

Application

Application: Section 5311 Program (Rural/Non-Urbanized Public Transportation) FY 2021

Application Deadline: 8/23/2019 11:59:00 PM

Organization: City of Portales

Year: 2021 **Status:** Submitted

Application Form(s)

Before you can submit this application, you must upload all required documents.

Documents			
Download		2021 Application Guide	
<input checked="" type="checkbox"/>		Articles of Incorporation	View
<input checked="" type="checkbox"/>		501(C)3 Certification (Required for Non-Profits)	Attach
<input checked="" type="checkbox"/>		SAM.gov Debarment and Suspension Search Verification	View
<input checked="" type="checkbox"/>		Current Audit (FY 18)	View
<input checked="" type="checkbox"/>		Transit Related Audit Finding Documentation (If Applicable)	Attach
<input checked="" type="checkbox"/>		Procurement Policy (New Applicants and Updated Policies)	Attach
<input checked="" type="checkbox"/>		Historical and Application Year Budget Information	View
<input checked="" type="checkbox"/>		Map of Service Area	View
<input checked="" type="checkbox"/>		Demographic Information	View
<input checked="" type="checkbox"/>		Ridership and Transit System Statistics	View
<input checked="" type="checkbox"/>		Civil Rights Complaints/Review Activities Documentation	View
<input checked="" type="checkbox"/>		Program Coordination	View
<input checked="" type="checkbox"/>		Letter(s) of Resolution of Financial Commitment of Local Match (Include Dollar Amount)	Re-Upload
<input checked="" type="checkbox"/>		Letter(s) of Program Support from Municipality, Board, or Council	View
<input checked="" type="checkbox"/>		Program Justification	View
<input checked="" type="checkbox"/>		Operations Profile	View

Requires Upload Optional Upload Complete

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Project(s)

Line Item	Year	Description	Net Project Cost
117900	2021	Project Administration - Project Administration	\$76,489.00
300901	2021	Operating Assistance up to 50% Federal Share	\$213,763.00
111215	2021	Buy Replacement - Vans	\$50,000.00

Budget Request Summary

Budget Category	Net Project Cost	Total FTA Portion of Net Project Cost (max. allowed)	Total Minimum Required Local Match	Additional Local Funds
Administration	\$76,489.00	\$61,191.20	\$15,297.80	\$0.00
Less 20% Local Match				
Capital	\$50,000.00	\$40,000.00	\$10,000.00	\$0.00
Less 20% Local Match				
Operating	\$213,763.00	\$106,881.50	\$106,881.50	\$0.00
Less 50% Local Match				
Total	\$340,252.00	\$208,072.70	\$132,179.30	\$0.00

Budget Summary

Expense

Supplies

PROCLAMATION BY THE GOVERNOR.

Whereas, the incorporated Town of Portales, New Mexico, has a population in excess of two thousand people, and;

Whereas, the Board of Trustees of said town has applied to the Governor of New Mexico, to make, issue, and publish a proclamation that said town of Portales, New Mexico, is entitled to and desires to become a city, to be named and designated as the City of Portales, New Mexico, and;

Whereas, R.G.Bryant, Chairman of the Board of Trustees of said town has made, executed, and filed with the Governor, his sworn statement, showing the assessed valuation of the property within the limits of said town and within the limits of the proposed City of Portales, New Mexico, to be \$986.461.00; and that the boundary lines of the said town and of the proposed "City of Portales, New Mexico", are as follows, to wit:

"Beginning at the center of the Southeast quarter of the Southwest quarter of section thirty-six (36) in Township one (1) South of Range thirty-four (34) East of the New Mexico Meridian, in Roosevelt County, New Mexico; thence West one-and one-half miles to the center of the Southeast quarter of the Southeast quarter of section thirty-four (34) in said Township and Range; thence North one and one-half miles to the center of Southeast quarter of the Northeast quarter of section twenty-seven (27), in said Township and Range; thence East one and one-half miles to the center of the Southeast quarter of the Northwest quarter of section twenty-five (25), in said Township and Range; thence South one and one-half miles to the point of beginning".

Now, therefore, I, R.C.Dillon, Governor of the State of New Mexico, do hereby make, issue, and publish this proclamation that the said Town of Portales, New Mexico, is entitled to and desires to become a city, and to be known and designated under its corporate name as the City of Portales, New Mexico.

Done by the Governor this the 10th day of March

1930, in the City of Santa Fe, State of
New Mexico.

R.C. Dillon

Governor.

Attest:

Mrs E A Perault
Secretary of State.



December 31, 2014

Ms. Susan Baysinger
Public Works Projects Administrator
City of Portales
100 W. First Street
Portales, NM 88130

RE: Request for Portales Articles of Incorporation

Dear Susan:

This letter is a formal response to your request for a copy of the City's Articles of Incorporation. This request had stymied me since I became City Clerk, so I asked for information and clarification. I am attaching a copy of an email response from Diane Lang, Research & Communications Director for the New Mexico Municipal League, in which she explained why I did not find Articles of Incorporation. In addition, I have included copies of minutes from 1909 that I have used to prove the City's incorporation for grant applications.

Sincerely,


Joan Martinez-Terry
City Clerk

Attachments: Email from Diane Lang
Copy of Minutes

xc: File

Joan Martinez-Terry

From: Diane Lang [DLang@nmml.org]
Sent: Monday, October 05, 2009 5:14 PM
To: Joan Martinez-Terry
Subject: RE: Question

Hi Joan,

Before statehood in the late 1800's when the country was becoming more urban, municipalities here in New Mexico and around the country were incorporating with individual charters. Each charter would be different as to how they set up their government, etc., and it was becoming a hodgepodge with no uniformity among cities. Also around that same time, there was a big legal debate about the powers of municipal governments and whether cities should be creatures of the state, or should be more autonomous. Those who believed cities should be creatures of the state, meaning they should only have the powers given to them by state legislatures, eventually won out. A justice named Dillon (I think he was from Iowa) was a big proponent of cities being creatures of the state (he didn't trust city governments, and during that era many cities were corrupt) and he wrote the opinion that was used as precedent in many other cases around the country. "Dillon's Rule" became common law around the country. So since it was common law that cities were creatures of the state, and the legislatures wanted to see more uniformity in how municipalities operated (and wanted more control), State legislatures around the country began passing laws which all cities had to follow, including the procedures they must use to incorporate. I don't know the exact year when New Mexico's incorporation statute (3-2-1 thru 9) was passed - sometime around statehood - but all the cities that have incorporated since then have incorporated under that general law.

So...to make a long story short, you probably won't find any articles of incorporation since it's likely you incorporated under the state general law. The only records would be your minutes, and possibly the county might still have a record of the election they would have administered when the proposed residents of Portales decided to incorporate.

This is probably more information than you needed, but hope you enjoyed the little history lesson. ☺

Diane

From: Joan Martinez-Terry [mailto:jterry@portalesnm.org]
Sent: Monday, October 05, 2009 9:43 AM
To: Diane Lang
Subject: Question



Hi, Diana. I have a question that has plagued me since I became the Clerk. I have been asked for articles of incorporation and there are none that I have ever found. I have the minutes of meetings when the city became a city but no articles. Can you help me understand the process?

of Roosevelt County Jan. 4th - 1909. Portales New Mexico. The Court met in regular session

Present

H. W. Carr	Chairman
E. C. Price	Commissioner
W. H. Montgomery	Commissioner
C. P. Mitchell	Clerk

Meeting called to order by the chairman.

The following officers were regularly installed.

C. V. Harris Commissioner Precinct No. 1

E. C. Price Commissioner Precinct No. 2

W. H. Montgomery Commissioner Precinct - No. 3

C. V. Harris was elected chairman of Board for the ensuing term.

207 In the matter of the incorporation of the
of Portales Roosevelt County New Mexico
it appearing from a census of the legal
voters within the area comprehended within
the lines of said proposed town and
from a petition for the creation of such
town both now on file together with
other data required by the law.

That the said petition contains the signa-
tures of a majority of the qualified voters
resident within the boundaries of said
proposed incorporated town and this
board being satisfied with the validity
and good faith of said petition and the
signatures thereof, and the deposit required
by law having been made, and the lines
of said proposed incorporation having
been marked according to law. It is
hereby ordered and declared by the
board that the said town of Portales

be, and the same is an incorporated town from the day and the date of this order, for all the purposes of the acts of the Legislature of the Territory of New Mexico and the amendments thereto under which the said town is hereby created.

Election Proclamation

The town of Portales Roosevelt County New Mexico, having been this day declared by the board to be a duly and lawfully incorporated town: It is hereby ordered by the board that an election be and the same is hereby called to be held within said incorporated town of Portales, on the 8th day of February 1909 at the Court House in Portales New Mexico said election to be held and conducted in accordance with the General Election Laws of the Territory of New Mexico and shall be for the purpose of selecting a Board of five Trustees for said town of Portales, and B. Blauenship, J. M. Faggard and Joe Howard are hereby appointed to hold said election as herein designated as judges thereof.

Feb. 10. 1909

The Board rose as a Board of Commissioners and sat as a Board of Assessors.

The returns of the town election held at the Court House in the town of Portales Roosevelt County Territory of New Mexico on Feb 8th 1909 for the purpose of electing five trustees for said town was duly

canvassed, and the following candidates
Benjamin Blauenship, W. E. Lindsey J. B.
Priddy W. O. Oldham and J. A. Fairly having
received the highest number of votes cast
at said election.

Now therefore the said, Benjamin Blau-
enship, W. E. Lindsey J. B. Priddy, W. O. Oldham
and J. A. Fairly are hereby declared by
this Board duly elected to the office
of town Trustees, as aforesaid and
authorized to qualify and enter upon
the duties of same as provided by law.

Attest

C. P. Mitchell
Clerk

C. N. Harris
Chairman

Territory of New Mexico
County of Roosevelt } S.D.

J. C. P. Mitchell, Probate Clerk
and Ex officio Recorder in and for the county
of Roosevelt and Territory of New Mexico
do hereby certify that the hereto attached
is a true copy of the original instrument
now of record in my office at Portales,
the county seat of said county and Territory.

Witness my hand and seal of office
this the 23rd day of July 1909

Seal

C. P. Mitchell

Probate Clerk and Ex officio
Recorder and Clerk of Board of
County Commissioners

Portale, New Mexico, February 10, 1909

Porte

Minutes of a meeting of the board of trustees of the town of Portale, held at the office of W. E. Lindsey in Portale, New Mexico, pursuant to lawful call. Present, W. O. Aldham trustee; Benjamin Blankenship trustee; J. A. Fairly, trustee; and W. E. Lindsey, trustee. J. B. Priddy, trustee, absent.

Mr
D.
Mr
15th

On motion of W. O. Aldham, seconded by J. A. Fairly, W. E. Lindsey was elected chairman of the board of trustees

Pres
in
J

On motion of W. O. Aldham, seconded by J. A. Fairly, Benjamin Blankenship was elected treasurer of the board of trustees

Mr
Mo
to
M

Applications of Hugh Osborn and Ed. Brown, for appointment as town marshal were received and placed on file

A
Co
J

Ordered on motion of J. A. Fairly and seconded by W. O. Aldham and duly carried that all applications for appointment under the board of trustees be presented in writing and filed with the chairman of the board of trustees.

C
The
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On motion the board of trustees adjourned to meet Monday night February 15, 1909, at 7:30 p.m.

U
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W. E. Lindsey
Chairman Town Board

W. E. Lindsey
and Cassie
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Chairman

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Portales, City Of - SAM Registration Details



[What is a Verified Vendor?](#)

[Get Verified Now](#)

Registration Status: ACTIVE

If your business is still pursuing new federal opportunities, the federal registration must be renewed on or before **10-14-2019**. This date is 60 days before your true expiration date of 12-13-2019.

[Why should I renew 60 days early?](#)

Renew Registration

Portales, City Of

DBA: City Of Portales Water Dept

DUNS: 040925463

CAGE: 1M2U0

100 W 1st
Portales, NM 88130, USA

Public Business Name: Yes
Delinquent Federal Debt: No

Government Point of Contact

KAREN CHANDLER
100 WEST 1ST ST
PORTALES, NM , USA
KCHANDLER@PORTALESNM.GOV

Phn: 5753566662
Fax: 5753563158

PSC Codes

NAICS Codes

Primary: 221310 - Water Supply and Irrigation Systems

922160 - Fire Protection

922190 - Other Justice, Public Order, and Safety Activities

621910 - Ambulance Services

922120 - Police Protection

221320 - Sewage Treatment Facilities

485113 - Bus and Other Motor Vehicle Transit Systems

[Download Reqs & Certs Report](#)

STATE OF NEW MEXICO
CITY OF PORTALES
BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2018
INDEPENDENT AUDITORS' REPORT

STATE OF NEW MEXICO
CITY OF PORTALES
FOR THE YEAR ENDED JUNE 30, 2018

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CITY OF PORTALES
FOR THE YEAR ENDED JUNE 30, 2018

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FOR THE YEAR ENDED JUNE 30, 2018

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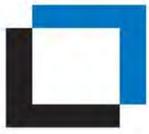
STATE OF NEW MEXICO
CITY OF PORTALES
OFFICIAL ROSTER
JUNE 30, 2018

ELECTED OFFICIALS

Ronald L. Jackson	Mayor
Veronica Cordova	City Councilor
Jake Lopez	City Councilor
Oscar Robinson	City Councilor
Jessica J. Smith	City Councilor
Michael Miller	Mayor Pro-Tem
Chadrick Heflin	City Councilor
Michael James Lucero	City Councilor
Dianne Parker	City Councilor
Barbara George	Municipal Judge

ADMINISTRATIVE OFFICIALS

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



Beasley, Mitchell & Co.

Certified Public Accountants

Donald A. Beasley, CPA, Partner
Christine Wright, CPA, Partner
Beth Fant, EA, Partner
Brad Beasley, CPA, Partner
Tony Morán, CPA, Partner
Christopher Salcido, CPA, Partner
J. David Beasley, J.D., Partner

INDEPENDENT AUDITORS' REPORT

Wayne Johnson, State Auditor
and the Mayor and City Council of the
City of Portales, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of the City of Portales, New Mexico as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of the City of Portales, New Mexico, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules related to net pension liability on pages 79 - 86 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Portales, New Mexico's basic financial statements, the combining and individual fund financial statements, and any other schedule required by the Audit Rule.

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

The Schedule of Expenditures of Federal Awards, Schedule of Deposits and Temporary Investments, and the combining and individual nonmajor fund financial statements and any other schedule required by the Audit Rule are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic

financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the schedule and statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2018, on our consideration of the City of Portales, New Mexico's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Portales, New Mexico's internal control over financial reporting and compliance.

Beasley Mitchell & Co LLP

Beasley, Mitchell & Co., LLP

Las Cruces, New Mexico

December 11, 2018

STATE OF NEW MEXICO
CITY OF PORTALES
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

This section of City of Portales' annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year ended June 30, 2018. Please read it in conjunction with the City's financial statements, which follow this section.

Financial Highlights

- The assets of the City of Portales exceeded its liabilities at the close of the most recent fiscal year end by \$22,971,363 (net position). Of this amount, \$1,808,651 (unrestricted net position) may be used to meet the government's ongoing, obligations to citizens and creditors.
- The government's total net position increased by \$527,259 during the fiscal year. The increase in net position resulted from the increase in revenue.
- As of June 30, 2018, the City's governmental funds reported combined ending fund balances of \$12,644,049. Of this total, \$3,412,674 is restricted for special revenue, capital projects and debt service.
- At the close of the current fiscal year, unassigned fund balance of the general fund was \$4,282,827.

Overview of the Financial Statements

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

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

STATE OF NEW MEXICO
CITY OF PORTALES
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

Government-Wide Statements

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

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

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

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

Fund Financial Statements

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

Governmental Funds

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

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

STATE OF NEW MEXICO
CITY OF PORTALES
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

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

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

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

Proprietary Funds

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 34 of this report.

Combining Statements

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

Analysis of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$22,971,363 at the close of the current fiscal year.

STATE OF NEW MEXICO
CITY OF PORTALES
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

The largest portion of the City of Portales' net position represent the City's investment of \$17,750,038 in capital assets (e.g., land, construction in progress, improvements, buildings, and machinery and equipment), less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$1,808,651 may be used to meet the government's ongoing obligations to citizens and creditors.

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

Analysis of Changes in Net Position

During the current fiscal year, the City's net position in governmental and business-type activities increased by \$527,259. These increases are explained in the governmental and business-type activities discussion that follows.

Governmental Activities

Governmental activities decreased the City's net position by \$58,759. Revenues including transfers increased from \$11,914,062 for the year ended June 30, 2017 to \$12,408,255 for the year ended June 30, 2018. The increase in revenues is primarily because of the increase in operating grants. Governmental expenses increased from \$10,575,907 for the year ended June 30, 2017 to \$12,467,014 for the year ended June 30, 2018, primarily resulting from the disbursement of funds for economic development. Total revenues and expenses from governmental activities are summarized below.

Business-Type Activities

Business-type activities increased the City's net position by \$586,018 after transfers of \$1,283,432 out to governmental activities, compared to the prior year's increase of \$492,786 after transfers of \$1,300,050 out to other funds.

STATE OF NEW MEXICO
CITY OF PORTALES
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

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

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
ASSETS AND DEFERRED OUTFLOWS						
Current and other assets	\$ 12,065,357	\$ 10,567,396	\$ 12,162,272	\$ 10,464,311	\$ 24,227,629	\$ 21,031,707
Non current assets	1,086,418	687,887	744,727	986,388	1,831,145	1,674,275
Capital assets, net of accumulated depreciation	6,982,606	7,068,344	38,439,614	38,574,904	45,422,220	45,643,248
Total assets	20,134,381	18,323,627	51,346,613	50,025,603	71,480,994	68,349,230
Deferred outflows - subsequent contributions - OPEB	95,468	-	18,309	-	113,777	-
Deferred outflows - subsequent contributions	616,141	562,448	83,050	75,426	699,191	637,874
Deferred outflows	2,146,842	3,545,110	301,435	499,991	2,448,277	4,045,101
Total deferred outflows	2,858,451	4,107,558	402,794	575,417	3,261,245	4,682,975
Total assets and deferred outflows	\$ 22,992,832	\$ 22,431,185	\$ 51,749,407	\$ 50,601,020	\$ 74,742,239	\$ 73,032,205
LIABILITIES AND DEFERRED INFLOWS						
Current and other liabilities	\$ 558,494	\$ 529,789	\$ 1,783,560	\$ 339,198	\$ 2,342,054	\$ 868,987
Long-term liabilities	17,934,343	13,793,752	28,322,365	28,454,825	46,256,708	42,248,577
Total liabilities	18,492,837	14,323,541	30,105,925	28,794,023	48,598,762	43,117,564
Deferred inflows						
Deferred inflows - OPEB	1,141,322	-	218,885	-	1,360,207	-
Deferred inflows - Pension	1,588,947	322,546	222,960	49,010	1,811,907	371,556
Total deferred inflows	2,730,269	322,546	441,845	49,010	3,172,114	371,556
Total liabilities and deferred inflows	21,223,106	14,646,087	30,547,770	28,843,033	51,770,876	43,489,120
NET POSITION						
Net invested in capital assets	5,534,813	6,651,420	12,215,225	12,824,377	17,750,038	19,475,797
Restricted	3,412,674	6,459,250	-	-	3,412,674	6,459,250
Unrestricted	(7,177,761)	(5,325,572)	8,986,412	8,933,610	1,808,651	3,608,038
Total net position	1,769,726	7,785,098	21,201,637	21,757,987	22,971,363	29,543,085
Total liabilities, deferred inflows, and net position	\$ 22,992,832	\$ 22,431,185	\$ 51,749,407	\$ 50,601,020	\$ 74,742,239	\$ 73,032,205

STATE OF NEW MEXICO
CITY OF PORTALES
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

A summary of the statement of activities is as follows:

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
REVENUES						
Program revenue:						
Charges for services	\$ 2,433,878	\$ 2,366,402	\$ 5,857,050	\$ 5,925,107	\$ 8,290,928	\$ 8,291,509
Operating grant and contributions	956,470	771,188	228,161	116,944	1,184,631	888,132
Capital grants and contributions	230,077	64,140	-	-	230,077	64,140
General revenues:						
Taxes	7,376,634	7,153,503	136,972	132,503	7,513,606	7,286,006
Other income	127,764	258,779	294,840	249,210	422,604	507,989
Total revenues	11,124,823	10,614,012	6,517,023	6,423,764	17,641,846	17,037,776
EXPENSES						
Administration	3,344,273	2,037,457	-	-	3,344,273	2,037,457
Municipal court	352,512	349,014	-	-	352,512	349,014
Library	410,416	420,395	-	-	410,416	420,395
General services	226,604	234,624	-	-	226,604	234,624
Fire and emergency management	2,658,752	3,157,295	-	-	2,658,752	3,157,295
Police	2,126,730	2,129,899	-	-	2,126,730	2,129,899
Senior citizens	13,974	14,820	-	-	13,974	14,820
Streets	846,418	911,644	-	-	846,418	911,644
Parks and recreation	923,861	967,835	-	-	923,861	967,835
Public works and transportation	666,155	174,668	-	-	666,155	174,668
Interest expense	39,338	34,064	-	-	39,338	34,064
Unallocated depreciation	857,981	144,192	-	-	857,981	144,192
Water and sewer	-	-	3,201,689	2,944,404	3,201,689	2,944,404
Solid waste	-	-	1,067,587	1,113,851	1,067,587	1,113,851
Airport	-	-	372,763	566,278	372,763	566,278
Convention center	-	-	5,534	6,395	5,534	6,395
Total expenses	12,467,014	10,575,907	4,647,573	4,630,928	17,114,587	15,206,835
Changes in net position before transfers	(1,342,191)	38,105	1,869,450	1,792,836	527,259	1,830,941
Transfers	1,283,432	1,300,050	(1,283,432)	(1,300,050)	-	-
Changes in net position	(58,759)	1,338,155	586,018	492,786	527,259	1,830,941
Net position - beginning, as previously stated	7,785,098	6,446,943	21,757,987	16,248,269	29,543,085	22,695,212
Restatement	(5,956,613)	-	(1,142,368)	5,016,932	(7,098,981)	5,016,932
Net position - beginning, as restated	1,828,485	6,446,943	20,615,619	21,265,201	22,444,104	27,712,144
Net position - ending	\$ 1,769,726	\$ 7,785,098	\$ 21,201,637	\$ 21,757,987	\$ 22,971,363	\$ 29,543,085

STATE OF NEW MEXICO
CITY OF PORTALES
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

Financial Analysis of the City of Portales as a Whole

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

Governmental Funds

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$12,644,049, an increase of \$1,887,711 in comparison with the prior year. Approximately 73% of this total amount, or \$9,231,375, constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance, \$3,412,674, is restricted to indicate that it is not available for new spending because it has already been restricted to pay special revenue, capital projects and debt service.

Revenues for governmental functions overall totaled \$11,124,823 in the year ended June 30, 2018, which represents a increase of \$510,811 from the year ended June 30, 2017. Expenditures for governmental functions totaled \$12,467,014 in the year ended June 30, 2018. This was increase of \$1,891,107 from the fiscal year-ended June 30, 2017. The increase in expenditures is primarily caused by the disbursements for economic development. In the fiscal year-ended June 30, 2018, expenses for governmental functions exceeded revenues by approximately \$1,342,191.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the fund balance of the General Fund was \$4,282,827. General Fund revenues totaled \$7,816,557 for the fiscal year, while expenditures totaled \$8,213,137. Expenditures exceeded revenues by \$396,580 before transfers in and out of the General Fund.

During the 2018 fiscal year, the General Fund received transfers of \$1,275,000 from other City funds and made transfers of \$892,681 to other funds. The net transfers of \$382,319 increase the fund balance, which was decreased by \$14,261 during the current fiscal year.

STATE OF NEW MEXICO
CITY OF PORTALES
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

Proprietary Funds

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

Proprietary funds increased total assets from \$50,025,603 in 2017 to \$51,346,613 in 2018. This is a 2.6% increase. The Water and Sewer Fund makes up the largest portion of total assets with \$47,255,216 and had a increase in assets of the proprietary funds which was \$1,124,154. The Solid Waste Fund had an increase in assets of \$25,528, the Airport Fund had an increase in assets of \$172,878 and the Convention Center Fund had an decrease of \$1,550 in assets from 2017.

Proprietary fund liabilities increased 4% or \$1,311,902 during 2018. Water and Sewer Fund liabilities increased \$1,002,514 primarily due to additional loan disbursements for the waste water treatment plan in construction. The Solid Waste liabilities increased \$159,455. The Airport Fund liabilities increased \$149,948 and the Convention Center Fund had a decrease of \$15 in liabilities from 2017.

General Fund Budgetary Highlights

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

Actual General Fund expenditures were \$8,213,137, which was \$490,474 below the final budget amount for the year ended June 30, 2018. All categories were below budget except for public works. The City's policy is to budget based upon expected expenditures, but City employees are encouraged to spend only what is needed to provide services, which accounts for the expenditure savings.

Fund balance was budgeted to be \$3,832,039 in the final budget. The actual fund balance for the General Fund for the year ended June 30, 2018 was \$4,268,867. This was a favorable variance of \$436,828, or 11%. An increase in fund balance is indicative of prudent management of the City's funds.

STATE OF NEW MEXICO
CITY OF PORTALES
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

Capital Asset and Debt Administration

Capital Assets

The City of Portales' capital assets for its governmental and business-type activities as of June 30, 2018 amount to \$45,422,220 (net of accumulated depreciation). Capital assets include land, construction in progress, improvements, buildings, furniture and equipment, and vehicles. The total increase in the City's capital assets (excluding accumulated depreciation) for the current fiscal year was \$772,243 for governmental activities. Machinery and equipment costing \$152,366, and vehicles costing \$166,322 were purchased for the City, and construction in progress of \$91,477 was added in the year ended June 30, 2018. The total increase in business-type capital assets (excluding accumulated depreciation) for the current fiscal year was \$616,943, due primarily to purchases related to water infrastructure and the waste water treatment plant/water re-use project.

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

**Capital Assets, Net of Depreciation
June 30, 2018 and 2017**

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land and Construction in Progress	\$ 862,105	\$ 882,861	\$ 5,844,269	\$ 32,636,843	\$ 6,706,374	\$ 33,519,704
Buildings, Improvements, Equipment, Furniture and Vehicles	<u>6,120,501</u>	<u>6,185,483</u>	<u>32,595,345</u>	<u>5,938,061</u>	<u>38,715,846</u>	<u>12,123,544</u>
Capital Assets, Net of A/D	<u>\$ 6,982,606</u>	<u>\$ 7,068,344</u>	<u>\$ 38,439,614</u>	<u>\$ 38,574,904</u>	<u>\$ 45,422,220</u>	<u>\$ 45,643,248</u>

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

Long-term Debt

At the end of fiscal year 2018, the City had total long-term debt outstanding of \$28,686,640, which consists of notes payable, landfill post-closure obligations and compensated absences payable. Governmental activity and business-type long-term debt as of June 30, 2018 was \$1,892,057 and \$26,794,583, respectively, and were increased \$1,051,400 and increased \$456,154, respectively, during the fiscal year.

STATE OF NEW MEXICO
CITY OF PORTALES
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

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

Long-Term Debt						
June 30, 2018 and 2017						
	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Notes Payable	\$ 1,447,793	\$ 416,924	\$26,224,389	\$25,750,527	\$27,672,182	\$26,167,451
Landfill post-closure	-	-	485,310	505,545	485,310	505,545
Compensated Absences	<u>444,264</u>	<u>423,733</u>	<u>84,884</u>	<u>82,357</u>	<u>529,148</u>	<u>506,090</u>
Total Long-Term Debt	<u>\$ 1,892,057</u>	<u>\$ 840,657</u>	<u>\$26,794,583</u>	<u>\$26,338,429</u>	<u>\$28,686,640</u>	<u>\$27,179,086</u>

REQUEST FOR INFORMATION

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

GOVERNMENT - WIDE FINANCIAL STATEMENTS

STATE OF NEW MEXICO
CITY OF PORTALES
STATEMENT OF NET POSITION
JUNE 30, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS AND DEFERRED OUTFLOWS			
CURRENT ASSETS:			
Cash and cash equivalents	\$ 5,901,316	\$ 4,280,100	\$ 10,181,416
Investments	4,337,335	6,894,882	11,232,217
Accounts receivable	314,836	793,768	1,108,604
Taxes receivable	1,288,059	23,713	1,311,772
Intergovernmental receivable	223,811	143,431	367,242
Inventory	-	26,378	26,378
	<u>12,065,357</u>	<u>12,162,272</u>	<u>24,227,629</u>
TOTAL CURRENT ASSETS	12,065,357	12,162,272	24,227,629
NON-CURRENT ASSETS:			
Restricted cash and cash equivalents	1,086,418	300,896	1,387,314
Restricted investments	-	443,831	443,831
Capital assets, net	<u>6,982,606</u>	<u>38,439,614</u>	<u>45,422,220</u>
	<u>8,069,024</u>	<u>39,184,341</u>	<u>47,253,365</u>
TOTAL NON-CURRENT ASSETS	8,069,024	39,184,341	47,253,365
TOTAL ASSETS	20,134,381	51,346,613	71,480,994
DEFERRED OUTFLOWS - OPEB			
Subsequent contributions	95,468	18,309	113,777
DEFERRED OUTFLOWS - Net Pension			
Subsequent contributions	616,141	83,050	699,191
Difference in expected and actual experience	461,124	62,641	523,765
Pension plan investment	715,429	102,818	818,247
Change in proportion	455,423	62,863	518,286
Change in assumption	<u>514,866</u>	<u>73,113</u>	<u>587,979</u>
	<u>2,858,451</u>	<u>402,794</u>	<u>3,261,245</u>
TOTAL DEFERRED OUTFLOWS	2,858,451	402,794	3,261,245
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 22,992,832	\$ 51,749,407	\$ 74,742,239

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

STATE OF NEW MEXICO
CITY OF PORTALES
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION			
CURRENT LIABILITIES:			
Accounts payable	\$ 127,927	\$ 218,794	\$ 346,721
Accrued interest	9,146	74,735	83,881
Accrued salaries	295,835	81,072	376,907
Accrued GRT tax	27,588	-	27,588
Unapplied deposits	-	13,163	13,163
Current portion of compensated absences	41,075	526	41,601
Current portion of long-term debt	<u>56,923</u>	<u>1,395,270</u>	<u>1,452,193</u>
Total current liabilities	558,494	1,783,560	2,342,054
NON-CURRENT LIABILITIES:			
Customer deposits	-	452,080	452,080
Compensated absences	403,189	84,358	487,547
Net pension liability	11,125,632	1,509,780	12,635,412
Net OPEB liability	5,014,652	961,718	5,976,370
Landfill closure	-	485,310	485,310
Long-term debt, less current maturities	<u>1,390,870</u>	<u>24,829,119</u>	<u>26,219,989</u>
Total non-current liabilities	<u>17,934,343</u>	<u>28,322,365</u>	<u>46,256,708</u>
Total liabilities	18,492,837	30,105,925	48,598,762
DEFERRED INFLOWS - OPEB:			
Change in assumption	876,748	168,144	1,044,892
Net difference between projected and actual investment earnings	192,435	36,906	229,341
Actual investment earnings	72,139	13,835	85,974
DEFERRED INFLOWS - Pension:			
Change in assumption	129,042	17,666	146,708
Change in proportion	252,480	34,557	287,037
Net difference between projected and actual investment earnings	<u>1,207,425</u>	<u>170,737</u>	<u>1,378,162</u>
Total deferred inflows	<u>2,730,269</u>	<u>441,845</u>	<u>3,172,114</u>
Total liabilities and deferred inflows	21,223,106	30,547,770	51,770,876
NET POSITION			
Net investment in capital assets	5,534,813	12,215,225	17,750,038
Restricted for:			
Special revenue funds	2,554,333	-	2,554,333
Capital projects funds	858,341	-	858,341
Unrestricted	<u>(7,177,761)</u>	<u>8,986,412</u>	<u>1,808,651</u>
Total net position	<u>1,769,726</u>	<u>21,201,637</u>	<u>22,971,363</u>
Total liabilities, deferred inflows, and net position	<u>\$ 22,992,832</u>	<u>\$ 51,749,407</u>	<u>\$ 74,742,239</u>

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

STATE OF NEW MEXICO
CITY OF PORTALES
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

FUNCTIONAL/PROGRAMS:	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Administration	\$ 3,344,273	\$ 163,104	\$ -	\$ -	\$ (3,181,169)	\$ -	\$ (3,181,169)
Municipal court	352,512	204,369	121,187	3,679	(23,277)	-	(23,277)
Library	410,416	6,834	27,834	-	(375,748)	-	(375,748)
General services	226,604	-	-	-	(226,604)	-	(226,604)
Fire & emergency management	2,658,752	580,946	525,142	-	(1,552,664)	-	(1,552,664)
Police	2,126,730	18,344	58,002	-	(2,050,384)	-	(2,050,384)
Senior citizens	13,974	-	108,116	-	94,142	-	94,142
Streets	846,418	-	-	226,398	(620,020)	-	(620,020)
Parks and recreation	923,861	144,117	15,432	-	(764,312)	-	(764,312)
Public works and transportation	666,155	1,316,164	100,757	-	750,766	-	750,766
Interest expense	39,338	-	-	-	(39,338)	-	(39,338)
Unallocated depreciation	857,981	-	-	-	(857,981)	-	(857,981)
Total governmental activities	12,467,014	2,433,878	956,470	230,077	(8,846,589)	-	(8,846,589)
Business-type activities:							
Water and sewer	3,201,689	4,464,899	34,651	-	-	1,297,861	1,297,861
Solid waste	1,067,587	1,215,800	-	-	-	148,213	148,213
Airport	372,763	172,352	193,510	-	-	(6,901)	(6,901)
Convention center	5,534	3,999	-	-	-	(1,535)	(1,535)
Total business-type activities	4,647,573	5,857,050	228,161	-	-	1,437,638	1,437,638
Total primary government	17,114,587	8,290,928	1,184,631	230,077	(8,846,589)	1,437,638	(7,408,951)
General Revenues:							
Gross receipts taxes					6,135,901	136,972	6,272,873
Franchise taxes					470,705	-	470,705
Property taxes					429,346	-	429,346
Gasoline taxes					204,852	-	204,852
Lodger's taxes					135,830	-	135,830
Water conservation fees					-	263,946	263,946
Investment earnings					21,946	33,218	55,164
Rentals, reimbursements & other					105,818	(2,324)	103,494
Transfers					1,283,432	(1,283,432)	-
Total general revenues and transfers					8,787,830	(851,620)	7,936,210
Changes in net position					(58,759)	586,018	527,259
Net position, beginning of year, as previously stated					7,785,098	21,757,987	29,543,085
Restatement - OPEB					(5,956,613)	(1,142,368)	(7,098,981)
Net position, beginning of year					1,828,485	20,615,619	22,444,104
Net position, end of year					\$ 1,769,726	\$ 21,201,637	\$ 22,971,363

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

GOVERNMENTAL FUND STATEMENTS

STATE OF NEW MEXICO
CITY OF PORTALES
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018

	General Fund	Fire Protection Fund	Economic Development Fund	Waste Water Treatment Debt Service Fund	Total Nonmajor Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 1,243,925	\$ 409,139	\$ 1,005,592	\$ 1,925,683	\$ 1,316,977	\$ 5,901,316
Restricted cash and cash equivalents	-	1,086,418	-	-	-	1,086,418
Investments	2,156,610	-	501,932	1,303,858	374,935	4,337,335
Accounts receivable	103,353	-	47,426	164,057	-	314,836
Taxes receivable	1,224,187	-	-	-	63,872	1,288,059
Intergovernmental receivable	4,390	-	-	-	219,421	223,811
	<u>4,732,465</u>	<u>1,495,557</u>	<u>1,554,950</u>	<u>3,393,598</u>	<u>1,975,205</u>	<u>13,151,775</u>
Total assets	<u>\$ 4,732,465</u>	<u>\$ 1,495,557</u>	<u>\$ 1,554,950</u>	<u>\$ 3,393,598</u>	<u>\$ 1,975,205</u>	<u>\$ 13,151,775</u>
LIABILITIES AND FUND BALANCE						
Liabilities:						
Accounts payable	\$ 90,242	\$ -	\$ -	\$ -	\$ 37,685	\$ 127,927
Accrued GRT tax	27,588	-	-	-	-	27,588
Accrued interest	-	7,348	-	-	1,798	9,146
Accrued salaries	284,578	-	-	-	11,257	295,835
	<u>402,408</u>	<u>7,348</u>	<u>-</u>	<u>-</u>	<u>50,740</u>	<u>460,496</u>
Total liabilities	402,408	7,348	-	-	50,740	460,496
Deferred inflows:						
Property tax revenue	47,230	-	-	-	-	47,230
	<u>47,230</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,230</u>
Total liabilities and deferred inflows	449,638	7,348	-	-	50,740	507,726
Fund balances:						
Restricted, reported in:						
Special revenue funds	-	1,488,209	-	-	1,066,124	2,554,333
Capital projects funds	-	-	-	-	858,341	858,341
Unassigned, reported in:						
General fund	4,282,827	-	1,554,950	3,393,598	-	9,231,375
	<u>4,282,827</u>	<u>1,488,209</u>	<u>1,554,950</u>	<u>3,393,598</u>	<u>1,924,465</u>	<u>12,644,049</u>
Total fund balances	4,282,827	1,488,209	1,554,950	3,393,598	1,924,465	12,644,049
Total liabilities, deferred inflows, and fund balances	<u>\$ 4,732,465</u>	<u>\$ 1,495,557</u>	<u>\$ 1,554,950</u>	<u>\$ 3,393,598</u>	<u>\$ 1,975,205</u>	<u>\$ 13,151,775</u>

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

STATE OF NEW MEXICO
CITY OF PORTALES
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2018

Total fund balances - governmental funds \$ 12,644,049

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

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.

The cost of capital assets	22,683,508	
Accumulated depreciation	<u>(15,700,902)</u>	6,982,606

Deferred outflows - OPEB:

Contributions made after the measurement date, will be recognized as a reduction of net OPEB liability	95,468	
--	--------	--

Deferred outflows - Pension:

Contributions made after the measurement date, will be recognized as a reduction of net pension liability	616,141	
Deferred outflows	<u>2,146,842</u>	2,858,451

Deferred inflows due to actual non-investment experience that was better than expected and changes in benefits or assumption which result in a decrease to net OPEB liability:		(1,141,322)
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Deferred inflows due to actual non-investment experience that was better than expected and changes in benefits or assumption which result in a decrease to net pension liability:		(1,588,947)
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Long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the funds:

Property taxes		47,230
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Other long-term liabilities and certain other liabilities, including bonds and notes payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term and other liabilities at year end consist of:

Net pension liability	(11,125,632)	
Net OPEB liability	(5,014,652)	
Long-term debt	(1,447,793)	
Compensated absences	<u>(444,264)</u>	<u>(18,032,341)</u>

Total net position - governmental activities \$ 1,769,726

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

STATE OF NEW MEXICO
CITY OF PORTALES
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS
JUNE 30, 2018

	General Fund	Fire Protection Fund	Economic Development Fund	Waste Water Treatment Debt Service Fund	Total Nonmajor Funds	Total Governmental Funds
REVENUES						
Taxes:						
Gross receipts	\$ 5,812,912	\$ -	\$ 273,968	\$ -	\$ 389,703	\$ 6,476,583
Franchise	470,705	-	-	-	-	470,705
Property	437,323	-	-	-	-	437,323
Intergovernmental	179,670	208,583	-	-	412,085	800,338
Charges for services	580,946	-	-	1,309,533	-	1,890,479
Licenses, fees and permits	128,817	-	-	-	127,335	256,152
Fines	53,660	-	-	-	-	53,660
Rentals	44,801	-	-	-	-	44,801
Other grants and cont.	37,414	-	-	-	582,382	619,796
Investment income (loss)	11,838	4,155	1,267	-	1,883	19,143
Other	58,471	-	-	-	-	58,471
	<u>7,816,557</u>	<u>212,738</u>	<u>275,235</u>	<u>1,309,533</u>	<u>1,513,388</u>	<u>11,127,451</u>
Total revenues						
EXPENDITURES						
Current:						
General government	1,533,424	-	1,362,413	2,093	128,037	3,025,967
Public safety	4,436,386	45,514	-	-	443,943	4,925,843
Public works	519,184	-	-	-	500,567	1,019,751
Culture and recreation	1,616,027	-	-	-	146,883	1,762,910
Capital outlay	108,116	-	-	-	664,127	772,243
Debt service:						
Principal	-	7,989	-	-	34,344	42,333
Interest	-	6,052	-	-	33,286	39,338
	<u>8,213,137</u>	<u>59,555</u>	<u>1,362,413</u>	<u>2,093</u>	<u>1,951,187</u>	<u>11,588,385</u>
Total expenditures						
Excess (deficiency) of revenues over expenditures	(396,580)	153,183	(1,087,178)	1,307,440	(437,799)	(460,934)
OTHER FINANCING SOURCES (USES):						
Transfers in	1,275,000	-	-	-	1,337,220	2,612,220
Transfers out	(892,681)	(42,118)	-	-	(393,989)	(1,328,788)
Loan proceeds	-	1,065,213	-	-	-	1,065,213
	<u>382,319</u>	<u>1,023,095</u>	<u>-</u>	<u>-</u>	<u>943,231</u>	<u>2,348,645</u>
Total other financing source (uses)						
Net change in fund balance	(14,261)	1,176,278	(1,087,178)	1,307,440	505,432	1,887,711
Fund balance at beginning of year	<u>4,297,088</u>	<u>311,931</u>	<u>2,642,128</u>	<u>2,086,158</u>	<u>1,419,033</u>	<u>10,756,338</u>
Fund balance at end of year	<u>\$ 4,282,827</u>	<u>\$ 1,488,209</u>	<u>\$ 1,554,950</u>	<u>\$ 3,393,598</u>	<u>\$ 1,924,465</u>	<u>\$ 12,644,049</u>

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

STATE OF NEW MEXICO
CITY OF PORTALES
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Net change in fund balances - total governmental funds \$ 1,887,711

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

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

Capital assets reported as capital outlay expenditures	772,243	
Depreciation expense	(857,981)	(85,738)

Change in deferred outflows - OPEB	462
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Change in deferred outflows - Pension	(1,344,574)
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Change in deferred inflows - OPEB	(1,141,322)
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Change in deferred inflows - Pension	(1,266,401)
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Change in net OPEB liability	1,036,966
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Change in net pension liability	1,897,560
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Governmental funds report loans as proceeds. However, in the statement of activities, these loans are not recognized as revenue.	(1,065,213)
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Governmental funds report loan payments as debt service expenditures. However, in the statement of activities, these payments are not recognized as expenditures.	34,344
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Property taxes that do not provide current financial resources, made available to pay for the current period's expenditures, reported as deferred inflows in the funds.	7,977
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In the Statement of Activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts paid).	(20,531)
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Change in net position of governmental activities **\$ (58,759)**

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

STATE OF NEW MEXICO
CITY OF PORTALES
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes:				
Gross receipts	\$ 5,851,870	\$ 5,851,870	\$ 5,789,614	\$ (62,256)
Franchise	450,000	450,000	470,705	20,705
Property	427,119	427,119	437,323	10,204
Intergovernmental	230,800	199,257	179,670	(19,587)
Charges for services	610,300	577,912	580,946	3,034
Licenses, fees and permits	154,800	130,447	128,817	(1,630)
Fines	49,300	49,300	53,660	4,360
Rentals	39,000	39,000	44,801	5,801
Other grant and contributions	-	35,000	37,414	2,414
Interest	28,000	28,000	11,838	(16,162)
Other	59,000	59,000	58,471	(529)
Total revenues	7,900,189	7,846,905	7,793,259	(53,646)
EXPENDITURES:				
Current				
General government	1,920,996	1,782,159	1,524,086	258,073
Public safety	4,695,568	4,559,249	4,436,386	122,863
Public works	536,483	524,829	519,184	5,645
Culture and recreation	1,743,268	1,703,036	1,616,027	87,009
Capital outlay	125,000	125,000	108,116	16,884
Total expenditures	9,021,315	8,694,273	8,203,799	490,474
Excess (deficiency) of revenues over expenditures	(1,121,126)	(847,368)	(410,540)	436,828
OTHER FINANCING SOURCES (USES)				
Transfers in	1,275,000	1,275,000	1,275,000	-
Transfers out	(603,218)	(892,681)	(892,681)	-
Total other financing sources (uses)	671,782	382,319	382,319	-
Net changes in fund balance	(449,344)	(465,049)	(28,221)	436,828
Fund balance - beginning of the year	4,297,088	4,297,088	4,297,088	-
Fund balance - end of the year	<u>\$ 3,847,744</u>	<u>\$ 3,832,039</u>	<u>\$ 4,268,867</u>	<u>\$ 436,828</u>
Reconciliation of budgetary basis to GAAP basis:				
Net change in fund balance budgetary basis			\$ (28,221)	
Net revenue accruals			23,298	
Net expenditure accruals			<u>(9,338)</u>	
Net change in fund balance GAAP basis			<u>\$ (14,261)</u>	

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

STATE OF NEW MEXICO
CITY OF PORTALES
FIRE PROTECTION SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	\$ 208,505	\$ 208,505	\$ 208,583	\$ 78
Investment Income	<u>300</u>	<u>2,736</u>	<u>4,155</u>	<u>1,419</u>
Total revenues	208,805	211,241	212,738	1,497
EXPENDITURES:				
Current				
Public safety	208,505	208,505	38,166	170,339
Debt service				
Principal	-	-	7,989	(7,989)
Interest	<u>-</u>	<u>8,000</u>	<u>6,052</u>	<u>1,948</u>
Total expenditures	<u>208,505</u>	<u>216,505</u>	<u>52,207</u>	<u>164,298</u>
Excess (deficiency) of revenues over expenditures	300	(5,264)	160,531	165,795
OTHER FINANCING SOURCES (USES)				
Transfers out	(42,118)	(42,118)	(42,118)	-
Loan proceeds	<u>-</u>	<u>1,065,213</u>	<u>1,065,213</u>	<u>-</u>
Total other financing sources (uses)	<u>(42,118)</u>	<u>(42,118)</u>	<u>1,023,095</u>	<u>-</u>
Net changes in fund balance	(41,818)	(47,382)	1,183,626	165,795
Fund balance - beginning of the year	<u>311,931</u>	<u>311,931</u>	<u>311,931</u>	<u>-</u>
Fund balance - end of the year	<u>\$ 270,113</u>	<u>\$ 264,549</u>	<u>\$ 1,495,557</u>	<u>\$ 165,795</u>
Reconciliation of budgetary basis to GAAP basis:				
Net change in fund balance budgetary basis			\$ 1,183,626	
Net expenditure accruals			<u>(7,348)</u>	
Net change in fund balance GAAP basis			<u>\$ 1,176,278</u>	

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

STATE OF NEW MEXICO
CITY OF PORTALES
ECONOMIC DEVELOPMENT SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes:				
Gross receipts	\$ 261,569	\$ 261,569	\$ 226,542	\$ (35,027)
Investment income	<u>4,000</u>	<u>4,000</u>	<u>1,267</u>	<u>(2,733)</u>
Total revenues	265,569	265,569	227,809	(37,760)
EXPENDITURES:				
Current				
General government	2,260,000	2,260,000	1,360,528	899,472
Investment expense	<u>2,000</u>	<u>2,000</u>	<u>1,885</u>	<u>115</u>
Total expenditures	<u>2,262,000</u>	<u>2,262,000</u>	<u>1,362,413</u>	<u>899,587</u>
Excess (deficiency) of revenues over expenditures	(1,996,431)	(1,996,431)	(1,134,604)	861,827
OTHER FINANCING SOURCES (USES)				
Net changes in fund balance	(1,996,431)	(1,996,431)	(1,134,604)	861,827
Fund balance - beginning of the year	<u>2,642,128</u>	<u>2,642,128</u>	<u>2,642,128</u>	<u>-</u>
Fund balance - end of the year	<u>\$ 645,697</u>	<u>\$ 645,697</u>	<u>\$ 1,507,524</u>	<u>\$ 861,827</u>
Reconciliation of budgetary basis to GAAP basis:				
Net change in fund balance budgetary basis			\$ (1,134,604)	
Net revenue accruals			<u>47,426</u>	
Net change in fund balance GAAP basis			<u>\$ (1,087,178)</u>	

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

PROPRIETARY FUNDS

STATE OF NEW MEXICO
CITY OF PORTALES
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018

	Water and Sewer Fund	Solid Waste Fund	Airport Fund	Convention Center Fund	Total Proprietary Funds
ASSETS					
CURRENT ASSETS:					
Cash and cash equivalents	\$ 3,501,549	\$ 718,023	\$ 41,973	\$ 18,555	\$ 4,280,100
Investment	5,889,877	1,005,005	-	-	6,894,882
Accounts receivable	644,664	149,104	-	-	793,768
Taxes receivable	-	23,713	-	-	23,713
Intergovernmental receivable	2	-	143,429	-	143,431
Inventory	-	-	26,378	-	26,378
	<u>10,036,092</u>	<u>1,895,845</u>	<u>211,780</u>	<u>18,555</u>	<u>12,162,272</u>
Total current assets					
NON-CURRENT ASSETS:					
Restricted assets:					
Cash and cash equivalents	300,896	-	-	-	300,896
Investments	443,831	-	-	-	443,831
Capital assets, net	<u>36,474,397</u>	<u>316,148</u>	<u>1,649,069</u>	<u>-</u>	<u>38,439,614</u>
Total non-current assets	<u>37,219,124</u>	<u>316,148</u>	<u>1,649,069</u>	<u>-</u>	<u>39,184,341</u>
Total assets	47,255,216	2,211,993	1,860,849	18,555	51,346,613
Deferred outflows- OPEB					
Subsequent contributions	12,615	4,956	738	-	18,309
Deferred outflows- Pension					
Subsequent contributions	57,594	22,007	3,449	-	83,050
Difference in expected and actual experience	42,302	17,709	2,630	-	62,641
Pension plan investment	67,351	31,173	4,294	-	102,818
Change in proportion	43,100	17,173	2,590	-	62,863
Change in assumption	<u>49,106</u>	<u>20,987</u>	<u>3,020</u>	<u>-</u>	<u>73,113</u>
Total deferred outflows	<u>272,068</u>	<u>114,005</u>	<u>16,721</u>	<u>-</u>	<u>402,794</u>
Total assets and deferred outflows	<u>\$ 47,527,284</u>	<u>\$ 2,325,998</u>	<u>\$ 1,877,570</u>	<u>\$ 18,555</u>	<u>\$ 51,749,407</u>

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

STATE OF NEW MEXICO
CITY OF PORTALES
STATEMENT OF NET POSITION
PROPRIETARY FUNDS (CONTINUED)
JUNE 30, 2018

	Water and Sewer Fund	Solid Waste Fund	Airport Fund	Convention Center Fund	Total Proprietary Funds
LIABILITIES AND NET POSITION					
CURRENT LIABILITIES:					
Accounts payable	\$ 40,630	\$ 35,887	\$ 140,392	\$ 1,885	\$ 218,794
Accrued interest	74,735	-	-	-	74,735
Accrued salaries	43,178	36,084	1,810	-	81,072
Unapplied deposits	13,163	-	-	-	13,163
Compensated absences - current portion	-	526	-	-	526
Long-term debt - current portion	<u>1,395,270</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,395,270</u>
Total current liabilities	1,566,976	72,497	142,202	1,885	1,783,560
NON-CURRENT LIABILITIES:					
Customer deposits	452,080	-	-	-	452,080
Compensated absences	57,868	19,180	7,310	-	84,358
Net pension liability	1,035,467	411,422	62,891	-	1,509,780
Net OPEB liability	662,629	260,324	38,765	-	961,718
Landfill closure	-	485,310	-	-	485,310
Long-term debt - long-term portion	<u>24,829,119</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,829,119</u>
Total non-current liabilities	<u>27,037,163</u>	<u>1,176,236</u>	<u>108,966</u>	<u>-</u>	<u>28,322,365</u>
Total liabilities	28,604,139	1,248,733	251,168	1,885	30,105,925
Deferred inflows - OPEB					
Change in assumption	115,852	45,514	6,778	-	168,144
Net difference between projected and actual investment earnings	25,428	9,990	1,488	-	36,906
Actual investment earnings	9,532	3,745	558	-	13,835
Deferred inflows - Pension					
Change in assumption	12,281	4,658	727	-	17,666
Change in proportion	23,604	9,519	1,434	-	34,557
Deferred inflows - net difference between projected and actual investment earnings	<u>117,426</u>	<u>46,372</u>	<u>6,939</u>	<u>-</u>	<u>170,737</u>
Total deferred inflows	<u>304,123</u>	<u>119,798</u>	<u>17,924</u>	<u>-</u>	<u>441,845</u>
Total liabilities and deferred inflows	28,908,262	1,368,531	269,092	1,885	30,547,770
NET POSITION					
Net investment in capital assets	10,250,008	316,148	1,649,069	-	12,215,225
Restricted for:					
Unrestricted	<u>8,369,014</u>	<u>641,319</u>	<u>(40,591)</u>	<u>16,670</u>	<u>8,986,412</u>
Total net position	<u>18,619,022</u>	<u>957,467</u>	<u>1,608,478</u>	<u>16,670</u>	<u>21,201,637</u>
Total liabilities and net position	<u>\$ 47,527,284</u>	<u>\$ 2,325,998</u>	<u>\$ 1,877,570</u>	<u>\$ 18,555</u>	<u>\$ 51,749,407</u>

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

STATE OF NEW MEXICO
CITY OF PORTALES
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Water and Sewer Fund	Solid Waste Fund	Airport Fund	Convention Center Fund	Total Proprietary Funds
OPERATING REVENUES					
Charges for services	\$ 4,298,841	\$ 1,215,800	\$ -	\$ -	\$ 5,514,641
Fuel sales	-	-	101,614	-	101,614
Late charges	99,196	-	10,880	-	110,076
Rentals	7,813	-	59,758	-	67,571
Tapping and reconnect fees	59,049	-	-	-	59,049
Other and miscellaneous	-	-	100	3,999	4,099
	<u>4,464,899</u>	<u>1,215,800</u>	<u>172,352</u>	<u>3,999</u>	<u>5,857,050</u>
Total operating revenues					
OPERATING EXPENSES					
Salaries and wages	687,504	256,887	38,103	-	982,494
Employee benefits	317,099	125,700	12,369	-	455,168
Maintenance	424,090	49,435	8,528	-	482,053
Contracted and purchased services	250,331	372,719	3,485	-	626,535
Supplies	40,235	89,795	6,448	-	136,478
Noncapital purchases	10,801	-	-	-	10,801
Operating costs	979,801	72,391	138,971	5,534	1,196,697
Depreciation	491,828	100,660	164,859	-	757,347
	<u>3,201,689</u>	<u>1,067,587</u>	<u>372,763</u>	<u>5,534</u>	<u>4,647,573</u>
Total operating expenses					
Operating income (loss)	1,263,210	148,213	(200,411)	(1,535)	1,209,477
NON-OPERATING REVENUES (EXPENSES):					
Investment income	16,613	16,605	-	-	33,218
Environmental gross receipts tax	-	136,972	-	-	136,972
Water conservation fees	263,946	-	-	-	263,946
Miscellaneous income (expense)	3,834	(6,158)	-	-	(2,324)
Grants	34,651	-	193,510	-	228,161
	<u>319,044</u>	<u>147,419</u>	<u>193,510</u>	<u>-</u>	<u>659,973</u>
Total non-operating revenues (expenses)					
Transfers:					
Transfers in	1,327,852	-	52,875	-	1,380,727
Transfers out	(2,389,159)	(275,000)	-	-	(2,664,159)
	<u>(1,061,307)</u>	<u>(275,000)</u>	<u>52,875</u>	<u>-</u>	<u>(1,283,432)</u>
Total transfers					
Change in net position	520,947	20,632	45,974	(1,535)	586,018
Net position, beginning of year, as previously reported					
	18,885,173	1,246,059	1,608,550	18,205	21,757,987
Restatement	(787,098)	(309,224)	(46,046)	-	(1,142,368)
	<u>18,098,075</u>	<u>936,835</u>	<u>1,562,504</u>	<u>18,205</u>	<u>20,615,619</u>
Net position, beginning of year					
Net position, end of year	<u>\$ 18,619,022</u>	<u>\$ 957,467</u>	<u>\$ 1,608,478</u>	<u>\$ 16,670</u>	<u>\$ 21,201,637</u>

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

STATE OF NEW MEXICO
CITY OF PORTALES
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Water and Sewer Fund	Solid Waste Fund	Airport Fund	Convention Center Fund	Total Proprietary Funds
Cash flows from operating activities:					
Cash received from customers	\$ 4,473,875	\$ 1,260,285	\$ 172,352	\$ 3,999	\$ 5,910,511
Payments to employees for services	(917,565)	(397,032)	(44,477)	-	(1,359,074)
Payments to suppliers and contractors	<u>(1,768,664)</u>	<u>(611,810)</u>	<u>(20,103)</u>	<u>(5,549)</u>	<u>(2,406,126)</u>
Net cash provided by (used in) operating activities	1,787,646	251,443	107,772	(1,550)	2,145,311
Cash flows from non-capital activities and related financing activities:					
State shared taxes	-	137,129	67,239	-	204,368
Water conservation fees	263,946	-	-	-	263,946
Net transfers in (out)	<u>(1,061,307)</u>	<u>(275,000)</u>	<u>52,875</u>	<u>-</u>	<u>(1,283,432)</u>
Net cash provided by (used in) non-capital activities and related financing activities:	(797,361)	(137,871)	120,114	-	(815,118)
Cash flows from capital activities and related financing activities:					
Grant proceeds	34,651	-	-	-	34,651
Interest expense	54,567	-	-	-	54,567
Change in capital assets	(382,777)	(53,217)	(186,063)	-	(622,057)
Principal payments on debt	<u>(64,433)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(64,433)</u>
Net cash used in capital activities and related financing activities:	(357,992)	(53,217)	(186,063)	-	(597,272)
Cash flows from investing activities:					
Investment income (loss)	29,697	11,824	-	-	41,521
Due to due from	<u>538,295</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>538,295</u>
Net cash provided by (used in) investing activities	<u>567,992</u>	<u>11,824</u>	<u>-</u>	<u>-</u>	<u>579,816</u>
Net increase (decrease) in cash and cash equivalents	1,200,285	72,179	41,823	(1,550)	1,312,737
Cash and cash equivalents - beginning	<u>2,602,160</u>	<u>645,844</u>	<u>150</u>	<u>20,105</u>	<u>3,268,259</u>
Cash and cash equivalents - ending	<u>\$ 3,802,445</u>	<u>\$ 718,023</u>	<u>\$ 41,973</u>	<u>\$ 18,555</u>	<u>\$ 4,580,996</u>

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

STATE OF NEW MEXICO
CITY OF PORTALES
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

	Water and Sewer Fund	Solid Waste Fund	Airport Fund	Convention Center Fund	Total Proprietary Funds
SUPPLEMENTARY INFORMATION:					
Cash and cash equivalents	\$ 3,501,549	\$ 718,023	\$ 41,973	\$ 18,555	\$ 4,280,100
Restricted cash	<u>300,896</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>300,896</u>
Total cash and cash equivalents	<u>\$ 3,802,445</u>	<u>\$ 718,023</u>	<u>\$ 41,973</u>	<u>\$ 18,555</u>	<u>\$ 4,580,996</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 1,263,210	\$ 148,213	\$ (200,411)	\$ (1,535)	\$ 1,209,477
Adjustments to operating income to net cash used in operating activities:					
Depreciation	491,828	100,660	164,859	-	757,347
Restatement	(787,098)	(309,224)	(46,046)	-	(1,142,368)
Changes in net position and liabilities:					
Accounts receivables	(43,560)	(2,326)	-	-	(45,886)
Inventory	-	-	16,420	-	16,420
Other assets	120,202	46,811	7,000	-	174,013
Accounts payable	(66,597)	(7,235)	138,612	(15)	64,765
Accrued expenses	9,195	9	119	-	9,323
Unapplied credits	2,358	-	-	-	2,358
Landfill	-	(20,235)	-	-	(20,235)
Compensated absences	1,801	(351)	1,077	-	2,527
Customer deposits	50,178	-	-	-	50,178
Other liabilities	<u>746,129</u>	<u>295,121</u>	<u>26,142</u>	<u>-</u>	<u>1,067,392</u>
Net cash provided by (used in) operating activities	<u>\$ 1,787,646</u>	<u>\$ 251,443</u>	<u>\$ 107,772</u>	<u>\$ (1,550)</u>	<u>\$ 2,145,311</u>

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

NOTES TO FINANCIAL STATEMENTS

STATE OF NEW MEXICO
CITY OF PORTALES
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

B. Basis of Presentation

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

STATE OF NEW MEXICO
CITY OF PORTALES
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

1.

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

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

C. Measurement Focus, Basis of Accounting

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

STATE OF NEW MEXICO
CITY OF PORTALES
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

C. Measurement Focus, Basis of Accounting (Continued)

value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Derived tax revenues (i.e., sales taxes) are recognized in the period when the exchange transaction on the tax is imposed or when the resources are received, whichever occurs first.

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

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

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

STATE OF NEW MEXICO
CITY OF PORTALES
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

C. Measurement Focus, Basis of Accounting (Continued)

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

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

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

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The Waste Water Treatment Plant Debt Service fund accounts for the collection of allocated gross receipts taxes to fund the debt service on the waste water treatment plant.

The Fire Protection Fund accounts for state fire allotment funds received for the operations and maintenance of the fire department.

The Economic Development Fund accounts for the grants received and the related expenditures in conjunction with the promotion of economic development within the City.

STATE OF NEW MEXICO
CITY OF PORTALES
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

C. Measurement Focus, Basis of Accounting (Continued)

The City reports the following major business-type funds:

The Water & Sewer Fund accounts for the provisions of water and sewer services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, billing and collection.

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

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

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

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

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

Receivables and Payables - Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as inter-fund balance. Long-term advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable from available financial resources. Property taxes attach as an enforceable lien on property as of January 1. Taxes are payable

STATE OF NEW MEXICO
CITY OF PORTALES
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

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

in equal semiannual installments by November 10th and April 10th of the subsequent year with levies becoming delinquent 30 days thereafter unless a timely protest has been made. Taxes are collected on behalf of the City by the Roosevelt County Treasurer, and are distributed in the month of collection.

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

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

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

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

Capital Assets - Capital assets include: property, plant, utility systems, equipment, and infrastructure assets. Infrastructure includes streets, sidewalks, bridges, drainage systems, lighting systems and similar items. Such assets are reported in the applicable governmental or business-type activities columns the government-wide financial statements. The government defines capital assets as assets with an initial individual cost of more than \$5,000, and an estimated useful life in excess of two years. Assets are capitalized at historical cost or estimated historical cost if purchased or constructed. It is the policy of the City not to capitalize computer software.

STATE OF NEW MEXICO
CITY OF PORTALES
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

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

Donated assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add value of the asset or materially extend the asset's lives are not capitalized.

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

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

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

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

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

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

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

STATE OF NEW MEXICO
CITY OF PORTALES
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

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

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

STATE OF NEW MEXICO
CITY OF PORTALES
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

- a. Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
- b. Imposed by law through constitutional provisions or enabling legislation.

Enabling legislation, as the term is used in this Statement, authorizes the government to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that a government can be compelled by an external party—such as citizens, public interest groups, or the judiciary—to use resources created by enabling legislation only for the purposes specified by the legislation.

Unassigned - fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

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

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

STATE OF NEW MEXICO
CITY OF PORTALES
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

E. New Governmental Accounting Standards

In June 2017, GASB Statement No. 87 Leases, was issued. Effective date: The provisions of this Statement are effective for financial statements for the objective of this Statement is to improve accounting and financial reporting for periods beginning after December 15, 2019. Earlier application is encouraged. The City is still evaluating how this pronouncement will affect the financial statements.

In April 2018, GASB No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements, was issued. Effective date: The provisions of this Statement are effective for financial statements for the objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements related to debt for periods beginning after June 15, 2018. Furthermore, GASB No. 88 clarifies which liabilities governments should include when disclosing information. Earlier application is encouraged. The City is still evaluating how this pronouncement will affect the financial statements.

In June 2018, GASB No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period, was issued. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively. The City is still evaluating how this pronouncement will affect the financial statements.

In December 2018, GASB No. 90, Majority Equity Interests, was issued. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

STATE OF NEW MEXICO
CITY OF PORTALES
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

E. New Governmental Accounting Standards (continued)

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The City is still evaluating how this pronouncement will affect the financial statements.

2. **STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

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

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

1. The City prepares a proposed interim operating budget based upon input from public hearings conducted to obtain taxpayer comments and management assessment of City needs and resources available. The operating budget includes proposed expenditures and the means of financing them. A budget is proposed for the General, Special Revenue, Capital Projects, Debt Service and Proprietary Funds.

2. The interim operating budget for the fiscal year commencing July 1 is submitted to the Department of Finance and Administration-Local Government Division by June 1. The Department of Finance reviews the interim budget, makes any needed adjustments and grants interim approval by July 1.

STATE OF NEW MEXICO
CITY OF PORTALES
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

3. The final operating budget for the fiscal year is submitted to the Department of Finance on or before July 31. The Department of Finance reviews the budget and grants approval by September 1.

4. The interim and final budgets are legally enacted through passage of resolutions and the council is authorized to transfer budgeted amounts between departments within any fund. Any revisions that alter the total expenditures of any fund must be approved by the Department of Finance and Administration-Local Government Division.

5. Budgets for funds are adopted on the modified accrual basis of accounting. Budgetary comparisons have been presented in this report on the basis of the legally adopted budget.

6. Appropriations lapse at year end with any unspent cash balance being available for expenditures and appropriation in the subsequent year's budget.

7. The level of classification detail in which expenditures may not legally exceed appropriations for each budget is in fund total.

3. CASH AND DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

State statutes authorize the investment of City funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the City properly followed State deposit and investment requirements as of June 30, 2018.

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

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

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

STATE OF NEW MEXICO
CITY OF PORTALES
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

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

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

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

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

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

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

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

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

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

The LGIP investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments. The pool does not have unit shares and earnings are distributed monthly by the State Treasurer to the participants in proportion to the amount and length of time the participants have funds on deposit. Participation in the LGIP is voluntary and can be liquidated by the City at the City council's discretion. The City's balance in the LGIP account as of June 30, 2018 is \$1,862,092.

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

Other Investments - The City also maintains \$9,813,956 in investments outside of the internal investment pool in the LGIP. The funds are invested in money market funds investing in federal government-backed securities. The investments are in compliance with state statutes regarding investments of governmental funds. These investments have not been rated.

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

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

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

A summary of the cash deposits at June 30, 2018 is as follows:

	US Bank	New Mexico Finance Authority	First American Financial Advisors	Total
Total cash deposits	\$10,784,822	\$ 1,093,924	\$ 9,813,956	\$21,692,702
FDIC/SPIC coverage	<u>(250,000)</u>	<u>(1,093,924)</u>	<u>(250,000)</u>	<u>(1,593,924)</u>
Uninsured funds subject to custodial credit risk	10,534,822	-	9,563,956	20,098,778
Lloyd's of London securities insurance protection	<u>-</u>	<u>-</u>	<u>9,563,956</u>	<u>9,563,956</u>
Funds (over) under collateralized - total funds subject to custodial credit risks	<u>\$10,534,822</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$10,534,822</u>

The following summarizes the collateral requirements at June 30, 2018:

50% of uninsured funds	\$ 5,267,411	\$ -	\$ -	\$ 5,267,411
Letter of credit collateral	<u>12,000,000</u>	<u>-</u>	<u>-</u>	<u>12,000,000</u>
Over (under) collateralized	<u>\$ 6,732,589</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,732,589</u>

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CITY OF PORTALES
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4. ACCOUNTS RECEIVABLE

Accounts receivable reported in the business-type activities at June 30, 2018 represent net balances due from customers of water and sewer and solid waste services provided by the City. The following is the detail of the business-type receivables at June 30, 2018:

	Accounts Receivable	Allowance for Uncollectibles	Total
Water and sewer	\$ 1,149,188	\$ (504,525)	\$ 644,663
Solid waste	202,153	(53,049)	149,104
	\$ 1,351,341	\$ (557,574)	\$ 793,767

The general fund receivable of \$103,353 consists primarily of ambulance charges outstanding at June 30, 2018. All ambulance and utility receivables over 120 days old are booked to allowance for uncollectible accounts. All accounts for which we have received notice of bankruptcy are booked to allowance for uncollectible accounts. All accounts for which we have received notice that the account holder is deceased with no estate are booked to allowance for uncollectible accounts. Ambulance accounts on hold for missing information are booked to allowance for uncollectible accounts when the accounts are greater than 60 days old. Municipal Court fines are not booked to allowance for collectible accounts.

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

	Taxes Receivables
Gross receipts taxes	\$ 1,001,565
Franchise	105,567
Property taxes	22,004
Other	182,636
	\$ 1,311,772

Governmental funds report deferred inflows in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year deferred inflows which related to delinquent property taxes was \$47,230.

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CITY OF PORTALES
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5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund transfers reflect a transfer of cash due to needs within the fund. The composition of interfund transfers during the year ended June 30, 2018 is as follows:

TRANSFERS:

Fund	Transfer In	Transfer Out
General Fund	\$ 1,275,000	\$ 892,681
Fire Protection Fund	-	42,118
Corrections Fund	13,085	-
Library Fund	30,000	-
Portales Area Transit Fund	120,711	-
Municipal Streets Fund	9,000	-
Capital Projects Funds	350,000	-
CDBG Capital Projects Fund	35,926	-
Capital Repair and Replacement Fund	302,010	-
Risk Management Fund	15,000	-
Energy Conservation Lease Fund	67,499	-
Water and Sewer Fund	1,327,852	2,389,159
Solid Waste Fund	-	275,000
Airport Fund	52,875	-
	<u>52,875</u>	<u>-</u>
Total	<u>\$ 3,598,958</u>	<u>\$ 3,598,958</u>

STATE OF NEW MEXICO
CITY OF PORTALES
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6. CAPITAL ASSETS

A summary of capital assets and changes occurring during the year ended June 30, 2018, including those changes pursuant to the implementation of GASB Statement No. 34, follows. Land and Construction in Progress is not subject to depreciation.

	Balance June 30, 2017	Additions	Retirements and Transfers	Balance June 30, 2018
<i>Governmental activities:</i>				
Capital assets not being depreciated:				
Land	\$ 649,102	\$ -	\$ -	\$ 649,102
Construction in progress	<u>233,759</u>	<u>91,477</u>	<u>(112,233)</u>	<u>213,003</u>
Total	882,861	91,477	(112,233)	862,105
Other capital assets being depreciated:				
Buildings	6,401,033	339,880	-	6,740,913
Improvements	7,053,954	16,698	112,233	7,182,885
Machinery and equipment	3,157,256	152,366	2,572	3,312,194
Furniture and fixtures	192,900	5,500	(2,572)	195,828
Vehicles	<u>4,225,818</u>	<u>166,322</u>	<u>(2,557)</u>	<u>4,389,583</u>
Total	<u>21,030,961</u>	<u>680,766</u>	<u>109,676</u>	<u>21,821,403</u>
Total capital assets	21,913,822	772,243	(2,557)	22,683,508
Less accumulated depreciation for:				
Buildings	4,670,574	175,065	-	4,845,639
Improvements	3,496,058	323,210	-	3,819,268
Machinery and equipment	2,780,030	100,694	-	2,880,724
Furniture and fixtures	190,328	12,309	-	202,637
Vehicles	<u>3,708,488</u>	<u>246,703</u>	<u>(2,557)</u>	<u>3,952,634</u>
Total accumulated depreciation	<u>14,845,478</u>	<u>857,981</u>	<u>(2,557)</u>	<u>15,700,902</u>
Governmental capital assets, net	<u>\$ 7,068,344</u>	<u>\$ (85,738)</u>	<u>\$ -</u>	<u>\$ 6,982,606</u>

STATE OF NEW MEXICO
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NOTES TO BASIC FINANCIAL STATEMENTS
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6. CAPITAL ASSETS (CONTINUED)

	<u>Balance June 30, 2017</u>	<u>Additions</u>	<u>Retirements and Transfers</u>	<u>Balance June 30, 2018</u>
<i>Business-type activities:</i>				
Capital assets not being depreciated:				
Land	\$ 4,593,347	\$ -	\$ -	\$ 4,593,347
Construction in progress	<u>28,043,496</u>	<u>461,734</u>	<u>(27,254,308)</u>	<u>1,250,922</u>
Total	32,636,843	461,734	(27,254,308)	5,844,269
Capital assets being depreciated:				
Buildings	1,558,823	-	-	1,558,823
Improvements	17,224,776	-	27,254,308	44,479,084
Machinery and equipment	4,587,086	120,836	-	4,707,922
Furniture and fixtures	4,929	-	-	4,929
Vehicles	<u>1,885,939</u>	<u>34,373</u>	<u>2,557</u>	<u>1,922,869</u>
Total	<u>25,261,553</u>	<u>155,209</u>	<u>27,256,865</u>	<u>52,673,627</u>
Total capital assets	57,898,396	616,943	2,557	58,517,896
Less accumulated depreciation:				
Buildings	1,190,723	28,758	-	1,219,481
Improvements	12,793,810	483,066	-	13,276,876
Machinery and equipment	3,888,279	129,935	-	4,018,214
Furniture and fixtures	4,929	-	-	4,929
Vehicles	<u>1,445,751</u>	<u>115,588</u>	<u>(2,557)</u>	<u>1,558,782</u>
Total accumulated depreciation	<u>19,323,492</u>	<u>757,347</u>	<u>(2,557)</u>	<u>20,078,282</u>
Business-type capital assets, net	<u>\$ 38,574,904</u>	<u>\$ (140,404)</u>	<u>\$ 5,114</u>	<u>\$ 38,439,614</u>

The City reported \$857,981 of accumulated depreciation in general fixed assets in use by governmental funds on the Government-Wide Statement of Activities. The City did not allocate the depreciation to the various governmental functions, instead presenting the amount separately from the departmental functions on the statement.

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7. LONG-TERM DEBT

A summary of changes in long-term debt, including capital lease obligations for the year ended June 30, 2018, was as follows:

	Balance June 30, 2017	Additions	Reductions	Balance June 30, 2018
Governmental Activities:				
NMFA - PPRF 4195	\$ -	\$ 1,065,213	\$ -	\$ 1,065,213
NMFA Loan - Fire Truck	416,924	-	34,344	382,580
Total Governmental Debt	\$ 416,924	\$ 1,065,213	\$ 34,344	\$ 1,447,793

	Balance June 30, 2017	Additions	Reductions	Balance June 30, 2018
Business-Type Activities:				
Project # 0344 - WTB	\$ 209,216	\$ -	\$ 11,378	\$ 197,838
Water Improvement	828,606	-	53,055	775,551
NMED - Wastewater Facility	24,712,705	538,295	-	25,251,000
Total Business-Type Debt	\$25,750,527	\$ 538,295	\$ 64,433	\$26,224,389

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

Year Ended June 30,	Governmental			Business-Type		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 56,923	\$ 42,035	\$ 98,958	\$ 1,395,270	\$ 23,267	\$ 1,418,537
2020	59,438	39,556	98,994	1,396,909	21,628	1,418,537
2021	60,454	39,526	99,980	1,398,598	19,939	1,418,537
2022	61,626	38,150	99,776	1,400,337	1,818,200	3,218,537
2023	62,936	36,972	99,908	1,402,129	16,408	1,418,537
2024-2028	337,871	162,279	500,150	7,039,454	53,232	7,092,686
2029-2033	154,848	131,266	286,114	6,852,201	6,743	6,858,944
2034-2038	181,485	104,630	286,115	5,339,491	-	5,339,491
2039-2043	215,224	70,890	286,114	-	-	-
2044-2048	256,988	29,124	286,112	-	-	-
Total	\$1,447,793	\$ 694,428	\$2,142,221	\$ 26,224,389	\$ 1,959,417	\$28,183,806

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

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

Description	Interest Rate	Payment Frequency	Payment Amount	Maturity Date	Due Within One Year	Servicing Fund
Governmental Activities:						
NMFA -PPRF	1.35%	Monthly	\$57,223	May 2048	\$ 22,140	Fire
NMFA - Fire Truck	1.73%	Monthly	\$2,984	May 2028	<u>34,783</u>	Fire
					<u>\$ 56,923</u>	

Description	Interest Rate	Payment Frequency	Payment Amount	Maturity Date	Due Within One Year	Servicing Fund
Business-Type Activities:						
Water/Sewer Revenue Bonds	0%	Annual	\$1,153,540	June 2031	\$ 1,329,000	Water and Sewer
Project # 0344 - WTB	0.25%	Monthly	\$859	June 2035	11,623	Water and Sewer
Water Improvement	3.00%	Annual	\$78,309	September 2029	<u>54,647</u>	Water Conservation
					<u>\$ 1,395,270</u>	

8. ACCRUED COMPENSATED ABSENCES

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

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8. ACCRUED COMPENSATED ABSENCES (CONTINUED)

	Balance June 30, 2017	Additions	Reductions	Balance June 30, 2018	Due Within One Year
Governmental Activities	\$ 423,733	\$ 238,761	\$ 218,230	\$ 444,264	\$ 41,075
Business-Type Activities	<u>82,357</u>	<u>64,061</u>	<u>61,534</u>	<u>84,884</u>	<u>526</u>
	<u>\$ 506,090</u>	<u>\$ 302,822</u>	<u>\$ 279,764</u>	<u>\$ 529,148</u>	<u>\$ 41,601</u>

9. REVENUE BONDS

The City has the capacity and has issued both Sales Tax and Revenue Bonds whereby the City has pledged income derived from the Gross Receipts Tax and billings on water to pay the required debt service on the bonds. Moody's Investors Service affirmed the A3 underlying rating for both the Sales Tax and Revenue Bonds in July, 2010. As of the year ended June 30, 2018 the City does not have any outstanding bonds.

10. LANDFILL CLOSURE AND POST-CLOSURE COSTS

State and federal laws and regulations require that the City place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure of the landfill site. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and post-closure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and post-closure care costs is based on the amount of the landfill used during the year. The landfill was closed in 1997. The estimated liability for landfill closure and post-closure care costs is \$485,310 as of June 30, 2018, which is based on 100 percent usage (filled) of the landfill. The estimated total current cost of the landfill closure and post-closure care is based on the amount that would be paid if all equipment, facilities, and services required to monitor and maintain the landfill were acquired as of June 30, 2018. However, the actual cost of post-closure care may be higher due to inflation, changes in technology, or changes in state and federal landfill laws and regulations.

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CITY OF PORTALES
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11. RISK MANAGEMENT

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

These funds are funded entirely by member contributions and are administered by the New Mexico Self-insurer's Fund. The pools are authorized by joint powers agreements entered into by each participating entity as a separate and independent government and legal entity pursuant to the provisions of Section 11-1-1 et. Seq. NMSA 1978. The City's contributions for the year ended June 30, 2018 were \$553,531.

The City has not filed any claims for which the settlement amount exceeded the insurance coverage in any preceding years. However, should a claim be filed against the Authority which exceeds the insurance coverage, the City would be responsible for a loss in excess of the coverage amounts. As claims are filed, the New Mexico Self-Insurers Fund assesses and estimates the potential for loss. At June 30, 2018 no unpaid claims have been filed which exceed the policy limits and to the best of management's knowledge and belief all known and unknown claims will be covered by insurance. No major lawsuits have been filed against the City.

12. PERA PENSION PLAN

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

The City adopted GASB 68 during the year ended June 30, 2015. GASB 68, *Accounting and Financial Reporting for Pensions*, requires contributing employers of cost-sharing multiple employer defined benefit pension plans to include the net pension liability, pension expense, and pension-related deferred inflows and outflows of resources related to their share of the pension plan in their government-wide financial statement presentation. PERA engaged their financial statement auditors to prepare a schedule allocating obligations to the contributing employers as of the year ended June 30, 2017.

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12. PERA PENSION PLAN (CONTINUED)

Summary of Significant Accounting Policies

Pensions. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Mexico Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension Plan

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

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

Benefits provided. For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2017 available at:
<http://www.nmpera.org/assets/uploads/downloads/Schedule-of-Employer-Allocation-for-report-FY17-Edited.pdf>

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12. PERA PENSION PLAN (CONTINUED)

Contributions. The contribution requirements of defined benefit plan members and the (name of employer) are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY16 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 29 through 31 of the PERA FY15 annual audit report at <http://www.nmpera.org/assets/uploads/downloads/Schedule-of-Employer-Allocation-for-report-FY17-Edited.pdf>.

The PERA coverage options that apply to the City are Municipal General Division, Municipal Police Division, and Municipal Fire Division. Statutorily required contributions to the pension plan from the City were \$699,191 and employer paid member benefits that were "picked up" by the employer were \$0 for the year ended June 30, 2018.

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, 2016. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2017, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2017.

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 of Portales' 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, 2017 were included in the total contributions for a specific employer.

Regular and any adjustment contributions that applied to FY 2017 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.

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12. PERA PENSION PLAN (CONTINUED)

For PERA at June 30, 2018, the City reported the following liability:

Municipal General Division	\$ 5,058,005
Municipal Police Division	2,763,383
Municipal Fire Division	<u>4,814,024</u>
Total Net Pension Liability	<u>\$ 12,635,412</u>

The amounts are the proportionate share of the net pension liability. At June 30, 2017, the City's proportion noted below was unchanged from its proportion measured as of June 30, 2016, due to the insignificance of the difference.

For the year ended June 30, 2018, the City recognized the following pension expense:

Municipal General Division	\$ 318,088
Municipal Police Division	173,783
Municipal Fire Division	<u>302,744</u>
Total pension expense	<u>\$ 794,615</u>

At June 30, 2018, the City reported deferred outflows of resources and deferred inflows or resources related to pensions for Municipal General Division from the following sources:

	Deferred Outflows of Resources	Deferred inflows of resources
Changes in assumptions	\$ 233,249	\$ 52,268
Net difference between projected and actual earnings on pension plan investments	414,979	-
Difference between expected and actual experience	198,745	259,056
Contributions subsequent to the measurement date	278,661	-
Change in proportion and differences between employer contributions and proportionate share of contributions	<u>195,479</u>	<u>132,209</u>
Total	<u>\$ 1,321,113</u>	<u>\$ 443,533</u>

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12. PERA PENSION PLAN (CONTINUED)

At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions for Municipal Police Division from the following sources:

	Deferred Outflows of Resources	Deferred inflows of resources
Changes in assumptions	\$ 164,412	\$ 64,258
Net difference between projected and actual earnings on pension plan investments	222,553	-
Difference between expected and actual experience	167,834	516,311
Contributions subsequent to the measurement date	218,444	-
Change in proportion and differences between employer contributions and proportionate share of contributions	<u>122,168</u>	<u>137,144</u>
Total	<u>\$ 895,411</u>	<u>\$ 717,713</u>

At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions for Municipal Fire Division from the following sources:

	Deferred Outflows of Resources	Deferred inflows of resources
Changes in assumptions	\$ 190,318	\$ 30,182
Net difference between projected and actual earnings on pension plan investments	180,714	-
Difference between expected and actual experience	157,187	602,795
Contributions subsequent to the measurement date	202,086	-
Change in proportion and differences between employer contributions and proportionate share of contributions	<u>200,639</u>	<u>17,684</u>
Total	<u>\$ 930,944</u>	<u>\$ 650,661</u>

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12. PERA PENSION PLAN (CONTINUED)

	<u>Liability Proportion</u>
Municipal General Division	0.3681%
Municipal Police Division	0.4974%
Municipal Fire Division	0.8414%

In June 30, 2018, \$699,191 deferred outflows - contributions made after measurement date, will be recognized as a reduction of net pension liability. Other deferred amounts to be recognized in fiscal years following the reporting date are below:

Year Ended June 30:	<u>Municipal General Division</u>	<u>Municipal Police Division</u>	<u>Municipal Fire Division</u>
2019	\$ 130,308	\$ 37,221	\$ 71,347
2020	\$ 466,048	\$ 110,640	\$ 133,534
2021	\$ 123,839	\$ (123,535)	\$ (74,617)
2022	\$ (121,276)	\$ (65,072)	\$ (52,067)
2023	\$ -	\$ -	\$ -

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, 2016 for each of the membership groups. Then each PERA Fund member group pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2016 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2016. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2016 actuarial valuation.

Actuarial valuation date	June 30, 2015
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay
Amortization period	Solved for based on statutory rates
Asset valuation method	Fair value
Actuarial assumptions:	
-Investment rate of return	7.75% annual rate, net of investment expense
-Projected benefit payment	100 years

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12. PERA PENSION PLAN (CONTINUED)

-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 healthy post-retirees, Employee table for active members, and Disabled table for disabled retirees before retirement age) with projection to 2018 using Scale AA
-Experience study dates	July 1, 2008 to June 30, 2013

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

ALL FUNDS - Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	43.5 %	7.39 %
Risk Reduction & Mitigation	21.5	1.79
Credit Oriented Fixed Income	15.0	5.77
Risk Assets	<u>20.0</u>	7.35
Total	100.0 %	

Sensitivity of the net pension liability to changes in the discount rate - The following presents the net pension liability of City of Portales, calculated using the discount rate of 7.51 percent, as well as what the 2018's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.51 percent) or 1-percentage-point higher (8.51 percent) than the current rate:

	1% Decrease 6.51%	Current 7.51%	1% Increase 8.51%
City's proportionate share of the Net Pension Liability	<u>\$ 18,786,433</u>	<u>\$ 12,635,412</u>	<u>\$ 7,550,411</u>
TOTAL	<u>\$ 18,786,433</u>	<u>\$ 12,635,412</u>	<u>\$ 7,550,411</u>

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12. PERA PENSION PLAN (CONTINUED)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued FY17. The report is available at <http://www.pera.state.nm.us/publications.html>.

Payables to the pension plan. Employers should disclose the amount of payables to the Plan with a description of what gave rise to the payable per GASBS 68, paragraphs 122 and 124. The City of Portales had payables of \$ 48,089 at June 30, 2018. The payable was a result of cutoff, and was paid in to PERA in July 2018.

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

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

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

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

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

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

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

(1) The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees who are members of an enhanced retirement plan (state police and adult correctional officer coverage plan 1; municipal police member coverage plans 3, 4 and 5; municipal fire member coverage plan 3, 4 and 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act [10-12B-1 NMSA 1978]). During the fiscal year ended June 30, 2018, the statute required each participating employer to contribute 2.50% for fire and police departments and 2.00% for general departments of each participating employee's annual salary; each participating employee was required to contribute 1.25% of their salary. In the fiscal years ending June 30, 2018 the contribution rates for employees and employers will rise as follows:

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

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
2017	2.00%	1.00%

In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act. The City's contributions to the RHCA for the years ended June 30, 2018, 2017, and 2016 were \$113,777, \$169,839, and \$148,372, respectively, which equal the required contributions for each year.

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

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – At June 30, 2018, the City reported a liability of \$5,976,370 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The City’s proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2017. At June 30, 2017, the City’s proportion was 0.13188%.

For the year ended June 30, 2018, the City recognized OPEB expense of \$237,595. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ -	\$ 1,044,892
Net difference between projected and actual earnings on OPEB plan investments	-	229,341
Difference between expected and actual experience	-	85,974
Contributions made after the measurement date	113,777	-
	\$ 113,777	\$ 1,360,207

Deferred outflows of resources totaling \$113,777 represent City contributions to the fund made subsequent to the measurement date and will be recognized as a reduction of net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year Ending			
2019	\$	(289,190)	
2020		(289,190)	
2021		(289,190)	
2022		(289,190)	
2023		(203,447)	
	\$	(1,360,207)	

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

Actuarial assumptions – The total OPEB liability was determined by an actuarial valuation using the following actuarial assumptions:

Actuarial valuation date	June 30, 2017
Actuarial cost method	Entry age normal , level percent of pay,calculated on individual employee basis
Asset valuation method	Market Value of assets
Actuarial assumptions	
Inflation	2.50% for ERB: 2.25% for PERA
Projected payroll increases	3.50%
Investment rate of return	7.25%, net of OPEB plan investment expense and margin for adverse deviation including inflation.
Healthcare cost trend rate	8% graded down to 4.5% over 14 years for non-Medicare medical plan costs and 7.5% graded down to 4.5% over 12 for Medicare medical plan costs

Rate of Return – The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which the expected future real rates of return (net of Investment fees and inflation) are developed for each major asset class. These returns 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, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumptions. The best estimates for the long-term expected rate of return is summarized as follows:

Assets Class	Long-Term Rate of Return
U.S. core of fixed income	4.1%
U.S equity - large cap	9.10%
Non U.S. - emerging markets	12.2%
Non U.S. - developed equities	9.8%
Private equity	13.8%
Credit and structured finance	7.3%
Real estate	6.9%
Absolute return	6.1%
U.S. equity - small/mid cap	9.1%

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

Discount Rate – The discount rate used to measure the Fund’s total OPEB liability is 3.81% as of June 30, 2017. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the actuary determined contribution rates. For this purpose, employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the Fund’s fiduciary net position was projected to be available to make all projected future benefit payments for current plan members through the fiscal year ending June 30, 2028. Thus, the 7.25% discount rate was used to calculate the net OPEB liability through 2029. Beyond 2029, the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. Thus, 3.81% is the blended discount rate.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates – The following presents the net OPEB liability of the City, as well as what the City’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.81 percent) or 1-percentage-point higher (4.81 percent) than the current discount rate:

1% Decrease 2.81%	Current Discount Rate 3.81%	1% Increase 4.81%
\$ <u>7,249,244</u>	\$ <u>5,976,370</u>	\$ <u>4,977,686</u>

The following presents the net OPEB liability of the City, as well as what the City’s net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

1% Decrease	Current Trend Rate	1% Increase
\$ <u>5,083,315</u>	\$ <u>5,976,370</u>	\$ <u>6,672,733</u>

OPEB Plan Fiduciary Net Position - Detailed information about the OPEB plan’s fiduciary net position is available in NMRHCA’s audited financial statements for the year ended June 30, 2017.

Payable Changes in the Net OPEB Liability – At June 30, 2018, the City reported a payable of \$76,973 for outstanding contributions due to NMRHCA for the year ended June 30, 2018.

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14. TAX ABATEMENT

Roosevelt County property tax revenue and Gross Receipts Tax for the State of New Mexico was reduced by an unestimable amount under agreements entered into by the City. Below is the information available to the City in relation to this abatement.

Agency Number	6136
Agency Name	City of Portales
Agency Type	Municipality
Tax Abatement Agreement Name	Industrial Revenue Bond Agreement
Recipient(s) of tax abatement	DairiConcepts, L.P., or its successors or assigns
Parent company(ies) of recipient(s) of tax abatement	Dairy Farmers of America
Tax abatement program (name and brief description)	Industrial Revenue Bond Agreement - Issuance of an aggregate principal amount up to \$25,000,000 in connection with a proposed expansion of a project located at the southwest corner of 18th Street and Industrial Drive
Specific Tax(es) Being Abated	Property tax, gross receipts tax
Legal authority under which tax abatement agreement was entered into	Industrial Revenue Bond Act, Sections 3-21-1 through 3-32-30 NMSA 1978
Criteria that make a recipient eligible to receive a tax abatement	The Project will promote the local health, general welfare, safety, convenience and prosperity of the inhabitants of the City
How are the tax abatement recipient's taxes reduced? (For example: through a reduction of assessed value)	The tax abatement recipient's taxes are reduced by a reduction of assessed property values, and by issuance of non-taxable transaction certificates for purchase of property

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14. TAX ABATEMENT (CONTINUED)

How is the amount of the tax abatement determined? For example, this could be a specific dollar amount, a percentage of the tax liability, etc.

The City agreed that the portion of the Facility acquired by the City will not be subject to property tax nor any payments in lieu of property tax during the period on the acquisition, construction and/or installation of such portion of the Facility by the City and ending on the earlier of 30 years from that date or the full retirement of the bonds. The City acquired in its name the new portion of the Facility , and for such acquisition the City will make appropriate nontaxable transaction certificates available to suppliers as may be appropriate under the New Mexico Gross Receipts and Compensating Tax Act, Section 7-9-1 through 7-9-0 NMSA 1978.

Are there provisions for recapturing abated taxes? (Yes or No)

No

If there are provisions for recapturing abated taxes, describe them, including the conditions under which abated taxes become eligible for recapture.

N/A

List each specific commitment made by the recipient of the abatement.

The acquisition and equipping a portion of a milk processing facility for the production of various dairy products.

Gross dollar amount, on an accrual basis, by which the government's tax revenues were reduced during the reporting period as a result of the tax abatement agreement.

No estimate is available for the amount of gross receipts tax abated. The City has contacted Dairy Farmers of America for information concerning purchases using non-taxable certificates issued by the City, and Dairy Farmers of America is unable to provide an amount. The amount of property tax abated is an estimate provided by the Roosevelt County Treasurer. The property was never valued by Roosevelt County for tax purposes, and this is an estimate only. Property tax abated: \$9,431.64

For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by your agency or another agency in association with the foregone tax revenue, list the authority for and describe the payment, including the agency that is supposed to receive the payment

N/A

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14. TAX ABATEMENT (CONTINUED)

For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by your agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year

N/A

For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by a different agency in association with the foregone tax revenue, list the name of the agency and the amount of payments received in the current fiscal year

N/A

List each specific commitment made by your agency or any other government, other than the tax abatement.

None

Are any other governments affected by this tax abatement agreement? (Yes or No) If yes, list each affected agency and complete an intergovernmental disclosure for each such agency.

Yes. Affected Agencies are: Portales Schools, Roosevelt County, State of New Mexico

If your agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission.

-

In the report disclosure is this abatement aggregated?

No

Threshold amount for aggregation

-

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14. TAX ABATEMENT (CONTINUED)

Agency number for Agency making the disclosure (Abating Agency)	6136
Abating Agency Name	City of Portales
Abating Agency Type	Municipality
Tax Abatement Agreement Name	Industrial Revenue Bond Agreement
Name of agency affected by abatement agreement (Affected Agency)	Portales Municipal Schools
Agency number of Affected Agency	7067
Agency type of Affected Agency Recipient(s) of tax abatement Tax abatement program (name and brief description)	School District DairiConcepts, L.P., or its successors or assigns Industrial Revenue Bond Agreement - Issuance of an aggregate principal amount up to \$25,000,000 in connection with a proposed expansion of a project located at the southwest corner of 18th Street and Industrial Drive
Specific Tax(es) Being Abated Authority under which abated tax would have been paid to Affected Agency	Property tax, gross receipts tax Property tax: NM Const. Art. VIII, Gross Receipts Tax 3.2 NMAC Sections 7-9-1 to 7-9-115 NMSA 1978
Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement	No estimate is available for the amount of gross receipts tax abated. The City has contacted Dairy Farmers of America for information concerning purchases using non-taxable certificates issued by the City, and Dairy Farmers of America is unable to provide an amount. The amount of property tax abated is an estimate provided by the Roosevelt County Treasurer. The property was never valued by Roosevelt County for tax purposes, and this is an estimate only. Property tax abated: \$33,392.13

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14. TAX ABATEMENT (CONTINUED)

For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by the Affected Agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year

N/A

If the Abating Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission

-

Is the abatement amount aggregated? No

Threshold amount for aggregation

-

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14. **TAX ABATEMENT (CONTINUED)**

Agency number for Agency making the disclosure (Abating Agency)	6136
Abating Agency Name	City of Portales
Abating Agency Type	Municipality
Tax Abatement Agreement Name	Industrial Revenue Bond Agreement
Name of agency affected by abatement agreement (Affected Agency)	Roosevelt County
Agency number of Affected Agency	5022
Agency type of Affected Agency	County Government
Recipient(s) of tax abatement	DairiConcepts, L.P., or its successors or assigns
Tax abatement program (name and brief description)	Industrial Revenue Bond Agreement - Issuance of an aggregate principal amount up to \$25,000,000 in connection with a proposed expansion of a project located at the southwest corner of 18th Street and Industrial Drive
Specific Tax(es) Being Abated	Property tax, gross receipts tax
Authority under which abated tax would have been paid to Affected Agency	Property tax: NM Const. Art. VIII, Gross Receipts Tax 3.2 NMAC Sections 7-9-1 to 7-9-115 NMSA 1978
Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement	No estimate is available for the amount of gross receipts tax abated. The City has contacted Dairy Farmers of America for information concerning purchases using non-taxable certificates issued by the City, and Dairy Farmers of America is unable to provide an amount. The amount of property tax abated is an estimate provided by the Roosevelt County Treasurer. The property was never valued by Roosevelt County for tax purposes, and this is an estimate only. Property tax abated: \$36,822.75

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14. TAX ABATEMENT (CONTINUED)

For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by the Affected Agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year

N/A

If the Abating Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission

-

Is the abatement amount aggregated? No

Threshold amount for aggregation

-

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14. TAX ABATEMENT (CONTINUED)

Agency number for Agency making the disclosure (Abating Agency)	6136
Abating Agency Name	City of Portales
Abating Agency Type	Municipality
Tax Abatement Agreement Name	Industrial Revenue Bond Agreement
Name of agency affected by abatement agreement (Affected Agency)	State of New Mexico Taxation and Revenue Department
Agency number of Affected Agency	333
Agency type of Affected Agency	Division of State Government
Recipient(s) of tax abatement	DairiConcepts, L.P., or its successors or assigns
Tax abatement program (name and brief description)	Industrial Revenue Bond Agreement - Issuance of an aggregate principal amount up to \$25,000,000 in connection with a proposed expansion of a project located at the southwest corner of 18th Street and Industrial Drive
Specific Tax(es) Being Abated Authority under which abated tax would have been paid to Affected Agency	Property tax, gross receipts tax Property tax: NM Const. Art. VIII, Gross Receipts Tax 3.2 NMAC Sections 7-9-1 to 7-9-115 NMSA 1978
Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement	No estimate is available for the amount of gross receipts tax abated. The City has contacted Dairy Farmers of America for information concerning purchases using non-taxable certificates issued by the City, and Dairy Farmers of America is unable to provide an amount. The amount of property tax abated is an estimate provided by the Roosevelt County Treasurer. The property was never valued by Roosevelt County for tax purposes, and this is an estimate only. Property tax abated: \$4,569.66

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 NOTES TO BASIC FINANCIAL STATEMENTS
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14. TAX ABATEMENT (CONTINUED)

For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by the Affected Agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year

N/A

If the Abating Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission

-

Is the abatement amount aggregated? No

Threshold amount for aggregation

-

15. COMMITMENTS AND CONTINGENCIES

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

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

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

16. SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 11, 2018 the date the financial statements were available to be issued.

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CITY OF PORTALES
NOTES TO BASIC FINANCIAL STATEMENTS
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17. RESTATEMENT

A prior period adjustment of \$7,098,981 was recorded during the fiscal year ended June 30, 2018. The restatement was made to adopt GASB 75 relating to OPEB liabilities. The restatement was allocated as follows:

	Restatement amounts
Governmental funds	\$ 5,956,613
Solid waste fund	309,224
Water and Sewer fund	787,098
Airport fund	<u>46,046</u>
Total restatement	<u>\$ 7,098,981</u>

REQUIRED SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
CITY OF PORTALES
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PLAN
PERA MUNICIPAL GENERAL DIVISION
LAST 10 FISCAL YEARS*
FOR THE YEAR ENDED JUNE 30, 2018

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
The City of Portales' proportion of the net pension liability	\$ 2,941,005	\$ 3,665,414	\$ 5,513,537	\$ 5,058,005
The City of Portales' proportionate share of the net pension liability	0.3770%	0.3595%	0.3451%	0.3681%
The City of Portales' covered-employee payroll	\$ 1,878,126	\$ 2,207,416	\$ 2,216,028	\$ 2,272,384
The City of Portales' proportionate share of the net pension liability as a percentage of its covered-employee payroll	156.59 %	166.05 %	248.80 %	222.59 %
Plan fiduciary net position as a percentage of the total pension liability	81.29 %	76.99 %	69.18 %	73.74 %

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

STATE OF NEW MEXICO
CITY OF PORTALES
SCHEDULE OF CITY OF PORTALES' CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PLAN
PERA MUNICIPAL GENERAL DIVISION
LAST 10 FISCAL YEARS*
FOR THE YEAR ENDED JUNE 30, 2018

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Contractually required contribution	\$ 122,698	\$ 276,437	\$ 249,055	\$ 254,223
Contributions in relation to the contractually required contribution	<u>122,698</u>	<u>276,437</u>	<u>249,055</u>	<u>254,223</u>
Contribution deficiency (excess)	-	-	-	-
The City of Portales' covered-employee payroll	<u>\$ 1,878,126</u>	<u>\$ 2,207,416</u>	<u>\$ 2,216,028</u>	<u>\$ 2,272,384</u>
Contributions as a percentage of covered-employee payroll	<u>6.53 %</u>	<u>12.52 %</u>	<u>11.24 %</u>	<u>11.19 %</u>

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

STATE OF NEW MEXICO
CITY OF PORTALES
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PLAN
PERA MUNICIPAL POLICE DIVISION
LAST 10 FISCAL YEARS*
FOR THE YEAR ENDED JUNE 30, 2018

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
The City of Portales' proportion of the net pension liability	\$ 1,456,845	\$ 2,536,997	\$ 3,926,730	\$ 2,763,383
The City of Portales' proportionate share of the net pension liability	0.45 %	0.53 %	0.53 %	0.50 %
The City of Portales' covered-employee payroll	\$ 930,341	\$ 1,615,574	\$ 1,820,434	\$ 1,781,335
The City of Portales' proportionate share of the net pension liability as a percentage of its covered-employee payroll	156.59 %	157.03 %	215.70 %	155.13 %
Plan fiduciary net position as a percentage of the total pension liability	81.29 %	76.99 %	69.18 %	73.74 %

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

STATE OF NEW MEXICO
CITY OF PORTALES
SCHEDULE OF CITY OF PORTALES' CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PLAN
PERA MUNICIPAL POLICE DIVISION
LAST 10 FISCAL YEARS*
FOR THE YEAR ENDED JUNE 30, 2018

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Contractually required contribution	\$ 97,835	\$ 202,320	\$ 204,595	\$ 199,287
Contributions in relation to the contractually required contribution	<u>97,835</u>	<u>202,320</u>	<u>204,595</u>	<u>199,287</u>
Contribution deficiency (excess)	-	-	-	-
The City of Portales' covered-employee payroll	<u>\$ 930,341</u>	<u>\$ 1,615,574</u>	<u>\$ 1,820,434</u>	<u>\$ 1,781,335</u>
Contributions as a percentage of covered-employee payroll	<u>10.52 %</u>	<u>12.52 %</u>	<u>11.24 %</u>	<u>11.19 %</u>

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

STATE OF NEW MEXICO
CITY OF PORTALES
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PLAN
PERA MUNICIPAL FIRE DIVISION
LAST 10 FISCAL YEARS*
FOR THE YEAR ENDED JUNE 30, 2018

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
The City of Portales' proportion of the net pension liability	\$ 3,328,760	\$ 4,047,915	\$ 5,362,163	\$ 4,814,024
The City of Portales' proportionate share of the net pension liability	0.7975 %	0.7843 %	0.7843 %	0.8414%
The City of Portales' covered-employee payroll	\$ 2,125,747	\$ 1,648,313	\$ 1,639,169	\$ 1,647,941
The City of Portales' proportionate share of the net pension liability as a percentage of its covered-employee payroll	156.59 %	245.58 %	327.13 %	292.12 %
Plan fiduciary net position as a percentage of the total pension liability	81.29 %	76.99 %	69.18 %	73.74 %

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

STATE OF NEW MEXICO
CITY OF PORTALES
SCHEDULE OF CITY OF PORTALES' CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PLAN
PERA MUNICIPAL FIRE DIVISION
LAST 10 FISCAL YEARS*
FOR THE YEAR ENDED JUNE 30, 2018

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Contractually required contribution	\$ 294,033	\$ 206,420	\$ 184,223	\$ 184,363
Contributions in relation to the contractually required contribution	<u>294,033</u>	<u>206,420</u>	<u>184,223</u>	<u>184,363</u>
Contribution deficiency (excess)	-	-	-	-
The City of Portales' covered-employee payroll	<u>\$ 2,125,747</u>	<u>\$ 1,648,313</u>	<u>\$ 1,639,169</u>	<u>\$ 1,647,941</u>
Contributions as a percentage of covered-employee payroll	<u>13.83 %</u>	<u>12.52 %</u>	<u>11.24 %</u>	<u>11.19 %</u>

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

STATE OF NEW MEXICO
 CITY OF PORTALES
 SCHEDULE OF PROPORTIONATE SHARE OF THE OPEB LIABILITY
 LAST 10 FISCAL YEARS*
 FOR THE YEAR ENDED JUNE 30, 2018

	2018
The City of Portales' proportion of the OPEB liability	\$ 2,941,005
The City of Portales' proportionate share of the OPEB liability	0.3770%
The City of Portales' covered-employee payroll	\$ 1,878,126
The City of Portales' proportionate share of the OPEB liability as a percentage of its covered-employee payroll	156.59 %
Plan fiduciary net position as a percentage of the total OPEB liability	81.29 %

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

STATE OF NEW MEXICO
CITY OF PORTALES
SCHEDULE OF CITY OF PORTALES' CONTRIBUTIONS
NEW MEXICO RETIREE HEALTH CARE
PERA MUNICIPAL GENERAL DIVISION
LAST 10 FISCAL YEARS*
FOR THE YEAR ENDED JUNE 30, 2018

	2018
Contractually required contribution	\$ 122,698
Contributions in relation to the contractually required contribution	<u>122,698</u>
Contribution deficiency (excess)	-
The City of Portales' covered-employee payroll	<u>\$ 1,878,126</u>
Contributions as a percentage of covered-employee payroll	<u>6.53 %</u>

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

STATE OF NEW MEXICO
CITY OF PORTALES
OPEB NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2018

Benefit changes - In 2018 no benefit changes to those in place. Retirees and spouses are eligible for medical and prescription drug benefits. Dental and vision benefits are also available. New Mexico Retiree Health Care Authority audited comprehensive annual financial report is available at the following web address: www.nmrhca.state.nm.us

Changes of Assumptions - The OPEB salary scale, inflation, and payroll assumptions were updated to reflect assumptions used in the OPEB June 30, 2017 retire health care fund valuation. Per capita costs, future trend for health costs, and medical election assumptions were updated.

SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
CITY OF PORTALES
NON-MAJOR FUNDS
JUNE 30, 2018

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

STATE OF NEW MEXICO
CITY OF PORTALES
NON-MAJOR FUNDS (CONTINUED)
JUNE 30, 2018

SPECIAL REVENUE FUNDS (CONTINUED)

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

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

PORTALES AREA TRANSIT FUND - Accounts for the state grants received and ridership fees charged to operate and maintain the local public transportation system.

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

CAPITAL PROJECTS FUNDS

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

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

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

DEBT SERVICE FUNDS

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

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

STATE OF NEW MEXICO
CITY OF PORTALES
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

<u>Special Revenue Funds</u>						
	<u>Correction Fund</u>	<u>Emergency Medical Services Fund</u>	<u>Enhanced 911 Fund</u>	<u>Beautification/ Litter Control Fund</u>	<u>Law Enforcement Protection Law Fund</u>	<u>Library Fund</u>
ASSETS						
Cash and cash equivalents	\$ -	\$ 174	\$ 4,595	\$ 2,088	\$ -	\$ 15,065
Intergovernmental receivables	<u>-</u>	<u>-</u>	<u>2,544</u>	<u>3,255</u>	<u>-</u>	<u>1,153</u>
Total assets	<u>\$ -</u>	<u>\$ 174</u>	<u>\$ 7,139</u>	<u>\$ 5,343</u>	<u>\$ -</u>	<u>\$ 16,218</u>
LIABILITIES AND FUND BALANCE						
Liabilities						
Accounts payable	<u>\$ 3,768</u>	<u>\$ 46</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total liabilities	3,768	46	-	-	-	-
Fund balances:						
Restricted, reported in:						
Special revenue funds	<u>(3,768)</u>	<u>128</u>	<u>7,139</u>	<u>5,343</u>	<u>-</u>	<u>16,218</u>
Total fund balances	<u>(3,768)</u>	<u>128</u>	<u>7,139</u>	<u>5,343</u>	<u>-</u>	<u>16,218</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 174</u>	<u>\$ 7,139</u>	<u>\$ 5,343</u>	<u>\$ -</u>	<u>\$ 16,218</u>

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

STATE OF NEW MEXICO
CITY OF PORTALES
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2018

Special Revenue Funds

	Lodgers Tax Fund	Recreation Fund	Local DWI Program Fund	Law Enforcement Special Service Fund	CDBG Rehabilitation Loan Repayment Fund	Municipal Street Fund
ASSETS						
Cash and cash equivalents	\$ 124,884	\$ 234,923	\$ 70,389	\$ 47,621	\$ 8,115	\$ 161,148
Taxes receivables	20,758	-	-	-	-	34,944
Intergovernmental receivables	-	-	55,797	-	-	146,642
Total assets	<u>\$ 145,642</u>	<u>\$ 234,923</u>	<u>\$ 126,186</u>	<u>\$ 47,621</u>	<u>\$ 8,115</u>	<u>\$ 342,734</u>
LIABILITIES AND FUND BALANCE						
Liabilities						
Accounts payable	\$ 8	\$ 765	\$ 7,988	\$ 23,451	\$ -	\$ 1,937
Accrued salaries	-	3,140	3,011	-	-	-
Total liabilities	8	3,905	10,999	23,451	-	1,937
Fund balances:						
Restricted, reported in:						
Special revenue funds	<u>145,634</u>	<u>231,018</u>	<u>115,187</u>	<u>24,170</u>	<u>8,115</u>	<u>340,797</u>
Total fund balances	<u>145,634</u>	<u>231,018</u>	<u>115,187</u>	<u>24,170</u>	<u>8,115</u>	<u>340,797</u>
Total liabilities and fund balances	<u>\$ 145,642</u>	<u>\$ 234,923</u>	<u>\$ 126,186</u>	<u>\$ 47,621</u>	<u>\$ 8,115</u>	<u>\$ 342,734</u>

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

STATE OF NEW MEXICO
CITY OF PORTALES
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2018

Special Revenue Funds					
	Criminal Justice Fund	MainStreet Fund	Portales Area Transit Fund	Risk Management Fund	Total Nonmajor Special Revenue Funds
ASSETS					
Cash and cash equivalents	\$ 7,354	\$ 159	\$ 68,699	\$ 10,495	\$ 755,709
Investments	-	-	-	89,763	89,763
Taxes receivables	-	-	-	-	55,702
Intergovernmental receivables	-	-	7,305	-	216,696
	<u>7,354</u>	<u>159</u>	<u>76,004</u>	<u>100,258</u>	<u>1,117,870</u>
Total assets	<u>\$ 7,354</u>	<u>\$ 159</u>	<u>\$ 76,004</u>	<u>\$ 100,258</u>	<u>\$ 1,117,870</u>
LIABILITIES AND FUND BALANCE					
Liabilities					
Accounts payable	\$ 702	\$ -	\$ 1,824	\$ -	\$ 40,489
Accrued salaries	-	-	5,106	-	11,257
	<u>702</u>	<u>-</u>	<u>6,930</u>	<u>-</u>	<u>51,746</u>
Total liabilities	702	-	6,930	-	51,746
Fund balances:					
Restricted, reported in:					
Special revenue funds	<u>6,652</u>	<u>159</u>	<u>69,074</u>	<u>100,258</u>	<u>1,066,124</u>
Total fund balances	<u>6,652</u>	<u>159</u>	<u>69,074</u>	<u>100,258</u>	<u>1,066,124</u>
Total liabilities and fund balances	<u>\$ 7,354</u>	<u>\$ 159</u>	<u>\$ 76,004</u>	<u>\$ 100,258</u>	<u>\$ 1,117,870</u>

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

STATE OF NEW MEXICO
CITY OF PORTALES
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2018

	<u>Capital Projects Funds</u>			<u>Debt Service Funds</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Capital Projects Fund</u>	<u>CDBG Capital Projects</u>	<u>Capital Repair and Replacement Fund</u>	<u>Sales Tax Revenue Bond Fund</u>	<u>Energy Conservation Lease Fund</u>	
ASSETS						
Cash and cash equivalents	\$ 362,344	\$ 1,301	\$ 197,623	\$ -	\$ -	\$ 1,316,977
Investments	285,172	-	-	-	-	374,935
Taxes receivables	8,170	-	-	-	-	63,872
Intergovernmental receivables	-	2,725	-	-	-	219,421
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 655,686</u>	<u>\$ 4,026</u>	<u>\$ 197,623</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,975,205</u>
LIABILITIES AND FUND BALANCE						
Liabilities						
Accounts payable	\$ -	\$ (2,804)	\$ -	\$ -	\$ -	\$ 37,685
Accrued interest	1,798	-	-	-	-	1,798
Accrued salaries	-	-	-	-	-	11,257
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	1,798	(2,804)	-	-	-	50,740
Fund balances:						
Restricted, reported in:						
Special revenue funds	-	-	-	-	-	1,066,124
Capital project funds	<u>653,888</u>	<u>6,830</u>	<u>197,623</u>	<u>-</u>	<u>-</u>	<u>858,341</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>653,888</u>	<u>6,830</u>	<u>197,623</u>	<u>-</u>	<u>-</u>	<u>1,924,465</u>
Total liabilities and fund balances	<u>\$ 655,686</u>	<u>\$ 4,026</u>	<u>\$ 197,623</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,975,205</u>

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

STATE OF NEW MEXICO
CITY OF PORTALES
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Special Revenue Funds</u>					
	<u>Correction Fund</u>	<u>Emergency Medical Services Fund</u>	<u>Enhanced 911 Fund</u>	<u>Beautification/ Litter Control Fund</u>	<u>Law Enforcement Protection Law Fund</u>	<u>Library Fund</u>
Revenues:						
Intergovernmental	\$ -	\$ 16,094	\$ 258,136	\$ 4,498	\$ 32,600	\$ -
Fees, fines and forfeitures	12,557	-	-	-	-	-
Other grants and contributions	-	-	-	-	-	27,834
	<u>12,557</u>	<u>16,094</u>	<u>258,136</u>	<u>4,498</u>	<u>32,600</u>	<u>27,834</u>
Total revenues	12,557	16,094	258,136	4,498	32,600	27,834
Expenditures:						
General government	-	-	-	4,498	-	-
Public safety	31,321	16,075	113,820	-	32,600	-
Culture and recreation	-	-	-	-	-	52,565
Capital outlay	-	-	144,164	-	-	-
	<u>31,321</u>	<u>16,075</u>	<u>257,984</u>	<u>4,498</u>	<u>32,600</u>	<u>52,565</u>
Total expenditures	31,321	16,075	257,984	4,498	32,600	52,565
Excess (deficit) of revenues over expenditures	(18,764)	19	152	-	-	(24,731)
Other financing sources:						
Transfers in (out)	13,085	-	-	-	-	30,000
Sale of Fixed Assets	13,085	-	-	-	-	-
	<u>13,085</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,000</u>
Total other financing sources	13,085	-	-	-	-	30,000
Net change in fund balances	(5,679)	19	152	-	-	5,269
Fund balance - beginning of year	1,911	109	6,987	5,343	-	10,949
Fund balance - end of year	<u>\$ (3,768)</u>	<u>\$ 128</u>	<u>\$ 7,139</u>	<u>\$ 5,343</u>	<u>\$ -</u>	<u>\$ 16,218</u>

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

STATE OF NEW MEXICO
CITY OF PORTALES
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Special Revenue Funds</u>					
	<u>Lodgers Tax Fund</u>	<u>Recreation Fund</u>	<u>Local DWI Program Fund</u>	<u>Law Enforcement Special Service Fund</u>	<u>CDBG Rehabilitation Loan Repayment Fund</u>	<u>Municipal Street Fund</u>
Revenues:						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes	135,830	-	-	-	-	204,852
Fees, fines and forfeitures	-	101,860	500	16	-	-
Federal operating grants	-	-	-	-	-	-
Other grants and contributions	-	10,934	285,376	11,120	-	242,361
Interest and other	<u>19</u>	<u>46</u>	<u>13</u>	<u>9</u>	<u>-</u>	<u>-</u>
Total revenues	135,849	112,840	285,889	11,145	-	447,213
Expenditures:						
General government	109,964	-	-	-	-	-
Public safety	-	-	228,194	3,899	-	-
Public works	-	-	-	-	-	327,237
Culture and recreation	-	94,318	-	-	-	-
Capital outlay	<u>-</u>	<u>-</u>	<u>8,201</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>109,964</u>	<u>94,318</u>	<u>236,395</u>	<u>3,899</u>	<u>-</u>	<u>327,237</u>
Excess (deficit) of revenues over expenditures	<u>25,885</u>	<u>18,522</u>	<u>49,494</u>	<u>7,246</u>	<u>-</u>	<u>119,976</u>
Other financing sources:						
Transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,000</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,000</u>
Net change in fund balances	25,885	18,522	49,494	7,246	-	128,976
Fund balance - beginning of year	<u>119,749</u>	<u>212,496</u>	<u>65,693</u>	<u>16,924</u>	<u>8,115</u>	<u>211,821</u>
Fund balance - end of year	<u>\$ 145,634</u>	<u>\$ 231,018</u>	<u>\$ 115,187</u>	<u>\$ 24,170</u>	<u>\$ 8,115</u>	<u>\$ 340,797</u>

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

STATE OF NEW MEXICO
CITY OF PORTALES
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

<u>Special Revenue Funds</u>					
	<u>Criminal Justice Fund</u>	<u>Main Street Fund</u>	<u>Portales Area Development Fund</u>	<u>Risk Management Fund</u>	<u>Total Nonmajor Special Revenue Fund</u>
Revenues:					
Intergovernmental	\$ -	\$ -	\$ 100,757	\$ -	\$ 412,085
Taxes	-	-	-	-	340,682
Fees, fines and forfeitures	5,771	-	6,631	-	127,335
Other grants and contributions	-	-	-	-	577,625
Interest and other	-	-	-	1,150	1,237
	<u>5,771</u>	<u>-</u>	<u>107,388</u>	<u>1,150</u>	<u>1,458,964</u>
Total revenues					
Expenditures:					
General government	-	-	-	12,635	127,097
Public safety	5,550	-	-	-	431,459
Public works	-	-	173,330	-	500,567
Culture and recreation	-	-	-	-	146,883
Capital outlay	-	-	-	-	152,365
	<u>5,550</u>	<u>-</u>	<u>173,330</u>	<u>12,635</u>	<u>1,358,371</u>
Total expenditures					
Excess (deficit) of revenues over expenditures	221	-	(65,942)	(11,485)	100,593
Other financing sources:					
Transfers in (out)	-	-	120,711	15,000	187,796
	<u>-</u>	<u>-</u>	<u>120,711</u>	<u>15,000</u>	<u>187,796</u>
Total other financing sources					
Net change in fund balances	221	-	54,769	3,515	288,389
Fund balance - beginning of year	<u>6,431</u>	<u>159</u>	<u>14,305</u>	<u>96,743</u>	<u>777,735</u>
Fund balance - end of year	<u>\$ 6,652</u>	<u>\$ 159</u>	<u>\$ 69,074</u>	<u>\$ 100,258</u>	<u>\$ 1,066,124</u>

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

STATE OF NEW MEXICO
CITY OF PORTALES
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Capital Projects Funds</u>			<u>Debt Service Funds</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Capital Projects Fund</u>	<u>CDBG Capital Projects</u>	<u>Capital Repair and Replacement Fund</u>	<u>Sales Tax Revenue Bond Fund</u>	<u>Energy Conservation Lease Fund</u>	
Revenues:						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 412,085
Taxes	49,021	-	-	-	-	389,703
Fees, fines and forfeitures	-	-	-	-	-	127,335
Other grants and contributions	-	4,757	-	-	-	582,382
Interest and other	<u>646</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,883</u>
Total revenues	49,667	4,757	-	-	-	1,513,388
Expenditures:						
General government	-	-	-	-	940	128,037
Public safety	-	-	12,484	-	-	443,943
Public works	-	-	-	-	-	500,567
Culture and recreation	-	-	-	-	-	146,883
Capital outlay	384,706	35,153	91,903	-	-	664,127
Debt service						
Principal	-	-	-	-	34,344	34,344
Interest	<u>1,071</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,215</u>	<u>33,286</u>
Total expenditures	<u>385,777</u>	<u>35,153</u>	<u>104,387</u>	<u>-</u>	<u>67,499</u>	<u>1,951,187</u>
Excess (deficit) of revenues over expenditures	(336,110)	(30,396)	(104,387)	-	(67,499)	(437,799)
Other financing sources:						
Transfers in (out)	<u>350,000</u>	<u>35,926</u>	<u>302,010</u>	<u>-</u>	<u>67,499</u>	<u>943,231</u>
Total other financing sources	<u>350,000</u>	<u>35,926</u>	<u>302,010</u>	<u>-</u>	<u>67,499</u>	<u>943,231</u>
Net change in fund balances	13,890	5,530	197,623	-	-	505,432
Fund balance - beginning of year	<u>639,998</u>	<u>1,300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,419,033</u>
Fund balance - end of year check figure	<u>\$ 653,888</u>	<u>\$ 6,830</u>	<u>\$ 197,623</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,924,465</u>

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

OTHER SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
CITY OF PORTALES
SCHEDULE OF DEPOSITORIES AND TEMPORARY INVESTMENTS
BY DEPOSITORY FOR PUBLIC FUNDS
JUNE 30, 2018

	Account Type	Fund Type	Amount Per Bank	Net Reconciling Items	Balance Per Books
US Bank					
General Fund	Checking	Governmental	\$ 10,783,521	\$ (321,609)	\$ 10,461,912
CDBG Capital Project	Checking	Governmental	1,301	-	1,301
			<u>10,784,822</u>	<u>(321,609)</u>	<u>10,463,213</u>
Total Checking					
New Mexico State Treasurer - Local Government Investment Pool					
General Fund	Savings	Governmental	\$ 648,291	\$ -	\$ 648,291
Risk Management Reserve	Savings	Governmental	89,763	-	89,763
Water/Wastewater	Savings	Business-type	480,733	-	480,733
Water Meter Reserve	Savings	Business-type	119,685	-	119,685
Water Improvement Reserve	Savings	Business-type	324,146	-	324,146
Solid Waste	Savings	Business-type	199,474	-	199,474
			<u>1,862,092</u>	<u>-</u>	<u>1,862,092</u>
Total LGIP deposits					
New Mexico Finance Authority Held at New York Mellon Trust Company, N.A.					
Pumper Truck	Savings	Governmental	\$ 83,116	\$ -	\$ 83,116
Program funds	Savings	Governmental	1,003,301	-	1,003,301
			<u>1,086,417</u>	<u>-</u>	<u>1,086,417</u>
Total NMFA - Mellon deposits					
New Mexico Finance Authority					
Water Storage System	Savings	Business-type	7,507	\$ -	\$ 7,507
			<u>7,507</u>	<u>-</u>	<u>7,507</u>
Total NMFA deposits					
Fidelity Investments					
Solid Waste	Savings	Business-type	\$ 805,531	\$ -	\$ 805,531
Water Conservation Reserve	Savings	Business-type	1,083,410	-	1,083,410
Reserve	Savings	Business-type	1,508,319	-	1,508,319
Capital Projects	Savings	Business-type	285,172	-	285,172
Economic development	Savings	Business-type	501,932	-	501,932
Water/Sewer	Savings	Governmental	4,325,734	-	4,325,734
97 Sales Tax Reserve	Savings	Governmental	1,303,858	-	1,303,858
			<u>9,813,956</u>	<u>-</u>	<u>9,813,956</u>
Total Fidelity deposits					

STATE OF NEW MEXICO
CITY OF PORTALES
SCHEDULE OF DEPOSITORIES AND TEMPORARY INVESTMENTS
BY DEPOSITORY FOR PUBLIC FUNDS
JUNE 30, 2018

Reconciliation of Public Funds to Government-Wide Balance Sheet:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Cash and cash equivalents - Unrestricted	\$ 5,901,316	\$ 4,280,100	\$ 10,181,416
Cash and cash equivalents - Restricted	1,086,418	300,896	1,387,314
Investments - Unrestricted	4,337,335	6,894,882	11,232,217
Investments - Restricted	<u>-</u>	<u>443,831</u>	<u>443,831</u>
	<u>\$ 11,325,069</u>	<u>\$ 11,919,709</u>	<u>\$ 23,244,778</u>
Cash Source:			
US Bank			\$ 10,463,213
NM State Treasurer			1,862,092
NMFA			1,093,924
First American Financial Advisors			9,813,956
Petty cash			<u>11,593</u>
			<u>\$ 23,244,778</u>

STATE OF NEW MEXICO
CITY OF PORTALES
JOINT POWERS AGREEMENTS
JUNE 30, 2018

Other Principals	Agreement	Description	Effective Date	Termination	Renewal	Type
Joint Powers Agreement	City of Portales & ENMU	Police, Fire and Ambulance Service	2/10/1982	-	-	Perpetual
Firing Range Joint Use Agreement	City of Portales & ENMU	Through their joint efforts in developing, fencing off and securing the property for purposes of a firing range, the Parties would have joint and equal access to the property for purposes of using the same to train, refresh, and use the firing range as determined necessary by their individual law enforcement chiefs.	11/16/2016	-	8/31/2031	15 year term
Joint Powers Agreement	City of Portales & Energy, Minerals & Natural Resources Dept., Forestry Division	Mutual Wildland Fire Suppression and Management Assistance and Cooperation	12/27/2007	-	-	Ongoing
Joint Powers Agreement	City of Portales & Energy, Minerals & Natural Resources Dpt., Forestry Division	Wild Fire Suppression	1/29/1993	-	-	Perpetual
Joint Powers Agreement	City of Portales & Village of Causey, Dora, Floyd, Elida & Roosevelt County	Enhanced 911 Service	6/1/1993	-	-	Perpetual
Joint Powers Agreement	-	Region Five Drug Task Force	01/18/1994	-	-	Indefinite
Joint Powers Agreement	Portales Municipal Schools, Portales Police Dept, & School Resource Officer Program	Resource Officer in the Schools Program	10/04/2005 05/28/1999 05/12/2014	-	-	Perpetual
Consolidated Joint Use Agreement	City of Portales & Portales Municipal School District	Shared use of Portales Municipal School's facilities and ball fields by the City of Portales	7/1/2015	-	7/1/2016	-
Joint Powers Agreement	Roosevelt County & City of Portales	Use & Operation of Law Enforcement Complex	1/19/1999	-	-	-

STATE OF NEW MEXICO
CITY OF PORTALES
JOINT POWERS AGREEMENTS
JUNE 30, 2018

Other Principals	Agreement	Description	Effective Date	Termination	Renewal	Type
Joint Powers Agreement	Roosevelt County Board of Commisioners & City of Portales	Jail Services for the City of Portales	12/3/2002	-	-	Perpetual
Joint Powers Agreement	NJPA and City of Portales	Membership # 24237		-	-	Perpetual
Joint Powers Agreement	City of Portales & NM Construction Industries Division	The Division and the City of Portales have concurrent and overlapping statutory jurisdiction over matters relating to construction activities with the Municipal boundaries of the City of Portales.	1/14/1982	-	-	-
Memorandum of Understanding	Portales Police Dept. & CAFB	801 Military Housing	9/13/1993	-	-	Perpetual
Mutual Aid Agreement	City of Portales, Eastern New Mexico University, & the Portales/Roosevelt County Office of Civil Emergency Preparedness	To provide for mutual aid & protection of residents of Roosevelt Cty. Including residents & employees of ENMU prior, during & after a local emergency/disaster	9/9/1987	-	-	Perpetual
MOU	City of Portales & ENMU	One page Community Satisfaction Survey	10/1/2015	-	-	-
Mutual Aid Agreement	Municipalities of Portales, Causey, Dora, Elida & Floyd; County of Roosevelt & the Fire Depts. Of Arch & Milnesand	Fire Prevention & Emergency Health Services	1/1/2006	-	-	Perpetual
Mutual Aid Agreement (Fire & Hazardous Materials Incident Response)	City of Portales & Secretary of the Air Force (CAFB)	Fire Protection & Hazardous Materials Incident Response	07/07/1992 05/01/1998 06/01/2009 06/21/2016	-	20 year	Ongoing

STATE OF NEW MEXICO
CITY OF PORTALES
JOINT POWERS AGREEMENTS
JUNE 30, 2018

Other Principals	Agreement	Description	Effective Date	Termination	Renewal	Type
Memorandum of Understanding	City of Portales, NM Mainstreet, & Portales Mainstreet	Sets forth services available from NM Mainstreet & the requirements for participation by City of Portales in partnership with MainStreet Project affiliate, Portales MainStreet a NM MainStreet Project & City of Portales	08/12/2007 09/17/2009 07/01/2011 07/1/2013	07/31/2008 09/16/2011 06/30/2013 07/31/2015	-	-
Memorandum of Understanding	Chaves County & Roosevelt Cty. & City of Portales	To Identify First Responder Response Agencies & Designate Primary PSAP for Certain Areas of Chaves County	10/15/1996	-	-	Ongoing
Memorandum of Understanding	Teambuilders and Community Mental Health, Hospitals, & Law Enforcement Agencies	Working relationship between all to enhance delivery of mental health crisis services in Curry & Roosevelt Counties	11/1/2011	-	-	Perpetual
Joint Powers Agreement	Portales Municipal Schools, Portales Police Dept, & School Resource Officer Program	Resource Officer in the Schools Program	05/28/1999 05/12/201407/11/2017	6/30/2017	-	Perpetual
Memorandum of Understanding	City of Portales & Roosevelt County	Roosevelt County Business Development Center Parking/Farmer's Market	7/2/2002	N/A	-	-
Rental Agreement	Michael (Mike) Parkey & City of Portales	Airport House - 164 Airport Road	10/15/2008	ongoing	-	Ongoing
Memorandum of Agreement	Between City of Portales, & Cannon Air Force Base	Establishing Recurring Realistic Military Training (RMT) Events	5/26/2017	-	-	Ongoing
Letter Agreement	City of Portales & New Mexico Retiree Healthcare Authority	-	6/26/2000	-	-	ongoing
Memorandum of Understanding	City of Portales & NM Department of Health	To provide proper coordination and expeditious delivery of support and assistance to the citizens of Roosevelt County, NM during an emergency or disaster response.	5/16/2006	-	-	-
Memorandum of Understanding	City of Portales & Roosevelt County	Ute Water Project (ENMRWS)	12/21/2004	-	-	N/A

STATE OF NEW MEXICO
CITY OF PORTALES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2018

Federal Grantor Pass Through Grantor Program Title	CFDA	Program or Grant Number	Award Amount	Expenditures
<u>United States Environmental Protection Agency</u>				
Passed Through the State of New Mexico New Mexico Environment Department - Loan	66.458	CWSRF 023	\$ 26,580,000	\$ 26,580,000
<u>United States Department of Housing and Urban Development</u>				
Passed Through the State of New Mexico Department of Finance and Administration: Small Cities Program	14.228	16-C-NR-I-01-G-10	473,758	4,757
<u>United States Department of Transportation</u>				
Airport Improvement Program	20.106	3-35-0061-019-2017	507,330	174,936
Formula Grants for Rural Areas	20.509	M01464 and M01540	350,836	100,756
<u>Federal Communication Commission</u>				
Communications Information and Assistance and Investigation of Complaints	32.001		3,745	2,591
<u>United States Department of Health and Human Services</u>				
Substance Abuse and Mental Health Services- Projects of Regional and National Significance	93.243	PFS2015	<u>125,000</u>	<u>100,235</u>
Total Expenditures of Federal Awards			<u>\$ 28,040,669</u>	<u>\$ 26,963,275</u>

STATE OF NEW MEXICO
CITY OF PORTALES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2018

Note 1 - General

The Schedule of Expenditures of Federal Awards presents the activity of all applicable federal awards of the city. The City's reporting entity is defined in Note 1 of the basic financial statements. Federal awards passed through other governmental agencies are included on the Schedule of Expenditures of Federal Awards.

Note 2 - Basis of Presentation

The Schedule of Expenditures of Federal Awards is prepared on the modified accrual basis of accounting. The modified accrual basis of accounting is described in Note 1 of the basic financial statements. Federal grants are considered to be earned to the extent of expenditures made under the provision of the grant; and accordingly, when such funds are received, and they are recorded as unearned revenue until earned.

Note 3 - Indirect Cost Allocation

The City of Portales elected to use the 10% de minimus rate.

Note 4 - Sub-Recipients of Federal Awards

The City does not have any sub-recipients for their federal awards.

COMPLIANCE SECTION



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

Wayne Johnson, State Auditor
and the Mayor and City Council of the
City of Portales, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and of the business activity fund of City of Portales, New Mexico as of and for the year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the City's basic financial statements and the combined and individual funds presented as supplementary information, and have issued our report thereon dated December 11, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Beasley Mitchell & Co LLP

Beasley, Mitchell & Co.
Las Cruces, New Mexico
December 11, 2018



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

Wayne Johnson, State Auditor
and the Mayor and City Council of the
City of Portales, New Mexico

Report on Compliance for Each Major Federal Program

We have audited City of Portales, New Mexico's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of City of Portales, New Mexico's major federal programs for the year ended June 30, 2018. City of Portales, New Mexico's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, City of Portales, New Mexico complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Other Matters

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

Report on Internal Control over Compliance

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

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

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

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


Beasley, Mitchell & Co., LLP
Las Cruces, New Mexico
December 11, 2018

STATE OF NEW MEXICO
CITY OF PORTALES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2018

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs

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

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

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

Identification of Major Programs:

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

Dollar threshold used to distinguish between Type A and Type B programs \$ 750,000

Auditee qualified as low-risk auditee Yes No

STATE OF NEW MEXICO
CITY OF PORTALES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2018

Section II - Financial Statement Findings

PRIOR YEAR FINDINGS

2017-001 Construction in Progress - Other Matters	Resolved
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CURRENT YEAR FINDINGS

None

STATE OF NEW MEXICO
CITY OF PORTALES
EXIT CONFERENCE
FOR THE YEAR ENDED JUNE 30, 2018

An entrance conference was held on September 17, 2018 in a closed meeting with Beasley, Mitchell & Co., LLP and with the following City officials:

Ronald Jackson	Mayor
Sammy Standefer	City Manager
Marilyn Rapp	City Treasurer

Beasley, Mitchell & Co., LLP

Dahlia Garcia, CPA	Audit Manager
Juan Garcia	Senior Accountant
Michael Cooper	Staff

An exit conference was held on December 10, 2018 in a closed meeting with Beasley, Mitchell & Co., LLP and with the following City officials:

Michael Lucero	City Councilor
Sammy Standefer	City Manager
Marilyn Rapp	City Treasurer

Beasley, Mitchell & Co., LLP

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

Please enter the **Total** amount it costs your transit agency for Administrative, Operating and Capital expenses. Do Not Only enter the grant amounts awarded by NMDOT.

ELIGIBLE ADMINISTRATIVE COSTS:

ITEM DESCRIPTION	2019 ACTUAL EXPENDITURES	2020 APPROVED BUDGET	2021 PROJECTED EXPENDITURES
1-01-00 Salaries and Wages			
1-01-05 Director	30000.00	30900.00	33780.00
1-01-10 Managers			
1-01-12 Financial Manager			
1-01-15 Clerical Support Staff			
1-01-20 Accounting Staff			
1-01-25 Administrative Assist.	10000.00	9900.00	11940.00
1-01-30 Village Administrator			
1-01-35 CFO			
1-01-40 Salary Adjustments			
1-01-45 Chief Exec. Officer			
1-01-50 Transp. Coordinator			
1-01-55 Public Works Dir.			
1-01-60 Janitor			
1-01-65 Temporary			
1-02-00 Fringe Benefits			
1-02-05 FICA	2994.00	2994.00	3498.00
1-02-10 PERA Retirement	3700.00	3700.00	4383.00
1-02-15 Health Insurance	8900.00	5900.00	7223.00
1-02-20 Unemployment Ins.			
1-02-25 Workman's	1000.00	1000.00	1000.00
1-02-30 Other Fringe Benefits	900.00	900.00	895.00
1-03-00 Communications			
1-03-05 Fax Machine			
1-03-10 Internet Subscription Services			
1-03-15 Postage	150.00	250.00	100.00
1-03-20 Telephone	635.00	635.00	200.00
1-03-25 Cell Phone			
1-03-30 Radio	100.00	400.00	
1-03-35 Repeater Fees			
1-04-00 Contractual Services			
1-04-05 Audit			
1-04-10 Advertising	1500.00	1800.00	1500.00
1-04-15 Equipment Rental			
1-04-20 Contractual Services- Other			
1-04-25 Contractual Services- Janitorial			
1-05-00 Dues and Subscriptions			
1-05-05 NMPTA	400.00	400.00	400.00
1-05-10 SWTA			
1-05-15 Transit Publications			
1-05-20 (CTAA)	375.00	375.00	375.00
1-06-00 Equipment			
1-06-05 Equipment Lease			
1-06-10 Equipment Repair	100.00	100.00	200.00

Please enter the **Total** amount it costs your transit agency for Administrative, Operating and Capital expenses. Do Not Only enter the grant amounts awarded by NMDOT.

1-06-15 Computer		500.00	
1-07-00 Insurance			
1-07-05 Buildings and Contents			
1-07-10 Gen. & Emp. Liability Ins.			
1-07-15 Surety & Fidelity Bonds			
1-07-20 Claims Deductible			
1-07-25 Vehicle Insurance	6000.00	6000.00	7000.00
1-08-00 Occupancy Costs			
1-08-05 Office Rent			
1-08-10 Utilities			
1-08-20 Building Maintenance			
1-09-00 Personnel Costs			
1-09-05 Drug & Alcohol Testing			
1-09-10 Physicals			
1-09-15 Hepatitis Vaccinations	100.00	100.00	325.00
1-10-00 Printing/Copying Costs			
1-10-05 Printing	189.50	500.00	250.00
1-10-10 Copying		300.00	100.00
1-11-00 Supplies			
1-11-05 Office Supplies	1250.00	1300.00	1000.00
1-11-10 Furn. & Equipment under \$500	200.00	500.00	500.00
1-11-20 Janitorial Supplies			
1-12-00 Training			
1-12-05 Training	500.00	500.00	500.00
1-13-00 Travel			
1-13-05 Mileage	100.00	150.00	
1-13-10 Public Transport Fares			
1-13-15 Per Diem			
1-13-20 Registration Fees	250.00	400.00	500.00
1-13-25 Lodging and Meals	1100.00	1575.00	800.00
1-13-30 Other	24.90	99.90	20.00
1-14-00 Indirect Costs			
1-14-05 Indirect Cost			
TOTAL ELIGIBLE COSTS	70468.40	71178.90	76489.00

Please enter the **Total** amount it costs your transit agency for Administrative, Operating and Capital expenses. Do Not Only enter the grant amounts awarded by NMDOT.

B) OPERATING BUDGET

ELIGIBLE OPERATING COSTS

ITEM DESCRIPTION	2019 ACTUAL EXENDITURES	2020 APPROVED BUDGET	2021 PROJECTED EXPENDITURES
2-01-00 Salaries and Wages			
2-01-05 Supervisor			
2-01-10 Drivers	78500.00	67842.00	76960.00
2-01-15 Mechanics			
2-01-20 Dispatcher	10000.00	10000.00	21320.00
2-01-25 Janitor			
2-01-30 Salary Adjustment			
2-01-35 Overtime	500.00	1000.00	500.00
2-01-40 Mechanic Supervisor			
2-01-45 Auto Parts Clerk			
2-01-50 Maintainer			
2-01-55 Accountant			
2-01-60 Laborer			
2-02-00 Fringe Benefits			
2-02-05 FICA	7200.00	6500.00	7558.00
2-02-10 PERA Retirement	6300.00	6200.00	7543.00
2-02-15 Health Insurance	15000.00	26908.00	21195.00
2-02-20 Unemployment Insurance			
2-02-25 Worker's Compensation	5500.00	5500.00	5750.00
2-02-30 Other	1500.00	1400.00	1540.00
2-03-00 Communications			
2-03-05 Cell Phone	1200.00	1000.00	1500.00
2-03-10 Telephone			625.00
2-03-15 Radio Repeater	500.00	1000.00	1500.00
2-03-20 Mobile Radio	1000.00	1600.00	1000.00
2-03-25 Radio	500.00	500.00	500.00
2-04-00 Contractual Services			
2-04-05 Maint. - Mach. and Equip.			7000.00
2-04-10 Equipment Rental			
2-04-15 Contractual Services - Other	8000.00	4000.00	2000.00
2-04-20 Transit Services			
2-05-00 Equipment			
2-05-10 Assigned Vehicle Use			
2-05-15 Equipment Rental			
2-06-00 Occupancy Costs			
2-06-05 Building Maintenance			
2-06-10 Operational Rent			
2-06-15 Utilities			
2-06-20 Building Insurance			
2-06-25 Building and Grounds			

Please enter the **Total** amount it costs your transit agency for Administrative, Operating and Capital expenses. Do Not Only enter the grant amounts awarded by NMDOT.

2-07-00 Personnel Costs			
2-07-05 Uniforms	1000.00	1000.00	1000.00
2-07-10 Hepatitis Vaccinations	200.00	400.00	650.00
2-07-15 Physicals			
2-08-00 Supplies			
2-08-05 Shop Supplies	600.00	600.00	500.00
2-08-10 Furn. & Equip. under \$500	500.00	500.00	800.00
2-08-15 Printing	300.00	500.00	
2-09-00 Training			
2-09-05 Training	800.00	500.00	1000.00
2-10-00 Travel			
2-10-05 Mileage	100.00	50.00	
2-10-10 Public Transport Fares			
2-10-15 Per Diem		50.00	
2-10-20 Registration Fees	500.00	500.00	1500.00
2-10-25 Lodging & Meals	1250.00	1500.00	2000.00
2-10-30 Other	200.00		
2-11-00 Vehicle Costs			
2-11-05 Fuel	23000.00	20000.00	30000.00
2-11-10 License & Fees			
2-11-15 Oil & Lubricants	2000.00	3000.00	2000.00
2-11-20 Replacement Parts	4000.00	5000.00	4500.00
2-11-25 Tires	5000.00	6500.00	6000.00
2-11-30 Vehicle Maintenance	6000.00	8000.00	5000.00
2-11-35 Vehicle Painting	4500.00	2000.00	
2-11-40 Vehicle Interior Maintenance	4300.32	5000.32	3000.00
2-11-45 Freight			
2-11-50 Vehicle Repair	7000.00	8000.00	7500.00
2-12-00 Indirect Costs			
2-12-05 Indirect Costs			
TOTAL ELIGIBLE COSTS	196950.32	196450.32	221941.00

(Operating Continued)			
REVENUES (specify)			
Fare Box Revenues (only fare box revenues reduced from Operating)	8000.00	7500.00	8000.00
TOTAL REVENUES	8000.00	7500.00	8000.00
NET OPERATING COSTS (total Operating less fare box revenues)	188950.32	188950.32	213941.00

Please enter the **Total** amount it costs your transit agency for Administrative, Operating and Capital expenses. Do Not Only enter the grant amounts awarded by NMDOT.

C) CAPITAL BUDGET

ELIGIBLE CAPITAL COSTS

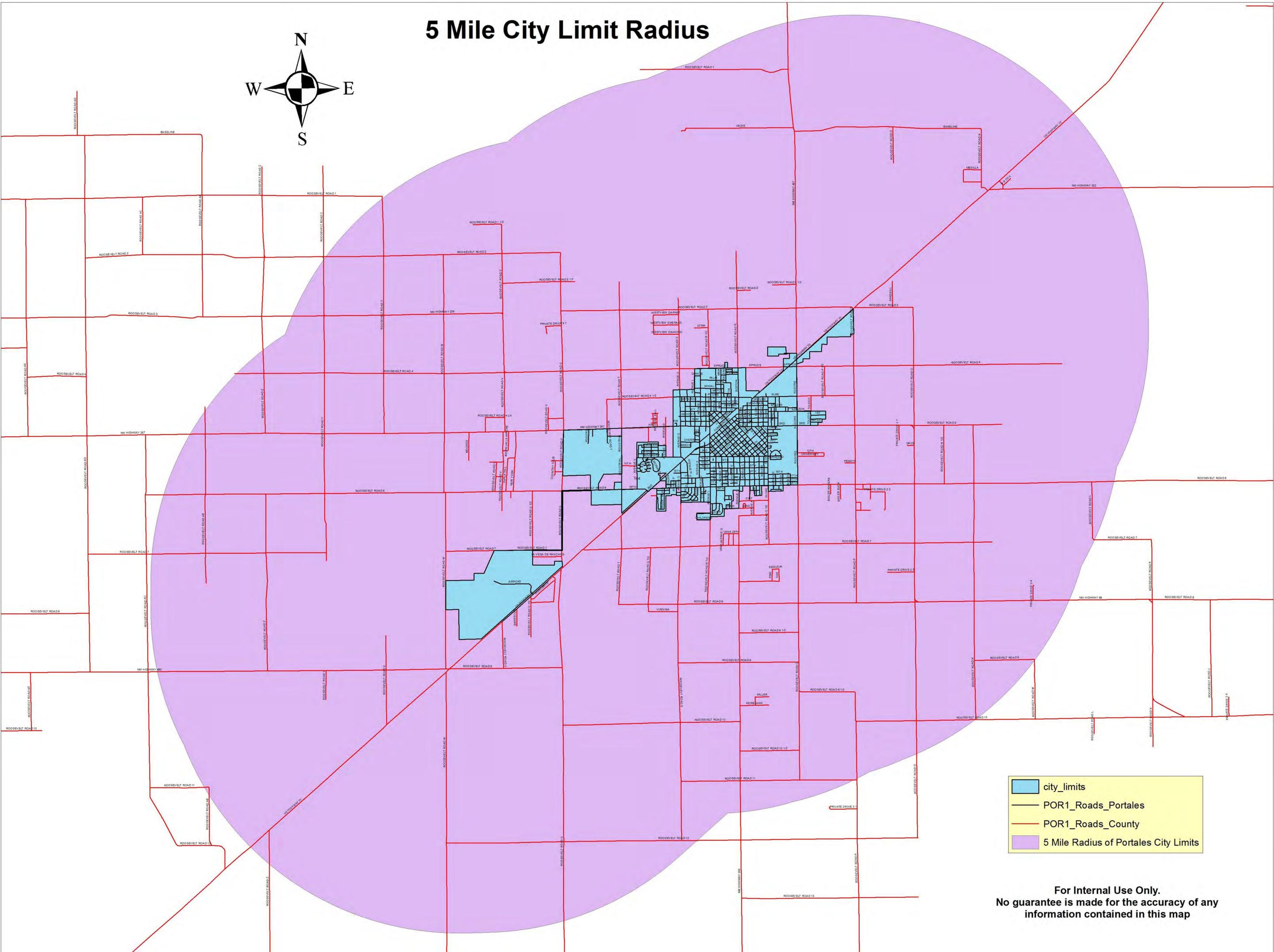
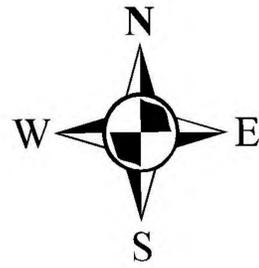
ITEM DESCRIPTION	2019 ACTUAL EXENDITURES	2020 APPROVED BUDGET	2021 PROJECTED EXPENDITURES
3-01-00-Capital Costs			
3-01-05 Buildings			
3-01-10 Computers			
3-01-15 Furniture & Fixtures			
3-01-20 Radios & Base Stations			
3-01-25 Other Capital Expenses			
3-01-30 Benches/Signage			
3-01-35 Passenger Bus			
3-01-40 Surveillance System			
3-01-45 15 Passenger Van (W/Lift)			
3-01-50 15 Passenger Van (W/Ramp)	46,285.07		50,000.00
3-01-55 Bus Shelters			
3-01-60 Mobile Radios			
TOTAL ELIGIBLE COSTS	46,285.07		50,000.00
VEHICLE DISPOSITION PROCEEDS	0		0
NET CAPITAL (Total Capital less Vehicle Disposition Proceeds)	46,285.07		50,000.00

NOTE: *** This number should match the number entered on Page 1, Section II – Summary of Budget Request

LOCAL SHARE SOURCES - Specify source, i.e., “fare box,” “GRT,” not a dollar amount.

Gross Receipts Taxes			
TOTAL LOCAL SHARE (20%)	9,257.01		10,000.00
FEDERAL SHARE (80%)	37,028.06		40,000.00

5 Mile City Limit Radius



city_limits
POR1_Roads_Portales
POR1_Roads_County
5 Mile Radius of Portales City Limits

For Internal Use Only.
No guarantee is made for the accuracy of any information contained in this map

Demographic Information from 2010 Census of Population, U.S. Census Bureau

Ethnicity Category	Population	%
Black	296	1.5
Hispanic	7913	39.9
Asian or Pacific Islander	164	0.8
American Indian or Alaskan Native	181	0.9
White	11022	55.5
Other	270	1.4
	*19846	100

= TOTAL* =

%	Population	Elderly/Disabled Category
48.0	9526	Elderly (non-disabled)
12.0	2382	Persons with Disabilities (including elderly)
40.0	7938	Other (everyone else)
100	*19846	

Ridership Statistics and Cost						
Line #	Category	2019	2020	2021		
1	Annual Ridership	13624	15000	15000		
2	Annual Mileage	47264	56000	60000		
3	Annual Vehicle Hours	5328	7500	7500		
4	Annual Revenues	7892.37	7000.00	8000.00		
5	Total Administrative Costs	64799.40	71178.90	76489.00		
6	Total Operating Costs	132015.52	188950.32	221941.00		
7	Total Non-Capital Costs (Line 5 + Line 6)	196814.92	260129.22	298430.00		
8	Fare Box Recovery (Line 4/ Line 7)	0.04	0.03	0.03		
9	Operating Recovery (Line 4/Line 6)	0.06	0.04	0.04		
10	Total Cost Per Hour (Line 7/Line 3)	36.94	34.68	39.79		
11	Operating Cost Per Mile (Line 6/Line 2)	2.79	3.37	3.70		
12	Operating Cost Per Hour (Line 6/Line3)	24.78	25.19	29.59		
13	Operating Cost Per Trip (Line 6/Line1)	9.69	12.60	14.80		
14	Trips per Mile (Line 1/Line 2)	0.29	0.27	0.25		
15	Trips Per Hour (Line 1/Line 3)	2.56	2.00	2.00		

*Prorate statistics to end of FY

Ridership Statistics and Cost						
Line #	Category	2019	2020	2021		
1	Annual Ridership	13624	15000	15000		
2	Annual Mileage	47264	56000	6000		
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13	Operating Cost Per Trip (Line 6/Line1)	9.69	12.60	14.80		
14	Trips per Mile (Line 1/Line 2)	0.29	0.27	2.50		
15	Trips Per Hour (Line 1/Line 3)	2.56	2.00	2.00		

*Prorate statistics to end of FY

City of Portales 100 W. 1st St. Portales NM 88130

Phone: 575-356-6662

Fax: 575-356-3158

5/31/2019

City of Clovis

321 N. Connelly

Clovis, NM 88101

The City of Portales, Portales Area Transit (PAT) intends to apply to the New Mexico Department of Transportation, Transit and Rail Division for FY 2021 Federal Transit Administration (FTA) Section 5311 Rural Public Transit funds. If awarded this grant, the program will continue to provide public transportation in Portales and parts of Roosevelt County 5 days a week from 6:30 AM until 5:00 PM in the current service area. PAT provides demand-response public transportation.

Federal law and state administration procedures require that all transportation providers serving the area be given fair and timely opportunity to participate to the maximum extent of feasible in the planning and provision of the proposed transportation services. Individuals, organizations and entities are invited to comment on or participate in the proposal and have a right to request a public hearing.

Comments on the proposed services should be in writing and directed to John DeSha, 100 West 1ST Street, Portales NM 88130. If anyone would like to request a public hearing or submit comments on this matter, please send a written request to the above address prior to the end of the comment period. It must be postmarked by August 31, 2019.

Portales Area Transit

200 E. 7TH Street

Portales, NM 88130

City of Portales 100 W. 1st St. Portales NM 88130

Phone: 575-356-6662

Fax: 575-356-3158

5/31/2019

Heartland

1604 W. 18th Street

Portales NM, 88130

The City of Portales, Portales Area Transit (PAT) intends to apply to the New Mexico Department of Transportation, Transit and Rail Division for FY 2021 Federal Transit Administration (FTA) Section 5311 Rural Public Transit funds. If awarded this grant, the program will continue to provide public transportation in Portales and parts of Roosevelt County 5 days a week from 6:30 AM until 5:00 PM in the current service area. PAT provides demand-response public transportation.

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5/31/2019

La Casa

1515 W. Fir Bldg A

Portales NM, 88130

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Portales Area Transit

200 E. 7TH Street

Portales, NM 88130

City of Portales 100 W. 1st St. Portales NM 88130

Phone: 575-356-6662

Fax: 575-356-3158

5/31/2019

Community Service Center

1100 Community Way

Portales NM, 88130

The City of Portales, Portales Area Transit (PAT) intends to apply to the New Mexico Department of Transportation, Transit and Rail Division for FY 2021 Federal Transit Administration (FTA) Section 5311 Rural Public Transit funds. If awarded this grant, the program will continue to provide public transportation in Portales and parts of Roosevelt County 5 days a week from 6:30 AM until 5:00 PM in the current service area. PAT provides demand-response public transportation.

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Portales Area Transit

200 E. 7TH Street

Portales, NM 88130

AFFIDAVIT OF LEGAL PUBLICATION

Legal 8262

STATE OF NEW MEXICO
COUNTIES OF CURRY
AND ROOSEVELT:

The undersigned, being dully sworn, says:
That she is a Legal Clerk of
The Eastern New Mexico News
Newspaper of general circulation,
Published in English at Clovis and Portales,
said counties and state, and that the
hereto attached

Public Notice –Financial Assistance
Legal 8262

was published in The Eastern New Mexico News
a daily newspaper duly qualified for that purpose
within the meaning of Chapter 167 of the 1937
Session Laws of the State of New Mexico for
1 Days/weeks on the same days as follows:

- First Publication: August 7, 2019
- Second Publication
- Third Publication:
- Fourth Publication

Sammy Newby
Legal Clerk

Subscribed and sworn to before me,
August 7, 2019
Cindy L Cole
Notary Public

My commission expires on April 3, 2022

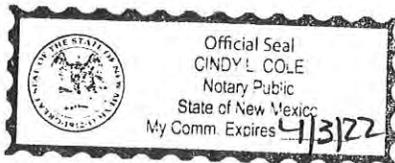
Legal 8262
August 7, 2019

BE IT KNOWN THAT
THE CITY OF
PORTALES,

Portales Area Transit
intends to apply for
financial assistance
under 49 U.S.C. 5311,
(Rural and Small Urban
Public Transportation), in
the federal amount of
approximately
\$260,129.00. If awarded
this grant, the program
will continue to provide
public transportation to
residents of Portales and
in Roosevelt County
within 5 mile radius of
city limits 5 days a week
from 6:30 AM to 4:30
PM.

Federal law and state
administration proce-
dures require that all
transportation providers
serving the area be
given fair and timely
opportunity to participate
to the maximum extent
feasible in the planning
and provision of the pro-
posed transportation
services.

Comments on the pro-
posed services should
be in writing and directed
to Katherine Hall.
Comments must be
received not later than
August 17, 2019 at 200
E. 7th Street, Portales,
NM 88130. If anyone
would like to request a
public hearing on this
matter, please send a
written request to the
above address prior to
the end of the comment
period. It must be post-
marked by August 17,
2019. Reprint for typo-
graphical error.



AFFIDAVIT OF LEGAL PUBLICATION

Legal 8204

STATE OF NEW MEXICO
COUNTIES OF CURRY
AND ROOSEVELT:

The undersigned, being dully sworn, says:
That she is a Legal Clerk of
The Eastern New Mexico News
Newspaper of general circulation,
Published in English at Clovis and Portales,
said counties and state, and that the
hereto attached

Public Notice
Legal 8204

was published in The Eastern New Mexico News
a daily newspaper duly qualified for that purpose
within the meaning of Chapter 167 of the 1937
Session Laws of the State of New Mexico for
1 Days/weeks on the same days as follows:

First Publication: June 30, 2019
Second Publication
Third Publication:
Fourth Publication

Sammy Jewby

Legal Clerk

Subscribed and sworn to before me,
June 30, 2019

Cindy L. Cole

Notary Public

My commission expires on April 3, 2022

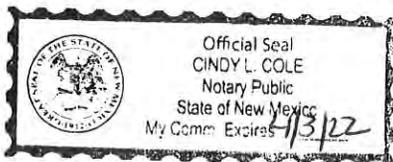
Legal 8204
June 30, 2019

**BE IT KNOWN THAT
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PORTALES,**

Portales Area Transit
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financial assistance
under 49 U.S.C. 5311,
(Rural and Small Urban
Public Transportation), in
the federal amount of
approximately
\$260,129,000. If award-
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gram will continue to pro-
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to residents of Portales
and in Roosevelt County
within 5 mile radius of
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Federal law and state
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Comments must be
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August 17, 2018 at 200
E. 7th Street, Portales,
NM 88130. If anyone
would like to request a
public hearing on this
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written request to the
above address prior to
the end of the comment
period. It must be post-
marked by August 17,
2018.



CITY OF PORTALES

RESOLUTION NO. 19-20-06

A RESOLUTION AUTHORIZING SUBMITTAL OF AN FY 2021 APPLICATION FOR SECTION 5311 RURAL TRANSIT FUNDING TO THE NEW MEXICO DEPARTMENT OF TRANSPORTATION

WHEREAS, the City of Portales, Portales Area Transit Coordinator is preparing an application for funding from the State of New Mexico Department of Transportation to continue the public transportation program, referred to as Portales Area Transit (PAT); and,

WHEREAS, the transportation services would be provided to the general public in Portales and within a five-mile radius of city limits; and,

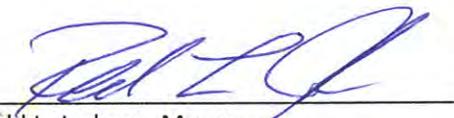
WHEREAS, approval for the funding must be given by the New Mexico Department of Transportation and the Federal Transit Administration and provided in a Memorandum of Agreement under the authority granted by Section 67-3-69 NMSA 1978 for the purpose of implementing 49 U.S.C. § 5311; and,

WHEREAS, the City of Portales is supporting this funding application by authorizing matching funds for fiscal year 2021 in an amount up to \$132,268.30 as the total local share and an application for federal funds in an amount up to \$208,161.70; which is a total budget of up to \$340,430.00 for administration, operating, and capital.; and,

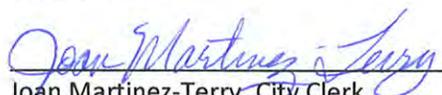
NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF PORTALES NEW MEXICO that the City's Portales Area Transit Coordinator be, and hereby is, authorized to execute and submit a FY 2021 application for Section 5311 Rural Public Transit Funding for the continuation of transportation services through the Portales Area Transit (PAT) Program.

PASSED, ADOPTED AND APPROVED the 20th Day of August, 2019.





Ronald L. Jackson, Mayor



Joan Martinez-Terry, City Clerk



8/20/2019

New Mexico Department of Transportation
Transit and Rail Division
P.O. Box 1149
Santa Fe, NM 87504-1149

Re: FY 2021 Municipal Letter of Support

NMDOT-Transit and Rail Division,

The City of Portales supports the Portales Area Transit application for funding assistance through the FTA's Section 5311 program for the fiscal year 2021. The Portales City Council approved the submission of an application and local match for FY 2021 as documented in Resolution # 19-20-06. This resolution was adopted at the regularly scheduled City Council meeting of August 20, 2019.

Thank you for your consideration of the City of Portales, Portales Area Transit application for FY 2021 5311 funding.

Sincerely

A handwritten signature in blue ink, appearing to read "R. L. Jackson", is written over a faint, larger version of the same signature.

Ronald L. Jackson
Mayor
City of Portales
rjackson@portalesnm.gov

Program Justification

As evidenced in the estimated 2018 Census Bureau statistic, Portales, New Mexico has residential population of 11,754. Roosevelt County has a residential population of 19,846 according to the 2010 Census Bureau statistics. Portales is a rural community, as well as Roosevelt County is the second most agricultural county in the state. Many of the residents are farm, ranch and dairy workers. Within the service area, approximately 48% are elderly and 12 % are of the service area are estimated as: 1.5 % Black, 39.9% Hispanic, 0.8% Asian or Pacific Islander, 0.9% American Indian or Alaskan Native, 55.5% White, and 1.4% Other. Also disclosed in statistics of the Census Bureau is the realization that 30.3% of the permanent residents of Roosevelt County live in poverty.

The City of Portales is the county seat of Roosevelt County. Portales is the home of Eastern New Mexico University, which has an enrollment of approximately 6,000 students during the academic year. The majority of ENMU students are not considered permanent residents of Portales; therefore, they are not all counted in the Census Bureau statistics. Nor are military families and dependents residing in Portales all considered permanent residents are counted by the Census Bureau statistics.

The demand for public transportation services continue to increase annually. Low-income individuals are in need of dependable, inexpensive and safe transportation in order to get to and from job interviews, jobsites, childcare centers, medical appointments, and facilities which support daily living needs and requirements. The need for public transportation in the service area is vast and impacts many groups in our population whose quality of life would be greatly affected without the Portales Area Transit program services being available to them. Many families cannot afford dependable transportation, do not make adequate income to maintain a vehicle, buy gasoline, or pay insurance premiums. Many citizens do not possess, due to various reasons, a valid driver's license. Citizens of Portales and residents of Roosevelt County have come to depend on the services provided by the Portales Area Transit program.

The transportation system provided by the City of Portales is not sufficient to meet the current demand for service, currently we cannot always accommodate all request for rides because of limited staffing. Requests for transportation have increased due to one of the transportation systems for the elderly losing a full time driver (La Casa). Without the funds provided by the New Mexico Department of Transportation, Transit and Rail Division and the local matching funds, the citizens of Portales and Roosevelt County would be without transportation when these situations occur. Low-income individuals who require dependable transportation in order to get to and from work significantly benefit from public transportation, as do employers in the region.

The Portales Area Transit's goal for the fiscal year 2021 is not only to keep abreast of the increased need for public transportation, but also to forecast future need based on community input. Portales Area Transit will continue to provide quality, safe and effective transportation services to the citizens of Portales and the surrounding service. To accomplish this goal, we anticipate being fully staff with a coordinator, 3 full time regular drivers, and two part-time drivers, and a dispatcher/administrative assistant.

The Portales Area Transit department plans to increase marketing the program with frequent radio advertisements and a program to increase awareness of the program with flyers and business cards at all hotels, and areas where the flyers will be more visible to the college community. Currently there are

no plans in place to expand transportation outside the service area, but it is definitely something that will be researched during the 2021 grant year.

With the addition of two smaller, more fuel efficient vehicles, the goal area of maintaining four full time drivers or equivalent is to meet or exceed the demand for service to the citizens of Portales. As the demand for transportation services expand, the program will periodically re-evaluate resources and make and implement the necessary adjustments. The City Council has pledged by resolution up to \$132,268.30 in local matching funds for fiscal year 2021 to help support the program and better meet demand for service.

PORTALES AREA TRANSIT
(PAT)

200 East 7th Street
575.356.6662 ext. 2520
575.356.8741 Phone
575.356.3158 FAX
khal@portalesnm.gov
portalesnm.gov

Section 5311-Transportation Program

Operations Profile

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Organizational Structure

Applicant Organization

Portales, NM 88130

575-356-6662

Sammy Standefer, City Manager

Marilyn Rapp, Treasurer

John DeSha, Public Works Director

Susan Baysinger, Public Works Projects Administrator

Carla Weems, Procurement

Operator Organization

Portales Area Transit

Memorial Building,

200 East 7th Street Portales, NM 88130

575-359-4816 (Office)

575-356-3158 (Fax)

Katherine Hall, Portales Area Transit Coordinator

Dina Ortega, Administrative Assistant/Dispatcher

Andrew Hersey, FT Driver,

Open Position, FT Driver

Jenny Warmuth, FT Driver/Back-up Dispatcher

Karla Keeling, PT Driver

Bobby Roybal, PT Driver

Governing Board

Portales City Council

Ronald L. Jackson, Mayor

100 W. 1st Street

Portales, NM 88130

Mission Statement

The mission of the City of Portales Public Transportation (PAT) is to provide reliable, safe, dependable transportation through the operation of a demand-response/handicapped-accessible transportation program: PATS will provide a high quality responsive service to our citizens, delivered through commitment to team work and professionalism in the workplace. We constantly strive to conduct ourselves in an ethical, impartial, and equitable manner at all times. Our high standards of quality and integrity will merit the public's confidence in the duties performed by the PAT system and in the Community. This vital program for citizens of Portales is provided five days a week for demand-response within a five-mile radius surrounding the area for the City of Portales.

Brief Description of Transit Program

- a. **Service Area/Route design**

The transportation service area is defined as the city limits of Portales and a five-mile radius of the city limits. The services are available to those anywhere in the service area who are accessible by a two-lane, passable road. A map of the service area is attached. The system is a “first-come, first-served” scheduled system. PAT is a demand response system and does not use a fixed route.
- b. **Schedule (days and hours of operation)**

PAT system provides transportation services Monday-Friday with the exception of holidays recognized by the City of Portales or as approved by the City Council. Operational hours are 6:30 AM – 5:00 PM. PAT system may be accessed by telephone at 575.356.8741. The dispatcher will schedule and dispatch a vehicle to the passenger’s pick-up address. Advance reservations are available through the dispatcher and requested 1 day in advance. Dispatching is completed through the use of radios. Some same day service is offered as available.
- c. **Fare structure (amounts, how set and by whom?)**

PAT charges a fare for each one-way trip. Patrons may either pay \$1.00 fare or purchase a ten-ride ticket for \$7.50. The ticket is punched each ride. Fare structure is set by the PAT Coordinator, approved by the Public Works Director, City Manager, and City Council.
- d. **Advertising/marketing**

The PAT advertising and marketing plan uses a variety of ways to reach the public. Print brochures are available in our public buildings. Brochures and posters are displayed in a variety of other local and regional outlets from our senior centers and medical centers to our schools and hotels. The program is advertised at ENMU, CAFB, Chamber of Commerce, public events, and a variety of other locations. PAT uses public service announcements on local radio and television stations including cable channel 19 and KSEL. PAT has a page on the city website and publishes in the Eastern New Mexico News. PAT conducts targeted outreach at educational facilities, medical facilities, and other agencies that provide public services. PAT uses cards distributed to local retail and social service locations to increase public awareness. Every vehicle in our fleet provides the PAT phone number and website address.

Administrative Employees

a. Title and job description

PAT Coordinator

GENERAL JOB DESCRIPTION: Under the direction of the Public Works Director, directs all operation of the Portales Area Transit. Coordinates various functions of the System, schedules and supervises maintenance, prepares annual budget and accounts for expenditures, recommends purchase of materials and supplies, coordinates activities and programs. PAT Coordinator is responsible for all aspects of the operations of the PAT program as well as the delegation of responsibility for each segment of the program. PAT Coordinator responsibilities include budgeting, budget adjustment requests, billing and making sure statistical data is correct, entering program information into the online database, dispatching, maintaining and implementing all required plans and policies, training requirements implementation, and public outreach programming. Schedule will be determined by the public's demand for transportation service and will change accordingly. Requires a willingness to work some weekends, evenings, or beyond normal work hours as necessary.

TASKS AND RESPONSIBILITIES: Although the following are typical of the tasks and responsibilities routinely performed, additional duties and/or responsibilities requiring comparable or lesser skills, knowledge, or dexterity may be assigned. 1. Schedules/ dispatches transportation for Portales Area Transit/ Senior Transportation. 2. Completes all required reports as required by the City, NM Department of Transportation and Senior Contractors. 3. Coordinates activities and programs of the Transit System with other community based organizations and programs. 4. Supervises and directs volunteers, interns and paid staff in operation of center and transit functions. 5. Attends all meetings as required by the Public Works Director and cooperates with other agencies that benefit public transportation. 6. Attends workshops and training sessions to keep updated on latest information on transit operations. 7. Trains new personnel as required ensuring employees meet New Mexico Department of Transportation training requirements. 8. Writes policies and procedures as required by city, state and federal agencies. 9. Completes correspondence in a timely manner meeting set deadlines. 10. Writes grants for program funding. 11. Gives presentations as required to various entities.

*PAT Administrative Assistant is a part-time position that is split with the Dispatcher position. A description is included under the operations section as Dispatcher/Administrative Assistant.

b. Code of Conduct Policy

Professional attire is required every day. Administrative employees must remain professional and courteous to each other and the public at all times. Any complaints pertaining to employees, or otherwise, must be directed to the PAT Coordinator, then to the Public Works Director, as necessary.

c. Training Plan/Record Keeping Policy and Procedures

Initial training consists of 40 hours of required training. Initial training begins with an orientation. The orientation consists of data entry in in time management software, being briefed on office, emergency, accident procedures, OSHA requirements, the correct use/operation of radios, the review of job descriptions and organizational chart, ongoing training, mandatory staff meetings, mandatory program trainings, policy and procedure training, and attendance requirements. The remaining hours of training will consist of riding with other drivers to become familiar with the area and passengers. Documentation records are kept of all training completed in an annually updated spreadsheet by employee with certificates, when applicable, maintained in a training file in the PAT office and the HR Department.

Operations Employees: Managers, Drivers, Mechanics and Dispatchers

a. Titles and Job descriptions

Dispatcher/ Administrative Assistant

GENERAL JOB DESCRIPTION: Under the supervision of the Coordinator, this position requires the ability to control the administrative and operating functions of the Portales Area Transit System in cooperation with and in the absence of the Coordinator. This position also requires operating the van to transport passengers in a safe, prompt, and courteous manner, and to dispatch other drivers for the same purpose. Position is classified as Safety Sensitive and will be subject to Drug and Alcohol testing under the authority of the FTA. Requires a willingness to work some weekends, evenings or beyond normal work hours as necessary.

TASKS AND RESPONSIBILITIES: Although the following are typical of the tasks and responsibilities routinely performed, additional duties and/or responsibilities requiring comparable or lesser skills, knowledge, or dexterity may be assigned: 1. Open office and organize for days events. 2. Reservation intake and reservations logged. 3. Evaluate reservations and route accordingly. 4. Schedule and dispatch drivers. 5. Receive and file all documentation for Transit System. 6. Coordinate with maintenance department for vehicle service and preventative maintenance. 7. Coordinate with drivers for vehicle wash. 8. Receive driver's logs and compile monthly statistical reports. 9. In the absence of the director; supervise and direct all Transit System employees, oversee the day to day operations, attend training sessions and meetings, etc. 10. Investigate and file reports on all accidents. 11. Operates transit vehicles safely and in strict compliance with all traffic regulations. 12. Receive Transit fares daily, balance fares daily, balance fares against driver's log, submit fares as required in coordination with Coordinator. 13. Log van passes sold and other office receipts. 14. Track drivers' days off and schedule other drivers to cover as needed. 15. Inventory vehicle supply needs; shop for supplies, etc. and inform the Coordinator of need to replenish. 16. Schedule mobile radios for service and maintenance. 17. Work with public and social service agencies to assure coordination of transit service for their clientele. 18. Provide verbal and written reports to the Coordinator as required. 19. Assist Coordinator in writing documents (plans, manuals, grants, policy, spreadsheets, and others as needed and/or required). 20. Under direction of the Coordinator utilize skills in Word, Excel, Microsoft Outlook, and the NM Transit System computer programs.

Transit Driver/ Back-Up Dispatcher

GENERAL JOB DESCRIPTION: This job is subject to supervision by the Coordinator of the Portales Area Transit System and requires a person able to operate a mini-bus/van, transporting passengers in a safe, timely, and courteous manner. Work involves, in addition to driving the vehicle, a daily inspection of the vehicle, keeping it clean and ready. Duties also include scheduling and dispatching drivers. Position is classified as Safety Sensitive and will be subject to Drug and Alcohol testing under the authority of the FTA. Schedule will be determined by the public's demand for transportation service and will change accordingly. Requires a willingness to work some weekends, evenings, or beyond normal work hours as necessary.

TASKS AND RESPONSIBILITIES: Although the following are typical of the tasks and responsibilities routinely performed, additional duties and/or responsibilities requiring comparable or lesser skills, knowledge, or dexterity may be assigned: 1. Attend in-service safety briefings and training sessions. 2. Attend all in-state training sessions to become certified in Passenger Assistance and Safety; trainings include Wheelchair Securement, Evacuation Procedures, Blood borne Pathogens, Dealing with Difficult Passengers, etc. 3. Operate vans over a designated route or in response to dispatched calls. 4. Must have knowledge of city grid to enable efficient routing. 5. Must be able to assess each passenger's situation and determine the level of assistance needed

and safely provide assistance with boarding and unloading. 6. Receive and log fares as established by policy. 7. Maintain driver's log and records as required. 8. Complete and log thorough pre-trip vehicle inspections, reporting all deficiencies. 9. Provide light preventative vehicle maintenance. 10. Maintain good customer relations. 11. Work staff dispatch desk in the absence of dispatcher/supervisor. 12. Learn 10 codes and proper mobile radio techniques. 13. Maintain the appearance of the vehicle inside and outside. 14. Assist with building custodial duties as needed. 15. Maintain professional personal appearance by caring for and wearing uniforms properly. 16. Open office and organize for days events. 17. Reservation intake and reservations logged. 18. Evaluate reservations and route accordingly. 19. Schedule and dispatch drivers. 20. Coordinate with maintenance department for vehicle service and preventative maintenance. 21. Coordinate with drivers for vehicle wash. 22. Receive driver's logs and compile monthly statistical reports. 23. Investigate and file reports on all accidents. 24. Log van passes sold and other office receipts. 25. Track drivers' days off and schedule other drivers to cover as needed.

Transit Driver

GENERAL JOB DESCRIPTION: This job is subject to supervision by the Coordinator of the Portales Area Transit System and requires a person able to operate a bus/van, transporting passengers in a safe, timely, and courteous manner. Work involves, in addition to driving the vehicle, a daily inspection of the vehicle, keeping it clean and ready. Position is classified as Safety Sensitive and will be subject to Drug and Alcohol testing under the authority of the FTA. Schedule will be determined by the public's demand for transportation service and will change accordingly. Requires a willingness to work some weekends, evenings, or beyond normal work hours as necessary.

TASKS AND RESPONSIBILITIES: Although the following are typical of the tasks and responsibilities routinely performed, additional duties and/or responsibilities requiring comparable or lesser skills, knowledge, or dexterity may be assigned: 1. Attend in-service safety briefings and training sessions. 2. Attend all in-state training sessions to become certified in Passenger Assistance and Safety; trainings include Wheelchair Securement, Evacuation Procedures, Blood borne Pathogens, Dealing with Difficult Passengers, etc. 3. Operate vans over a designated route or in response to dispatched calls. 4. Must have knowledge of city grid to enable efficient routing. 5. Must be able to assess each passenger's situation and determine the level of assistance needed and safely provide assistance with boarding and unloading. 6. Receive and log fares as established by policy. 7. Maintain driver's log and records as required. 8. Complete and log thorough pre-trip vehicle inspections, reporting all deficiencies. 9. Provide light preventative vehicle maintenance. 10. Maintain good customer relations. 11. Work staff dispatch desk in the absence of dispatcher/supervisor. 12. Learn 10 codes and proper mobile radio techniques. 13. Maintain the appearance of the vehicle inside and outside. 14. Assist with building custodial duties as needed. 15. Maintain professional personal appearance by caring for and wearing uniforms properly.

- b. Hiring procedures (ie) background check, driving record, valid driver's license
Hiring Procedures: The initial step in the hiring process is to place an advertisement in the local newspaper. The job announcement is placed in City Hall to be viewed by anyone interested in city employment. The Coordinator then selects an interview panel of at least three city employees to review and select applicants to be interviewed based on applicant qualifications. References are contacted and verified. The committee interviews applicants and discusses prospective employees with the Coordinator. The person selected completes a criminal and

MVD background check. Results of the screening, background checks, and MVD driving records must be completed and received before initial training can begin. The driver is scheduled for a physical as soon as possible.

Background Check: Background checks are done by an independent agency on contract.

Driver Record: Before a driver is hired, it is mandatory that we receive a copy of his/her MVD driving record.

Valid Driver's License: Before a driver is hired, it is mandatory that we view and copy a valid Driver's license.

- c. Training Plan/Record Keeping Policy and Procedures: Initial training consists of 40 hours. Initial orientation includes review of forms and how to fill them out. In the case of an accident, the Coordinator must be contacted immediately after the Police have been notified. Newly hired drivers must ride with another driver for approximately 1 week before driving alone. Defensive Driving and CPR/First Aid Certifications are kept up-to-date. Trainings such as safety, blood borne pathogens, and lift and tie down use will be completed by City of Portales designated trainers. PASS training will be completed by all new drivers. The remaining hours of training will consist of riding with other drivers to become familiar with the area and passengers. Documentation records are kept of all training completed in an annually updated spreadsheet by employee with certificates, when applicable, maintained in a training file in the PAT office and the HR Department.
- d. Code of Conduct Policy
Professional attire is required every day. Drivers and Dispatchers must remain professional and courteous to each other and the public at all times. Any complaints pertaining to employees, or otherwise, must be directed to the PAT Coordinator, then to the Public Works Director, as necessary. Clothing and conduct are subject to the general rules and regulations contained in the City of Portales Personnel Policy (Current Edition 2018).
- e. Drug & Alcohol Policy for Safety Sensitive Employees: All PAT employees are safety sensitive and subject to the City of Portales; Portales Area Transit System Substance Abuse Policy and DOT Compliance Plan. The Plan is attached and made a part of this Operations Profile as Attachment 1.

Accident/Incident Reporting Procedures

- a. Insurance forms in vehicle: Insurance forms are kept in the vehicles at all times and are updated annually by the City of Portales.
- b. Accident/incident reporting forms in vehicle: Accident reporting forms are kept in the vehicles at all times. The forms have been provided by Lazaro & Noel and the City of Portales.
All accident information to be uploaded to BlackCat.

Passenger Conduct Policy

Portales Area Transit passengers have a right to transportation provided by *Portales Area Transit*, that is why we are here.

Portales Area Transit passengers have a right to be treated with courtesy, dignity and respect at all times by *Portales Area Transit* personnel.

A passenger's right to transportation can be terminated by the transportation system due to misconduct of the passenger. Passengers must follow all policy rules and driver's instructions on the policy rules. Disruptive or abusive behavior to other passengers or the staff will not be tolerated.

No profanity or vulgarity is allowed while on board a *Portales Area Transit* vehicle, with the exception of passengers whose actions and verbiage are protected under ADA guidelines due to a disability.

No weapons (knives or firearms) will be allowed on a City of Portales *Portales Area Transit* vehicle.

Passengers are not permitted to eat, drink, or smoke in *PATS* vehicle. Exceptions are made to allow eating or drinking which is medically necessary due to passenger's medical condition or treatment.

All passengers must wear seat belts to ensure the safety of all individuals in the vehicle. Passengers will be denied transportation services if they choose not to abide by the seat belt policy.

No screaming, loud talking, singing or playing of loud music is allowed.

No inappropriate display of affection or sexual activity to the driver or another passenger will be allowed.

No release of human waste, including spitting is allowed. This does not include instances of vomiting or incontinence due to treatment, medication, or illness.

The driver will reserve the right to refuse transport to any passenger who appears to be intoxicated or under the influence of drugs.

Procedures for violations of these rules are as follows:

First incident: When a passenger's behavior disrupts the driver or other passengers, the transportation Coordinator, or his/her agent will speak privately with the passenger and the passenger's sponsoring agency representative (if the passenger is a human service agency client) about his/her behavior. The transportation Coordinator will state to the passenger the reason his/her behavior is objectionable and the steps the passenger must take to correct the behavior. The Coordinator must document this verbal warning, indicating the date and time the discussion took place.

A subsequent incident will result in a suspension of transportation privileges for 30 days. The suspension notice will be written, and hand delivered to the passenger's sponsoring agency (if the passenger is a human services agency client) or sent by certified mail to his/her address and to that of the sponsoring agency, if applicable.

If a passenger continues his/her disruptive behavior following his/her return from suspension, and continues to be verbally and/or physically abusive, uses curse words, or makes a verbal threat to any City of Portales employee, or to other passengers will be ejected from vehicle, or removed from city facilities and denied service. All verbal or physical threats will be reported to law enforcement for investigation and possible prosecution, and a permanent suspension of privileges.

Reestablishment of service privileges will be at the discretion of the coordinator with approval of the Public Works director. Suspension of privileges to enter or use *Portales Area Transit* may be effected by the Coordinator, who shall issue a written notice stating the cause and the duration of the suspension and the process for requesting review. Suspension shall be in effect upon receipt of the notice and shall remain in effect during any review process.

Within 10 days after receiving a notice of suspension of privileges to use the *Portales Area Transit* system, a person receiving such notice may deliver to the Public Works Director a written request for review of the suspension. The Public Works Director shall set a telephonic or in-person hearing to review the Transit manager's decision. The hearing shall be held within 10 days following the request for a hearing. The Public Works Director shall decide to affirm or reverse the suspension within 10 days following the hearing. (Eff. 2/10/17)

Additional Policies

A. Demand Response Policy Description:

Demand response is defined by rides being scheduled on a need by need basis. Customers in need of the demand response service are to call 1 day ahead and make a scheduled pick up. For each customer scheduled, they are required to give their name, place of pick up, and their destination. For safety purposes, each customer is asked their phone number in case of an emergency.

b. Curb To Curb Policy

Curb To Curb Description:

As a service to the Portales area, the Portales Area Transit offers "Curb to Curb" service. This involves picking up and dropping of customers at their personally requested destinations.

While we are considered to be primarily a "Curb to Curb" service, there are times in which our drivers will need to assist certain customers from the door to the bus. These are isolated incidents based on the individual needs of the customer. These needs include, but are not necessarily limited to individuals with disabilities, elderly, temporarily injured (broken limbs, etc.).

Any further door-to-door service is dependent on passenger request and special needs.

c. Verbal Emergency Code Policy

A. Verbal Emergency Code Description:

Verbal Emergency Code is described as a method to use in case of emergencies on buses while in operation. All drivers are to utilize the word "BOLO" if giving a detailed description of occurrences in progress are not possible.

"In case of an emergency" is described by occurrences such as; an incident involving an out of control passenger, a possible hostage situation, an accident where the driver is unable to communicate; or any other situation in which the drivers are unable to radio in full details.

B. A verbal emergency code is to be used at each of the driver's discretion.

C. Each driver is to call in their location at each drop-off and pick-up so that in case the verbal emergency code is used the dispatcher knows where to send emergency response vehicles

d. Emergency Response Plan

While our goal is to always do the best we can to meet the needs of the public, we must prepare ourselves to respond to any conditions which may interrupt the services we provide. To assist us in maintaining services during this severe flu season, we ask that procedures to continue operation.

- 1) There must be at least two bus drivers and dispatcher to maintain the minimum level of transportation.
- 2) When a driver observes a passenger with signs of illness, they are to wear an approved mask while transporting them to their destination.
- 3) All drivers are to utilize disinfecting wipes and clean the assistance rail in each of their buses on an hourly basis.
- 4) Hand sanitizer and disinfecting wipes will be placed on all buses.
- 5) All drivers are to wipe down the inside of their buses a minimum of once a day.
- 6) The PATS office will be sanitized a minimum of 3 times a day to include computer keyboards, dispatch equipment, door knobs, tables, supply closet handles, and telephone.
- 7) Any staff member exhibiting signs of illness should remain home.
- 8) Should there be less than two drivers available at any time, back up drivers will be utilized, such as other city employees. This is to include the dispatcher position as well.

Should there be no back up drivers available as well as less than two drivers; the remaining healthy employee will maintain the dispatch position for reasons of continued scheduling and/or updating callers on the current status of the PATS system. Prior to business hours and after business hours the outgoing message on the phone system will indicate any interruptions in operation and update communications. In the event that any closure occurs the Public Works Director will be notified immediately.

THE PATS SYSTEM WILL CEASE TO OPERATE IN EXTREME AND SEVERE CONDITIONS ONLY!

These conditions would include call ins of all regularly scheduled drivers and dispatcher, and complete exhaustion of all back up personal. In case of a temporary shut-down, a sign would be posted on the doors of the Memorial Building, the radio informed, and City Hall would be notified.

For any questions or inquiries please contact Katherine Hall, PATS Coordinator at (575) 356-8741.

e. Reasonable Modification Policy

A. Passengers with disabilities may request modifications to current service procedures to access the service. To make a request, please call us at (575-359-4816) or email us at khall@portlesnm.gov.

B. Procedure

Passengers can request reasonable modifications for all modes (fixed route, general public demand response, and ADA paratransit). Passengers making requests are not required to use the term “reasonable modification.”

Requests should be made at least the day before but flexibility is required for on the spot requests. The transit manager will review all requests and provide the determination. For on-the-spot requests, the driver should contact dispatch. Dispatch will contact the transit manager.

Attachment 1: Portales Area Transit System Substance Abuse Policy and DOT Compliance Plan



**CITY OF PORTALES
PORTALES AREA TRANSIT SYSTEM**

**Substance Abuse Policy
And DOT Compliance Plan**

THESE PROCEDURES COVER

DOT FTA REGULATED EMPLOYEES

Approved: _____

A handwritten signature in blue ink, appearing to read "Sammy Standefer", is written over a horizontal line.

Sammy Standefer
City Manager

Original: September 1, 2015
Revised: September 1, 2017 Policy Update
Addendum: January 1, 2018 Policy Update

Note: This policy does not contain every regulatory detail, therefore, IF THERE IS ANY QUESTION, CONFLICT, OR DISCREPANCY IN THE POLICY AND DOT REGULATIONS AS CODIFIED IN 49 CFR Part 40 AND Part 655 THE DOT REGULATIONS WILL PREVAIL.

I. Introduction

THE CITY OF PORTALES/ PORTALES AREA TRANSIT SYSTEM (P.A.T.S.) is dedicated to providing friendly, safe, dependable and economical transportation services to our transit system passengers. The CITY OF PORTALES is concerned about the effects of the use of illegal drugs, controlled substances and abuse of alcohol upon the health and safety of its employees and passengers. To address these concerns, it is our policy (1) to ensure that employees are not impaired in their ability to perform assigned duties in a safe, productive and healthy manner; (2) to create a workplace environment free from the adverse effects of drug abuse and alcohol misuse; (3) to prohibit the unlawful manufacture, distribution, dispensing, possession or use of controlled substances; and (4) to encourage employees to seek professional assistance anytime personal problems, including alcohol or drug dependency, adversely affect their ability to perform assigned duties.

II. Purpose

The purpose of this policy is to assure worker's fitness for duty and to protect employees, passengers, and the public from the risks posed by the misuse of alcohol and use of prohibited drugs. This policy is intended to comply with all applicable Federal regulations governing workplace anti-drug and alcohol programs in the transit industry. **The Federal Transit Administration (FTA) of the U.S. Department of Transportation (DOT) has enacted 49 CFR Part 655, as amended, which mandates urine drug testing and breath alcohol testing for safety-sensitive positions and prevents performance of safety-sensitive functions when there is a positive test result or a refusal to test. The U.S. DOT has enacted CFR 49 Part 40, as amended, that sets standards for the collection, testing and reporting of urine and breath specimen. Part 40 also mandates specific protocols used by the Medical Review Officer (MRO), Substance Abuse Professional (SAP), Collector, Breath Alcohol Technician (BAT) and Third Party Administrator/Consortium (TPA).** The sections of this policy that reflect Parts 655 and 40 will be indicated by the use of **Bold Typeface**. In addition, the Federal Government has enacted 49 CFR part 32, "The Drug-Free Workplace" policies and the reporting of certain drug-related offenses to the FTA. These sections will appear in the policy in *Italic Typeface*. This policy also incorporates agency requirements under the authority of the CITY OF PORTALES's policy on the use of alcohol and drugs in the workplace. Anything appearing in the policy in regular typeface will be under the agency's own authority. **This policy will be kept current with all the latest federal regulations and interpretations as mandated.**

III. Applicability

This policy applies to all transit system employees; paid full-time, part-time employees; contract employees and contractors when performing any transit-related safety-sensitive duties or when they are on transit property. This policy applies to off-site lunch periods or breaks when an employee is scheduled to return to work. Visitors, vendors, and contract employees are governed by this policy while on transit premises and will not be permitted to conduct transit business if found to be in violation of this policy.

A safety-sensitive function is any duty related to the safe operation of public transit service including the operation of a revenue service vehicle (whether or not the vehicle is in revenue service), control or dispatch of a revenue service vehicle or equipment used in revenue service, maintenance of revenue service vehicle or equipment used in revenue service (maintenance functions include the repair, overhaul and rebuild of engines, vehicles and/or equipment used in revenue service), security personnel who carry firearms and any other employee or volunteer who perform duties requiring a CDL and/or performs a safety sensitive function and receives remuneration in excess of their actual expenses. Supervisors performing (or who may perform) any of the above-described functions are considered to be safety-sensitive employees.

Participation in the Substance Abuse Program as stated in this policy is a condition of employment. *THE CITY OF PORTALES/ PORTALES AREA TRANSIT SYSTEM has a "Zero Tolerance Policy" which means any safety sensitive employee who violates this policy by having a confirmed positive drug or alcohol test result or refuses to be tested when required, shall be immediately removed from safety-sensitive duty, referred to a Substance Abuse Professional (SAP) and will be terminated.

All positions were reviewed for safety-sensitive duties to determine the safety-sensitive positions. Additionally, any new positions created in the future will be reviewed for safety-sensitive duties. A full listing of such employee positions is located on Attachment B of this policy.

The FTA anti-drug rule preempts any state or local law, rule, regulation, or order to the extent that: (a) compliance with both the state or local requirement and any requirement in this part is not possible, or (b) compliance with the state or local requirement is an obstacle to the accomplishment and execution of any requirement in this part.

IV. Prohibited Substances

Prohibited substances addressed by this policy include the following:

A. Illegally Used Controlled Substance or Drugs

Any illegal drug or any substance identified in Schedules I through V of Section 202 of the Controlled Substance Act (21 U.S.C. 812), and as further defined by 21 CFR 1308.11 through 1308.15. This includes, but is not limited to: marijuana, amphetamines, opiates, phencyclidine (PCP), and cocaine, as well as any drug not approved for medical use by the U.S. Drug Enforcement Administration or the U.S. Food and Drug Administration. Illegal use includes use of any illegal drug, misuse or legally prescribed drugs, and use of illegally obtained prescription

drugs. ¹**Safety sensitive employees will be tested for marijuana, cocaine, amphetamines, opiates, and phencyclidine (PCP).** Use of any products that may result in a positive drug test (hemp oil for example) is prohibited by the Federal Guidelines.

Under Federal law and this policy, marijuana is considered an illegal drug, whether or not an employee has a prescription or medical marijuana card (registry identification card) for such use. Testing positive for marijuana is a violation of this policy and carries with it the consequence of termination, regardless of whether the use is recreational or for medical reasons.

B. Legal Drugs

The appropriate use of legally prescribed drugs and non-prescription medications is not prohibited. However, the use of any substance which carries a warning label or that indicates that mental functioning, motor skills, or judgment may be adversely affected **MUST** be reported to supervisory personnel. When possible, alternative substances should be requested from the prescribing physician. It is the employee's responsibility to inform the physician of the nature of the employee's job duties.

Any failure to report the use of such drugs may result in disciplinary action up to and including termination.

A legally prescribed drug means that an individual has a prescription or other written approval from a physician for the use of a drug in the course of medical treatment. It must include the patient's name, the name of the substance, quantity/amount to be taken and the period of authorization. The misuse or abuse of legal drugs while performing transit business is prohibited.

Reasonable efforts will be made to adjust the employee's duties until such time as full, effective and safe duty activities can be resumed. If alternate duties are not available, the employee may be subject to the CITY OF PORTALES leave policy.

C. Alcohol

Alcohol means the intoxicating agent in beverage alcohol, ethyl alcohol, or other low molecular weight alcohol including methyl or isopropyl alcohol. The use of beverages containing alcohol or substances including any medication, mouthwash, food, candy, or any other substance, which causes

¹ All provisions set forth in **bold face** print are included consistent with requirements specifically set forth in 49 CFR Part 655, or Part 40, as amended. Provisions set forth in the Drug-Free Workplace Act (49CFR Part 32) are delineated in *italics*. All other provisions are set forth under the authority of the transit system.

alcohol to be present in the body at a rate of 0.04 % alcohol concentration or greater, while performing safety sensitive duties, transit business or while on-call to perform a safety sensitive duty, is prohibited.

All employees, including DOT-FTA employees tested at this level (0.02 or greater) are classified as Company positive under this policy. DOT does not consider the level (0.02-0.039 AC) as "Prohibited Conduct." However, Company policy considers any confirmation test at the 0.02 AC or above to be a positive test result under Company policy and such positive carries the consequences in this policy as a confirmed positive.

Under the authority of the Transit System the use of or influence of alcohol on a covered employee anytime that employee is on duty is prohibited. Any alcohol testing performed outside of the FTA guidelines will be done using a non-DOT Alcohol Testing Form. Violation of these provisions is prohibited and punishable by disciplinary action up to and including termination.

V. Prohibited Conduct

A. Manufacture, Trafficking, Ingestion, and Use

Any employee engaging in the unlawful manufacture, distribution, dispensing, possession or use of prohibited substances on CITY OF PORTALES premises, in public transit vehicles, in uniform or while on business related to a public transportation system operated under a contract with THE PORTALES AREA TRANSIT SYSTEM will be subject to disciplinary action up to and including termination. Ingestion of stated drugs is prohibited at all times. Law enforcement shall be notified, as appropriate, where criminal activity is suspected.

Notification of Criminal Drug Conviction

All safety sensitive employees are required to notify the transit system of any criminal drug statute conviction for a violation occurring in the workplace within one business day after such conviction. Failure to comply with this provision shall result in disciplinary action, up to and including termination. Any safety sensitive employee must also report any circumstances where there was a criminal conviction or loss of driving privileges due to drug or alcohol misuse within one business day of such conviction or loss of privileges.

The employee will be placed on immediate suspension without pay pending investigation and confirmation. If such acts are confirmed, the employee shall be immediately dismissed. If such acts are not confirmed, the employee will be reinstated and receive full compensation for the days he was off work.

B. Intoxication/Under the Influence

Any safety-sensitive employee who is reasonably suspected of being intoxicated, impaired, under the influence of a prohibited substance, or not fit for duty shall be suspended from job duties pending an investigation and verification of condition. **Safety-sensitive employees found to be under the influence of prohibited substances or who fail to pass a drug or alcohol test shall be removed from duty. In addition to being removed from duty, such employees will receive educational and rehabilitative information and a referral to a Substance Abuse Professional (SAP) and terminated from his/her position consistent with THE PORTALES AREA TRANSIT SYSTEM's Zero Tolerance Policy.**

A drug or alcohol test is considered positive by the Department of Transportation if the individual is found to have a quantifiable presence of a prohibited substance in the body above the minimum thresholds defined in 49 CFR Part 40, as amended or defined by City Policy.

C. Alcohol Use and Prohibitions

No safety-sensitive employee should report for duty or remain on duty when his/her ability to perform assigned functions is adversely affected by alcohol or when his/her blood alcohol concentration is 0.02 or greater. Part 655 permits alcohol testing just before, during and just following the performance of a safety sensitive duty. THE CITY OF PORTALES under its own authority also prohibits the consumption of alcohol all times the employee is on duty. No safety-sensitive employee shall use alcohol while performing safety-sensitive functions, or 4 hours before, just after performing a safety-sensitive function or while on call. If an on-call employee has consumed alcohol, they must acknowledge the use of alcohol at the time that they are called to report for duty. No safety-sensitive employee shall use alcohol for eight hours after a reportable accident or until the employee has undergone a post-accident alcohol test, whichever is first.

If the CITY OF PORTALES/ PORTALES AREA TRANSIT SYSTEM have actual knowledge of the use of alcohol while the employee is performing safety sensitive functions, the employee will not be permitted to continue to perform the safety sensitive duty.

SUBSTANCE	INITIAL	CONFIRMATION
Alcohol	.02 AC	.02 AC See Part 655.35 Not Prohibited Conduct
Alcohol	.04 AC	.04 AC DOT Prohibited Conduct

- All safety-sensitive employees, including DOT-FTA tested at this level (0.02 or greater) are classified as a positive under City policy.
- DOT does not consider the level (0.02 -0.039 AC) as “Prohibited Conduct.” However City policy considers any confirmation test at the level 0.02 AC or above to be a positive test result under City policy and such positive carries the consequences in this policy as a confirmed positive.

D. Compliance with Testing Requirements

All safety-sensitive employees will be subject to urine drug test and breath alcohol testing as a condition of their employment. Refusal of a drug and/or alcohol test will be treated as a verified positive test result. Any safety sensitive employee who refuses to comply with a request for testing shall be removed from duty immediately, informed of educational and rehabilitation programs available, and referred to a SAP. Refusal to cooperate in the testing procedures will be grounds for termination.

Refusals:

Refusals can include a variety of behaviors, including

- Failure to appear for any test (except for pre-employment) within a reasonable time, as determined by the employer;
- Failure to remain at the testing site until the testing process is complete; An applicant who leaves the testing site before the testing process commences for a pre-employment test has not refused to test;
- Failure to attempt to provide a breath or urine specimen.
- Failure to provide a sufficient amount of urine or breath when directed and there is no adequate medical explanation for the failure;
- Failure to undergo a medical examination when directed to do so by the MRO or employer;
- Failure to cooperate with any part of the testing process (e.g., refuse to empty pockets when directed by the collector, behave in a confrontational way that disrupts the collection process, fail to wash hands after being directed to do so by the collector);
- Failure to permit the observation or monitoring of the specimen collection when required to do so;
- Failure to follow the observer’s instructions during an observed collection including instructions to raise your clothing above the waist, lower clothing and underpants, and to turn around to permit the observer to determine if you have any type of prosthetic or other device.

- Failure to take a second test when directed to do so by the employer or collector;
- Possess or wear a prosthetic or other device that could be used to interfere with the collection process;
- Admit to the collector or MRO that you adulterated or substituted the specimen;
- The MRO's verification of a test as adulterated or substituted;
- Refuse to sign the certification at Step 2 of the Alcohol Testing Form (ATF).

Observed Collections:

Any safety-sensitive employee who is suspected of falsifying test results through tampering, contamination, adulteration, or substitution will be required to undergo an observed collection. A person of the same gender will do the observation.

In order to guard against employee attempts to mask the testing process, the number of situations requiring direct observation has increased to include return-to-duty and follow-up testing with regards to employers that have second chance policies in place. The manner in which the observations will be conducted has also been re-defined to ensure that prosthetic devices may not be successfully and easily employed to mask illicit drug use.

Observed collections are required in the following circumstances:

- Anytime the employee is directed to provide another specimen because the temperature on the original specimen was out of the accepted temperature range of 90°-100°F;
- Anytime the employee is directed to provide another specimen because the original specimen appeared to have been tampered with;
- Anytime a collector observes materials brought to the collection site or the employee's conduct clearly indicates an attempt to tamper with a specimen;
- Anytime the employee is directed to provide another specimen because the laboratory reported to the MRO that the original specimen was invalid and the MRO determined that there was not an adequate medical explanation for the result;
- Anytime the employee is directed to provide another specimen because the MRO determined that the original specimen was positive, adulterated or substituted, but had to be cancelled because the test of the split specimen could not be performed;
- The employee who is being observed will be required to raise his or her shirt, blouse, or dress/skirt, as appropriate, above the waist; and lower clothing and underpants to show the collector, by turning around that they do not have a prosthetic device.

E. Consequences of a Positive Drug and/or Alcohol Test or a Refusal to Test

Under the Transit System's authority, a violation of this policy in the form of a verified positive drug result, a confirmed alcohol result of 0.02 BAC or greater, or a refusal to test will result in the immediate removal of the covered employee from any safety sensitive duties and termination of employment. **A confirmed alcohol test result of 0.04 or greater will result in a referral to a SAP.**

Drug tests can be performed any time a safety-sensitive employee is on duty. An alcohol test can be performed anytime the covered employee is performing a safety sensitive duty, just before, or just after the performance of a safety sensitive duty. Under the authority of THE CITY OF PORTALES, the use of or influence of alcohol on a covered employee anytime that employee is on duty is prohibited and testing may be done anytime a covered employee is on-duty.

VI. Testing for Prohibited Substances

Analytical urine drug testing and breath testing for alcohol may be conducted when circumstances warrant and as required by Federal regulations. Testing shall be conducted in a manner to assure a high degree of confidentiality, accuracy and reliability, using techniques, equipment, and laboratory facilities, which have been approved by the U.S. Department of Health and Human Services (DHHS). All testing will be conducted in accordance to the procedures put forth in 49 CFR Part 40, as amended. This will ensure the test results are attributed to the correct employee by following procedures including, picture identification of the employee, the use of the Federal Drug Custody and Control Form with unique specimen identification number completed by a trained collection site person who insures that the Custody and Control Form is completed correctly and signed and certified by the donor, collection of Split Sample specimens that are sealed and initialed by the donor.

Drugs:

An employee may be tested for the following prohibited substances anytime while on duty. The drugs that will be tested for include marijuana, cocaine, opiates, amphetamines, and phencyclidine (PCP). An initial drug screen, called an immunoassay test, will be conducted on each urine specimen. For those specimens that are not negative, a confirmatory Gas Chromatography/Mass Spectrometry (GC/MS) test will be performed. The test will be considered positive if the amounts present are above the minimum thresholds established in 49 CFR Part 40, as amended.

In instances where there is a reason to believe an employee is abusing a substance other than the five drugs listed above, THE CITY OF PORTALES reserves the right to request a separate sample and to test for additional drugs under THE CITY OF PORTALES's own authority using standard laboratory testing protocols and a non-federal

custody and control form. The City also reserves the right to require a fitness-for-duty examination by a licensed physician when an employee's observable behavior and actions are considered to be inconsistent with a safe, drug free workplace.

Alcohol:

Tests confirming alcohol concentration will be conducted utilizing a National Highway Traffic Safety Administration (NHTSA) approved Evidential Breath Test (EBT) device operated by a trained Breath Alcohol Technician (BAT). If the initial test indicated an alcohol concentration of 0.02 or greater, a second test will be performed to confirm the results of the initial test. A safety-sensitive employee who has a confirmed alcohol concentration of 0.02 or greater will result in removal from his/her position. An alcohol concentration of 0.02 or greater will be considered a positive alcohol test and in violation of this policy.

MRO Reporting:

All test results from the laboratory will be reported to a Medical Review Officer (MRO). A MRO is a licensed physician with detailed knowledge of substance abuse disorders and drug testing. The MRO will review the test results to ensure the scientific validity of the test and to determine whether there is a legitimate alternative medical explanation for a confirmed positive result. The MRO will contact the employee, notify the employee of the positive laboratory result, and provide the employee with an opportunity to explain the confirmed test result. The MRO will subsequently review the employee's medical history/medical records to determine whether there is a legitimate medical explanation for a positive laboratory result. If no legitimate medical explanation is found, the test will be verified positive and reported to the Designated Employer Representative. If a legitimate explanation is found, the MRO will report the test result as negative. The MRO may also cancel results that are troubled according to the protocol set forth in 49 CFR part 40. The MRO will also inform the employee whose result is positive from the laboratory of his/her rights to have the split sample analyzed at a second SAMHSA laboratory. See Section VII subparagraph E – Employee Requested Testing.

All applicants/employees with a dilute negative test result will be required to retest. The second test result will stand as the test of record and no additional testing will be required unless directed to do so by the MRO. A dilute positive result is treated the same as any other positive drug test result and no additional testing will be required unless directed to do so by the MRO.

Testing Procedures:

A copy of 49 CFR Part 40 as amended, is available for review for complete and detailed laboratory, collection, MRO, and SAP procedures. An employee who would like to

review 49 CFR parts 40 and 655 may request a copy from the Designated Employer Representative (DER).

VII: Types of Drug & Alcohol Testing Events:

A. Pre-Employment /Reclassification Testing

All safety-sensitive applicants shall undergo urine drug testing prior to performing safety sensitive duties. This requirement also affects employees not in safety-sensitive positions who seek reclassification into a safety-sensitive position. Receipt by THE CITY OF PORTALES of a negative drug test result is required prior to performing safety sensitive duties in a covered position. A cancelled test result is not acceptable and must be retaken. If the applicant has a positive pre-employment drug test; he/she cannot be hired for a safety sensitive position.

If a current covered employee has not performed a safety sensitive duty for 90 days or longer, and has been removed from the random pool, the employee must submit to a new pre-employment drug test and receive a negative result before resuming safety-sensitive duties.

If otherwise qualified, an individual with permanent or long term disabilities that directly render them unable to provide an adequate urine specimen will be able to perform safety-sensitive duties despite their inability to provide urine during a pre-employment test. The MRO will determine long term inability to provide urine by medical examination and consultation with the employee's physician.

All applicants for safety-sensitive positions will be notified in writing that they will be required to undergo pre-employment/reclassification drug testing prior to their employment or performance of any safety sensitive duties and that they will be subject to drug and alcohol testing throughout the period of their employment with THE CITY OF PORTALES. THE CITY OF PORTALES will retain on file the drug test results of all new hires.

When a covered employee or applicant has previously failed or refused a DOT pre-employment drug test, (or any other DOT drug or alcohol test, or refused to be tested in the prior 2 years), the employee must present to the employer proof of successfully having completed a referral, evaluation and treatment plan as described in Sec. 655.62.

B. Reasonable Suspicion Testing

All safety-sensitive employees may be subject to a fitness for duty evaluation, to include appropriate urine and/or breath testing when there are reasons to believe that drug or alcohol use is adversely affecting job performance. THE CITY OF PORTALES reserves the right to refer an employee to a physician for a fitness for duty examination when the employee's observable behavior and reactions are considered inconsistent to a safe and drug-free workplace.

A reasonable suspicion referral for testing, as specified by 49 CFR Part 655, will be made on the basis of documented objective facts and circumstances which are consistent with the long or short-term effects of substance abuse. Reasonable suspicion testing can be done if the observation is made for suspicion of drug use at any time the employee is on duty however, alcohol testing must be done during, just preceding, or immediately following the performance of a safety sensitive function. The observations leading to that testing must be made during, just preceding, or just after the employee performs covered duties.

However, under THE CITY OF PORTALES's authority, a reasonable suspicion alcohol test may be performed anytime a covered employee is on duty.

Reasonable suspicion determinations will be made by one or more supervisor(s), in function rather than by title, who has been trained to detect the signs and symptoms of drug and alcohol use and who reasonably concludes that an employee may be adversely affected or impaired in his/her work performance due to prohibited substance abuse or misuse. Criteria for reasonable suspicion testing included specific, contemporaneous, and articulable observations concerning appearance, behavior, speech, or body odors of the covered employee consistent with possible drug or alcohol misuse. Written documentation shall be required for any reasonable suspicion testing. Only trained supervisors who directly observe said reasonably suspicious behavior have justification for requiring reasonable suspicion testing. The supervisor must secure approval from the Department Head and City Manager before requiring an employee to be tested. When a determination has been made for reasonable suspicion testing, the employee will be transported immediately by the supervisor or designee to the collection site. Alcohol tests delayed more than two hours must be accompanied with documentation specifying the reason for such a delay. Attempts to collect an alcohol test must conclude after 8 (eight) hours. If the alcohol test is not done within 8 hours the reasons for not testing must also be updated on the written report.

C. Post-Accident Testing

Safety-sensitive employees will be required to undergo urine drug and breath alcohol testing if they are involved in an accident with a public transportation system vehicle (regardless of whether or not the vehicle is in revenue service) that results in a fatality. Post-accident testing is mandatory for any accidents where there is loss of life. This includes all safety-sensitive employees that are on-duty in the vehicles and any other whose performance could have contributed to the accident, such as surviving operators, dispatchers, maintenance personnel, or other safety sensitive associated employees. Neither a deceased nor an unconscious employee can be tested. Any post-accident testing is stayed while the employee assists in resolution of the accident or receives medical attention following the accident.

In addition, a post-accident test will be conducted in situations where there isn't a fatality but the following occurs, (a) an individual requires immediate transportation to a medical treatment facility (as a result of collision or non-collision), or (b) any time one or more vehicles incurs disabling damage that prevents any of the vehicles involved from leaving the scene of the occurrence in their usual manner in daylight after simple repairs. In a non-fatal accident as previously described, post-accident testing will be conducted unless the operator's performance (and any other covered employees whose performance could have contributed to the accident) can be completely discounted as a contributing factor to the accident as determined by employer using the best information at the time of the decision.

Following an accident, the safety-sensitive employee will be tested as soon as possible, but not to exceed eight (8) hours for alcohol testing and 32 hours for drug testing. All accidents will have documentation as to whether or not a test was administered and the rationale for such a decision. If there is a delay of greater than 2 (two) hours for an alcohol test, a reason must be given in writing, retained in a file for possible later referral, and the employer must still attempt to administer the alcohol test, however, all attempts must cease after eight hours. If alcohol testing is not done within 8 hours following the accident the reasons for not testing must also be updated on the written report. Any safety-sensitive employees subject to post-accident testing must refrain from alcohol use for eight (8) hours following the accident or until he/she undergoes a post-accident alcohol test.

Safety-sensitive employees subject to post-accident testing must remain readily available for testing and the employer must know the whereabouts of those employees at all times until post-accident testing has been completed or until the employee has been completely discounted as a contributing factor.

Written rationale and documentation is required when a decision is made not to test an employee in a FTA nonfatal accident. In the rare event that the employee cannot participate in the FTA collection process, following an accident, the employer may accept the results of a test performed by federal, state, or local officials if results are released.

Any safety-sensitive employee who leaves the scene of the accident without justifiable explanation prior to submission to drug and alcohol testing will be considered to have refused the test. In such cases, the employee will be subject to the consequences of a test refusal.

Post-accident testing will be stayed while the employee(s) in question receive medical treatment following the accident. Procedures will be in place to insure testing can be conducted all hours of operation.

Following an accident, if it is determined that an FTA test is not required, the Transit System reserves the right to perform a post-accident test under its own authority. The supervisor will determine whether or not to administer the post-accident drug and alcohol tests to any affected employee. If the decision is not to test, the supervisor will document the reasons for not testing and the employee will be allowed to continue with his or her duties. If the decision is to test, the supervisor will verbally inform the employee that he/she will be tested and the supervisor will take the employee to the collection site. The supervisor will then take the employee home or arrange to have him/her taken home. The employee will not be allowed to perform any safety-sensitive function until test results are completed and reported by the MRO to the Designated Employer Representative. Employees with negative test results shall be allowed to return to duty with no loss of pay.

D. Random Testing

FTA regulations require random testing of drugs and alcohol for all safety-sensitive employees. Random testing serves as a deterrent against employee beginning or continuing drug use or alcohol misuse. All employees in safety-sensitive positions will be subjected to random, unannounced testing. The selection of safety-sensitive employees for random drug and/or alcohol testing will be made using a scientifically valid method that ensures each covered employee will have an equal chance of being selected each time selections are made and there will be no discretion of the managers as to the selections made. All safety-sensitive employees remain in the selection pool even after being selected for testing thus, employees may be selected more than once a year. The tests are conducted throughout the year in an unpredictable pattern. The random number selection process is conducted in strict confidence to ensure no employee is forewarned and that testing is

unannounced. A limited number of individuals will have knowledge of the random numbers to insure confidentiality and the integrity of the testing process.

The random testing period begins in January. The random tests will be spread throughout the draw period and all shifts in which safety-sensitive functions are performed. Random alcohol testing can only be performed just before, during, or just after the performance of a safety-sensitive job function, while drug tests can be conducted at any time during an employee's shift (i.e. beginning, middle, or end). Employees are required to proceed immediately to the collection site upon notification of their random selection.

Only US DOT safety-sensitive employees are included in the random pool. All safety-sensitive employees shall be notified discreetly to report to the collection site to provide for privacy.

THE CITY OF PORTALES retains records, the dates of notification that a safety-sensitive employee has been selected and the results of those tests. All information is confidential.

As a member of the New Mexico Department of Transportation Consortium, THE CITY OF PORTALES/ PORTALES AREA TRANSIT SYSTEM shall, during the course of a year, participate in the random testing program. The annual testing rate for random testing will always meet or exceed the minimum rate set by 49 CFR Part 655. These percentages are subject to change as a result of an annual statistical review by the FTA. The NMDOT contracts with a third party to provide the random draw and testing for THE PORTALES AREA TRANSIT SYSTEM. This party notifies the CITY OF PORTALES'S primary contact of the selection draw and the CITY is responsible for scheduling the testing.

E. Employee Requested Testing

Any safety-sensitive employee who has been notified by the MRO that he/she has a verified positive drug test and/or refusal to test because of adulteration or substitution may request the MRO to forward the split sample to a different DHHS certified laboratory for analysis. The test must be conducted on the split sample that was provided by the employee at the same time as the original sample. Payment for testing of the split specimen is the responsibility of the employee, unless the result of the split sample test invalidates the result of the original test. Testing will not be denied if the employee cannot pay. THE CITY OF PORTALES will ensure that the costs for the split specimen are covered in order to complete a timely analysis; however, THE CITY OF PORTALES will seek reimbursement for the split analysis from the employee. **The final split specimen result goes to the employer.**

The method of collecting, storing, and testing the split sample will be consistent with the procedures set forth in 49 CFR Part 40, as amended. The employee's request for split sample testing must be made to the Medical Review Officer within 72 hours of notice of the original sample verified test result. The MRO must direct the laboratory in writing to send the split sample with appropriate copies of the chain of custody form and a copy of the MRO's request for testing to another DHHS certified laboratory. Requests after 72 hours will only be accepted if the delay was due to documented facts that were beyond the control of the employee.

If an employee has sought a retest of the original specimen, he will be placed on leave of absence, without pay, during the time the specimen is being retested. If the retest is reported as negative, the employee will be reinstated to his former position and receive full compensation for the days he was off work. If the retest is positive, the employee will be subject to dismissal.

VIII. Employee Assessment

Any safety-sensitive employee or applicant who tests positive for the presence of illegal drugs and/or alcohol above the minimum thresholds set forth in 49 CFR Part 40, as amended, or has refused to submit to a drug or alcohol test (except in the case of an applicant) will be referred to a Substance Abuse Professional (SAP). An SAP shall be a licensed physician (Medical Doctor or Doctor of Osteopathy), or a licensed or certified psychologist, social worker, or employee assistance professional, state-licensed or certified marriage and family therapist, or drug and alcohol counselor (certified by the National Association of Alcoholism and Drug Abuse Counselors Certification Commission or by the International Certification Reciprocity Consortium/Alcohol and other Drug Abuse(ICRC) or by the National Board for Certified Counselors, Inc. and Affiliates/Master Addictions Counselor (NBCC) with knowledge of and clinical experience in the diagnosis and treatment of drug and alcohol related disorders. The SAP will adhere to the procedure and requirements defined in 49 CFR Part 40, subpart O.

The CITY OF PORTALES is not responsible for any costs incurred for the SAP's evaluation, assessment or any treatment recommendation.

IX. Voluntary Treatment Requirements (prior to any violation of this policy)

Voluntary requests for treatment must be made prior to any pending drug/alcohol test or disciplinary action. Employees will not be disciplined for requesting treatment, but will be expected to observe job performance standards and work rules as they apply to every employee.

All employees are encouraged to make use of the available resources for treatment for alcohol misuse and illegal drug use problems. Under certain circumstances, employees may be required to undergo treatment for substance abuse or alcohol misuse. Any employee who refuses or fails to comply with transit system requirements for treatment, after care, or return to duty shall be subject to disciplinary action, up to and including termination. The cost of any treatment or rehabilitation services will be paid directly by the employee or their insurance provider. Employees will be allowed to take accumulated sick leave and vacation leave to participate in the prescribed rehabilitation program.

Employee Assistance Resources: A Selected List of Available Substance Abuse Counseling Sources

The Solutions Group *	(855) 231-7737	www.solutionsbiz.com LOGIN: SONMEAP
Drug Abuse Information and Treatment Referral Hotline	(800) 662-HELP (4357)	www.drughelp.org
National Institute for Drug Abuse	(800) 967-5752	www.drugfreeworkplace.gov
Al-Anon	(800) 356-9996	
Alcohol Anonymous	(505) 266-1900	www.alcoholics-anonymous.org
Alcohol Screening		www.alcoholscreening.org
American Council of Alcoholism	(800) 527-5344	

*EAP Program through the SONM Risk Management Division

X. Information Disclosure

The CITY OF PORTALES will strictly adhere to all standards of confidentiality and assure all employees that testing records and results will be released only to those authorized by FTA rules to receive such information. All drug and alcohol testing records will be maintained in a secure manner so that disclosure of information to unauthorized persons does not occur. Privacy of each tested employee shall be strictly maintained. Information will only be released in the following circumstances:

1. to a third party only as directed by specific, written instruction of the employee;
2. to the decision-maker in a lawsuit, grievance, or other proceeding initiated by or on the behalf of the employee tested;

3. to a subsequent employer upon receipt of a written request from the employee;
4. to the National Transportation Safety Board during an accident investigation;
5. to the DOT or any DOT agency with regulatory authority over the employer or any of its employees, or to a State oversight agency authorized to oversee rail fixed-guideway systems; or
6. to the employee, upon written request.

Employees have the unqualified right to review their drug and alcohol testing records, to have access to information to dispute the results of any testing outcome, to have access to any pertinent records such as equipment calibration records and records of laboratory certifications.

XI. Employee and Supervisor Training

All safety sensitive employees will undergo a minimum of 60 minutes of training on the signs and symptoms of drug use including the effects and consequences of drug use on personal health, safety, and the work environment. The training must also include manifestations and behavioral cues that may indicate prohibited drug use. The training will be in the context of prohibited drug use in the workplace, the FTA regulations, and THE CITY OF PORTALES, PORTALES AREA TRANSIT SYSTEM's substance abuse policy. Additional training shall also include information concerning the effects of alcohol misuse on the individual's health, work, and personal life, and signs and symptoms of an alcohol problem. Printed literature concerning prohibited drug use and the effects of drugs and alcohol as well as a service hotline for employees experiencing problems with prohibited drugs and alcohol will be made readily available to all safety-sensitive employees.

Supervisors will also receive 60 minutes of reasonable suspicion training on the physical, behavioral, and performance indicators of probable drug use and 60 minutes of additional reasonable suspicion training on the physical, behavioral, speech, and performance indicators of probable alcohol misuse. Training shall be given to all supervisors concerning: (a) their role and responsibility of reasonable suspicion determinations, (b) procedures for initiating, sustaining, and documenting the referral of reasonable suspicions, (c) instructions for employee intervention, and (d) procedures for record keeping/documenting a reasonable suspicion event. Supervisors will not perform supervisory duties that require reasonable suspicion determination prior to completing supervisor training. Training for non-safety-sensitive employees on the importance of maintaining a drug-free workplace shall also be provided.

Handouts are available providing information concerning the effects of drug use and alcohol misuse on the individual's health, work, and personal life and the signs and symptoms of alcohol misuse.

XII. Employee/Employer Communications

This policy and current and future contracts will be modified to stay within required compliance with FTA regulations.

Copies of this policy will be provided to all safety-sensitive employees. A Confirmation of Receipt shall be signed acknowledging that the employee has received the policy and understands that it is the employee's responsibility to abide by the provisions of the policy. Revisions to this policy shall be made aware of to the employee and shall be acknowledged with an updated Confirmation of Receipt. All new hires shall receive the most current policy.

XIII. Proper Application of the Policy

Supervisors are the key to making any drug and alcohol testing program work smoothly and properly. It is the responsibility of the supervisor and Department Head to read and understand the City's drug and alcohol policy. Department Heads, or their designees, have the task and authority to:

1. Notify an employee to present him or herself for any required drug or alcohol test;
2. Monitor and enforce the dates and times of random testing notices;
3. Notify the DER and transport any employee suspected of using drugs or alcohol to the collection site;
4. After an accident that requires drug or alcohol testing, transport any employee to the collection site unless injuries prevent such transfer within 8-hours of the accident. In such case, determine if collections are possible at the treatment facility;
5. Remove any employee from his or her work function who refuses to test or hampers the testing procedures.

Supervisors/managers are required to use and apply all aspects of this policy in an unbiased and impartial manner. Any supervisor/manager who knowingly disregards the requirements of this policy, or who is found to deliberately misuse the policy in regard to subordinates, shall be subject to disciplinary action, up to and including termination.

**Attachment A
System Contacts**

Any questions regarding this policy or any other aspect of the drug free and alcohol-free transit program should contact the following employer representative:

Designated Employer Representative/Program Managers:

SHELLEY JOHNSON
CITY OF PORTALES, HR OFFICER (DER)
100 W. FIRST STREET, PORTALES, NM 88130
575-356-6662 X 1022

SUSAN BAYSINGER
CITY OF PORTALES, PUBLIC WORKS PROJECTS ADMINISTRATOR
100 W. FIRST STREET, PORTALES, NM 88130
575-356-6662 X 1025

KATHERINE HALL
PORTALES AREA TRANSIT COORDINATOR
200 E. 7TH STREET, PORTALES, NM 88130
575-356-8741

SAMHSA Certified Laboratory

Name: Alere Laboratories
1111 Newton Street
Gretna, LA 70053

Telephone Number: (800) 433-3823

Medical Review Officer:

Name: Consortium - Dr. Stephen Kracht
Address: 7500 W. 110th Street, Ste. 400A
PO Box 25903
Overland Park, KS 66225

Telephone Number: (855) 355-7058 Fax: (913) 498-5038

Substance Abuse Professionals – DOT

SAP: Nancy Davis, LMFT, SAP
Agency: Nancy J. Davis & Associates Counseling
Address: 201B Commerce Way, Clovis, NM 88101
Telephone Number: (214) 498-6394 or (575) 635-4141

SAP: Marty Petsonk
Agency: Marty Petsonk Counseling/Artesia Drug & Alcohol Screening
Address: 315 W. Washington Ave., Suites C & E, Artesia, NM 88211-0499
Telephone Number: (575) 746-3404

SAP: Eric Banagy
Agency: Clovis Counseling Center
Address: 921 E. 21st Street, Clovis, NM 88101
Telephone Number: (575) 762-0212

Substance Abuse Counselors:

Name: All Counselors
Agency: Mental Health Resources, Inc.
Address: 300 E. First Street, Portales, NM 88130
Telephone Number: (575) 359-1221

Name: Eric Banagay
Agency: Clovis Counseling Center
Address: 921 E. 21st. St., Clovis, NM 88101
Telephone Number: (575) 762-0212

Name: Several
Agency: Mental Health Resources, Inc.
Address: 1100 W. 21st Street, Clovis, NM 88101
Telephone Number: (575) 769-2345

FEDERAL SUBSTANCE ABUSE ASSISTANCE: 1-800-662-HELP (4357)

Collection Site:

American Mobile Drug Testing
2522 West 7th Street
Clovis, NM 88101
Telephone Number: (575) 760-9969

Mitzi Newberry, Certified Collector, B.A.T.
Joan M. Orcutt, Certified Collector, B.A.T.

Roosevelt General Hospital
42121 US Highway 70
Portales, NM 88130
Telephone Number: (575) 356-3451

Jim White, Laboratory Director

Attachment B

Safety-Sensitive Functions

Safety-Sensitive Positions at THE PORTALES AREA TRANSIT SYSTEM

All positions at the PORTALES AREA TRANSIT SYSTEM were reviewed for safety-sensitive duties, as defined in 49 CFR Part 655, to determine the safety-sensitive positions. Additionally, any new positions created in the future will be reviewed for safety-sensitive duties. The following positions were determined to be safety-sensitive:

PATS Coordinator (if performs dispatch/driver functions)

PATS Dispatcher/Assistant

Transit Drivers

DRUG AND ALCOHOL POLICY ADDENDUM

EFFECTIVE: JANUARY 1, 2018

The United States Department of Transportation (USDOT) – Office of Drug and Alcohol Policy and Compliance (ODAPC) has issued an update to USDOT’s drug and alcohol testing regulation (49 CFR Part 40). The new regulation has been revised and the changes (summarized below) will become effective on January 1, 2018. Therefore, the Portales Area Transit drug and alcohol testing policy is amended as follows:

1. CHANGES TO THE DRUG TESTING PANEL

- a. Four new opioids added to the drug testing panel –
 - i. The USDOT drug test remains a “5-panel” drug test; however, the list of opioids for which are tested will expand from three to seven opioids.
 - ii. The “opioid” category will continue to test for codeine, morphine, and heroin; however, the “opioid” testing panel will now be expanded to include four (4) new semi-synthetic opioids:
 1. (1) Hydrocodone, (2) Hydromorphone, (3) Oxycodone, and (4) Oxymorphone.
 2. Common brand names for these semi-synthetic opioids include, but may not be limited to: OxyContin®, Percodan®, Percocet®, Vicodin®, Lortab®, Norco®, Dilaudid®, Exalgo®.
- b. ‘MDA’ will be tested as an initial test analyte
- c. ‘MDEA’ will no longer be tested for under the “amphetamines” category.

2. BLIND SPECIMEN TESTING

- a. The USDOT no longer requires blind specimens to be submitted to laboratories.

3. ADDITIONS TO THE LIST OF “FATAL FLAWS”

- a. The following three circumstances have been added to the list of “fatal flaws”:
 - i. No CCF received by the laboratory with the urine specimen.
 - ii. In cases where a specimen has been collected, there was no specimen submitted with the CCF to the laboratory.
 - iii. Two separate collections are performed using one CCF.

4. MRO VERIFICATION OF PRESCRIPTIONS

- a. When a tested employee is taking a prescribed medication, after verifying the prescription and immediately notifying the employer of a verified negative result, the MRO must then (after notifying the employee) wait five (5) business days to be contacted by the employee's prescribing physician before notifying the employer of a medical qualification issue or significant safety risk.
 - i. Specifically, in cases where an MRO verifies a prescription is consistent with the Controlled Substances Act, but that the MRO has still made a determination that the prescription may disqualify the employee under other USDOT medical qualification requirements, or that the prescription poses a significant safety-risk, the MRO must advise the employee that they will have five (5) business days from the date the MRO reports the verified negative result to the employer for the employee to have their prescribing physician contact the MRO. The prescribing physician will need to contact the MRO to assist the MRO in determining if the medication can be changed to one that does not make the employee medically unqualified or does not pose a significant safety risk. If in the MRO's reasonable medical judgment, a medical qualification issue or a significant safety risk still remains after the MRO communicates with the employee's prescribing physician, or after five (5) business days, whichever is shorter, the MRO must communicate this issue to the employer consistent with 49 CFR Part 40.327.

5. DEFINITIONS

- a. The term "***DOT, the Department, DOT Agency***"
 - i. Modified to encompass all DOT agencies, including, but not limited to, FAA, FRA, FMCSA, FTA, PHMSA, NHTSA, Office of the Secretary (OST), and any designee of a DOT agency.
 - ii. For the purposes of testing under 49 CFR Part 40, the USCG (in the Department of Homeland Security) is considered to be a DOT agency for drug testing purposes.
- b. The term "***Opiate***" is replaced with the term "***Opioid***" in all points of reference.
- c. The definition of "***Alcohol Screening Device (ASD)***" is modified to include reference to the list of approved devices as listed on ODAPC's website.

- d. The definition of “**Evidential Breath Testing Device (EBT)**” is modified to include reference to the list of approved devices as listed on ODAPC’s website.
- e. The definition of “**Substance Abuse Professional (SAP)**” will be modified to include reference to ODAPC’s website. The fully revised definition includes:
 - i. A licensed physician (medical doctor or doctor of osteopathy) or licensed or certified psychologist, social worker, employee assistance professional, state-licensed or certified marriage and family therapist, or drug and alcohol counselor (certified by an organization listed at <https://www.transportation.gov/odapc/sap>) with knowledge of and clinical experience in the diagnosis and treatment of drug and alcohol related disorders.

NOTE: The revisions listed in this addendum include only those revisions to 49 CFR Part 40 which may be referenced in our drug & alcohol testing policy. A list of all the revisions made to 49 CFR Part 40 can be found at <https://www.transportation.gov/odapc>.

Addendum Authorization Date: December 31, 2017

Authorized Official (Printed Name): Sammy Standefer, City Manager

Signature:  _____