911 |
| 351 | Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue | | | \$848,241 | | | | | | \$848,241 | \$848,241 | |
| 352 | Long-term Debt, Net of Current - Operating Borrowings | | | | | | | | | | | |
| 353 | Non-current Liabilities - Other | | | | | | | | | | | |
| 354 | Accrued Compensated Absences - Non Current | \$8,532 | | \$3,805 | | | \$15,249 | | \$7,937 | \$35,523 | \$35,523 | |
| 355 | Loan Liability - Non Current | | | | | | | | | | | |
| 356 | FASB 5 Liabilities | | | | | | | | | | | |
| 357 | Accrued Pension and OPEB Liabilities | \$392,109 | | \$79,527 | | | \$144,080 | | \$181,601 | \$797,317 | \$797,317 | |
| 350 | Total Non-Current Liabilities | \$400,641 | \$0 | \$931,573 | \$0 | \$0 | \$159,329 | \$0 | \$0 | \$189,538 | \$1,681,081 | \$1,681,081 |
| 300 | Total Liabilities | \$586,133 | \$156 | \$1,047,325 | \$0 | \$0 | \$213,607 | \$0 | \$0 | \$365,771 | \$2,212,992 | \$2,212,992 |
| 400 | Deferred Inflow of Resources | \$44,157 | | \$8,662 | | | \$32,407 | | \$54,405 | \$139,631 | \$139,631 | |
| 508.4 | Net Investment in Capital Assets | \$1,908,634 | \$20,874 | \$385,379 | | | \$7,022 | | | \$2,321,909 | \$2,321,909 | |
| 511.4 | Restricted Net Position | | | \$84,397 | | | \$0 | | | \$84,397 | \$84,397 | |
| 512.4 | Unrestricted Net Position | \$371,307 | \$43,228 | \$81,079 | \$0 | \$0 | \$-107,373 | \$0 | \$5,922 | \$166,565 | \$398,570 | \$398,570 |
| 513 | Total Equity - Net Assets / Position | \$2,279,941 | \$64,102 | \$388,697 | \$0 | \$0 | \$-100,351 | \$0 | \$5,922 | \$166,565 | \$2,804,876 | \$2,804,876 |
| 600 | Total Liabilities, Deferred Inflows of Resources and Equity - Net | \$2,910,231 | \$64,258 | \$1,444,684 | \$0 | \$0 | \$145,663 | \$0 | \$5,922 | \$586,741 | \$5,157,499 | \$5,157,499 |

Housing Authority of the City of Truth or Consequences
 Truth or Consequences, NM
 Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2016

| | Project Total | 93.575 Child Care and Development Block Grant | 10.415 Rural Rental Housing Loans | 10.427 Rural Rental Assistance Payments | 14.870 Resident Opportunity and Supportive Services | 14.871 Housing Choice Vouchers | 14.879 Mainstream Vouchers | 14.239 HOME Investment Partnerships Program | 1 Business Activities | Subtotal | Total |
|---|---------------|---|-----------------------------------|---|---|--------------------------------|----------------------------|---|-----------------------|-------------|-------------|
| 70300 Net Tenant Rental Revenue | \$240,830 | | \$127,439 | | | | | | | \$368,269 | \$368,269 |
| 70400 Tenant Revenue - Other | \$254 | | \$4,353 | | | | | | | \$4,607 | \$4,607 |
| 70500 Total Tenant Revenue | \$241,084 | | \$131,792 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$372,876 | \$372,876 |
| 70600 HUD PHA Operating Grants | \$237,948 | | | | \$164,837 | \$844,203 | \$80,592 | | | \$1,327,580 | \$1,327,580 |
| 70610 Capital Grants | \$108,538 | | | | | | | | | \$108,538 | \$108,538 |
| 70710 Management Fee | | | | | | | | | | | |
| 70720 Asset Management Fee | | | | | | | | | | | |
| 70730 Book Keeping Fee | | | | | | | | | | | |
| 70740 Front Line Service Fee | | | | | | | | | | | |
| 70750 Other Fees | | | | | | | | | | | |
| 70700 Total Fee Revenue | | | | | | | | | | | |
| 70800 Other Government Grants | | | | \$189,134 | | | | | | \$189,134 | \$189,134 |
| 71100 Investment Income - Unrestricted | \$981 | \$10 | \$118 | | | \$159 | | | \$382 | \$1,650 | \$1,650 |
| 71200 Mortgage Interest Income | | | | | | | | | | | |
| 71300 Proceeds from Disposition of Assets Held for Sale | | | | | | | | | | | |
| 71310 Cost of Sale of Assets | | | | | | | | | | | |
| 71400 Fraud Recovery | | | | | | | | | | | |
| 71500 Other Revenue | | | | | | | | \$9 | \$190,281 | \$190,290 | \$190,290 |
| 71600 Gain or Loss on Sale of Capital Assets | | | | | | | | | | | |
| 72000 Investment Income - Restricted | | | | | | | | | | | |
| 70000 Total Revenue | \$588,551 | \$20,143 | \$131,910 | \$189,134 | \$164,837 | \$844,362 | \$80,592 | \$9 | \$190,663 | \$2,210,201 | \$2,210,201 |
| 91100 Administrative Salaries | \$42,488 | | \$17,556 | | | \$33,890 | \$19,848 | | \$29,290 | \$143,072 | \$143,072 |
| 91200 Auditing Fees | \$13,365 | | \$4,860 | | | \$6,075 | | | | \$24,300 | \$24,300 |
| 91300 Management Fee | | | | | | | | | | | |
| 91310 Book-keeping Fee | \$6,552 | \$3,714 | | | | \$8,065 | | | \$3,714 | \$22,045 | \$22,045 |
| 91400 Advertising and Marketing | \$2,864 | | \$2,169 | | | | | | | \$5,033 | \$5,033 |
| 91500 Employee Benefit contributions - Administrative | \$28,165 | | \$16,124 | | | \$22,994 | | | \$17,220 | \$84,503 | \$84,503 |
| 91600 Office Expenses | \$28,458 | \$1,496 | \$2,770 | | | | | | \$3,761 | \$36,485 | \$36,485 |
| 91700 Legal Expense | \$7,004 | | \$351 | | | | | | | \$7,355 | \$7,355 |
| 91800 Travel | \$6,706 | | | | | \$120 | | | \$136 | \$6,962 | \$6,962 |
| 91810 Allocated Overhead | | | | | | | | | | | |
| 91900 Other | \$59,157 | | \$15,521 | | | \$15,686 | | \$97 | | \$90,461 | \$90,461 |
| 91000 Total Operating - Administrative | \$194,759 | \$5,210 | \$59,351 | \$0 | \$0 | \$86,830 | \$19,848 | \$97 | \$54,121 | \$420,216 | \$420,216 |
| 92000 Asset Management Fee | | | | | | | | | | | |
| 92100 Tenant Services - Salaries | \$23,519 | | | | | | | | | \$23,519 | \$23,519 |
| 92200 Relocation Costs | | | | | | | | | | | |
| 92300 Employee Benefit Contributions - Tenant Services | | | | | | | | | | | |
| 92400 Tenant Services - Other | | | | | | | | | | | |
| 92500 Total Tenant Services | \$23,519 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$23,519 | \$23,519 |
| 93100 Water | \$13,884 | \$240 | \$6,691 | | | | | | | \$20,815 | \$20,815 |
| 93200 Electricity | \$62,106 | | \$8,700 | | | | | | | \$70,806 | \$70,806 |

Housing Authority of the City of Truth or Consequences
Truth or Consequences, NM

Entity Wide Revenue and Expense Summary

| | | | | | | | | | | | |
|---|-----------|----------|------------|-----------|-----------|-----------|----------|-------|-----------|-------------|-------------|
| 93300 Gas | \$5,049 | \$856 | \$4,197 | | | | | | | \$10,102 | \$10,102 |
| 93400 Fuel | | | | | | | | | | | |
| 93500 Labor | | | | | | | | | | | |
| 93600 Sewer | \$8,779 | \$62 | \$8,778 | | | | | | | \$17,619 | \$17,619 |
| 93700 Employee Benefit Contributions - Utilities | | | | | | | | | | | |
| 93800 Other Utilities Expense | | | \$4,805 | | | | | | | \$4,805 | \$4,805 |
| 93000 Total Utilities | \$89,818 | \$1,158 | \$33,171 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$124,147 | \$124,147 |
| 94100 Ordinary Maintenance and Operations - Labor | \$56,024 | | \$32,666 | | | | | | | \$98,690 | \$98,690 |
| 94200 Ordinary Maintenance and Operations - Materials and Other | \$14,090 | \$13 | \$7,217 | | | | | | | \$21,320 | \$21,320 |
| 94300 Ordinary Maintenance and Operations Contracts | \$56,374 | \$434 | \$42,960 | | | | | | | \$99,768 | \$99,768 |
| 94500 Employee Benefit Contributions - Ordinary Maintenance | \$23,988 | | | | | | | | | \$23,988 | \$23,988 |
| 94000 Total Maintenance | \$160,476 | \$447 | \$82,843 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$243,766 | \$243,766 |
| 95100 Protective Services - Labor | | | | | | | | | | | |
| 95200 Protective Services - Other Contract Costs | | | | | | | | | | | |
| 95300 Protective Services - Other | | | | | | | | | | | |
| 95500 Employee Benefit Contributions - Protective Services | | | | | | | | | | | |
| 95000 Total Protective Services | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 96110 Property Insurance | \$11,350 | \$2,600 | \$13,023 | | | | | | | \$26,973 | \$26,973 |
| 96120 Liability Insurance | | | | | | \$6,590 | | | | \$6,590 | \$6,590 |
| 96130 Workmen's Compensation | | | \$1,453 | | | | | | | \$1,453 | \$1,453 |
| 96140 All Other Insurance | | | \$68 | | | | | | | \$68 | \$68 |
| 96100 Total Insurance Premiums | \$11,350 | \$2,600 | \$14,544 | \$0 | \$0 | \$6,590 | \$0 | \$0 | \$0 | \$35,084 | \$35,084 |
| 96200 Other General Expenses | | | | | | | | | | | |
| 96210 Compensated Absences | | | | | | | | | | | |
| 96300 Payments in Lieu of Taxes | | | | | | | | | | | |
| 96400 Bad debt - Tenant Rents | \$12,225 | | \$3,304 | | | | | | | \$15,529 | \$15,529 |
| 96500 Bad debt - Mortgages | | | | | | | | | | | |
| 96600 Bad debt - Other | | | | | | | | | | | |
| 96800 Severance Expense | | | | | | | | | | | |
| 96000 Total Other General Expenses | \$12,225 | \$0 | \$3,304 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$15,529 | \$15,529 |
| 96710 Interest of Mortgage (or Bonds) Payable | | | \$56,441 | | | | | | | \$56,441 | \$56,441 |
| 96720 Interest on Notes Payable (Short and Long Term) | | | | | | | | | | | |
| 96730 Amortization of Bond Issue Costs | | | | | | | | | | | |
| 96700 Total Interest Expense and Amortization Cost | \$0 | \$0 | \$56,441 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$56,441 | \$56,441 |
| 96900 Total Operating Expenses | \$492,147 | \$9,415 | \$249,654 | \$0 | \$0 | \$93,420 | \$19,848 | \$97 | \$54,121 | \$918,702 | \$918,702 |
| 97000 Excess of Operating Revenue over Operating Expenses | \$96,404 | \$10,728 | -\$117,744 | \$189,134 | \$164,837 | \$750,942 | \$60,744 | -\$88 | \$136,542 | \$1,291,499 | \$1,291,499 |
| 97100 Extraordinary Maintenance | | | | | | | | | | | |
| 97200 Casualty Losses - Non-capitalized | | | | | | | | | | | |
| 97300 Housing Assistance Payments | | | | | | \$784,249 | \$57,294 | | | \$841,543 | \$841,543 |
| 97350 HAP Portability-In | | | | | | | | | | | |
| 97400 Depreciation Expense | \$61,028 | \$2,548 | \$63,878 | | | \$4,573 | | | | \$132,027 | \$132,027 |
| 97500 Fraud Losses | | | | | | | | | | | |
| 97600 Capital Outlays - Governmental Funds | | | | | | | | | | | |
| 97700 Debt Principal Payment - Governmental Funds | | | | | | | | | | | |

Housing Authority of the City of Truth or Consequences
Truth or Consequences, NM

Entity Wide Revenue and Expense Summary

| | | | | | | | | | | | | |
|---|-------------|----------|-----------|------------|------------|-----------|----------|---------|------------|-------------|-------------|--|
| 97800 Dwelling Units Rent Expense | | | | | | | | | | | | |
| 90000 Total Expenses | \$553,175 | \$11,963 | \$313,532 | \$0 | \$0 | \$882,242 | \$77,142 | \$97 | \$54,121 | \$1,892,272 | \$1,892,272 | |
| 10010 Operating Transfer In | \$203,767 | | \$189,134 | | | | | | | \$392,901 | \$392,901 | |
| 10020 Operating transfer Out | -\$38,930 | | | -\$189,134 | -\$164,837 | | | | | -\$392,901 | -\$392,901 | |
| 10030 Operating Transfers from/to Primary Government | | | | | | | | | | | | |
| 10040 Operating Transfers from/to Component Unit | | | | | | | | | | | | |
| 10050 Proceeds from Notes, Loans and Bonds | | | | | | | | | | | | |
| 10060 Proceeds from Property Sales | | | | | | | | | | | | |
| 10070 Extraordinary Items, Net Gain/Loss | | | | | | | | | | | | |
| 10080 Special Items (Net Gain/Loss) | | | | | | | | | | | | |
| 10091 Inter Project Excess Cash Transfer In | | | | | | | | | | | | |
| 10092 Inter Project Excess Cash Transfer Out | | | | | | | | | | | | |
| 10093 Transfers between Program and Project - In | | | | | | | | | | | | |
| 10094 Transfers between Project and Program - Out | | | | | | | | | | | | |
| 10100 Total Other financing Sources (Uses) | \$164,837 | \$0 | \$189,134 | -\$189,134 | -\$164,837 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | |
| 10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses | \$200,213 | \$8,180 | \$7,512 | \$0 | \$0 | -\$37,880 | \$3,450 | -\$88 | \$136,542 | \$317,929 | \$317,929 | |
| 11020 Required Annual Debt Principal Payments | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | |
| 11030 Beginning Equity | \$1,900,838 | \$55,922 | \$381,185 | \$0 | \$0 | -\$65,921 | \$0 | \$6,010 | \$208,913 | \$2,486,947 | \$2,486,947 | |
| 11040 Prior Period Adjustments, Equity Transfers and Correction of Errors | \$178,890 | | \$0 | | | \$3,450 | -\$3,450 | | -\$178,890 | \$0 | \$0 | |
| 11050 Changes in Compensated Absence Balance | | | | | | | | | | | | |
| 11060 Changes in Contingent Liability Balance | | | | | | | | | | | | |
| 11070 Changes in Unrecognized Pension Transition Liability | | | | | | | | | | | | |
| 11080 Changes in Special Term/Severance Benefits Liability | | | | | | | | | | | | |
| 11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents | | | | | | | | | | | | |
| 11100 Changes in Allowance for Doubtful Accounts - Other | | | | | | | | | | | | |
| 11170 Administrative Fee Equity | | | | | | -\$58,541 | | | | -\$58,541 | -\$58,541 | |
| 11180 Housing Assistance Payments Equity | | | | | | | | | | -\$41,810 | -\$41,810 | |
| 11190 Unit Months Available | 1200 | 12 | 636 | | | 2040 | | | 0 | 3888 | 3888 | |
| 11210 Number of Unit Months Leased | 1134 | 12 | 548 | | | 1856 | | | 0 | 3550 | 3550 | |
| 11270 Excess Cash | \$685,394 | | | | | | | | | \$685,394 | \$685,394 | |
| 11610 Land Purchases | \$0 | | | | | | | | | \$0 | \$0 | |
| 11620 Building Purchases | \$100,075 | | | | | | | | | \$100,075 | \$100,075 | |
| 11630 Furniture & Equipment - Dwelling Purchases | \$0 | | | | | | | | | \$0 | \$0 | |
| 11640 Furniture & Equipment - Administrative Purchases | \$0 | | | | | | | | | \$0 | \$0 | |
| 11650 Leasehold Improvements Purchases | \$8,463 | | | | | | | | | \$8,463 | \$8,463 | |
| 11660 Infrastructure Purchases | \$0 | | | | | | | | | \$0 | \$0 | |
| 13510 CFFP Debt Service Payments | \$0 | | | | | | | | | \$0 | \$0 | |
| 13901 Replacement Housing Factor Funds | \$0 | | | | | | | | | \$0 | \$0 | |

STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
SCHEDULE OF VENDOR INFORMATION
YEAR ENDED JUNE 30, 2016

| Agency Number | Agency Name | Agency Type | RFB#/RFP# (If applicable) | Type of Procurement | Vendor Name | Did Vendor Win Contract? | \$ Amount of Awarded Contract | \$ Amount of Amended Contract | Physical address of vendor (City, State) | Did the Vendor provide documentation of eligibility for in-state preference? | Did the Vendor provide documentation of eligibility for veterans' preference? | Brief Description of the Scope of Work | If the procurement is attributable to a Component Unit, Name of Component Unit |
|---------------|-------------------------------|----------------|---------------------------|---------------------|---------------------------------------|--------------------------|-------------------------------|-------------------------------|--|--|---|--|--|
| 6176 | City of Truth or Consequences | Municipalities | RFP: 15-16-001 | RFP | City of Las Cruces | Yes | \$46.50 per ton | N/A | Las Cruces, NM | Yes | No | Solidwaste Hauling Services | N/A |
| 6176 | City of Truth or Consequences | Municipalities | RFP: 15-16-001 | RFP | NM Waste Service | No | N/A | N/A | Las Cruces, NM | Yes | No | Solidwaste Hauling Services | N/A |
| 6176 | City of Truth or Consequences | Municipalities | 15-16-8403-0616-403 | BID | Maxwell Asphalt, Inc. | Yes | \$318,158.00 | N/A | Bountiful, UT | Yes | No | Airport Runway Crack & Seal | N/A |
| 6176 | City of Truth or Consequences | Municipalities | 15-16-8403-0616-403 | BID | American Road Maintenance Itasca | No | N/A | N/A | Bountiful, UT | Yes | No | Airport Runway Crack & Seal | N/A |
| 6176 | City of Truth or Consequences | Municipalities | TOC-2015.1 | BID | Mountain States Constructors | Yes | \$272,158.95 | \$3,541.10 | Albuquerque, NM | Yes | No | Landfill Final Cover | N/A |
| 6176 | City of Truth or Consequences | Municipalities | TOC-2015.1 | BID | Lone Wolf Resources, LLC | No | N/A | N/A | Albuquerque, NM | Yes | No | Landfill Final Cover | N/A |
| 6176 | City of Truth or Consequences | Municipalities | TOC-2015.1 | BID | Randy Sena Construction, Inc. | No | N/A | N/A | Albuquerque, NM | Yes | No | Landfill Final Cover | N/A |
| 6176 | City of Truth or Consequences | Municipalities | TOC-2015.1 | BID | Sedona Contracting, Inc. | No | N/A | N/A | Albuquerque, NM | Yes | No | Landfill Final Cover | N/A |
| 6176 | City of Truth or Consequences | Municipalities | TOC-2015.1 | BID | 4X Construction Group, LLC | No | N/A | N/A | Albuquerque, NM | Yes | No | Landfill Final Cover | N/A |
| 6176 | City of Truth or Consequences | Municipalities | TOC-2015.1 | BID | Guzman Construction Solutions, LLC | No | N/A | N/A | Albuquerque, NM | Yes | No | Landfill Final Cover | N/A |
| 6176 | City of Truth or Consequences | Municipalities | TOC-2015.1 | BID | CBKN Dirtworks, Inc. | No | N/A | N/A | Albuquerque, NM | Yes | No | Landfill Final Cover | N/A |
| 6176 | City of Truth or Consequences | Municipalities | TOC-2015.1 | BID | Aztec Grading | No | N/A | N/A | Albuquerque, NM | Yes | No | Landfill Final Cover | N/A |
| 6176 | City of Truth or Consequences | Municipalities | TOC-2015.1 | BID | Sierra Valley Contractors, LLC | No | N/A | N/A | Albuquerque, NM | Yes | No | Landfill Final Cover | N/A |
| 6176 | City of Truth or Consequences | Municipalities | TOC-2015.1 | BID | SmithCo Construction, Inc. | No | N/A | N/A | Albuquerque, NM | Yes | No | Landfill Final Cover | N/A |
| 6176 | City of Truth or Consequences | Municipalities | TOC-2015.1 | BID | Caliper Construction, Inc. | No | N/A | N/A | Albuquerque, NM | Yes | No | Landfill Final Cover | N/A |
| 6176 | City of Truth or Consequences | Municipalities | TOC-2015.1 | BID | Renegade Construction, LLC | No | N/A | N/A | Albuquerque, NM | Yes | No | Landfill Final Cover | N/A |
| 6176 | City of Truth or Consequences | Municipalities | TOC-2015.1 | BID | Rock Gap Engineering | No | N/A | N/A | Albuquerque, NM | Yes | No | Landfill Final Cover | N/A |
| 6176 | City of Truth or Consequences | Municipalities | TOC-2015.1 | BID | Sanchez Demolition, Inc. | No | N/A | N/A | Albuquerque, NM | Yes | No | Landfill Final Cover | N/A |
| 6176 | City of Truth or Consequences | Municipalities | TOC-2015.1 | BID | Morrow Enterprises, Inc. | No | N/A | N/A | Albuquerque, NM | Yes | No | Landfill Final Cover | N/A |
| 6176 | City of Truth or Consequences | Municipalities | TOC-2015.1 | BID | Burn Construction Co. | No | N/A | N/A | Albuquerque, NM | Yes | No | Landfill Final Cover | N/A |
| 6176 | City of Truth or Consequences | Municipalities | TOC-2015.1 | BID | AJAC Enterprises, Inc. | No | N/A | N/A | Albuquerque, NM | Yes | No | Landfill Final Cover | N/A |
| 6176 | City of Truth or Consequences | Municipalities | TOC-2015.1 | BID | HR Construction, Inc. | No | N/A | N/A | Albuquerque, NM | Yes | No | Landfill Final Cover | N/A |
| 6176 | City of Truth or Consequences | Municipalities | IFB: 15-16-005 | Bid | RMCI, Inc. | Yes | \$3,635,325.05 | N/A | Albuquerque, NM | Yes | No | WWTP Improvements Phase I Engineering | N/A |
| 6176 | City of Truth or Consequences | Municipalities | RFP: 15-16-003 | RFP | Smith Engineering Company | Yes | \$644,765.00 | N/A | Roswell, NM | No | No | Services/Water/Wastewater Engineering | N/A |
| 6176 | City of Truth or Consequences | Municipalities | RFP: 15-16-003 | RFP | Sullivan Design Group | No | N/A | N/A | Roswell, NM | No | No | Services/Water/Wastewater Engineering | N/A |
| 6176 | City of Truth or Consequences | Municipalities | RFP: 15-16-003 | RFP | Forsgren Associates | No | N/A | N/A | Roswell, NM | No | No | Services/Water/Wastewater Engineering | N/A |
| 6176 | City of Truth or Consequences | Municipalities | RFP: 15-16-003 | RFP | International Consulting & Associates | No | N/A | N/A | Roswell, NM | No | No | Services/Water/Wastewater Engineering | N/A |
| 6176 | City of Truth or Consequences | Municipalities | RFP: 15-16-004 | RFP | Terry Taylor | Yes | \$120,000.00 | N/A | Truth or Consequences, NM | No | No | Golf Course Management Services | N/A |

OTHER DISCLOSURES

INDEPENDENT AUDITOR’S 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

To the City Council
City of Truth or Consequences
and Mr. Tim Keller
New Mexico State Auditor

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, the aggregate remaining fund information, and the budgetary comparisons of the general fund of the City of Truth or Consequences (“City”), 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 combining and individual funds and related budgetary comparisons of the City, presented as supplemental information, and have issued our report thereon dated March 1, 2017. Our report includes a reference to other auditors who audited the financial statements of the Truth or Consequences Housing Authority, as described in our report on the City’s financial statements. This report included our consideration of the results of the other auditor’s testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. We

consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses: 2011-001, 2012-003, and 2016-003.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We did not identify any significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2016-001, 2016-002, 2016-004, 2016-005, and 2016-006.

City's Response to Findings

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

Purpose of this Report

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



Albuquerque, New Mexico
March 1, 2017

**STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2016**

SECTION I – FINANCIAL STATEMENT FINDINGS

**2011-001 DESIGN DEFICIENCIES IN INTERNAL CONTROL OVER FINANCIAL REPORTING
(Material Weakness) – Repeated and Modified**

CONDITION: The City's internal control structure is inadequate. The City does not have a comprehensive documented internal control system over financial information. The City does not maintain proper oversight or monitoring in regards to the City's accounting activities and has not taken the proper measures to monitor and mitigate the risk for fraud, misappropriation of assets, or misstatement of financial statements. During our audit, we noted the following internal control deficiencies:

- We noted 1 of 10 journal entries lacked a secondary review and approval, for a total of \$419.05.
- We noted in 3 out of 40 cash disbursements tested, no purchase order was created, totaling \$455.16; and in 1 out of 40 items tested for a total of \$819, we noted the check did not have the secondary signature required.
- We also noted 1 of 35 fuel card disbursements tested, for a total of \$55.90, that the fuel purchased exceeded the fuel capacity of the vehicle.

The City had not taken measures to correct this finding as of June 30, 2016.

CRITERIA: The Committee of Sponsoring Organizations (COSO) internal control integrated framework consists of five critical elements that must be present in carrying out the achievement objectives of an organization. These elements are known as the control environment, risk assessment, control activities, information and communication, and monitoring.

EFFECT: Without all of the five elements of the COSO framework present, the City is exposing itself to the risk of misappropriation of assets and does not have set processes in place to minimize the exposure.

CAUSE: The City has experienced turnover within certain departments and the implementation of the COSO internal control framework regarding the achievement of effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations has been a challenge. The City has also not implemented a formalized and documented risk assessment process for those key controls in place to prevent and detect error or fraud.

RECOMMENDATION: We recommend that the City incorporate the five elements of the COSO internal control integrated framework in their organization. In particular, there must be a documented risk assessment process in place, there should be a mechanism in place to document the monitoring of the internal controls in place and the control environment must promote the highest ethical standards and an efficient and effective path towards achieving the City's goals. We recommend that internal controls be addressed at both the entity level and activity level. We also recommend that key management personnel attend a training class on internal control.

**STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2016**

SECTION I – FINANCIAL STATEMENT FINDINGS (Continued)

**2011-001 DESIGN DEFICIENCIES IN INTERNAL CONTROL OVER FINANCIAL REPORTING
(Material Weakness) – Repeated and Modified (Continued)**

MANAGEMENT RESPONSE:

Re: Journal Entries

- Checks and balances are being put into place to ensure State and Federal guidelines are being met. Approval must be obtained on all processes before completion by staff.

Re: Lack of Purchase Orders

- Staff is being instructed on what constitutes a procurement violation and proper procedures to follow regarding emergency procurement.

Re: Fuel Card Use

- Policies and procedures are being implemented for the purpose of tracking fuel.
- Departments will utilize fuel logs and receive training on verifying purchases, reconciling fuel statements, and completing monthly reports.

Overall:

- Finance policies and procedures will reflect COSO (Committee of Sponsoring Organizations) requirements for: control environment, risk assessment, control activities, information & communication and monitoring activities.
- Quarterly Internal Audits will be performed by the Finance Director or a designee.
- Designated staff will also receive ‘Train the Trainers’ education so that they may in turn, train staff on proper implementation of Procedures

RESPONSIBLE PARTY FOR CORRECTIVE ACTION: Finance Director or designee; City Manager

TIMELINE FOR CORRECTIVE ACTION: April 30, 2017

**STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2016**

SECTION I – FINANCIAL STATEMENT FINDINGS (Continued)

2012-003: CAPITAL ASSETS (Material Weakness) – Revised, Repeated and Modified

CONDITION: During testwork of capital assets we noted the City is not properly tracking or recording Capital Assets. Detailed listings of purchases of capital assets in the current year did not agree to the trial balance, nor were they adequately separated between governmental and enterprise funds accordingly. In addition, construction in progress balances were not properly booked or segregated between governmental and enterprise funds; and depreciation was not updated for current year activity.

The City enacted a corrective action plan in the prior fiscal year by hiring a consultant to clean up the capital assets listing. However, the city has failed to maintain the listing by not continuing to properly track and record additions, depreciation, and construction in progress in the current fiscal year.

CRITERIA: Section 2.20.1 of NMAC requires agencies to properly account for capital assets. The required capital asset accounting system is described in Section 2.20.1.8 of NMAC. Proper controls over the capital assets are described in Section 2.20.1.15 of NMAC. The statutory annual inventory requirement is described in Section 2.20.1.16 of NMAC.

EFFECT: The lack of proper implementation of controls over the capital asset listing may result in the financial statements being misstated.

CAUSE: The City did not follow internal controls in place to review the asset detail listing to ensure that it reconciled to the general ledger.

RECOMMENDATION: The City should ensure that all implemented internal controls are followed to manage and monitor the City’s capital asset listing.

MANAGEMENT RESPONSE:

- Uniform procedures have been put in place for each Department to use when tracking assets.
 - Departments will document all purchases, depreciation of assets, transfer of assets, and disposal of assets.
- The Finance Department will oversee Capital Asset tracking to ensure that procedures are being followed and that Departments are correctly calculating assets and that they are accurately represented in the general ledger.
- Staff will be receiving periodic and ongoing training to properly manage internal controls and to communicate any changes or requirements to the field.

RESPONSIBLE PARTY FOR CORRECTIVE ACTION: Department Heads; Finance Director; City Manager

TIMELINE FOR CORRECTIVE ACTION: Being implemented immediately.

**STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2016**

SECTION I – FINANCIAL STATEMENT FINDINGS (Continued)

2016-003 FINANCIAL CLOSE AND REPORTING DEFICIENCIES (Material Weakness)

CONDITION: Throughout our testing of long-term debt, we noted that the City was not properly tracking, recording, or reconciling New Mexico Finance Authority (NMFA) loans. The City attempted to create amortization schedules for their loans, however, the calculations did not reflect the proper principal and interest amounts required. Additionally, the principal and interest payments were not being accurately recorded in the trial balance. NMFA loans also carry restricted cash and reserve balances, which were not being properly tracked or recorded by the City. Throughout the testing of NMFA loans, the only documentation Axiom could rely on were the statements provided directly by NMFA.

CRITERIA: Every City shall establish and maintain an internal control structure to provide management with reasonable assurance that assets are safe-guarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with GAAP, and that state and federal programs are managed in compliance with applicable laws and regulations. The internal control structure shall include written administrative controls (rules, procedures and practices, and policies that affect the organization) and accounting controls (activity cycles, financial statement captions, accounting applications including computer systems) that will accurately capture all financial data.

EFFECT: NMFA loans were not properly tracked or recorded in the City's trial balance, leading to inaccurate debt, restricted cash, and reserve balances.

CAUSE: Client provided amortization schedules were not accurately tracking required principal and interest payments of the loans held with NMFA.

RECOMMENDATION: We recommend that the City utilize the NMFA loan statements to record all activity related to debt payments, interest payments, interest earned, restricted cash and reserve balances for each NMFA loan.

MANAGEMENT RESPONSE:

- Internal spreadsheets will be reconciled to NMFA loan statements.
- A method will be developed to correctly calculate principal and interest payments.
- Reconciliation and update of spreadsheets will be completed in a timely fashion and staff will communicate with NMFA to follow up on the status of loans at the end of each fiscal year.
- Ongoing training will be provided to staff when necessary as a refresher.

RESPONSIBLE PARTY FOR CORRECTIVE ACTION: Accounting Officer; Finance Director

TIMELINE FOR CORRECTIVE ACTION: April 30, 2017

**STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2016**

SECTION II – FINDINGS IN ACCORDANCE WITH 2.2.2 NMAC

2016-001 CONTROLS OVER TRAVEL AND PER DIEM DISBURSMENTS (Other Matter)

CONDITION: During testwork over Travel and Per Diem disbursements it was identified that three of ten items tested the city did not calculate mileage reimbursements correctly resulting in underpayment of \$0.05 per mile.

CRITERIA: Per NM DFA Rule 92-1 Section 3, the City is required to reimburse mileage at the IRS standard mileage rate set each Jan 1 of the previous year. The city policies and procedures also require a review of these reimbursements prior to approval.

EFFECT: Not using the correct rate and/or not reviewing by management prior to payment can result in over or under payment, in this case, underpayment.

CAUSE: Lack of management review and/or training of employees on the correct rate to be utilized when reimbursing travel and mileage.

RECOMMENDATION: We suggest refresher training for all employees processing reimbursements for travel on where to access the correct IRS reimbursement rates and formalize a process where the reimbursement rate is reviewed by management prior to approval. Currently, these details do not exist in the City's finance policies and procedures manual and we also suggest that the City incorporate these details into the manual for reference by employees processing reimbursement requests.

MANAGEMENT RESPONSE:

- Action has been taken on this issue. A directive has been put in place for the Chief Purchasing Officer (CPO) to review IRS reimbursement rates annually.
- The CPO will update information as needed and communicate changes to field staff.
- Training opportunities will be utilized for finance staff as well as staff in the field.

RESPONSIBLE PARTY FOR CORRECTIVE ACTION: Purchasing Officer; Finance Director

TIMELINE FOR CORRECTIVE ACTION: Directive was implemented on September 7, 2016

**STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2016**

SECTION II – FINDINGS IN ACCORDANCE WITH 2.2.2 NMAC (Continued)

2016-002 PUBLIC EMPLOYEE RETIREMENT BOARD REPORTING (Other Matters)

CONDITION: During our compliance testing with the New Mexico Office of the State Auditor Rule 2.2.2.10G(7) NMAC, we identified that in 2 of 26 pay periods tested for regular employees and police employees, the contribution percentages remitted to PERA did not comply with statutory contribution percentage requirements. We also identified that in 2 of 26 instances, the amount listed on the PERA "Contribution Remittance" form for regular employees and police employees was incorrect. We noted the City has under contributed the amount of Wages subject to PERA resulting in an underpayment to PERA in the amount of \$307.72.

CRITERIA: Sections 10-11-1 to 10-11-141 NMSA 1978 set forth required contribution percentages for the employer and employee for various retirement plans.

EFFECT: The City under contributed to PERA by \$307.72

CAUSE: The City has converted its accounting software during the fiscal year. The payroll department identified multiple occasions in which the correct wages were not reported to PERA on its contribution remittance. The incorrect wage reported on the PERA contribution remittance caused the City to inadvertently remit the incorrect PERA contribution.

RECOMMENDATION: The finance department, specifically payroll personnel, should ensure the correct amounts are being remitted to PERA and the employer and employee contributions have been remitted at the correct rate.

MANAGEMENT RESPONSE:

- With a new Payroll Clerk, the Payroll Department has implemented a checklist to follow when performing Payroll, including PERA payments are reconciled at the end of each pay period.
 - The Retirement Process performed by Payroll each pay period is reviewed and approved by the Finance Director or Accounting Officer before completion by Payroll.
- Payroll Administrator has a direct contact with PERA who assists when errors are flagged or adjustment reports are being submitted, as in the case with payroll corrections or special pay runs.
 - Payroll Administrator has created a method of tracking PERA payments, including corrections and/or adjustments, to reconcile payroll deductions with payments.
- Relevant training will be provided to ensure that contributions are being calculated, reported, and paid correctly.

RESPONSIBLE PARTY FOR CORRECTIVE ACTION: Payroll Administrator; Finance Director

TIMELINE FOR CORRECTIVE ACTION: Procedures have been implemented.

**STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2016**

SECTION II – FINDINGS IN ACCORDANCE WITH 2.2.2 NMAC (Continued)

2016-004 LATE AUDIT REPORT (Other Matters)

CONDITION: The City’s June 30, 2016 audit report was not filed under the time restrictions specified by the New Mexico State Auditor.

CRITERIA: The State Auditor Rule NMAC 2.2.2.9.A specifies the audit financial statement of local governmental entities are due by December 15 following the fiscal year-end, thus requiring the June 30, 2016 report to be filed no later than December 15, 2016.

EFFECT: The City is in violation of the State Auditor Rule NMAC 2.2.2.9.A for the fiscal year ended June 30, 2016. This issue may result in not having accurate financial information for budget preparation or financial projections. Also, it causes the City to be placed on the State of New Mexico’s “At-Risk Listing” and it may impact funding received from the State. Additionally, this issue may limit the borrowing ability of the City precluding it from finishing undertaken projects.

CAUSE: The City converted its accounting software during the fiscal year, as a result the accounting staff experienced several unexpected challenges with reconciling its accounting records. Additionally, the City had deficiencies in its financial close and reporting procedures.

RECOMMENDATION: The City should implement accounting policies and procedures that would prevent unexpected challenges, such as the conversion to a new accounting system, from allowing staff to reconcile its accounting records.

MANAGEMENT RESPONSE:

- The transition from the old software to the new is complete and staff has worked to reconcile discrepancies discovered since the implementation of the new system. These discrepancies took extra time to correct once they were discovered, resulting in late filing.
 - Also, on a side note, the City of Truth or Consequences’ new audit firm had challenges in collecting necessary data from the City’s previous audit firm, which caused further delays.
- To avoid such issues in the future, Finance Department staff has implemented practices to more accurately track records and will be proactive when preparing for audits which will allow extra time for the resolution of any unforeseen issues.

RESPONSIBLE PARTY FOR CORRECTIVE ACTION: Finance Director; City Manager

TIMELINE FOR CORRECTIVE ACTION: Procedures have been implemented.

**STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2016**

2016-005 PROCURMENT (Other Matters)

CONDITION: During our testing of procurement, it was noted that the City had extended a legal contract beyond four years without going out for bid. The City's original contract spanned from November 1, 2011 through October 31, 2015. On October 27, 2015 an extension was approved through the board to continue services through November 30, 2015 which exceeded the four years allowed under state statute.

CRITERIA: 13-1-150 of the NMSA states that a contract for professional services may not exceed four years, including all extensions and renewals

EFFECT: The City was in violation of 13-1-150 NMSA 1978 for the fiscal year ended June 30, 2016.

CAUSE: The City was unaware of the state statute limiting the time that the contract could be entered into.

RECOMMENDATION: The City should implement policies and procedures that would ensure that the City is in compliance with 13-1-150 NMSA 1978.

MANAGEMENT RESPONSE:

- Finance policies and procedures will reflect COSO (Committee of Sponsoring Organizations) requirements for: control environment, risk assessment, control activities, information & communication and monitoring activities.
- Quarterly Internal Audits will be performed by the Finance Director or a designee to ensure that the City has not violated the contract extensions and renewal provisions of 13-1-150 NMSA.
- Designated staff will also receive 'Train the Trainers' education so that they may in turn, train staff on proper implementation of Procedures

RESPONSIBLE PARTY FOR CORRECTIVE ACTION: Finance Director

TIMELINE FOR CORRECTIVE ACTION: Immediate

**STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2016**

2016-006 IMPACT FEES (Other Matters)

CONDITION: The City has only one bank account designated for Impact Fees. This results in all Impact Fees being comingled into one bank account.

CRITERIA: 5-8-16 NMSA 1978 states that all money collected through the adoption of an impact fee shall be maintained in separate interest-bearing accounts clearly identifying the payer and the category of capital improvements or facility expansions within the service area for which the fee was adopted.

EFFECT: The City is not maintaining information that is required by the Land Development Fees and Rights act, and therefore was in violation of 5-8-16 NMSA 1978.

CAUSE: The City was unaware of the state statute requiring that separate bank accounts be maintained.

RECOMMENDATION: The City should implement policies and procedures that would ensure that separate accounts be maintained for the various impact fees collected by the City.

MANAGEMENT RESPONSE:

- Management was unaware of the state statute requiring that all money collected through the adoption of an impact fee shall be maintained in separate interest-bearing account(s) clearly identifying the payer and the category of capital improvements or facility expansions within the service area for which the fee was adopted.
- Management has reviewed the applicable state statute and revised the 'City of Truth or Consequences Administrative Policy and Procedures' to comply with NM State Statutes – Section 5-8-16.

RESPONSIBLE PARTY FOR CORRECTIVE ACTION: Finance Director / City Manager

TIMELINE FOR CORRECTIVE ACTION: December 2017

**STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2016**

SECTION III – COMPONENT UNIT FINDINGS

A. FINANCIAL STATEMENT FINDINGS

2015-001 PAYMENT OF PAYROLL LIABILITIES (Other Noncompliance)

CONDITION: In a test of all payroll reporting transactions, we noted several instances where payroll withholding tax deposits were not paid timely, or in correct amounts; state withholding was not paid timely, resulting in \$136 in penalties; state unemployment reports were not filed timely, resulting in penalties and interest of \$1,199; and reports and payments to the Public Employee Retirement System and the Retiree Health Care Board were not timely.

There was a corrective action plan in place, but personnel charged with implementation of the plan were not knowledgeable in the payroll reporting requirements and did not communicate problems to the Executive Director. This appears to have been a pervasive problem prior to discovery.

CRITERIA: Federal and New Mexico regulations specify the timing of reporting and payments of the various payroll withholdings and charges. Noncompliance with those regulations subjects the Authority to penalties and interest.

EFFECT: Federal and New Mexico regulations have been violated, and the Authority has incurred penalties and interest on the late payments.

CAUSE: The Authority hired a new finance director, who was not adequately trained to meet the payroll reporting deadlines.

RECOMMENDATION: We recommend that the Authority calendar each payroll and reporting and payment requirement, and utilize that calendar to ensure timely reporting and payment of payroll liabilities.

MANAGEMENT RESPONSE: Current finance staff have worked with PERA, RHC, State of New Mexico staff and have corrected all payments and updated all reporting. Payroll Liabilities payment and reporting review has been implemented concurrent with payroll schedule.

RESPONSIBLE PARTY FOR CORRECTIVE ACTION: Senior Finance Specialist

TIMELINE FOR CORRECTIVE ACTION: Completed

**STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2016**

SECTION III – COMPONENT UNIT FINDINGS (Continued)

2015-002 PUBLIC EMPLOYEE RETIREMENT BOARD REPORTING (Other Noncompliance)

CONDITION: The Authority pays a portion of its employees' retirement contributions. However, the Authority has not reported the amounts paid on the employees behalf to the Public Employees Retirement Board (PERA), but has listed these amounts as employee contributions.

The Authority enacted a corrective action plan, but as per instruction from the PERA, amendments to prior reports was not made, but prospective reporting will be accurate. This appears to have been a pervasive problem prior to correction late in the fiscal year.

CRITERIA: PERA required reporting of contributions made on employees' behalf separately, so that amounts actually paid by employees and employers can be identified.

EFFECT: Reporting employer contributions as employee contributions could cause a misstatement of pension expense in the Authority's financial statements, due to the fact that actual employer contributions are required to determine pension expense at the PERA level.

CAUSE: The Authority was unaware that this distinction was required, until it was brought to their attention late in the 2016 fiscal year.

RECOMMENDATION: We recommend that the Authority report the actual amounts paid by employees and the employer on its monthly reports to PERA.

MANAGEMENT RESPONSE: Current finance staff have worked with PERA staff and have corrected and updated all reporting. Payroll Liabilities payment and reporting review has been implemented concurrent with payroll schedule.

RESPONSIBLE PARTY FOR CORRECTIVE ACTION: Senior Finance Specialist

TIMELINE FOR CORRECTIVE ACTION: Completed

**STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2016**

B. FEDERAL AWARD FINDINGS

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (Other Noncompliance)

**2014-002 SECTION 8 HOUSING CHOICE VOUCHERS-CFDA NO. 14.871, GRANT NO. NM020,
GRANT PERIOD-YEAR ENDED JUNE 30, 2016**

CONDITION: In a review of 40 applicant files, we noted the following:

- 2 files did not contain citizenship declarations
- 2 files did not contain the fingerprint/ background check
- 8 files did not contain complete contact information
- 4 files did not contain the violence against women lease addendum
- 2 files did not contain the lead based paint assurances
- 2 files did not contain the Drug Violation addendum.

The Authority's corrective action plan was put into place during the 2014-15 fiscal year, but due to lack of time availability, not all files were reviewed. This appears to be isolated cases in old files that have not yet been updated.

CRITERIA: Federal regulations require that citizenship declarations, fingerprint/background checks, contact information, lead based paint assurances, Drug Violation assurances, and violence against women lease addendums be included in each applicant file.

EFFECT: There is an increased likelihood that ineligible clients will be admitted to the program, and federal regulations have been violated.

CAUSE: File updates were completed for those files scheduled to be updated, but due to lack of employee availability, not all files were reviewed.

RECOMMENDATION: We recommend that the files be reviewed and updated to contain all required information.

MANAGEMENT RESPONSE: As noted in audit, this is isolated cases in "old" files that have not been updated. Quality review and training had been implemented last year to address new program participant files. "Old" files are systematically being updated with scheduled recertifications.

RESPONSIBLE PARTY FOR CORRECTIVE ACTION: Executive Director / Asst. Exec. Dir.- HCV
Program Manager

TIMELINE FOR CORRECTIVE ACTION: 90 days

**STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2016**

SECTION III – COMPONENT UNIT FINDINGS (Continued)

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (Other Noncompliance)
(Continued)**

**2015-003 RURAL RENTAL HOUSING LOANS, CFDA NO. 10.415, LOAN NO. 001, PROJECT
NO. 017, FOR YEAR ENDED JUNE 30, 2016**

CONDITION: The Authority did not make the required transfers to its reserve account as required by the loan agreement. The transfers were \$525 less than those required.

The Authority's corrective action plan was instituted, but one month's transfer was overlooked. This appears to be an isolated instance.

CRITERIA: The Authority's loan agreements require that \$6,300 be transferred into a reserve and replacement account annually.

EFFECT: The loan agreement has been breached, and, in the extreme, could accelerate the loan to "immediately due" status.

CAUSE: Significant unplanned personnel turnover in the Authority's accounting department created a void which caused the transfer not to be made in one month during the year.

RECOMMENDATION: We recommend that the Authority make up the required transfer, and make future monthly transfers as required.

MANAGEMENT RESPONSE: The one missed monthly transfer has been completed, monthly reminders have been setup on finance calendars, Finance staff is working with bank to setup automatic monthly transfers to reserve accounts.

RESPONSIBLE PARTY FOR CORRECTIVE ACTION: Executive Director / Senior Finance Specialist

TIMELINE FOR CORRECTIVE ACTION: 30 days

**STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2016**

SECTION IV - STATUS OF PRIOR YEAR FINDINGS^c

| Description | Status |
|---|-------------------|
| <u>Financial Statement Findings</u> | |
| 2011-001 Design Deficiencies in Internal Control over Financial Reporting (Material Weakness) | Repeated/Modified |
| 2012-003 Capital Assets (Material Weakness) | Repeated/Modified |
| 2013-002 Inventory Control (Material Weakness) | Resolved |
| 2014-001 Stale Dated Transactions not cancelled (Other Matter) | Resolved |
| 2015-001 RHC Remittance and Recording (Other Matter) | Resolved |
| 2015-002 Joint Utility Receivables (Material Weakness) | Resolved |
| 2015-003 Designated Cash in Excess of Available Balance (Other Matter) | Resolved |
| <u>Component Unit Findings</u> | |
| 2015-001 Payment of Payroll Liabilities | Repeated/Modified |
| 2015-002 Public Employee Retirement Board Reporting | Repeated/Modified |
| 2014-002 Section 8 Housing Choice Vouchers | Repeated/Modified |
| 2015-003 Department of Agriculture | Repeated/Modified |

**STATE OF NEW MEXICO
CITY OF TRUTH OR CONSEQUENCES
EXIT CONFERENCE
Year Ended June 30, 2016**

The contents of this report were discussed in the exit conference held on December 14, 2016, with the following in attendance:

Representing the City of Truth or Consequences:

| | |
|----------------|------------------|
| Steve Green | Mayor |
| Juan Fuentes | City Manager |
| Melissa Torres | Finance Director |

Representing Axiom:

| | |
|-------------------|---------|
| Chris Garner, CPA | Partner |
|-------------------|---------|

The financial statements were prepared with the assistance of Axiom Certified Public Accountants & Business Advisors, LLC from the books and records of the City of Truth or Consequences.