

# Comprehensive Annual Financial Report



Aztec Blvd - N Main Ave Landscaping



Splash & Play Water Park & Restrooms



Oliver Drive Improvements



Tiger Park Recreation



Hartman Park Concession Stand



Development of South Main Gateway

City of Aztec New Mexico  
July 1, 2011 to June 30, 2012



## **INTRODUCTORY SECTION**

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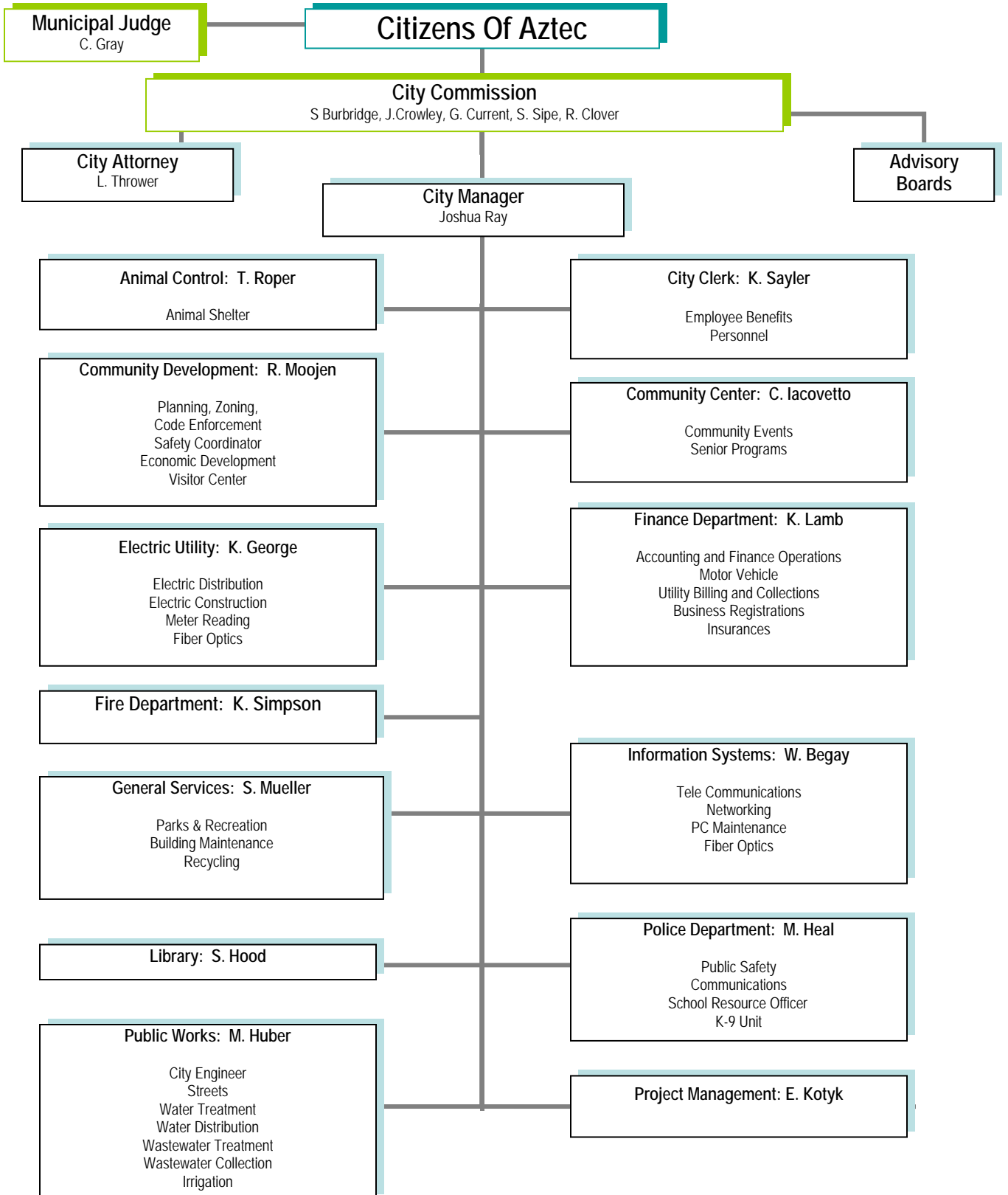
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# CITY OF AZTEC, NEW MEXICO

## ORGANIZATIONAL CHART

June 30, 2012



**CITY OF AZTEC, NEW MEXICO**  
**List of Principal Officials**

<u>Title</u>	<u>Name</u>
Mayor .....	Sally Burbridge
Mayor Pro-Tem .....	Jim Crowley
City Commissioner .....	Diana C. Mesch
City Commissioner .....	Sherri A. Sipe
City Commissioner .....	Eugene L. Current
City Manager .....	Joshua Ray
Finance Director .....	Kathy Lamb

## **FINANCIAL SECTION**

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## Independent Auditor's Report

City of Aztec  
Aztec, New Mexico  
Honorable Mayor and City Commission, and  
Hector H. Balderas, New Mexico State Auditor

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue fund of the City of Aztec, New Mexico (City), as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the City's nonmajor governmental and fiduciary funds, and the budgetary comparisons for the major capital projects fund, all nonmajor funds, and all enterprise funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

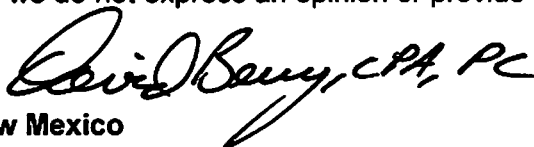
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the general fund and major special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental and fiduciary funds of the City, as of June 30, 2012, and the respective changes in the financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the major capital projects fund, nonmajor governmental funds, and all enterprise funds, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2013, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Audit Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages ix through xxii 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.

Our audit was conducted for the purpose of forming opinions on the basic financial statements, and the combining, individual fund financial statements and budgetary comparisons. The introductory section and the miscellaneous statistics section are presented for purposes of additional analysis and are not a required part of the financial statements. The additional schedules listed as "other supplementary information" in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and miscellaneous statistics 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 assurance on them.



Farmington, New Mexico  
January 15, 2013

## Management's Discussion and Analysis

As management of the City of Aztec, we offer readers of the City of Aztec's financial statements this narrative overview and analysis of the financial activities of the City of Aztec for the fiscal year ended June 30, 2012.

### Financial Highlights

- The assets of the City of Aztec exceeded its liabilities at the close of the most recent fiscal year by \$61,888,766 (*net assets*). Of this amount, \$17,734,490 (*unrestricted net assets*) may be used to meet the City's ongoing obligations to its citizens and creditors.
- Total net assets increased by \$1,988,496 from the prior year.
- As of the close of the current fiscal year, the City of Aztec's governmental funds reported combined ending fund balances of \$8,899,169 a decrease of \$469,392 in comparison with the prior year. Approximately 53.7% of this total fund balance amount, \$4,774,649, is available for spending at the City's discretion (*unrestricted fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$4,774,649 or 70.4 percent of the total general fund expenditures.

### Overview of Financial Statements

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

**Government-wide financial statements.** *The government-wide financial statements are designed to provide readers with a broad overview of the City of Aztec's financial condition, in a manner similar to a private-sector business. These statements consist of the statement of net assets and the statement of activities.*

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

The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will

only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave, etc).

Both of the government-wide financial statements distinguish functions of the City of Aztec 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 Aztec include general government, public safety, public works, culture and recreation, and health and welfare. The business-type activities of the City of Aztec include a joint utility fund comprised of electric, water, and wastewater utilities, solid waste operations and irrigation operations.

The government-wide financial statements can be found on pages 3-4 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Aztec, 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 Aztec can be divided into two categories: (1) governmental funds and (2) proprietary funds.

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

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

The City of Aztec maintains fourteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Municipal Road Fund and Capital Projects Fund, all of which are considered to be major funds. In FY11, the City implemented GASB 54. Governmental fund balances are now classified as *nonspendable, restricted, committed, assigned* and *unassigned*. Data from the other eleven governmental funds are combined into a single, aggregated presentation.

Individual fund data for these nonmajor governmental funds is provided in the form of *combining statements* following the notes to the financial statements (pages 39-44).

The City of Aztec adopts an annual appropriated budget for all of its governmental funds. Budgetary comparison statements have been provided for the governmental funds to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on pages 5-10 of this report.

**Proprietary funds.** The City of Aztec maintains one type of proprietary fund. *Enterprise Funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Aztec uses three enterprise funds to account for its electric, water, wastewater, sanitation and irrigation operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the joint utility fund (electric, water, and wastewater operations), solid waste and irrigation operations and are found on pages 59-61 of this report.

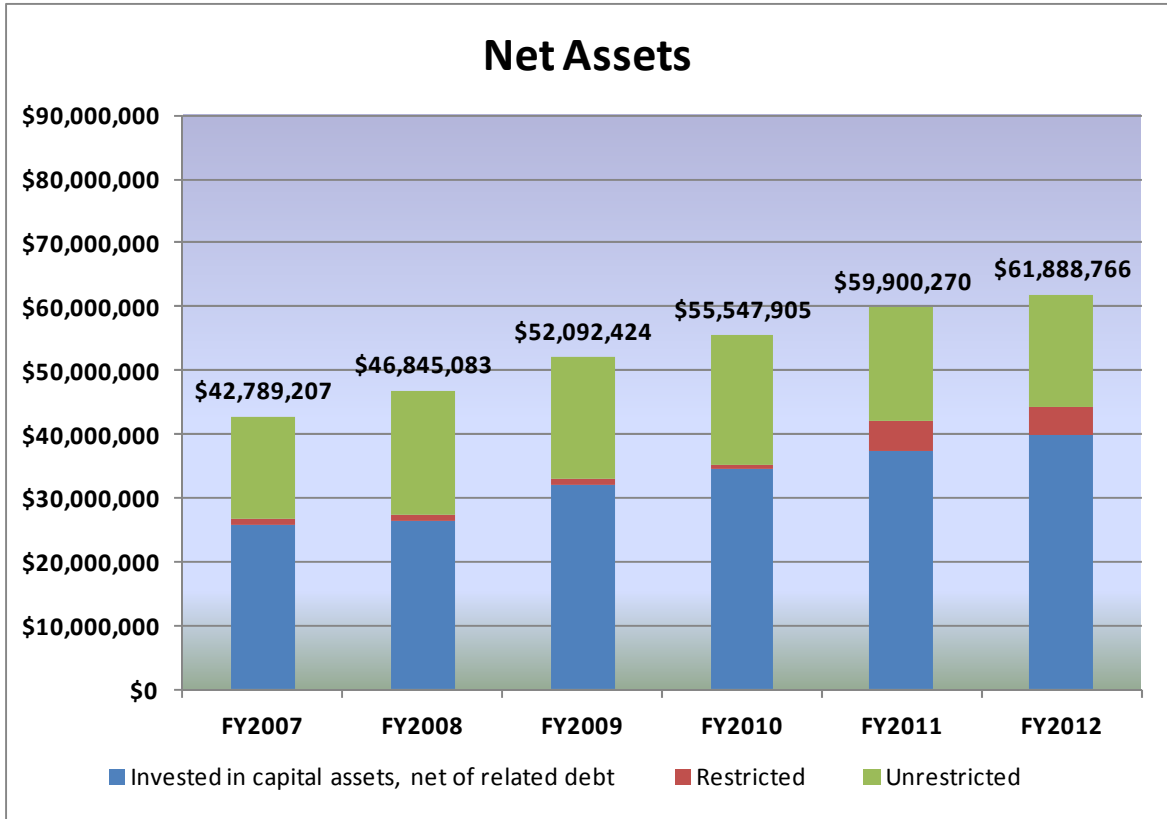
**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City of Aztec's own programs. The accounting for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund statements can be found on page 14 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 15-31 of this report.

## **Government-wide Financial Analysis**

As noted earlier, over time net assets may serve as a useful indicator of a government's financial position. In the case of the City of Aztec, assets exceeded liabilities by \$61,888,766 at the close of FY2012. Below is a chart indicating the net asset growth over the last five fiscal years.



The largest portion of the City of Aztec’s net assets (\$39,920,852 or 64.5%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City of Aztec uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Aztec’s investment in its capital assets is reported net of related debt, it should be noted that the resources required to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Aztec's Net Assets						
	Governmental Activities		Business-type Activities		Total	
	FY 2012	FY 2011	FY 2012	FY 2011	FY 2012	FY 2011
Current and other assets	\$10,143,860	\$11,953,511	\$14,260,232	\$15,423,972	\$24,404,092	\$27,377,483
Capital assets	20,238,944	19,085,883	28,184,585	28,456,104	48,423,529	47,541,987
Total assets	\$30,382,804	\$31,039,394	\$42,444,817	\$43,880,076	\$72,827,621	\$74,919,470
Long-term liabilities outstanding	3,978,514	4,549,987	4,475,915	7,091,423	8,130,355	11,641,410
Other liabilities	1,127,349	2,051,342	1,357,077	1,326,448	2,808,500	3,377,790
Total liabilities	\$5,105,863	\$6,601,329	\$5,832,992	\$8,417,871	\$10,938,855	\$15,019,200
Net assets						
Invested in capital assets, net of related debt	16,106,487	15,877,838	23,814,365	21,481,586	39,920,852	37,359,424
Restricted	3,983,424	4,553,662	250,000	443,456	4,233,424	4,997,118
Unrestricted	5,187,030	4,006,565	12,547,460	13,537,163	17,734,490	17,543,728
Total net assets	\$25,276,941	\$24,438,065	\$36,611,825	\$35,462,205	\$61,888,766	\$59,900,270

Another portion of the City of Aztec's net assets (\$4,233,424 or 6.8%) are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$17,734,490 or 28.7%) may be used to meet government's ongoing obligations.

At the end of the current fiscal year, the City of Aztec has achieved positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The City of Aztec's net assets increased by \$1,988,496 during the current fiscal year. This increase represents the continuing commitment of the Aztec City Commission and administration to build the financial stability of the City of Aztec.

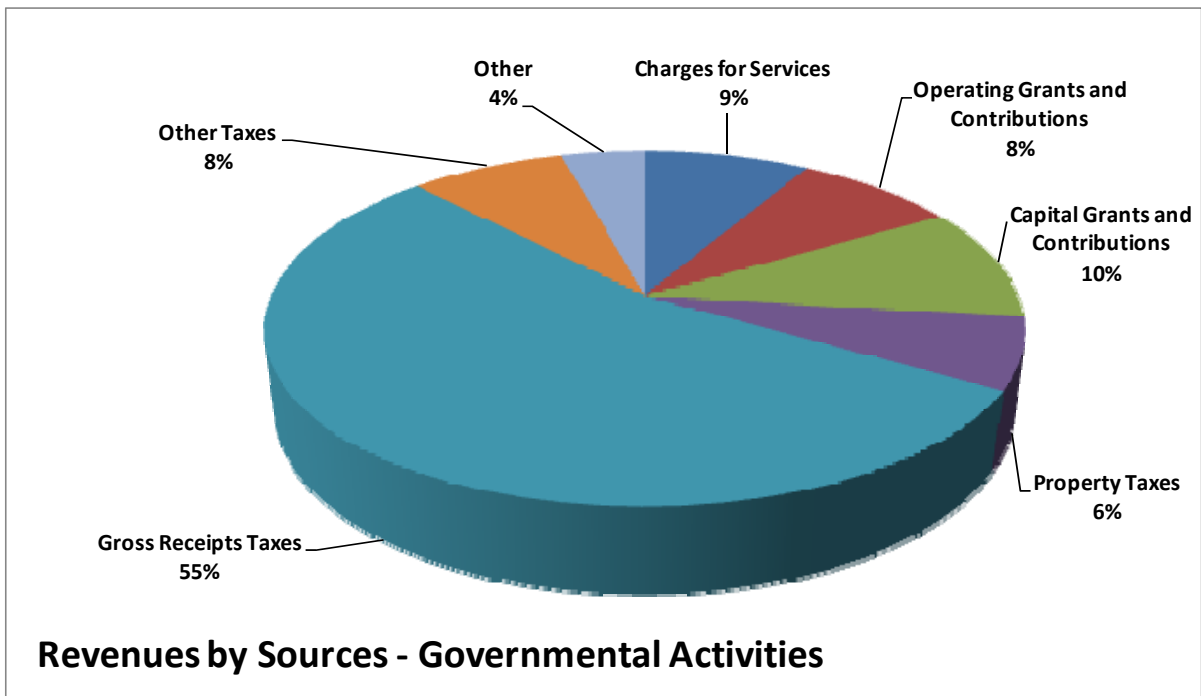
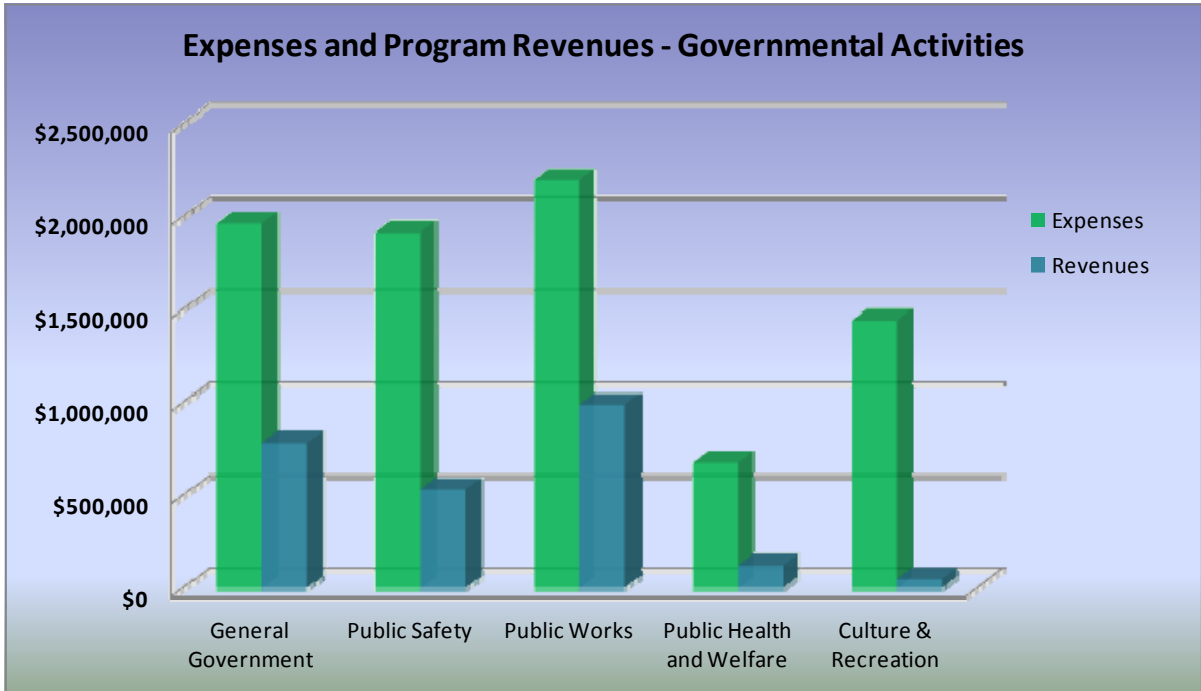
**City of Aztec's Changes in Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	FY 2012	FY 2011	FY 2012	FY 2011	FY 2012	FY 2011
Revenues:						
Program Revenues:						
Charges for Services	\$780,372	\$782,986	\$10,165,945	\$10,239,327	\$10,946,317	\$11,022,313
Operating Grants and contributions	756,548	269,709			756,548	269,709
Capital Grants and contributions	943,526	3,578,843	96,640	172,931	1,040,166	3,751,774
General Revenues:						
Property Taxes	588,699	571,668			588,699	571,668
GRT Taxes	5,029,168	4,255,156	102,074	88,721	5,131,242	4,343,877
Other Taxes	732,955	732,324			732,955	732,324
Other	389,275	287,405	42,153	64,379	431,428	351,784
Total Revenues	9,220,543	10,478,091	10,406,812	10,565,358	19,627,355	21,043,449
Expenses:						
General Government	1,961,789	2,199,348			1,961,789	2,199,348
Public Safety	1,915,374	1,891,687			1,915,374	1,891,687
Public Works	2,196,404	1,370,015			2,196,404	1,370,015
Public Health & Welfare	675,436	620,409			675,436	620,409
Culture & Recreation	1,442,998	1,317,231			1,442,998	1,317,231
Interest, Long Term Debt	189,666				189,666	
Joint Utility			8,549,579	8,610,592	8,549,579	8,610,592
Solid Waste			693,121	672,493	693,121	672,493
Irrigation			14,492	9,309	14,492	9,309
Total Expenses	8,381,667	7,398,690	9,257,192	9,292,394	17,638,859	16,691,084
Increase in net assets before transfers	838,876	3,079,401	1,149,620	1,272,964	1,988,496	4,352,365
Transfers		(860)		860	0	0
Restatement						
Increase in net assets	838,876	3,078,541	1,149,620	1,273,824	1,988,496	4,352,365
Net assets – 6/30/11	24,438,065	21,359,524	35,462,205	34,188,381	59,900,270	55,547,905
Net assets – 6/30/12	\$25,276,941	\$24,438,065	\$36,611,825	\$35,462,205	\$61,888,766	\$59,900,270



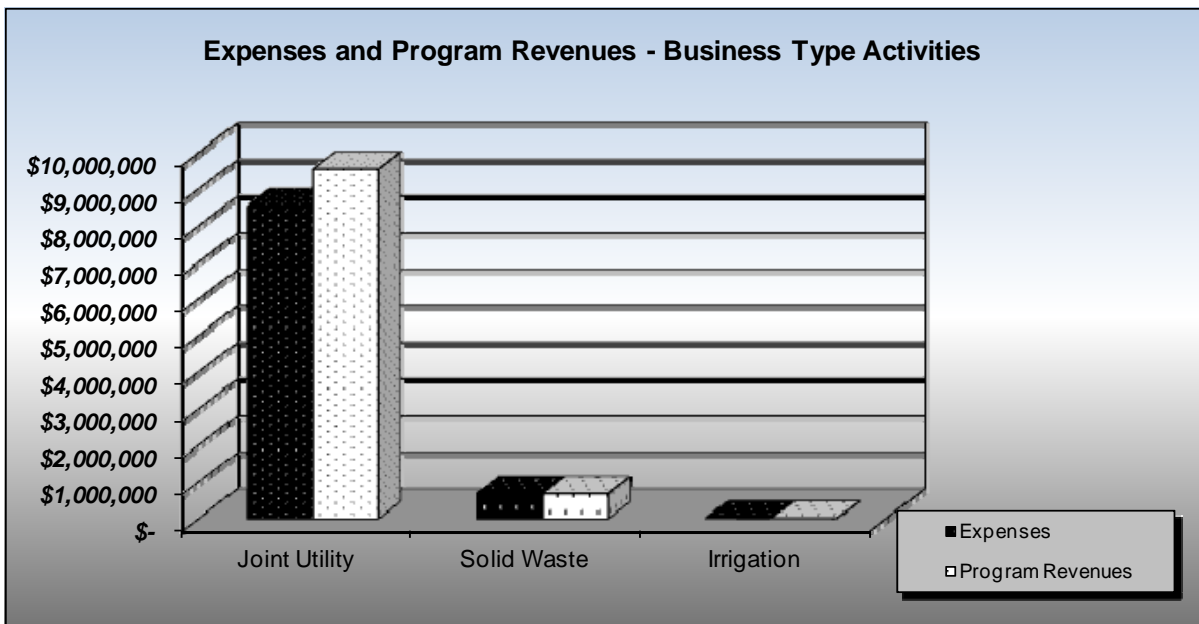
**Governmental activities.** Governmental activities increased the City of Aztec’s net assets by \$838,876. Key elements of the change in net assets are as follows:

- Gross Receipts Tax revenues increased by \$774,012 (18%) during the year and are attributable to a continuing steady recovery of the regional economy.

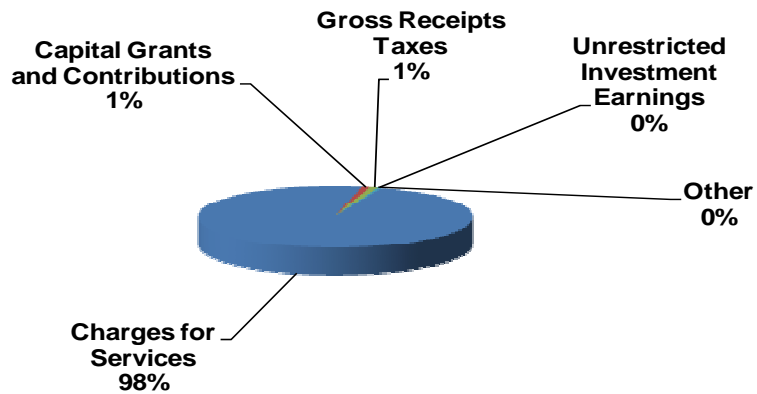


**Business-type activities.** Business-type activities increased the City of Aztec's net assets by \$1,149,620, accounting for 57.8 percent of the total growth in the government's net assets. Key financial elements of the past year are as follows:

- Operating expenses are 89.7 percent of revenues, resulting in \$1,043,901 in operating income.
- Total joint utility fund operating revenues decreased by \$69,203 or 0.7%.
  - Electric revenues decreased by \$54,890 or 1.74%
  - Water revenues decreased by \$10,446 or 1.03%
  - Wastewater revenues decreased by \$3,867 or .70%



## Revenues by Source - Business Type Activities



### Financial Analysis of the Government's Funds

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

**Governmental funds.** The focus of the City of Aztec's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City of Aztec's financing requirements. In particular, *unrestricted fund balance* (consisting of *committed* and *unassigned* balances) may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the June 30, 2012, the City of Aztec's governmental funds reported combined ending fund balances of \$8,899,169, a decrease of \$469,392 in comparison with the prior year. Approximately 53.7 percent of this total amount or \$4,774,649 constitutes *unassigned fund balance* which is available for spending at the government's discretion. The remainder of the balance is reserved to indicate that it is not available for new spending because it is *nonspendable* (\$2,113), *restricted* (\$3,983,424), and *committed* (\$138,983).

**General Fund.** The general fund is the chief operating fund of the City of Aztec. At the end of the current fiscal year, unassigned fund balance of the general fund was \$4,774,649 while total fund balance was \$5,476,715. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 70.4% of total fund expenditures, while total fund balance represents 80.7% of the same amount. The fund balance of the City of Aztec's general fund increased \$165,541 or 3.1% during the current fiscal year.

The total increase in general fund revenue was \$874,885 or 14%. Revenue categories contributing to the increase in general fund revenue include property tax, gross receipts tax and franchise tax revenues. Property tax revenues increased \$31,365 (5.9%) due to an increase in assessed property values. Gross receipts tax revenues increased \$642,458 (18.1%) with all reporting sectors reflecting growth since FY2011. Franchise taxes increased \$7,085 (1.3%) primarily due to an increase in tax revenues from the City's electric, water and wastewater utilities. Intergovernmental revenues increased by \$83,410 (12.4%), the result of increases in Municipal Court Automation grant (\$18,408), Animal Care local government agreements (\$18,171), and State Aging and Long Term Services grant (\$37,841). Investment earnings decreased \$6,810, the result of continuing low interest rates.

General Fund expenditures for FY2012 increased \$821,873 (13.8%), compared to FY11. Changes in expenditures contributing to the increase:

Personnel increased by \$194,000: Cost of living adjustment (1.6%), merit increases (maximum 2.4%), addition of dental health insurance benefit; statutory increase in NM Retiree Health Insurance benefit; addition of 1.5 FTE

City facility maintenance costs increased \$412,277 for increased maintenance of local roads and sidewalks and city buildings.

Capital expenditures increased \$215,596 primarily for replacement of vehicles and equipment.

*Major Funds.* Other key governmental-type funds, other than the general fund, include the municipal road fund and capital projects fund. The municipal road fund is funded primarily with Gross Receipt Tax (.125%) revenue and Gasoline Tax. Tax revenues in the road fund decreased \$448,448 (29.1%). This is due to reduced intergovernmental revenues; the city received ARRA funds in FY2011 which were not repeated in FY2012.

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

Unrestricted net assets of the joint utility fund at the end of the year amounted to \$12,186,630, for solid waste \$245,908, and irrigation \$114,922. The total growth in net assets for the joint utility fund was \$1,155,534. Net assets decreased in the solid waste fund by \$4,997 and irrigation fund \$917.

## Government Wide Budgetary Highlights

During the fiscal year, the City Commission approved adjustments to the City's budget. The majority of the adjustments were made during the mid-year budget adjustment process.

Differences between the original budget and the final amended budget were \$331,976 which represents a 1.1 percent increase in appropriations.

- Major adjustments included:
  - \$67,500 for NM Aging and Long Term Services grant for the purchase of new equipment and building maintenance
  - \$30,000 for the launch of National Geographic Four Corners Trail of the Ancients Geotourism Destination Map
  - \$20,500 for PetSmart Charities grant for equipment purchases and facility improvements at the city's animal shelter
  - \$51,000 for NM Youth Conservation Corps grants for summer youth program
  - \$54,100 for street maintenance project
  - \$99,323 for vehicle and equipment replacements

In the general fund, actual revenue exceeded budgetary estimates by \$1,424,703 or 25%. This increase is primarily attributable to gross receipts tax revenues exceeding a conservative budget estimate. Revenues exceeded FY11 (cash basis) by approximately 14% (\$874,885). General Fund expenditures were under budget by \$1,403,290 or 17.1%, the result of continued conservative spending throughout the year.

The joint utility fund actual revenue exceeded budget by \$44,602, less than 1%, and actual operating expenses were under budget by \$1,740,023 or 17.6%.

## Capital Asset and Debt Administration

**Capital assets.** The City of Aztec's investment in capital assets for its governmental and business type activities as of June 30, 2012, amounts to \$48,423,529 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, utility systems, machinery and equipment, park facilities, roads, highways, and bridges. The business-type capital assets accounted for \$28,184,585 or 58.2 percent of the total City of Aztec capital assets. Business type assets decreased in net value by \$271,519 or 1%.

The governmental activities investment in capital assets accounted for \$20,238,944 or 41.8 percent of all capital assets owned by the City.

Major capital asset events during this fiscal year including the following:

- Reconstruction of North Oliver, phase 1;
- Construction of Minium Park Splash and Play;
- Minium Park playground improvements;
- Construction of Minium Park restroom;
- Construction of South Gateway signage;
- Completion of Tiger Park recreation area;
- Completion of Hartman Park concession building;
- Wastewater treatment plant automation controls;
- Customer funded electric infrastructure expansion including Dollar General;
- Continued regular scheduled replacement of vehicles and heavy equipment.

**City of Aztec's Capital Assets**  
(net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	FY2012	FY2011	FY2012	FY2011	FY2012	FY2011
Land	638,435	638,435	720,752	694,402	1,359,187	1,332,837
Buildings & System	5,663,804	5,384,650	26,295,982	26,835,532	31,959,786	32,220,182
Improvements	2,466,018	1,432,645	0	0	2,466,018	1,432,645
Machinery & Equipment	1,391,106	1,220,382	1,026,018	910,920	2,417,124	2,131,302
Infrastructure	10,016,798	7,675,456	0	0	10,016,798	7,675,456
Construction in Progress	62,783	2,734,315	141,833	15,250	204,616	2,749,565
<b>Total</b>	<b>\$20,238,944</b>	<b>\$19,085,883</b>	<b>\$28,184,585</b>	<b>\$28,456,104</b>	<b>\$48,423,529</b>	<b>\$47,541,987</b>

Governmental fund future capital expenditures include signage and landscaping improvements along Aztec Blvd and Main Avenue (primary transportation corridors); park and recreation improvements at Hartman Park, Riverside Park and Kokopelli Park; and construction of pedestrian bridge and trail connections with Aztec Ruins National Park. The costs are anticipated to total \$2,500,000 for fiscal years 2013 and 2014 and will be funded through tax and grant revenues.

Capital expenses for the electric utility system scheduled in the current five-year capital improvements plan include the city-wide replacement of electric distribution poles, fiber optic network expansion and continued customer requested electric line extensions. The City expects to fund these projects from electric customer-generated revenues.

Capital expenses for the water utility system scheduled in the current five-year capital improvements plan principally include upgrades and replacements of existing facilities to maintain the existing system and meet future demand requirements. The capital expenditures are expected to total \$3,600,000 for fiscal years 2013 and 2014. The improvements will be funded through a combination of internally generated funds, grants and loan proceeds.

Wastewater system improvements include the replacement of the outfall wastewater collection line. Cost is anticipated to total \$2,900,000 and will be funded through utility fees, grant and loan proceeds. Construction is anticipated in FY2014.

Additional information on the City of Aztec's capital assets can be found in note C on pages 24-25 of this report.

**Long-term debt.** At the end of the current fiscal year, the City of Aztec had no bonded debt outstanding.

Due to continuing low interest rates, City administration recommended and the governing body directed several loans in the joint utility fund to be prepaid. Long term debt was reduced by \$2.6 million and interest expense savings through 2049 is approximately \$1.3 million.

Additional information on the City of Aztec's long-term debt can be found in note E on pages 26-28 of this report.

**Debt limitation.** Article IX, Section 13 of the State Constitution limits the powers of the City to incur general obligation debt in an aggregate amount, including existing indebtedness, not to exceed four percent of the value of the taxable property in the City as shown by the last preceding general assessments. The City may, however, contract debt in excess of such limitation for the construction or purchase of a system for supplying water or a sewer system for the City. Based on the 2012 assessed valuation of \$112,353,073, the City's general obligation debt limit is \$4,494,123. The City presently has no general obligation bonds outstanding.

**Future bond financing activities.** None

### **Economic Factors and Next Year's Budgets and Rates**

The governing body, beginning with the FY2010 budget, required significant reductions to departmental budgets (both governmental and business-type activities) to reduce the use of cash reserves to balance the annual budget. A process began in FY2011 to review all city operations to streamline costs, increase efficiency and productivity. The goal for the FY2014 budget is to be revenue neutral.

Personnel positions – while the city does not have a hiring freeze, any position request or replacement must be justified by the requesting department and approved by the City Manager. COLA increases of 3% and merit increases (up to 1%) are included in the FY2013 budgets. The City participates in the State of New Mexico employee health care insurance plans which had no premium increases in FY12 and none is anticipated during FY2013. The City continues to provide employees the opportunity for both vacation and sick leave buyback as provided in the City Personnel Policy.

Capital purchases – vehicle and equipment purchases, although scheduled through a managed plan, are reviewed and again, only with critical need documentation and city manager approval, are purchases allowed.

Economic Development - An agreement with a private developer for the construction of a chain hotel was finalized during the fall of 2012 and commits the city to provide transportation and utility infrastructure for the development. City infrastructure improvements are estimated to cost \$875,000 including roadway and drainage improvements, pedestrian facilities, and utility extensions (electric, water and wastewater). Governmental activity improvements will be funded with gross receipt tax revenues and utility infrastructure funded with joint utility cash reserves.

San Juan County is dependent on the energy industry and changes in federal and state regulations have impacted the industry. The industry is slowly recovering but will continue to impact City revenues into FY2013 and potentially FY2014 resulting in continued conservative tax revenue estimates.

No City initiated rate increases are anticipated in the gross receipts or property tax rates for FY13 or FY14.

Utility rates are regularly reviewed to ensure the availability of sufficient revenues to cover operating and maintenance costs as well as providing a reserve for future capital improvements and expansion.

### **Requests for Information**

This financial report is designed to provide a general overview of the City of Aztec's finances for all 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, 201 W Chaco, Aztec, NM 87410.



## **Basic Financial Statements**

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**CITY OF AZTEC, NEW MEXICO**  
**Statement of Net Assets**  
**June 30, 2012**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 6,047,842	\$ 11,826,716	\$ 17,874,558
Cash with fiscal agent	504,947	-	504,947
Receivables (net, where applicable, of allowances for uncollectibles)	-	1,212,781	1,212,781
Interest receivable	-	15,952	15,952
Intergovernmental receivable	3,523,862	35,758	3,559,620
Other receivables	65,096	-	65,096
Inventories	-	1,169,025	1,169,025
Prepays	2,113	-	2,113
Capital assets:			
Non-depreciable assets	701,218	862,585	1,563,803
Depreciable assets, net	19,537,726	27,322,000	46,859,726
Total assets	30,382,804	42,444,817	72,827,621
<b>LIABILITIES:</b>			
Accounts payable	487,034	819,467	1,306,501
Accrued payroll, taxes and benefits	166,917	173,394	340,311
Accrued interest payable	30,895	239	31,134
Unearned revenue	4,078	49,059	53,137
Customer deposits	-	314,918	314,918
Non-current liabilities:			
Due within one year	438,425	324,074	762,499
Due in more than one year	3,978,514	4,151,841	8,130,355
Total liabilities	5,105,863	5,832,992	10,938,855
<b>NET ASSETS:</b>			
Invested in capital assets, net of related debt	16,106,487	23,814,365	39,920,852
Restricted for:			
Public safety	907,623	-	907,623
Lodgers promotion	25,516	-	25,516
Capital projects	2,197,411	-	2,197,411
Debt service	151,508	250,000	401,508
Subsequent year's statutory reserve	701,366	-	701,366
Unrestricted	5,187,030	12,547,460	17,734,490
Total net assets	\$ 25,276,941	\$ 36,611,825	\$ 61,888,766

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

**CITY OF AZTEC, NEW MEXICO**  
**Statement of Activities**  
**For the Year Ended June 30, 2012**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
<b>Primary government:</b>							
Governmental activities:							
General government	\$ 1,961,789	\$ 284,305	\$ 420,942	\$ 79,256	\$ (1,177,286)	\$ -	\$ (1,177,286)
Public safety	1,915,374	390,107	139,892	3,323	(1,382,052)	-	(1,382,052)
Public works	2,196,404	28,919	99,155	860,947	(1,207,383)	-	(1,207,383)
Public health and welfare	675,436	27,640	96,559	-	(551,237)	-	(551,237)
Culture and recreation	1,442,998	49,401	-	-	(1,393,597)	-	(1,393,597)
Interest on long-term debt	189,666	-	-	-	(189,666)	-	(189,666)
Total governmental activities	<u>8,381,667</u>	<u>780,372</u>	<u>756,548</u>	<u>943,526</u>	<u>(5,901,221)</u>	<u>-</u>	<u>(5,901,221)</u>
Business-type activities:							
Joint utility	8,549,579	9,465,404	-	96,640	-	1,012,465	1,012,465
Solid waste	693,121	687,382	-	-	-	(5,739)	(5,739)
Irrigation	14,492	13,159	-	-	-	(1,333)	(1,333)
Total business-type activities	<u>9,257,192</u>	<u>10,165,945</u>	<u>-</u>	<u>96,640</u>	<u>-</u>	<u>1,005,393</u>	<u>1,005,393</u>
Total government	<u>17,638,859</u>	<u>10,946,317</u>	<u>756,548</u>	<u>1,040,166</u>	<u>(5,901,221)</u>	<u>1,005,393</u>	<u>(4,895,828)</u>
General revenues:							
Property taxes					588,699	-	588,699
Gross receipts tax					5,029,168	102,074	5,131,242
Franchise taxes					552,008	-	552,008
Other taxes					180,947	-	180,947
Miscellaneous					378,685	-	378,685
Unrestricted investment earnings					23,867	42,153	66,020
Loss on disposition of capital assets					(13,277)	-	(13,277)
Transfers					-	-	-
Total general revenues and transfers					<u>6,740,097</u>	<u>144,227</u>	<u>6,884,324</u>
Change in net assets					838,876	1,149,620	1,988,496
Net assets - beginning					24,438,065	35,462,205	59,900,270
Net assets - ending					<u>\$ 25,276,941</u>	<u>\$ 36,611,825</u>	<u>\$ 61,888,766</u>

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

**CITY OF AZTEC, NEW MEXICO**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2012**

	General	Municipal Road	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 4,115,386	\$ -	\$ 833,557	\$ 1,098,899	\$ 6,047,842
Cash with fiscal agent	-	-	504,947	-	504,947
Intergovernmental receivable	1,577,439	1,835,321	111,102	-	3,523,862
Other receivables	59,291	-	-	5,805	65,096
Prepaid items	700	-	-	1,413	2,113
Due from other funds	638,980	-	-	-	638,980
Total Assets	<u>\$ 6,391,796</u>	<u>\$ 1,835,321</u>	<u>\$ 1,449,606</u>	<u>\$ 1,106,117</u>	<u>\$ 10,782,840</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 147,113	\$ 217,957	\$ 105,071	\$ 16,893	\$ 487,034
Accrued payroll, taxes and benefits	166,417	-	-	500	166,917
Unearned revenue	2,740	-	-	1,338	4,078
Deferred revenue	586,662	-	-	-	586,662
Due to other funds	12,149	626,831	-	-	638,980
Total Liabilities	<u>915,081</u>	<u>844,788</u>	<u>105,071</u>	<u>18,731</u>	<u>1,883,671</u>
Fund Balances:					
Nonspendable:					
Inventories and prepaids	700	-	-	1,413	2,113
Restricted to:					
Public safety	-	-	-	907,623	907,623
Lodgers promotion	-	-	-	25,516	25,516
Capital projects	-	990,533	1,193,027	13,851	2,197,411
Debt service	-	-	151,508	-	151,508
Subsequent years expenditures	701,366	-	-	-	701,366
Committed to:					
Economic development	-	-	-	112,267	112,267
Culture and recreation	-	-	-	26,716	26,716
Unassigned	4,774,649	-	-	-	4,774,649
Total Fund Balances	<u>5,476,715</u>	<u>990,533</u>	<u>1,344,535</u>	<u>1,087,386</u>	<u>8,899,169</u>
Total Liabilities and Fund Balances	<u>\$ 6,391,796</u>	<u>\$ 1,835,321</u>	<u>\$ 1,449,606</u>	<u>\$ 1,106,117</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	20,238,944
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	586,662
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
Contracts and loans payable	(4,132,457)
Accrued compensated absences	(284,482)
Accrued interest payable	(30,895)
Net assets of governmental activities	<u>\$ 25,276,941</u>

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

**CITY OF AZTEC, NEW MEXICO**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2012**

	General	Municipal Road	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>					
Taxes:					
Property	\$ 567,425	\$ -	\$ -	\$ -	\$ 567,425
Gross Receipts	4,188,505	210,182	630,481	-	5,029,168
Franchise	552,008	-	-	-	552,008
Other	-	170,022	-	10,925	180,947
Licenses and permits	56,258	-	-	6,000	62,258
Intergovernmental	756,548	714,467	-	229,059	1,700,074
Charges for services	231,154	-	-	96,853	328,007
Fines	390,107	-	-	-	390,107
Investment earnings	14,745	227	5,199	3,696	23,867
Miscellaneous	374,947	-	-	3,738	378,685
Total Revenues	<u>7,131,697</u>	<u>1,094,898</u>	<u>635,680</u>	<u>350,271</u>	<u>9,212,546</u>
<b>EXPENDITURES:</b>					
Current:					
General government	1,862,185	-	20,491	3,899	1,886,575
Public safety	1,619,985	-	-	163,270	1,783,255
Public works	973,416	558,334	-	-	1,531,750
Public health and welfare	633,678	-	-	-	633,678
Culture and recreation	1,077,220	-	-	4,569	1,081,789
Capital outlay	619,025	591,266	1,203,696	10,953	2,424,940
Debt service:					
Principal	-	-	149,400	-	149,400
Interest	-	-	190,551	-	190,551
Total Expenditures	<u>6,785,509</u>	<u>1,149,600</u>	<u>1,564,138</u>	<u>182,691</u>	<u>9,681,938</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>346,188</u>	<u>(54,702)</u>	<u>(928,458)</u>	<u>167,580</u>	<u>(469,392)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Operating transfers, in	26,664	200,000	-	7,311	233,975
Operating transfers, out	(207,311)	-	-	(26,664)	(233,975)
Total other financing sources and uses	<u>(180,647)</u>	<u>200,000</u>	<u>-</u>	<u>(19,353)</u>	<u>-</u>
Net change in fund balances	165,541	145,298	(928,458)	148,227	(469,392)
Fund balances - beginning	5,311,174	845,235	2,272,993	939,159	9,368,561
Fund balances - ending	<u>\$ 5,476,715</u>	<u>\$ 990,533</u>	<u>\$ 1,344,535</u>	<u>\$ 1,087,386</u>	<u>\$ 8,899,169</u>

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

**CITY OF AZTEC, NEW MEXICO**  
**Reconciliation of the Statement of Revenues**  
**Expenditures, and Changes in Fund Balances of Governmental Funds**  
**To the Statement of Activities**  
**For the Year Ended June 30, 2012**

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

Net change in fund balances-total governmental funds	<u>\$ (469,392)</u>
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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. The detail is as follows:

Capital outlay	2,209,142
Loss on disposition of capital assets	(13,277)
Depreciation expense	<u>(1,042,804)</u>
Total	<u>1,153,061</u>

Deferred revenues are not available to pay current period expenditures and therefore are not recognized in the fund financial statement. The revenues are not deferred in the governmental activities of the Statement of Net Assets.

	<u>21,274</u>
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The detail is as follows:

Issuance of debt	-
Principal repayments	149,400
Accrued interest payable	885
Compensated absences	<u>(16,352)</u>
Total	<u>133,933</u>

Change in net assets of governmental activities	<u><u>\$ 838,876</u></u>
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The notes to the financial statements are an integral part of this statement.

**CITY OF AZTEC, NEW MEXICO**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual**  
**For the Year Ended June 30, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Taxes:				
Property taxes	\$ 536,507	\$ 536,507	\$ 567,425	\$ 30,918
Gross receipts tax	2,956,012	2,975,382	4,188,505	1,213,123
Franchise taxes	551,330	551,330	552,008	678
Licenses and permits	52,450	52,450	56,258	3,808
Intergovernmental	471,069	607,633	756,548	148,915
Charges for services	278,150	283,016	231,154	(51,862)
Fines	349,200	349,200	390,107	40,907
Investment earnings	23,000	23,000	14,745	(8,255)
Miscellaneous	255,000	328,476	374,947	46,471
Total Revenues	5,472,718	5,706,994	7,131,697	1,424,703
<b>EXPENDITURES:</b>				
Current:				
General government:				
Legislative	94,605	94,189	50,003	44,186
Economic Development	157,000	171,000	18,767	152,233
Visitor center	189,927	220,944	174,475	46,469
Judicial	189,430	194,146	184,287	9,859
City Manager	349,682	355,764	266,949	88,815
Finance	598,093	443,711	348,561	95,150
Legal	45,675	45,675	41,686	3,989
Motor vehicle	232,025	232,030	192,938	39,092
Planning	191,841	191,875	176,558	15,317
Information systems	121,333	124,198	96,272	27,926
City buildings	308,376	311,274	263,696	47,578
Project management	78,991	81,029	47,993	33,036
Total general government	2,556,978	2,465,835	1,862,185	603,650
Public safety:				
Police	1,746,605	1,765,905	1,560,020	205,885
Fire	85,110	85,110	59,965	25,145
Total public safety	1,831,715	1,851,015	1,619,985	231,030
Public works:				
Streets	1,083,807	1,201,619	973,416	228,203
Public health and welfare:				
Animal control	601,155	647,746	627,558	20,188
Vector control	8,900	8,900	6,120	2,780
Total public health and welfare	610,055	656,646	633,678	22,968
Culture and recreation:				
Recreation	84,321	89,021	60,145	28,876
Parks	552,629	564,866	493,826	71,040
Library	316,546	323,660	282,246	41,414
Community center	200,563	208,216	171,932	36,284
Community support	76,065	76,065	69,071	6,994
Total culture and recreation	1,230,124	1,261,828	1,077,220	184,608
Capital outlay:				
General government	174,665	159,396	148,025	11,371
Public safety	91,000	91,000	61,527	29,473
Public works	244,500	285,255	258,366	26,889
Public health and welfare	31,679	35,605	24,532	11,073
Culture and recreation	50,000	180,600	126,575	54,025
Total capital outlay	591,844	751,856	619,025	132,831
Total expenditures	7,904,523	8,188,799	6,785,509	1,403,290
Excess of revenues over expenditures	(2,431,805)	(2,481,805)	346,188	2,827,993
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	26,664	26,664	26,664	-
Transfers out	(260,000)	(260,000)	(207,311)	(52,689)
Total Other Financing Sources and Uses	(233,336)	(233,336)	(180,647)	(52,689)
Net change in fund balances	(2,665,141)	(2,715,141)	165,541	2,775,304
Fund balances - beginning	5,311,174	5,311,174	5,311,174	-
Fund balances - ending	\$ 2,646,033	\$ 2,596,033	\$ 5,476,715	\$ 2,775,304

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



**CITY OF AZTEC, NEW MEXICO**  
**Municipal Road Special Revenue Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes:				
Gross receipts tax	\$ 148,698	\$ 148,698	\$ 210,182	\$ 61,484
Other taxes	144,000	144,000	170,022	26,022
Intergovernmental	1,276,405	1,276,405	714,467	(561,938)
Investment earnings	6,000	6,000	227	(5,773)
Miscellaneous	-	-	-	-
Total Revenues	1,575,103	1,575,103	1,094,898	(480,205)
<b>EXPENDITURES:</b>				
Current:				
Public works	1,142,500	1,034,500	558,334	476,166
Capital outlay	1,715,290	1,823,290	591,266	1,232,024
Total Expenditures	2,857,790	2,857,790	1,149,600	1,708,190
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,282,687)	(1,282,687)	(54,702)	1,227,985
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	200,000	200,000	200,000	-
Net change in fund balances	(1,082,687)	(1,082,687)	145,298	1,227,985
Fund balances - beginning	845,235	845,235	845,235	-
Fund balances - ending	\$ (237,452)	\$ (237,452)	\$ 990,533	\$ 1,227,985

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

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**CITY OF AZTEC, NEW MEXICO**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2012**

	<b>Business-type Activities-Enterprise Funds</b>			
	<b>Joint Utility</b>	<b>Solid Waste</b>	<b>Irrigation Assessment</b>	<b>Totals</b>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 11,496,069	\$ 215,795	\$ 114,852	\$ 11,826,716
Accounts receivable (net of allowance for doubtful accounts)	1,122,931	89,780	70	1,212,781
Interest receivable	15,952	-	-	15,952
Intergovernmental receivable	35,758	-	-	35,758
Inventories	1,169,025	-	-	1,169,025
Total Current Assets	<u>13,839,735</u>	<u>305,575</u>	<u>114,922</u>	<u>14,260,232</u>
Noncurrent assets:				
Capital assets:				
Land and land rights	720,752	-	-	720,752
Building and system	37,227,639	-	-	37,227,639
Machinery and equipment	3,191,605	52,752	146,341	3,390,698
Construction in progress	141,833	-	-	141,833
Less accumulated depreciation	(13,186,424)	(40,840)	(69,073)	(13,296,337)
Total noncurrent assets	<u>28,095,405</u>	<u>11,912</u>	<u>77,268</u>	<u>28,184,585</u>
Total Assets	<u>41,935,140</u>	<u>317,487</u>	<u>192,190</u>	<u>42,444,817</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	762,959	56,508	-	819,467
Accrued payroll, taxes and benefits	170,235	3,159	-	173,394
Accrued interest payable	239	-	-	239
Unearned revenue	49,059	-	-	49,059
Customer deposits	314,918	-	-	314,918
Compensated absences, current portion	105,695	-	-	105,695
Bonds, notes and loans payable - current portion	218,379	-	-	218,379
Total Current Liabilities	<u>1,621,484</u>	<u>59,667</u>	<u>-</u>	<u>1,681,151</u>
Noncurrent liabilities:				
Compensated absences	-	-	-	-
Bonds, notes and loans payable, net	4,151,841	-	-	4,151,841
Total noncurrent liabilities	<u>4,151,841</u>	<u>-</u>	<u>-</u>	<u>4,151,841</u>
Total liabilities	<u>5,773,325</u>	<u>59,667</u>	<u>-</u>	<u>5,832,992</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	23,725,185	11,912	77,268	23,814,365
Restricted for debt service	250,000	-	-	250,000
Unrestricted	12,186,630	245,908	114,922	12,547,460
Total net assets	<u>\$ 36,161,815</u>	<u>\$ 257,820</u>	<u>\$ 192,190</u>	<u>\$ 36,611,825</u>

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

**CITY OF AZTEC, NEW MEXICO**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Year Ended June 30, 2012**

	<b>Business-type Activities-Enterprise Funds</b>			
	<b>Joint Utility</b>	<b>Solid Waste</b>	<b>Irrigation Assessment</b>	<b>Totals</b>
Operating revenues:				
Charges for services	\$ 9,369,779	\$ 685,977	\$ 13,159	\$ 10,068,915
Miscellaneous	95,625	1,405	-	97,030
Total Operating Revenues	<u>9,465,404</u>	<u>687,382</u>	<u>13,159</u>	<u>10,165,945</u>
Operating expenses:				
Salaries and fringe benefits	1,412,829	19,873	-	1,432,702
Purchased power, fuel and chemicals	3,418,406	-	-	3,418,406
Other operating expenses	1,662,024	670,077	9,753	2,341,854
Payments in lieu of taxes	455,805	-	-	455,805
Depreciation and amortization	1,465,367	3,171	4,739	1,473,277
Total Operating Expenses	<u>8,414,431</u>	<u>693,121</u>	<u>14,492</u>	<u>9,122,044</u>
Operating income (loss)	<u>1,050,973</u>	<u>(5,739)</u>	<u>(1,333)</u>	<u>1,043,901</u>
Nonoperating revenues (expenses):				
Investment earnings	40,995	742	416	42,153
Gross receipts tax	102,074	-	-	102,074
Interest expense	(121,464)	-	-	(121,464)
Loss on disposition of capital assets	(13,684)	-	-	(13,684)
Total Nonoperating Revenues (Expenses)	<u>7,921</u>	<u>742</u>	<u>416</u>	<u>9,079</u>
Income (Loss) Before Operating Transfers	<u>1,058,894</u>	<u>(4,997)</u>	<u>(917)</u>	<u>1,052,980</u>
Capital contributions	96,640	-	-	96,640
Operating transfers, in	839,992	-	-	839,992
Operating transfers, out	(839,992)	-	-	(839,992)
Change in net assets	<u>1,155,534</u>	<u>(4,997)</u>	<u>(917)</u>	<u>1,149,620</u>
Total net assets - beginning	<u>35,006,281</u>	<u>262,817</u>	<u>193,107</u>	<u>35,462,205</u>
Total net assets - ending	<u>\$ 36,161,815</u>	<u>\$ 257,820</u>	<u>\$ 192,190</u>	<u>\$ 36,611,825</u>

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

**CITY OF AZTEC, NEW MEXICO**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2012**

	<b>Business-type Activities-Enterprise Funds</b>			
	<b>Joint Utility</b>	<b>Solid Waste</b>	<b>Irrigation Assessment</b>	<b>Totals</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers/users	\$ 9,383,807	\$ 681,674	\$ 13,233	\$10,078,714
Payments to suppliers	(5,176,282)	(664,613)	(9,753)	(5,850,648)
Payments to employees	(1,406,500)	(19,901)	-	(1,426,401)
Net cash provided by operating activities	<u>2,801,025</u>	<u>(2,840)</u>	<u>3,480</u>	<u>2,801,665</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfer to other funds	839,992	-	-	839,992
Transfer from other funds	(839,992)	-	-	(839,992)
Advances from / to other funds	(244,783)	-	-	(244,783)
Net cash provided (used) by noncapital financing activities	<u>(244,783)</u>	<u>-</u>	<u>-</u>	<u>(244,783)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Capital contributions	96,640	-	-	96,640
Gross receipts tax	102,074	-	-	102,074
Purchases of capital assets	(1,191,651)	-	(23,791)	(1,215,442)
Principal paid on capital debt	(2,604,299)	-	-	(2,604,299)
Interest paid on capital debt	(121,464)	-	-	(121,464)
Net cash provided (used) by capital and related financing activities	<u>(3,718,700)</u>	<u>-</u>	<u>(23,791)</u>	<u>(3,742,491)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investment income received	40,995	742	416	42,153
Net increase in cash and cash equivalents	(1,121,463)	(2,098)	(19,895)	(1,143,456)
Cash and cash equivalents, July 1, 2011	12,617,532	217,893	134,747	12,970,172
Cash and cash equivalents, June 30, 2012	<u>\$ 11,496,069</u>	<u>\$ 215,795</u>	<u>\$ 114,852</u>	<u>\$ 11,826,716</u>
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	1,050,973	(5,739)	(1,333)	1,043,901
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	1,465,367	3,171	4,739	1,473,277
(Increase) decrease in:				
Accounts receivable	(81,597)	(5,708)	74	(87,231)
Interest receivable	11,475	-	-	11,475
Intergovernmental receivable	518,140	-	-	518,140
Inventories	(177,621)	-	-	(177,621)
Prepaid items	304	-	-	304
Increase (decrease) in:				
Accounts payable	68,591	5,604	-	74,195
Accrued payroll, taxes and benefits	6,329	(28)	-	6,301
Accrued interest payable	(32,056)	-	-	(32,056)
Unearned revenue	(32,845)	-	-	(32,845)
Customer deposits	15,034	-	-	15,034
Compensated absences	(11,069)	(140)	-	(11,209)
Total adjustments	<u>1,750,052</u>	<u>2,899</u>	<u>4,813</u>	<u>1,757,764</u>
Net cash provided by operating activities	<u>2,801,025</u>	<u>(2,840)</u>	<u>3,480</u>	<u>2,801,665</u>

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

**CITY OF AZTEC, NEW MEXICO**  
**Statement of Fiduciary Net Assets**  
**Agency Funds**  
**June 30, 2012**

	<u>Employee Association</u>
<b>ASSETS:</b>	
Cash and cash equivalents	<u>\$ 4,529</u>
Total assets	<u><u>\$ 4,529</u></u>
<b>LIABILITIES:</b>	
Deposits held for others	<u>\$ 4,529</u>
Total liabilities	<u><u>\$ 4,529</u></u>

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

**CITY OF AZTEC, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The City of Aztec, (City), New Mexico, which was incorporated in 1890, operates under a Commission / Manager form of government. Five commissioners are elected at large and one of the commissioners serves as Mayor. This reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the City's financial statements to be misleading or incomplete.

The City had no blended or discrete component units during the current fiscal year.

**B. Government-wide and fund financial statements**

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

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

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements and the fiduciary fund – agency financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The government reports the following major governmental funds:

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

The *municipal road special revenue fund* accounts for the municipal share of gas tax proceeds restricted for street-related expenditures.

The *capital projects fund* accounts for the acquisition and construction of major capital facilities other than those projects financed by proprietary funds.

The government reports the following major proprietary funds:

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

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

The *irrigation assessment fund* accounts for the activities of the City's irrigation assessment activities.

Additionally, the City reports the following agency fund type:

The *employee association trust fund* is an agency fund that accounts for employee contributions to a fund used for special occasions such as sending flowers, etc.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's utility and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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



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

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

## **D. Assets, liabilities and net assets or equity**

### ***1. Deposits and investments***

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

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

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

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

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

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

providing service to customers depending upon an assessment of credit worthiness. The City reviews customer accounts receivable on a regular basis and has an accounts receivable collection policy.

The City has reviewed its customer base for concentrations of credit risk and has determined that no individual customer or group of customers engaged in similar activities represent a material concentration of credit risk to the City.

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

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

**3. Inventories and prepaid items**

Inventories are only held by the joint utility fund and are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are considered immaterial and recorded as expenditures when purchased.

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

**4. Capital assets**

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

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

	<u>Threshold</u>	<u>Estimated Useful Life</u>
Buildings and structures	\$10,000	10 - 45 years
Improvements other than buildings	\$10,000	10 - 50 years
Infrastructure	\$50,000	5 - 50 years
Machinery and equipment	\$ 5,000	5 - 30 years
Furniture and fixtures	\$ 5,000	5 - 30 years

## **5. *Compensated absences***

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service with the City. All vacation pay is accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. A compensated absence is expensed in the related fund of the employee that earned the compensated absences.

## **6. *Long-term obligations***

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

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

## **7. *Net assets flow assumptions***

In the government-wide financial statements, restricted net assets are legally restricted by outside parties for a specific purpose. None of the City's net assets are restricted as a result of enabling legislation adopted by the City. Invested in capital assets, net of related debt, represents the City's investment in the book value of capital assets, less any outstanding debt that was issued to construct or acquire the capital asset. Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net assets and unrestricted net assets in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net assets to have been depleted before unrestricted net assets.

## **8. *Fund equity flow assumptions***

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

## 9. Fund balance

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

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

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

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

**Assigned** – amounts that are constrained by the City's intent to use them for a specific purpose, but are neither restricted or committed. The City has not established a policy regarding the assignment of funds, so this category of fund balance represents the residual amounts not otherwise reported as unspendable, restricted, or committed in governmental funds outside of the general fund.

**Unassigned** – all other spendable amounts.

As of June 30, 2012, fund balances are composed of the following:

	<u>General</u>	<u>Municipal Road</u>	<u>Capital Projects</u>	<u>Other Governmental</u>	<u>Total Governmental</u>
Nonspendable:					
Inventories/prepays	\$ 700	\$ -	\$ -	\$ 1,413	\$ 2,113
Restricted to:					
Public safety	-	-	-	907,623	907,623
Lodgers promotion	-	-	-	25,516	25,516
Capital projects	-	990,533	1,193,027	13,851	2,197,411
Debt service	-	-	151,508	-	151,508
Subsequent years expendi	701,366	-	-	-	701,366
Committed:					
Economic development	-	-	-	112,267	112,267
Culture and recreation	-	-	-	26,716	26,716
Unassigned	4,774,649	-	-	-	4,774,649
Total	<u>\$ 5,476,715</u>	<u>\$ 990,533</u>	<u>\$ 1,344,535</u>	<u>\$ 1,087,386</u>	<u>\$ 8,899,169</u>

## 10. Net Assets

In the government-wide financial statements, restricted net assets are legally restricted by outside parties (such as creditors, grantors, contributors, laws and regulations of other governments) for a specific purpose. Invested in capital assets, net of related debt, represents the City's investment in the book value of capital assets, less any outstanding debt that was issued to construct or acquire the capital asset. The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

## **11. 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.

## **II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

### **A. Budgetary information**

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

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

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

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

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

Encumbrance accounting is employed by the City. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are carried forward to the new fiscal year and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year. The fund balances are reserved for outstanding encumbrances because the resources are not available for new spending. The City had the following encumbrances outstanding at June 30, 2012:

General fund	\$	212,402
Municipal Road Fund		16,730
State Fire Fund		88,131
Capital Projects Fund		19,310
Joint Utility Fund		147,861
		<hr/>
Total	\$	<u>484,434</u>

**B. Excess of Expenditures over Appropriations**

As of June 30, 2012, there were no funds reported with excess expenditures over appropriations.

**C. Deficit Fund Equity**

As of June 30, 2012, there were no funds reported with a deficit fund balance.

**III. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and investments**

As of June 30, 2012, the City had the following investments:

	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Certificates of deposit	\$ 6,750,000	1.00
State Treasurer's LGIP	<u>9,774,302</u>	<u>0.10</u>
Total Fair Value	<u>\$ 16,524,302</u>	
Portfolio weighted average maturity		<u>0.45</u>

The City has investments in the State Treasurer external investment pool (the Local Government Investment Pool). The investments are valued at fair value based on quoted market prices as of June 30, 2012. The State Treasurer Local Government Investment Pool (LGIP) is not SEC registered. Section 6-10-10 I, NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment fund in securities that are issued by the United States government or by its departments or agencies and are either direct obligations of the United States or are backed by the full faith and credit of the United States government or are agencies sponsored by the United States government. The Local Government Investment Pool investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments. The pool does not have unit shares. Per Section 6-10-10.1F, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the amounts were invested. Participation in the local government investment pool is voluntary. The LGIP has been rated by Standard & Poor's and has received an AAAM rating.

The State Treasurer is participating in a lawsuit against the Reserve on behalf of the State Treasurer's portfolios and LGIP participants. Additionally, the Securities and Exchange Commission (SEC) filed a civil lawsuit in federal court against the operators of the Reserve seeking to expedite the distribution of the Reserve's remaining assets to investors. For more information on the Reserve Contingency fund see the State Treasurer's website at [http://www.stonm.org/files\\_uploads/1835.pdf](http://www.stonm.org/files_uploads/1835.pdf).

**Interest rate risk.** The risk that interest rate variations may adversely affect the fair value of an investment. An acceptable method for reporting interest rate risk is weighted average maturity (WAM). The State Treasurer's Office uses this method for reporting purposes for the Local Government Investment Pool. The weighted average maturity at June 30, 2012 was 83 days.

As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits no more than 40% of City funds invested for a period greater than two years and no funds shall be invested for a period greater than three years. The City's policy is to invest in securities with an average maturity of less than 182 days (0.5 yearly average term).

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

**Custodial credit risk – deposits.** This is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statute requires that the bank deposits be 50% collateralized and repurchase agreements be 102% collateralized. As of June 30, 2012, the City was in compliance with state statute. The City's carrying amount of deposits as of June 30, 2012 was \$8,102,185 and the bank balance was \$8,299,297. Of the bank balance, \$1,000,815 was covered by federal depository insurance, \$5,085,645 was collateralized with securities held by the pledging financial institution's trust department or agent in the City's name, and \$2,212,837 was uncollateralized, and subject to custodial credit risk.

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

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

## B. Receivables

Receivables as of June 30, 2012 are as follows:

	<u>General</u>	<u>Municipal Road</u>	<u>Capital Projects</u>	<u>Other Governmental</u>	<u>Total Governmental</u>
Receivable, net					
Intergovernmental	\$ 1,577,439	\$ 1,835,321	\$ 111,102	\$ -	\$ 3,523,862
Other receivables	59,291	-	-	5,805	65,096
Total	<u>\$ 1,636,730</u>	<u>\$ 1,835,321</u>	<u>\$ 111,102</u>	<u>\$ 5,805</u>	<u>\$ 3,588,958</u>

	<u>Joint Utility</u>	<u>Solid Waste</u>	<u>Irrigation Assessment</u>	<u>Total Enterprise Funds</u>
Receivable, net				
Accounts receivable	\$ 1,070,616	\$ 89,780	\$ 6,705	\$ 1,167,101
Unbilled receivable	426,017	-	-	426,017
Less allowance for doubtful accounts	(373,702)	-	(6,635)	(380,337)
Accounts receivable, net	1,122,931	89,780	70	1,212,781
Interest receivable	15,952	-	-	15,952
Intergovernmental	35,758	-	-	35,758
Total	<u>\$ 1,174,641</u>	<u>\$ 89,780</u>	<u>\$ 70</u>	<u>\$ 1,264,491</u>

Governmental funds report *deferred revenue* 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, the various components of *deferred revenue* and *unearned revenue* reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes	\$ 586,662	\$ -
Grant proceeds not yet earned	-	4,078
Total deferred revenue for governmental funds	<u>\$ 586,662</u>	<u>\$ 4,078</u>

## C. Capital assets

Capital asset activity for the year ended June 30, 2012 was as follows:

<u>Governmental activities</u>	<u>Balance July 1, 2011</u>	<u>Reclassification</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2012</u>
<b>Non-Depreciable Assets:</b>					
Land	\$ 638,435	\$ -	\$ -	\$ -	\$ 638,435
Construction in progress	2,734,315	(2,734,315)	62,783	-	62,783
Total non-depreciable assets	<u>3,372,750</u>	<u>(2,734,315)</u>	<u>62,783</u>	<u>-</u>	<u>701,218</u>
<b>Depreciable Assets</b>					
Buildings	7,462,033	120,938	372,520	-	7,955,491
Improvements other than buildings	2,011,850	514,513	664,765	(30,705)	3,160,423
Machinery and equipment	4,687,892	-	409,225	-	5,097,117
Infrastructure	13,047,867	2,098,864	699,849	-	15,846,580
Total depreciable assets	<u>27,209,642</u>	<u>2,734,315</u>	<u>2,146,359</u>	<u>(30,705)</u>	<u>32,059,611</u>
<b>Accumulated Depreciation</b>					
Buildings	(2,077,383)	-	(214,304)	-	(2,291,687)
Improvements other than buildings	(579,205)	-	(132,628)	17,428	(694,405)
Equipment	(3,467,510)	-	(238,501)	-	(3,706,011)
Infrastructure	(5,372,411)	-	(457,371)	-	(5,829,782)
Total accumulated depreciation	<u>(11,496,509)</u>	<u>-</u>	<u>(1,042,804)</u>	<u>17,428</u>	<u>(12,521,885)</u>
Total capital assets being depreciated, net	<u>15,713,133</u>	<u>2,734,315</u>	<u>1,103,555</u>	<u>(13,277)</u>	<u>19,537,726</u>
Governmental activities capital assets, net	<u>\$ 19,085,883</u>	<u>\$ -</u>	<u>\$ 1,166,338</u>	<u>\$ (13,277)</u>	<u>\$ 20,238,944</u>



<b>Business-type activities</b>	Balance July 1, 2011	Reclassification	Additions	Deletions	Balance June 30, 2012
<b>Non-Depreciable Assets:</b>					
Land	\$ 694,402	\$ -	\$ 26,350	\$ -	\$ 720,752
Construction in progress	15,250	-	126,583	-	141,833
Total non-depreciable assets	<u>709,652</u>	<u>-</u>	<u>152,933</u>	<u>-</u>	<u>862,585</u>
<b>Depreciable Assets</b>					
Building and systems	36,505,476	-	752,874	(30,711)	37,227,639
Equipment	3,081,063	-	309,635	-	3,390,698
Total depreciable assets	<u>39,586,539</u>	<u>-</u>	<u>1,062,509</u>	<u>(30,711)</u>	<u>40,618,337</u>
<b>Accumulated Depreciation</b>					
Buildings and systems	(9,669,944)	-	(1,278,740)	17,027	(10,931,657)
Equipment	(2,170,143)	-	(194,537)	-	(2,364,680)
Total accumulated depreciation	<u>(11,840,087)</u>	<u>-</u>	<u>(1,473,277)</u>	<u>17,027</u>	<u>(13,296,337)</u>
Total capital assets being depreciated, net	<u>27,746,452</u>	<u>-</u>	<u>(410,768)</u>	<u>(13,684)</u>	<u>27,322,000</u>
Business-type activities capital assets, net	<u>\$ 28,456,104</u>	<u>\$ -</u>	<u>\$ (257,835)</u>	<u>\$ (13,684)</u>	<u>\$ 28,184,585</u>

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

**Governmental activities:**

General government	\$ 58,862
Public safety	132,119
Public works	448,856
Public health and welfare	41,758
Culture and recreation	361,209
Total depreciation expense - governmental activities	<u>\$ 1,042,804</u>

**Business-type activities:**

Joint utility	\$ 1,465,367
Solid waste	3,171
Irrigation assessment	4,739
Total depreciation expense - business-type activities	<u>\$ 1,473,277</u>

**D. Interfund receivables, payables and transfers**

Interfund transfers and advances consisted of the following as of June 30, 2012:

**TRANSFERS**

<b>Governmental Funds</b>	<b>In</b>	<b>Out</b>
General fund - operating transfers	\$ 26,664	\$ 207,311
Municipal Road - operating transfers	200,000	-
Local Government Correction - operating	7,311	-
Economic Development - operating transfer	-	26,664
Total governmental funds transfers	<u>\$ 233,975</u>	<u>\$ 233,975</u>
<b>Net governmental funds transfers</b>		<u>\$ -</u>
<b>Business-type funds</b>		
Joint Utility Fund - operating transfer	<u>\$ 839,992</u>	<u>\$ 839,992</u>

**INTERFUND RECEIVABLE/PAYABLE**

<b>Governmental Funds</b>	<b>Receivable</b>	<b>Payable</b>
General fund - advance	\$ 638,980	\$ 12,149
Municipal Road fund - advance	-	626,831
Total governmental funds advances	<u>\$ 638,980</u>	<u>\$ 638,980</u>

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

## **E. Long-term debt**

### **General Obligation Bonds**

The City has the capacity to issue general obligation bonds to provide funds for the acquisition and/or construction of major capital projects, but as of June 30, 2012 no general obligation bonds had been issued.

### **Revenue Bonds**

The City has the capacity to issue bonds where the City pledges gross receipts tax revenue and revenues derived from the acquired or constructed assets to pay debt service, but as of June 30, 2012 no revenue bonds had been issued.

### **Contracts and Loans Payable**

The City entered into a long-term loan agreement with the State of New Mexico (RIP 91-11) for construction projects totalling \$149,555, payable in annual instalments of \$14,063, including interest at 3%, through 2015. The Joint Utility Enterprise Fund paid the balance off early during the fiscal year ended June 30, 2012. The outstanding principal due as of June 30, 2012 was \$0.

The City entered into a long-term loan agreement with the State of New Mexico Finance Authority for construction and acquisition of improvements to the City's water and wastewater treatment facilities totalling \$1,919,192. The loan is payable in semi-annual instalments. Annual repayments range between \$155,000 and \$160,000 per year, including interest at 5.32%, through May 2017. The Joint Utility Enterprise Fund paid the balance off early during the fiscal year ended June 30, 2012. The outstanding principal due as of June 30, 2012 was \$0.

The City has entered into a long-term loan agreement with the New Mexico Environmental Department (RIP 2002-07) in the original amount of \$500,000 dated June 2002. The loan is payable in annual payments of \$33,608, including interest at 3%, through May 2024. The Joint Utility Enterprise Fund paid the balance off early during the fiscal year ended June 30, 2012. The outstanding principal due as of June 30, 2012 was \$0.

The City has entered into a long-term loan agreement with the New Mexico Environmental Department (RIP 2003-02) in the original amount of \$500,000 dated March 2003. The loan is payable in annual payments of \$33,608, including interest at 3%, through May 2024. The Joint Utility Enterprise Fund paid the balance off early during the fiscal year ended June 30, 2012. The outstanding principal due as of June 30, 2012 was \$0.

The City has entered into a long-term loan agreement with the State of New Mexico Finance Authority to construct, purchase, furnish and equip a public library totalling \$1,679,942 dated September 2004. The loan is payable in semi-annual payments averaging \$146,461 per year, including interest at 3.966%, through May 2020. The General Governmental Fund on the government-wide statement of net assets reports the outstanding principal due as of June 30, 2012 of \$975,946, with a current portion of \$105,797.

The City has entered into a long-term loan agreement with the State of New Mexico Finance Authority for capital improvements (including a raw water reservoir) totalling \$3,367,380 dated October 24, 2008. The loan is payable in variable annual principal payments, and semi-annual interest payments with interest rate ranging from 2.03% to 4.89%, through May 2031. The General Governmental Fund on the government-wide statement of net assets reports the outstanding principal due as of June 30, 2012 of \$3,156,511, with a current portion of \$48,146.

The City has entered into a long-term loan agreement with the New Mexico Environmental Department (CWRP 2009) in the original amount of \$5,000,000 dated December 5, 2008. The loan is payable in annual payments of \$305,784, including interest at 2%, through December 2028. The Joint Utilities Enterprise Fund reports the outstanding principal as of June 30, 2012 of \$4,370,220, with a current portion of \$218,379.

The City has entered into a long-term loan agreement with the USDA Rural Utilities Service in the original amount of \$860,447 dated November 25, 2008 (funded during the fiscal year ended June 30, 2010). The loan is payable in annual payments of approximately \$45,000, including interest at 4.2%, through June 2049, and is secured by GRT Environmental Tax proceeds. The Joint Utility Enterprise Fund paid the balance off early during the fiscal year ended June 30, 2012. The outstanding principal due as of June 30, 2012 was \$0.

Long-term debt service requirements to maturity are as follows:

**Governmental activities**

Fiscal year ended:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
June 30, 2013	\$ 153,943	\$ 185,372	\$ 339,315
June 30, 2014	158,826	179,684	338,510
June 30, 2015	165,939	173,644	339,583
June 30, 2016	173,520	167,142	340,662
June 30, 2017	179,555	160,190	339,745
June 30, 2018-2022	962,623	682,620	1,645,243
June 30, 2023-2027	1,149,880	455,376	1,605,256
June 30, 2028-2031	<u>1,188,171</u>	<u>147,726</u>	<u>1,335,897</u>
Debt service requirements	4,132,457	<u>\$ 2,151,754</u>	<u>\$ 6,284,211</u>
Less current portion	<u>(153,943)</u>		
Long-term debt, net of current portion	<u>\$ 3,978,514</u>		

**Business-type activities**

Fiscal year ended:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
June 30, 2013	\$ 218,379	\$ 87,404	\$ 305,783
June 30, 2014	222,747	83,037	305,784
June 30, 2015	227,202	78,582	305,784
June 30, 2016	231,746	74,038	305,784
June 30, 2017	236,381	69,403	305,784
June 30, 2018-2022	1,254,737	274,181	1,528,918
June 30, 2023-2027	1,385,331	143,587	1,528,918
June 30, 2028-2029	<u>593,697</u>	<u>17,870</u>	<u>611,567</u>
Debt service requirements	4,370,220	<u>\$ 828,102</u>	<u>\$ 5,198,322</u>
Less current portion	<u>(218,379)</u>		
Long-term debt, net of current portion	<u>\$ 4,151,841</u>		

**Changes in Long-term Liabilities**

During the year ended June 30, 2012, the following changes occurred in long-term liabilities:

	Balance			Balance	Due Within
<b><u>Governmental activities</u></b>	June 30, 2011	Additions	Reductions	June 30, 2012	One Year
Contracts and loans payable:					
NM Finance Authority	\$ 1,077,989	\$ -	\$ (102,043)	\$ 975,946	\$ 105,797
NM Finance Authority - Capital Projects	3,203,868	-	(47,357)	3,156,511	48,146
Total contracts and loans payable	4,281,857	-	(149,400)	4,132,457	153,943
Compensated absences	268,130	289,610	(273,258)	284,482	284,482
Total Governmental Activities	<u>\$ 4,549,987</u>	<u>\$ 289,610</u>	<u>\$ (422,658)</u>	<u>\$ 4,416,939</u>	<u>\$ 438,425</u>
<b><u>Business-type Activities</u></b>					
Contracts and loans payable:					
State Rural Infrastructure	\$ 53,253	\$ -	\$ (53,253)	\$ -	\$ -
State Rural Infrastructure	357,238	-	(357,238)	-	-
State Rural Infrastructure	357,238	-	(357,238)	-	-
NM Finance Authority	780,026	-	(780,026)	-	-
NM Environmental Department	4,584,317	-	(214,097)	4,370,220	218,379
USDA RUS Loan	842,447	-	(842,447)	-	-
Total contracts and loans payable	6,974,519	-	(2,604,299)	4,370,220	218,379
Compensated absences	116,904	126,269	(137,478)	105,695	105,695
Total Business-type Activities	<u>\$ 7,091,423</u>	<u>\$ 126,269</u>	<u>\$ (2,741,777)</u>	<u>\$ 4,475,915</u>	<u>\$ 324,074</u>

## **F. Restricted fund balances**

Fund balances were restricted for the following purposes:

**Subsequent years expenditures:** The New Mexico Department of Finance and Administration (DFA) requires that 1/12<sup>th</sup> of the general fund budgeted expenditures (\$701,366) be restricted as subsequent year expenditures to maintain an adequate cash flow until the next significant property tax collection.

## **V. OTHER INFORMATION**

### **A. Risk management**

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

### **B. Contingent liabilities**

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

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

***Joint Powers Agreement for Consolidated Communications Authority.*** The City is a participant with San Juan County, the City of Farmington and the City of Bloomfield in a joint powers agreement to build, maintain, and operate a centralized communications system for dispatch and emergency response. The City was obligated to contribute \$7,500 per year until the Capital Equipment Fund reached a balance of \$250,000. Thereafter, the City is obligated to contribute 6% of an amount necessary to maintain that balance. During the year ended June 30, 2011, the City contributed \$0 to the Authority. Complete financial statements for the Consolidated Communications Authority can be obtained from San Juan County, New Mexico.

***Joint Powers Agreement for the San Juan Water Commission.*** The City is a participant with the cities of Farmington and Bloomfield, the County of San Juan, and the San Juan Rural Waters Users Association in a joint powers agreement to create a countywide entity responsible for water planning and use. Much of the impetus to form the Commission came from the Animas La Plata water project and the subsequent need to develop methods to equitably share the related costs and benefits. In addition to this specific project the Commission is also authorized to acquire additional water rights and provide for the equitable distribution of such water. The Commission is financed by a San Juan County mill levy on real and personal property of approximately 3 mills. During the year ended June 30, 2011 the City did not make any financial contribution to the Commission. Complete financial statements may be obtained by contacting the San Juan Water Commission.

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

#### ***Pension Plan – Public Employees Retirement Association***

***Plan Description.*** Substantially all of the City's full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 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 benefits, 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 for the plan. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, NM 87504-2123. The report is also available on PERA's website at [www.pera.state.nm.us](http://www.pera.state.nm.us).

***Funding Policy.*** Plan members are required to contribute from 9.15% to 16.30%, depending upon the plan (i.e., state general, state hazardous duty, state police and adult correctional officers, municipal general, municipal police, municipal fire, municipal detention officer) of their gross salary. The City is required to contribute from 9.15% to 18.5% (depending upon the plan) of the gross covered salary. The contribution requirements of plan members and the City are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The City's contributions to PERA for the fiscal years ending June 30, 2012, 2011, and 2010 were \$389,041, \$388,773, and \$409,714, respectively, which equal the amount of the required contributions for each fiscal year.

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

**Plan Description.** The City contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

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 the event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; 2) retirees defined by the Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years.

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

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

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. During the fiscal year ended June 30, 2012, the statute requires each participating employer to contribute 1.834% of each participating employee's annual salary; each participating employee is required to contribute .917% of their salary. For employees who are not members of an enhanced retirement plan the contribution rates will be:

<b>Fiscal Year</b>	<b>Employer Contribution Rate</b>	<b>Employee Contribution Rate</b>
FY2013	2.000%	1.000%

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, 2012, the statute required each participating employer to contribute 2.292% of each participating employee's annual salary, and each participating employee was required to contribute 1.146% of their salary. In the fiscal year ending June 30, 2013 the contribution rates for both employee and employers will rise as follows:

<b>Fiscal Year</b>	<b>Employer Contribution Rate</b>	<b>Employee Contribution Rate</b>
FY2013	2.500%	1.250%

Also, employers joining the program after January 1, 1998 are also required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

The RHCA plan is financed on a pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature.

The City's contributions to the RCHA for the years ended June 30, 2012, 2011 and 2010 were \$68,061, \$63,916, and \$46,556, respectively, which equal the required employer contributions for each year.

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## **Combining and Individual Fund Statements and Schedules**

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## MAJOR GOVERNMENTAL FUNDS

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### Capital Projects Fund

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**Capital Projects Fund** - This fund was created by City management to account for the acquisition and construction of major capital facilities other than those projects financed by proprietary funds.

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**CITY OF AZTEC, NEW MEXICO**  
**Capital Projects Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes:				
Gross receipts tax	\$ 445,595	\$ 445,595	\$ 630,481	\$ 184,886
Investment earnings	9,000	9,000	5,199	(3,801)
Total Revenues	454,595	454,595	635,680	181,085
<b>EXPENDITURES:</b>				
Current:				
General government	56,272	90,843	20,491	70,352
Capital outlay	1,319,266	1,284,695	1,203,696	80,999
Debt service:				
Principal payments	149,532	149,532	149,400	132
Interest payments	190,420	190,420	190,551	(131)
Total Expenditures	1,715,490	1,715,490	1,564,138	151,352
Net change in fund balances	(1,260,895)	(1,260,895)	(928,458)	332,437
Fund balances - beginning	2,272,993	2,272,993	2,272,993	-
Fund balances - ending	\$ 1,012,098	\$ 1,012,098	\$ 1,344,535	\$ 332,437

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

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## **NONMAJOR GOVERNMENTAL FUNDS**

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### **Special Revenue Funds**

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Law Enforcement Protection Fund - This fund was established by City management to account for law enforcement protection monies received from the State to be disbursed for law enforcement related expenditures pursuant to NMSA 29-13-7.

Local Government Correction Fund - City management established this fund to account for correction fees assessed to City trustees sentenced to serve time in the County detention center and subsequently paid to the County, pursuant to NMSA 33-3-25.

Economic Development Fund – This fund was established pursuant to NMSA 1978 Sec 5-10-1, as adopted by City Ordinance 99-235, to allow public support of economic development to foster, promote, and enhance local economic development efforts while continuing to protect against the unauthorized use of public money and other public resources. The statute also allows the City to enter into joint power agreements to plan and support regional economic development projects.

Development Fees Fund – This fund was established by the City management to account for impact fees collected as provided by NMSA 5-8-1 through 5-8-42 and City Ordinance 2004-310. Impact fees may be used for a variety of expenditures except maintenance or operation costs.

Lodgers Tax Fund – This fund was established pursuant to NMSA 3-38-15 to account for the City's occupancy tax imposed on lodging establishments and restricted to tourism and promotion uses.

State Fire Fund - City management established this fund to account for state grants restricted for the purchase of fire fighting equipment and other approved fire department needs pursuant to NMSA 59A-53-8.

Recreation Fund – NMSA 7-12-15.B authorizes the establishment of the fund to account for the City's share of a state cigarette tax legally restricted for the operation of recreation facilities.

Emergency Medical Services Fund - City management established this fund to account for State grants restricted to expenditures for the purchase of emergency medical equipment as provided by NMSA 24-10A-7.

Airport Fund – City management established this fund to account for the activities of the City's airport operations and account for operating and capital grants.

### **Capital Projects Funds**

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Community Development Block Grant Fund – City management established this fund to account for federal grant monies received for water, sewer, and street capital expenditures.

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**CITY OF AZTEC, NEW MEXICO**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2012**

	<b>Special Revenue Funds</b>						
	<b>Law Enforcement Protection</b>	<b>Local Government Correction</b>	<b>Economic Development</b>	<b>Development Fees</b>	<b>Lodgers Tax</b>	<b>State Fire</b>	<b>Recreation</b>
<b>ASSETS:</b>							
Cash and cash equivalents	\$ 470	\$ 16,624	\$ 112,267	\$ 23,405	\$ 24,061	\$ 904,041	\$ 3,311
Other receivables	-	190	-	-	1,455	2,747	-
Prepaid and other assets	-	-	-	-	-	-	-
Total Assets	\$ 470	\$ 16,814	\$ 112,267	\$ 23,405	\$ 25,516	\$ 906,788	\$ 3,311
<b>LIABILITIES:</b>							
Accounts payable	\$ 267	\$ 16,324	\$ -	\$ -	\$ -	\$ 302	\$ -
Other current liabilities	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-
Total Liabilities	267	16,324	-	-	-	302	-
<b>FUND BALANCES:</b>							
Restricted to:							
Public safety	203	490	-	-	-	906,486	-
Lodgers promotion	-	-	-	-	25,516	-	-
Capital projects	-	-	-	-	-	-	-
Committed to:							
Economic development	-	-	112,267	-	-	-	-
Culture and recreation	-	-	-	23,405	-	-	3,311
Total Fund Balances	203	490	112,267	23,405	25,516	906,486	3,311
Total Liabilities and Fund Balances	\$ 470	\$ 16,814	\$ 112,267	\$ 23,405	\$ 25,516	\$ 906,788	\$ 3,311

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

**CITY OF AZTEC, NEW MEXICO**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2012**

				<u>Capital Projects Funds</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Emergency Medical Services</u>	<u>Airport</u>	<u>Total Special Revenue</u>	<u>Community Development Block Grant</u>	<u>Total Capital Projects</u>	
<b>ASSETS:</b>						
Cash and cash equivalents	\$ 444	\$ 9,931	1,094,554	\$ 4,345	\$ 4,345	\$ 1,098,899
Other receivables	-	1,413	5,805	-	-	5,805
Prepaid and other assets	-	1,413	1,413	-	-	1,413
Total Assets	<u>\$ 444</u>	<u>\$ 12,757</u>	<u>\$ 1,101,772</u>	<u>\$ 4,345</u>	<u>\$ 4,345</u>	<u>\$ 1,106,117</u>
<b>LIABILITIES:</b>						
Accounts payable	\$ -	\$ -	\$ 16,893	\$ -	\$ -	\$ 16,893
Other current liabilities	-	500	500	-	-	500
Unearned revenue	-	1,338	1,338	-	-	1,338
Total Liabilities	<u>-</u>	<u>1,838</u>	<u>18,731</u>	<u>-</u>	<u>-</u>	<u>18,731</u>
<b>FUND BALANCES:</b>						
Restricted to:						
Public safety	444	-	907,623	-	-	907,623
Lodgers promotion	-	-	25,516	-	-	25,516
Capital projects	-	10,919	10,919	4,345	4,345	15,264
Committed to:						
Economic development	-	-	112,267	-	-	112,267
Culture and recreation	-	-	26,716	-	-	26,716
Total Fund Balances	<u>444</u>	<u>10,919</u>	<u>1,083,041</u>	<u>4,345</u>	<u>4,345</u>	<u>1,087,386</u>
Total Liabilities and Fund Balances	<u>\$ 444</u>	<u>\$ 12,757</u>	<u>\$ 1,101,772</u>	<u>\$ 4,345</u>	<u>\$ 4,345</u>	<u>\$ 1,106,117</u>

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

**CITY OF AZTEC, NEW MEXICO**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2012**

	<b>Special Revenue Funds</b>						
	<b>Law Enforcement Protection</b>	<b>Local Government Correction</b>	<b>Economic Development Development</b>	<b>Development Fees</b>	<b>Lodgers Tax</b>	<b>State Fire</b>	<b>Recreation</b>
<b>REVENUES:</b>							
Taxes:							
Gross receipts tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-	10,925	-	-
Licenses and permits	-	-	-	6,000	-	-	-
Intergovernmental	27,200	-	-	-	-	194,700	-
Charges for services	-	96,853	-	-	-	-	-
Investment earnings	49	-	381	111	74	3,052	-
Miscellaneous	-	-	-	-	-	-	-
Total Revenues	<u>27,249</u>	<u>96,853</u>	<u>381</u>	<u>6,111</u>	<u>10,999</u>	<u>197,752</u>	<u>-</u>
<b>EXPENDITURES:</b>							
Current:							
General government	-	-	-	-	-	-	-
Public safety	23,842	104,193	-	-	-	35,235	-
Public works	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	4,569	-	-
Capital outlay	3,323	-	-	-	-	-	-
Total Expenditures	<u>27,165</u>	<u>104,193</u>	<u>-</u>	<u>-</u>	<u>4,569</u>	<u>35,235</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>84</u>	<u>(7,340)</u>	<u>381</u>	<u>6,111</u>	<u>6,430</u>	<u>162,517</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	-	7,311	-	-	-	-	-
Transfers out	-	-	-	(26,664)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>7,311</u>	<u>-</u>	<u>(26,664)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	84	(29)	381	(20,553)	6,430	162,517	-
Fund balances - beginning	119	519	111,886	43,958	19,086	743,969	3,311
Fund balances - ending	<u>\$ 203</u>	<u>\$ 490</u>	<u>\$ 112,267</u>	<u>\$ 23,405</u>	<u>\$ 25,516</u>	<u>\$ 906,486</u>	<u>\$ 3,311</u>

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

**CITY OF AZTEC, NEW MEXICO**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2012**

	<u>Emergency Medical Services</u>		<u>Total Special Revenue</u>	<u>Capital Projects Funds</u>		<u>Total Nonmajor Governmental Funds</u>
		<u>Airport</u>		<u>Community Development Block Grant</u>	<u>Total Capital Projects</u>	
<b>REVENUES:</b>						
Taxes:						
Gross receipts tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	10,925	-	-	10,925
Licenses and permits	-	-	6,000	-	-	6,000
Intergovernmental	-	7,159	229,059	-	-	229,059
Charges for services	-	-	96,853	-	-	96,853
Investment earnings	-	29	3,696	-	-	3,696
Miscellaneous	-	3,738	3,738	-	-	3,738
Total Revenues	-	10,926	350,271	-	-	350,271
<b>EXPENDITURES:</b>						
Current:						
General government	-	3,899	3,899	-	-	3,899
Public safety	-	-	163,270	-	-	163,270
Public works	-	-	-	-	-	-
Culture and recreation	-	-	4,569	-	-	4,569
Capital outlay	-	7,630	10,953	-	-	10,953
Total Expenditures	-	11,529	182,691	-	-	182,691
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(603)	167,580	-	-	167,580
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	7,311	-	-	7,311
Transfers out	-	-	(26,664)	-	-	(26,664)
Total other financing sources (uses)	-	-	(19,353)	-	-	(19,353)
Net change in fund balances	-	(603)	148,227	-	-	148,227
Fund balances - beginning	444	11,522	934,814	4,345	4,345	939,159
Fund balances - ending	\$ 444	\$ 10,919	\$ 1,083,041	\$ 4,345	\$ 4,345	\$ 1,087,386

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

**Governmental Funds**

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**Statement of Revenues, Expenditure and Changes in  
Fund Balances – Budget and Actual**

**CITY OF AZTEC, NEW MEXICO**  
**Law Enforcement Protection Special Revenue Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes:				
Gross receipts tax	\$ -	\$ -	\$ -	\$ -
Intergovernmental	27,200	27,200	27,200	-
Investment earnings	100	100	49	(51)
Total Revenues	27,300	27,300	27,249	(51)
<b>EXPENDITURES:</b>				
Current:				
Public safety	19,200	23,877	23,842	35
Capital outlay	8,000	3,323	3,323	-
Total Expenditures	27,200	27,200	27,165	35
Excess (Deficiency) of Revenues Over (Under) Expenditures	100	100	84	(16)
Fund balances - beginning	119	119	119	-
Fund balances - ending	\$ 219	\$ 219	\$ 203	\$ (16)

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

**CITY OF AZTEC, NEW MEXICO**  
**Local Government Correction Special Revenue Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes:				
Gross receipts tax	\$ -	\$ -	\$ -	\$ -
Charges for services	70,000	70,000	96,853	26,853
Total Revenues	70,000	70,000	96,853	26,853
<b>EXPENDITURES:</b>				
Current:				
Public safety	130,000	130,000	104,193	25,807
Capital outlay	-	-	-	-
Total Expenditures	130,000	130,000	104,193	25,807
Excess (Deficiency) of Revenues Over (Under) Expenditures	(60,000)	(60,000)	(7,340)	52,660
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	60,000	60,000	7,311	(52,689)
Transfers out	-	-	-	-
Total other financing sources (uses)	60,000	60,000	7,311	(52,689)
Net change in fund balances	-	-	(29)	(29)
Fund balances - beginning	519	519	519	-
Fund balances - ending	\$ 519	\$ 519	\$ 490	\$ (29)

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

**CITY OF AZTEC, NEW MEXICO**  
**Economic Development Special Revenue Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes:				
Gross receipts tax	\$ -	\$ -	\$ -	\$ -
Investment earnings	580	580	381	(199)
Total Revenues	580	580	381	(199)
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	-	-	-	-
Net change in fund balances	580	580	381	(199)
Fund balances - beginning	111,886	111,886	111,886	-
Fund balances - ending	\$ 112,466	\$ 112,466	\$ 112,267	\$ (199)

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



**CITY OF AZTEC, NEW MEXICO**  
**Development Fees Special Revenue Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes:				
Gross receipts tax	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	6,000	6,000
Investment earnings	200	200	111	(89)
Total Revenues	200	200	6,111	5,911
<b>EXPENDITURES:</b>				
Current:				
Public works	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	200	200	6,111	5,911
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(26,664)	(26,664)	(26,664)	-
Net change in fund balances	(26,464)	(26,464)	(20,553)	5,911
Fund balances - beginning	43,958	43,958	43,958	-
Fund balances - ending	\$ 17,494	\$ 17,494	\$ 23,405	\$ 5,911

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

**CITY OF AZTEC, NEW MEXICO**  
**Lodgers Tax Special Revenue Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes:				
Gross receipts tax	\$ -	\$ -	\$ -	\$ -
Other taxes	11,500	11,500	10,925	(575)
Investment earnings	100	100	74	(26)
Total Revenues	11,600	11,600	10,999	(601)
<b>EXPENDITURES:</b>				
Current:				
Culture and recreation	17,345	17,345	4,569	12,776
Capital outlay	-	-	-	-
Total Expenditures	17,345	17,345	4,569	12,776
Net change in fund balances	(5,745)	(5,745)	6,430	12,175
Fund balances - beginning	19,086	19,086	19,086	-
Fund balances - ending	\$ 13,341	\$ 13,341	\$ 25,516	\$ 12,175

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

**CITY OF AZTEC, NEW MEXICO**  
**State Fire Special Revenue Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes:				
Gross receipts tax	\$ -	\$ -	\$ -	\$ -
Intergovernmental	154,169	154,169	194,700	40,531
Investment earnings	4,400	4,400	3,052	(1,348)
Miscellaneous	-	-	-	-
Total Revenues	158,569	158,569	197,752	39,183
<b>EXPENDITURES:</b>				
Current:				
Public safety	97,700	97,700	35,235	62,465
Capital outlay	544,928	544,928	-	544,928
Total Expenditures	642,628	642,628	35,235	607,393
Excess (Deficiency) of Revenues Over (Under) Expenditures	(484,059)	(484,059)	162,517	646,576
Fund balances - beginning	743,969	743,969	743,969	-
Fund balances - ending	\$ 259,910	\$ 259,910	\$ 906,486	\$ 646,576

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

**CITY OF AZTEC, NEW MEXICO**  
**Recreation Special Revenue Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes:				
Gross receipts tax	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	-	-	-	-
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balances - beginning	3,311	3,311	3,311	-
Fund balances - ending	\$ 3,311	\$ 3,311	\$ 3,311	\$ -

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

**CITY OF AZTEC, NEW MEXICO**  
**Emergency Medical Services Special Revenue Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes:				
Gross receipts tax	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Investment earnings	-	-	-	-
Total Revenues	-	-	-	-
<b>EXPENDITURES:</b>				
Current:				
Public safety	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balances - beginning	444	444	444	-
Fund balances - ending	\$ 444	\$ 444	\$ 444	\$ -

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

**CITY OF AZTEC, NEW MEXICO**  
**Airport Special Revenue Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes:				
Gross receipts tax	\$ -	\$ -	\$ -	\$ -
Intergovernmental	58,985	58,985	7,159	(51,826)
Investment earnings	50	50	29	(21)
Miscellaneous	3,700	3,700	3,738	38
Total Revenues	62,735	62,735	10,926	(51,809)
<b>EXPENDITURES:</b>				
Current:				
General government	3,200	4,000	3,899	101
Capital outlay	52,280	51,480	7,630	43,850
Total Expenditures	55,480	55,480	11,529	43,951
Net change in fund balances	7,255	7,255	(603)	(7,858)
Fund balances - beginning	11,522	11,522	11,522	-
Fund balances - ending	\$ 18,777	\$ 18,777	\$ 10,919	\$ (7,858)

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

**CITY OF AZTEC, NEW MEXICO**  
**Community Development Block Grant Capital Projects Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes:				
Gross receipts tax	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Total Revenues	-	-	-	-
<b>EXPENDITURES:</b>				
Capital outlay	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balances - beginning	4,345	4,345	4,345	-
Fund balances - ending	\$ 4,345	\$ 4,345	\$ 4,345	\$ -

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

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## **Enterprise Funds**

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### **Statement of Revenues, Expenses and Changes in Fund Net Assets Budget and Actual (Non-GAAP Budgetary Basis)**

Joint Utility Fund - The following funds are used to account for the activities of the City's electric, water and wastewater utility operations.

Solid Waste Fund - This fund is used to account for the City's solid waste services. The operation of the service is performed under a contract with the City by a private enterprise.

Irrigation Assessment Fund - This fund is used to account for the activities of the City's irrigation assessment activities.

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**CITY OF AZTEC, NEW MEXICO**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Budget to Actual (Non-GAAP Budgetary Basis)**  
**Joint Utility Fund**  
**For the Year Ended June 30, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating revenues:				
Charges for Sales and Services:				
Joint utility	\$ 9,370,602	\$ 9,370,602	\$ 9,369,779	\$ (823)
Other revenues	50,200	50,200	95,625	45,425
Total Operating Revenues	9,420,802	9,420,802	9,465,404	44,602
Operating expenses:				
Salaries and fringe benefits	1,651,630	1,620,303	1,412,829	207,474
Purchased power	3,674,536	3,674,536	3,418,406	256,130
Other operating expenses	2,367,831	2,268,667	1,662,024	606,643
Payments in lieu of taxes	459,204	459,204	455,805	3,399
Capital outlay	1,617,905	1,858,028	1,191,651	666,377
Total Operating Expenses	9,771,106	9,880,738	8,140,715	1,740,023
Operating income	(350,304)	(459,936)	1,324,689	1,784,625
Nonoperating revenues (expenses):				
Investment earnings	63,700	63,700	40,995	(22,705)
Gross receipts tax	74,262	74,262	102,074	27,812
Principal payments	(2,603,320)	(2,603,684)	(2,604,299)	(615)
Interest expense	(193,435)	(156,139)	(121,464)	34,675
Loss on disposition of capital assets	-	-	(13,684)	(13,684)
Total Nonoperating Revenues (Expenses)	(2,658,793)	(2,621,861)	(2,596,378)	25,483
Income (Loss) Before Other Sources (Uses)	(3,009,097)	(3,081,797)	(1,271,689)	1,810,108
Contributed capital	120,000	120,000	96,640	(23,360)
Operating transfers, in	1,333,000	1,002,000	839,992	(162,008)
Operating transfers, out	(1,333,000)	(1,002,000)	(839,992)	162,008
Change in net assets	(2,889,097)	(2,961,797)	(1,175,049)	1,786,748
Total net assets - beginning	35,006,281	35,006,281	35,006,281	-
Total net assets - ending	\$ 32,117,184	\$ 32,044,484	33,831,232	\$ 1,786,748
RECONCILIATION TO GAAP BASIS:				
Add back capital expenditures			1,191,651	
Less depreciation expense			(1,465,367)	
Add back principal payments			2,604,299	
			\$ 36,161,815	

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

**CITY OF AZTEC, NEW MEXICO**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Budget to Actual (Non-GAAP Budgetary Basis)**  
**Solid Waste Fund**  
**For the Year Ended June 30, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating revenues:				
Charges for Sales and Services:				
Solid waste	\$ 675,500	\$ 675,500	\$ 685,977	\$ 10,477
Other revenues	-	-	1,405	1,405
Total Operating Revenues	675,500	675,500	687,382	11,882
Operating expenses:				
Salaries and fringe benefits	23,100	23,100	19,873	3,227
Purchased power, fuel and chemicals	-	-	-	-
Other operating expenses	680,650	680,650	670,077	10,573
Capital outlay	-	-	-	-
Total Operating Expenses	703,750	703,750	689,950	13,800
Operating income	(28,250)	(28,250)	(2,568)	25,682
Nonoperating revenues (expenses):				
Investment earnings	1,000	1,000	742	(258)
Interest expense	-	-	-	-
Other fiscal charges	-	-	-	-
Total Nonoperating Revenues (Expenses)	1,000	1,000	742	(258)
Income (Loss) Before Operating Transfers	(27,250)	(27,250)	(1,826)	25,424
Capital contributions	-	-	-	-
Payments in lieu of taxes	-	-	-	-
Operating transfers, in	-	-	-	-
Operating transfers, out	-	-	-	-
Change in net assets	(27,250)	(27,250)	(1,826)	25,424
Total net assets - beginning	262,817	262,817	262,817	-
Total net assets - ending	\$ 235,567	\$ 235,567	260,991	\$ 25,424
RECONCILIATION TO GAAP BASIS:				
Add back capital expenditures			-	
Less depreciation expense			(3,171)	
			\$ 257,820	

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

**CITY OF AZTEC, NEW MEXICO**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Budget to Actual (Non-GAAP Budgetary Basis)**  
**Irrigation Assessment Fund**  
**For the Year Ended June 30, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating revenues:				
Charges for Sales and Services:				
Irrigation	\$ 13,159	\$ 13,159	\$ 13,159	\$ -
Other revenues	-	-	-	-
Total Operating Revenues	13,159	13,159	13,159	-
Operating expenses:				
Salaries and fringe benefits	-	-	-	-
Other operating expenses	68,450	39,550	9,753	29,797
Capital outlay	50,000	53,900	-	53,900
Total Operating Expenses	118,450	93,450	9,753	83,697
Operating income (loss)	(105,291)	(80,291)	3,406	83,697
Nonoperating revenues (expenses):				
Investment earnings	750	750	416	(334)
Interest expense	-	-	-	-
Other fiscal charges	-	-	-	-
Total Nonoperating Revenues (Expenses)	750	750	416	(334)
Income (Loss) Before Operating Transfers	(104,541)	(79,541)	3,822	83,363
Capital contributions	-	-	-	-
Operating transfers, in	-	-	-	-
Change in net assets	(104,541)	(79,541)	3,822	83,363
Total net assets - beginning	193,107	193,107	193,107	-
Total net assets - ending	\$ 88,566	\$ 113,566	196,929	\$ 83,363
RECONCILIATION TO GAAP BASIS:				
Add back capital expenditures			-	
Less depreciation expense			(4,739)	
			\$ 192,190	

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

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**Fiduciary Funds  
Agency Funds**

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**Statement of Changes in Fiduciary Net Assets  
Agency Funds**

Employee Association Trust Fund – Agency fund that accounts for employee contributions that are used for special occasions such as sending flowers, etc.

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**CITY OF AZTEC, NEW MEXICO**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**AGENCY FUNDS**  
**Year Ended June 30, 2012**

	<u>Balance</u> <u>June 30,</u> <u>2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30,</u> <u>2012</u>
<b><u>ASSETS</u></b>				
<u>Cash:</u>				
Employee Association Trust Fund	\$ 1,843	\$ 3,531	\$ 845	\$ 4,529
Total assets	<u>\$ 1,843</u>	<u>\$ 3,531</u>	<u>\$ 845</u>	<u>\$ 4,529</u>
<b><u>LIABILITIES</u></b>				
Due to other funds	\$ -	\$ -	\$ -	\$ -
Deposits held for others	<u>1,843</u>	<u>3,531</u>	<u>845</u>	<u>4,529</u>
Total liabilities	<u>\$ 1,843</u>	<u>\$ 3,531</u>	<u>\$ 845</u>	<u>\$ 4,529</u>

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

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**Capital Assets Used in the Operation of  
Governmental Funds**

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**CITY OF AZTEC, NEW MEXICO**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule by Source**  
**June 30, 2012**

	<b>2012</b>
<b>Governmental Funds Capital Assets:</b>	
Land	\$ 638,435
Buildings & Structures	7,912,515
Improvements Other than Buildings	3,160,422
Equipment & Machinery	5,097,117
Infrastructure	15,846,581
Construction (Projects) in Process	105,759
Total Governmental Funds Capital Assets	\$ 32,760,829
 <b>Investment in Governmental Funds Capital Assets by Source:</b>	
General Fund	\$ 12,667,545
Special revenue funds	10,104,924
Capital projects funds	9,015,445
Donations	972,915
Total Governmental Funds Capital Assets	\$ 32,760,829

**CITY OF AZTEC, NEW MEXICO**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule by Function and Activity**  
**For the Year Ended June 30, 2012**

<b>FUNCTION AND ACTIVITY</b>	<b>Land</b>	<b>Buildings &amp; Improvements</b>	<b>Improvements Other than Buildings</b>	<b>Furniture &amp; Fixtures</b>	<b>Equipment &amp; Machinery</b>	<b>Vehicles &amp; Heavy Equip</b>	<b>Infrastructure</b>	<b>Construction in Progress</b>	<b>Total</b>
<b>General Government:</b>									
Legislative	\$ -	\$ 12,398	\$ 1,865	\$ 2,018	\$ -	\$ -	\$ -	\$ -	\$ 16,281
Judicial	-	-	-	-	47,200	-	-	-	47,200
Executive	63,587	149,933	1,605	19,293	7,845	81,220	-	-	323,483
Finance Administration	-	402,118	-	-	122,376	-	-	-	524,494
Motor Vehicle	-	448,102	-	-	17,460	-	-	-	465,562
Community Development	-	-	-	25,910	7,865	47,574	-	-	81,349
Information Systems	-	2,412	-	34,244	142,607	18,984	-	-	198,247
Municipal Building Maint	-	180,161	20,880	-	16,494	11,095	5,225	-	233,855
Fleet Maintenance	-	-	-	6,584	-	-	-	-	6,584
Total General Government	<u>63,587</u>	<u>1,195,124</u>	<u>24,350</u>	<u>88,049</u>	<u>361,847</u>	<u>158,873</u>	<u>5,225</u>	<u>-</u>	<u>1,897,055</u>
<b>Public Safety:</b>									
Police	-	568,383	8,750	7,589	346,895	671,662	-	-	1,603,279
Fire	35,051	411,471	31,523	-	291,722	1,356,309	-	-	2,126,076
Animal Control	-	953,827	39,720	-	35,236	98,448	-	-	1,127,231
Total Public Safety	<u>35,051</u>	<u>1,933,681</u>	<u>79,993</u>	<u>7,589</u>	<u>673,853</u>	<u>2,126,419</u>	<u>-</u>	<u>-</u>	<u>4,856,586</u>
<b>Public Works:</b>									
Streets	103,153	77,148	156,434	-	249,026	665,544	13,599,139	-	14,850,444
Electric	-	-	-	-	-	-	18,646	-	18,646
Total Public Works	<u>103,153</u>	<u>77,148</u>	<u>156,434</u>	<u>-</u>	<u>249,026</u>	<u>665,544</u>	<u>13,617,785</u>	<u>-</u>	<u>14,869,090</u>
<b>Culture and Recreation:</b>									
Parks & Recreation	426,644	758,447	2,868,346	-	263,013	334,137	132,847	105,759	4,889,193
Airport	10,000	42,008	11,239	-	1,840	9,836	2,090,724	-	2,165,647
Library	-	1,947,936	-	37,156	38,620	17,975	-	-	2,041,687
Total Culture and Recreation	<u>436,644</u>	<u>2,748,391</u>	<u>2,879,585</u>	<u>37,156</u>	<u>303,473</u>	<u>361,948</u>	<u>2,223,571</u>	<u>105,759</u>	<u>9,096,527</u>
<b>Health and Welfare:</b>									
Community Center	-	222,872	20,060	38,369	24,971	-	-	-	306,272
NESJC Family Center	-	1,735,299	-	-	-	-	-	-	1,735,299
Total Health and Welfare	<u>-</u>	<u>1,958,171</u>	<u>20,060</u>	<u>38,369</u>	<u>24,971</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,041,571</u>
<b>Total Capital Assets</b>	<b><u>\$ 638,435</u></b>	<b><u>\$ 7,912,515</u></b>	<b><u>\$ 3,160,422</u></b>	<b><u>\$ 171,163</u></b>	<b><u>\$ 1,613,170</u></b>	<b><u>\$ 3,312,784</u></b>	<b><u>\$ 15,846,581</u></b>	<b><u>\$ 105,759</u></b>	<b><u>\$ 32,760,829</u></b>

**CITY OF AZTEC, NEW MEXICO**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule of Changes by Function and Activity**  
**For the Year Ended June 30, 2012**

FUNCTION AND ACTIVITY	<u>Capital Assets June 30, 2011</u>	<u>Additions/ Reclassifications</u>	<u>Deductions/ Reclassifications</u>	<u>Capital Assets June 30, 2012</u>
<b>GENERAL GOVERNMENT:</b>				
Legislative	\$ 16,281	\$ -	\$ -	\$ 16,281
Judicial	47,200	-	-	47,200
Executive	303,624	37,834	(17,975)	323,483
Finance Administration	524,494	-	-	524,494
Motor Vehicle	465,562	-	-	465,562
Community Development	38,436	42,913	-	81,349
Information Systems	164,003	34,244	-	198,247
Municipal Building Maint	229,711	5,581	(1,437)	233,855
Project management	<u>-</u>	<u>6,584</u>	<u>-</u>	<u>6,584</u>
Total General Government	<u>1,789,311</u>	<u>127,156</u>	<u>(19,412)</u>	<u>1,897,055</u>
<b>PUBLIC SAFETY:</b>				
Police	1,568,399	34,880	-	1,603,279
Fire	2,126,076	-	-	2,126,076
Animal Control	<u>1,120,167</u>	<u>7,064</u>	<u>-</u>	<u>1,127,231</u>
Total Public Safety	<u>4,814,642</u>	<u>41,944</u>	<u>-</u>	<u>4,856,586</u>
<b>PUBLIC WORKS:</b>				
Streets	14,002,939	847,505	-	14,850,444
Electric	<u>18,646</u>	<u>-</u>	<u>-</u>	<u>18,646</u>
Total Public Works	<u>14,021,585</u>	<u>847,505</u>	<u>-</u>	<u>14,869,090</u>
<b>CULTURE AND RECREATION:</b>				
Parks & Recreation	3,780,486	1,137,975	(29,268)	4,889,193
Airport	2,165,647	-	-	2,165,647
Library	<u>2,023,712</u>	<u>-</u>	<u>17,975</u>	<u>2,041,687</u>
Total Culture and Recreation	<u>7,969,845</u>	<u>1,137,975</u>	<u>(11,293)</u>	<u>9,096,527</u>
<b>HEALTH AND WELFARE:</b>				
Community Center	251,710	54,562	-	306,272
NESJC Family Center	<u>1,735,299</u>	<u>-</u>	<u>-</u>	<u>1,735,299</u>
Total Health and Welfare	<u>1,987,009</u>	<u>54,562</u>	<u>-</u>	<u>2,041,571</u>
<b>Total Capital Assets</b>	<u>\$ 30,582,392</u>	<u>\$ 2,209,142</u>	<u>\$ (30,705)</u>	<u>\$ 32,760,829</u>

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**Additional Disclosures Required by the  
New Mexico State Auditor**

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**CITY OF AZTEC, NEW MEXICO**  
**SCHEDULE OF PLEDGED COLLATERAL**  
**June 30, 2012**

	<b>Wells Fargo Bank</b>	<b>Four Corners Community Bank</b>	<b>Vectra Bank</b>	<b>Citizens Bank</b>	<b>Total</b>
Checking account (non-interest bearing)	\$ 815	\$ -	\$ -	\$ 287,226	\$ 288,041
Checking account (interest bearing)	-	-	-	1,261,256	1,261,256
Certificates of deposit (interest bearing)	-	4,500,000	2,250,000	-	6,750,000
Deposits, at June 30, 2012	<u>815</u>	<u>4,500,000</u>	<u>2,250,000</u>	<u>1,548,482</u>	<u>8,299,297</u>
FDIC Insurance	815	250,000	250,000	500,000	1,000,815
Uninsured amount	-	4,250,000	2,000,000	1,048,482	7,298,482
Less 50 percent	-	2,125,000	1,000,000	524,241	3,649,241
Amount requiring pledged collateral	-	2,125,000	1,000,000	524,241	3,649,241
Pledged collateral at June 30, 2012	<u>635,837</u>	<u>2,365,330</u>	<u>1,671,833</u>	<u>2,894,632</u>	<u>7,567,632</u>
<b>Excess (deficiency) of pledged collatera</b>	<b>\$ 635,837</b>	<b>\$ 240,330</b>	<b>\$ 671,833</b>	<b>\$ 2,370,391</b>	<b>\$ 3,918,391</b>

<b>Pledged collateral (market value) located at:</b>	<b>Minneapolis, MN</b>	<b>Dallas, TX</b>	<b>Dallas, TX</b>	<b>Dallas, TX</b>	
Fed Nat'l Mtg Assn 953910 6% 11/1/2037	\$ 635,837	\$ -	\$ -	\$ -	\$ 635,837
Fmgtn NM GRT Bonds; #311455EY1; 06/15/2013	-	206,216	-	-	206,216
Fmgtn NM GRT Bonds; #311455EZ8; 06/15/2014	-	206,002	-	-	206,002
Bloomfield NM GRT Bonds; #094072BQ7; 08/01/2014	-	113,167	-	-	113,167
Bernalillo NM Sch; #085279NTO; 08/01/2015	-	163,290	-	-	163,290
San Juan County NM; #798359GD1; 08/15/2016	-	139,830	-	-	139,830
Fmgtn Mun Sch; #311441HM4; 09/01/2016	-	212,200	-	-	212,200
Gallup NM GO UT 4%; #364028EUO; 08/01/2020	-	293,515	-	-	293,515
Fort Bend Cnty TX; #34681QEK9; 09/01/2034	-	1,031,110	-	-	1,031,110
SBA Pool #508743; 07/25/2019	-	-	1,671,833	-	1,671,833
FHLB; #31417YBR7; 05/15/2015	-	-	-	1,272,268	1,272,268
FHLB; #3137A3Y52; 10/15/2038	-	-	-	1,622,364	1,622,364
	-	-	-	-	-
<b>Totals</b>	<b>\$ 635,837</b>	<b>\$ 2,365,330</b>	<b>\$ 1,671,833</b>	<b>\$ 2,894,632</b>	<b>\$ 7,567,632</b>

**Reconciliation to Financial Statements:**

Total per banks	\$ 815	\$ 4,500,000	\$ 2,250,000	\$ 1,548,482	\$ 8,299,297
Reconciling items:					
Deposits in transit	-	-	-	9,947	9,947
Outstanding checks	(93)	-	-	(206,966)	(207,059)
Total per books	<u>\$ 722</u>	<u>\$ 4,500,000</u>	<u>\$ 2,250,000</u>	<u>\$ 1,351,463</u>	<u>8,102,185</u>
NM Treasurer Investment Pool					9,774,302
Cash with fiscal agent					504,947
Cash on hand					<u>2,600</u>
Total per financial statement:					<u><u>\$ 18,384,034</u></u>

**Financial Statements:**

Cash and cash equivalents:					
Governmental activities					\$ 6,047,842
Business-type activities					11,826,716
Fiduciary activities					4,529
Cash with fiscal agent:					
Governmental activities					504,947
Business-type activities					-
Total per financial statement:					<u><u>\$ 18,384,034</u></u>

CITY OF AZTEC, NEW MEXICO  
SCHEDULE OF JOINT POWER AGREEMENTS  
FOR THE YEAR ENDING JUNE 30, 2012

Participants City of Aztec	(including Responsible Party	Description	Dates of Agreement	Total Project	City Share	FY12 Amount	Audit Responsibility
San Juan County	San Juan County	County jail operations	b. 10/05/04 t. none	variable	\$63.32/day/prisoner through 6/30/12; rate recalculated July 1 in subsequent years	\$ 149,512	San Juan County
Cities of Bloomfield & Farmington, San Juan County, San Juan County Crimestoppers, Inc.	San Juan County Crimestoppers, Inc.	Crime prevention program	b. 9/16/96 t. None	variable	pro-rata share of costs	\$ 5,129	San Juan County Crimestoppers, Inc.
Cities of Bloomfield & Farmington: San Juan County	San Juan County Criminal Justice Training Authority	Police Training	b. 8/07/96 t. none	variable	pro-rata share of costs	\$ 9,000.00	San Juan County Criminal Justice Training Authority
Cities of Bloomfield & Farmington: San Juan County	San Juan County Communications Authority	Communications	b. 5/24/92 t. none	variable	Once maximum Capital Equipment Replacement Fund balance reached, pro-rata share will be assessed to maintain CERF balance; Aztec share 6%	\$ 762.00	San Juan County Communications Authority
Cities of Bloomfield & Farmington; San Juan County; rural water associations	San Juan Water Commission	Water rights protection/acquisition/distribution	b. 3/28/86 t. none	variable	.5% of mill levy assessed on property taxes	\$ -	San Juan Water Commission
Cities of Bloomfield & Farmington and San Juan County	City of Farmington	<u>Municipal Planning Organization</u>	b. 10/12 t. 9/2015	variable	pro-rata share (10%) of costs of MPO (operational and special projects)	\$ 4,529	City of Farmington

## MISCELLANEOUS STATISTICS SECTION

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City of Aztec  
**Net Assets by Component**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*

Schedule 1

	Fiscal Year									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Governmental activities</b>										
Invested in capital assets, net of related debt	\$ 7,797,033	\$ 8,351,639	\$ 8,395,200	\$ 10,427,544	\$ 11,583,291	\$ 11,517,852	\$ 15,048,147	\$ 12,817,692	\$ 15,877,838	\$ 16,106,487
Restricted	431,621	2,823,001	1,979,287	765,441	857,582	907,377	857,112	739,306	4,553,662	3,983,424
Unrestricted	5,823,695	4,062,836	6,819,141	7,456,271	7,918,899	9,971,284	8,620,444	7,802,526	4,006,565	5,187,030
Total governmental activities net assets	<u>\$ 14,052,349</u>	<u>\$ 15,237,476</u>	<u>\$ 17,193,628</u>	<u>\$ 18,649,256</u>	<u>\$ 20,359,772</u>	<u>\$ 22,396,513</u>	<u>\$ 24,525,703</u>	<u>\$ 21,359,524</u>	<u>\$ 24,438,065</u>	<u>\$ 25,276,941</u>
<b>Business-type activities</b>										
Invested in capital assets, net of related debt	\$ 14,116,973	\$ 12,475,127	\$ 12,467,106	\$ 13,784,572	\$ 14,387,194	\$ 14,951,711	\$ 16,940,492	\$ 21,749,963	\$ 21,481,586	\$ 23,814,365
Restricted	104,085	166,892	66,821	45,918	50,157	54,261	92,465	69,135	443,456	250,000
Unrestricted	2,660,380	5,318,677	6,114,060	7,080,613	7,992,084	9,442,598	10,533,764	12,369,283	13,537,163	12,547,460
Total business-type activities net assets	<u>\$ 16,881,438</u>	<u>\$ 17,960,696</u>	<u>\$ 18,647,987</u>	<u>\$ 20,911,103</u>	<u>\$ 22,429,435</u>	<u>\$ 24,448,570</u>	<u>\$ 27,566,721</u>	<u>\$ 34,188,381</u>	<u>\$ 35,462,205</u>	<u>\$ 36,611,825</u>
<b>Primary government</b>										
Invested in capital assets, net of related debt	\$ 21,914,006	\$ 20,826,766	\$ 20,862,306	\$ 24,212,116	\$ 25,970,485	\$ 26,469,563	\$ 31,988,639	\$ 34,567,655	\$ 37,359,424	\$ 39,920,852
Restricted	535,706	2,989,893	2,046,108	811,359	907,739	961,638	949,577	808,441	4,997,118	4,233,424
Unrestricted	8,484,075	9,381,513	12,933,201	14,536,884	15,910,983	19,413,882	19,154,208	20,171,809	17,543,728	17,734,490
Total business-type activities net assets	<u>\$ 30,933,787</u>	<u>\$ 33,198,172</u>	<u>\$ 35,841,615</u>	<u>\$ 39,560,359</u>	<u>\$ 42,789,207</u>	<u>\$ 46,845,083</u>	<u>\$ 52,092,424</u>	<u>\$ 55,547,905</u>	<u>\$ 59,900,270</u>	<u>\$ 61,888,766</u>

Source: City of Aztec CAFRs

Note: The city began reporting accrual information with the implementation of GASB Statement 34 in fiscal year 2003

**City of Aztec**  
**Changes in Net Assets**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*

Schedule 2

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Expenses</b>										
Governmental Activities										
General Government	\$ 689,296	\$ 894,271	\$ 1,274,513	\$ 1,381,532	\$ 1,815,671	\$ 2,110,680	\$ 1,983,249	\$ 2,257,458	\$ 2,199,348	\$ 1,961,789
Public Safety	1,523,840	2,105,029	1,905,168	2,135,358	2,229,695	2,733,897	2,862,497	3,755,435	1,891,687	1,915,374
Public Works	908,832	654,237	990,905	1,853,128	3,532,321	2,084,200	1,921,141	3,887,767	1,370,015	2,196,404
Health & Welfare	83,627		154,996						620,409	675,436
Culture and Recreation	657,178	840,454	668,126	1,012,513	1,055,677	1,285,597	1,414,843	2,289,542	1,317,231	1,442,998
Interest on Long Term Debt										189,666
Total governmental activities expense	<u>3,862,773</u>	<u>4,493,991</u>	<u>4,993,708</u>	<u>6,382,531</u>	<u>8,633,364</u>	<u>8,214,374</u>	<u>8,181,730</u>	<u>12,190,202</u>	<u>7,398,690</u>	<u>8,381,667</u>
Business Type Activities										
Joint Utility	4,961,298	5,395,009	5,743,024	5,972,592	7,841,078	8,177,753	7,995,060	9,367,458	8,610,592	8,549,579
Solid Waste	485,906	506,412	533,877	566,775	588,533	610,138	649,266	660,642	672,493	693,121
Irrigation	28,963	28,467	24,550	25,108	6,812	7,008	7,159	8,016	9,309	14,492
Total business type activities expenses	<u>5,476,167</u>	<u>5,929,888</u>	<u>6,301,451</u>	<u>6,564,475</u>	<u>8,436,423</u>	<u>8,794,899</u>	<u>8,651,485</u>	<u>10,036,116</u>	<u>9,292,394</u>	<u>9,257,192</u>
Total primary government expenses	<u>\$ 9,338,940</u>	<u>\$ 10,423,879</u>	<u>\$ 11,295,159</u>	<u>\$ 12,947,006</u>	<u>\$ 17,069,787</u>	<u>\$ 17,009,273</u>	<u>\$ 16,833,215</u>	<u>\$ 22,226,318</u>	<u>\$ 16,691,084</u>	<u>\$ 17,638,859</u>
<b>Program Revenues</b>										
Governmental activities										
Charges for services										
General Government	\$ 231,990	\$ 260,505	\$ 765,094	\$ 784,661	\$ 748,151	\$ 887,570	\$ 168,223	\$ 150,871	\$ 234,996	\$ 284,305
Public Safety	440,644	406,335	46,924	75,947	72,413	85,907	676,813	512,697	444,413	390,107
Public Works			306	89,532	85,366	101,274	94,643	84,884	28,480	28,919
Health & Welfare			6,814						25,531	27,640
Culture and Recreation	22,936	51,725	5,758	17,037	16,244	19,272	82,711	74,042	49,566	49,401
Operating grants and contributions	1,055,994	1,319,881	388,499	1,035,880	1,296,919	1,063,924	429,943	437,993	269,709	756,548
Capital grants and contributions	641,102	82,379	373,773	518,599	1,893,140	865,010	2,692,365	2,742,777	3,578,843	943,526
Total governmental activities program revenues	<u>2,392,666</u>	<u>2,120,825</u>	<u>1,587,168</u>	<u>2,521,656</u>	<u>4,112,233</u>	<u>3,022,957</u>	<u>4,144,698</u>	<u>4,003,264</u>	<u>4,631,538</u>	<u>2,480,446</u>
Business-type activities										
Charges for services										
Joint Utility	5,217,385	5,368,392	6,286,230	7,478,390	8,695,555	9,549,963	9,806,660	9,569,623	9,534,607	9,465,404
Solid Waste	498,310	511,115	529,623	559,653	579,151	592,309	659,621	678,640	691,561	687,382
Irrigation	13,277	13,159	13,159	13,159	13,159	13,159	13,159	13,159	13,159	13,159
Operating grants and contributions	50,000	660,016							-	-
Capital grants and contributions	414,134		107,189	285,169	224,236	266,056	308,650	5,689,497	172,931	96,640
Total business-type activities program revenues	<u>6,193,106</u>	<u>6,552,682</u>	<u>6,936,201</u>	<u>8,336,371</u>	<u>9,512,101</u>	<u>10,421,487</u>	<u>10,788,090</u>	<u>15,950,919</u>	<u>10,412,258</u>	<u>10,262,585</u>
Total primary government program revenues	<u>\$ 8,585,772</u>	<u>\$ 8,673,507</u>	<u>\$ 8,523,369</u>	<u>\$ 10,858,027</u>	<u>\$ 13,624,334</u>	<u>\$ 13,444,444</u>	<u>\$ 14,932,788</u>	<u>\$ 19,954,183</u>	<u>\$ 15,043,796</u>	<u>\$ 12,743,031</u>

Source: City of Aztec CAFRs

Note: The city began reporting accrual information with the implementation of GASB Statement 34 in fiscal year 2003



City of Aztec  
**Changes in Net Assets**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*

Schedule 2

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Net (Expenses)/Revenues</b>										
Governmental activities	\$ (1,470,107)	\$ (2,373,166)	\$ (3,406,540)	\$ (3,860,875)	\$ (4,521,131)	\$ (5,191,417)	\$ (4,037,032)	\$ (8,186,938)	\$ (2,767,152)	\$ (5,901,221)
Business-type activities	716,939	622,794	634,750	1,771,896	1,075,678	1,626,588	2,136,605	5,914,803	1,119,864	1,005,393
Total primary government activities expenses	<u>\$ (753,168)</u>	<u>\$ (1,750,372)</u>	<u>\$ (2,771,790)</u>	<u>\$ (2,088,979)</u>	<u>\$ (3,445,453)</u>	<u>\$ (3,564,829)</u>	<u>\$ (1,900,427)</u>	<u>\$ (2,272,135)</u>	<u>\$ (1,647,288)</u>	<u>\$ (4,895,828)</u>
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental activities										
Taxes										
Gross receipts taxes	\$ 2,487,052	\$ 2,887,368	\$ 3,736,964	\$ 3,998,584	\$ 4,582,503	\$ 5,478,504	\$ 5,384,771	\$ 4,090,147	\$ 4,255,156	\$ 5,029,168
Property taxes	283,815	334,830	393,056	398,982	424,940	479,294	537,994	522,553	571,668	588,699
Franchise taxes	107,683	114,754		471,109	534,301	523,744	478,811	474,311	544,923	552,008
Other taxes	222,122	207,794	661,208	244,563	224,579	253,673	193,978	237,649	187,401	180,947
Other revenue	64,701		100,823	123,171	116,688	107,739	102,597	176,437	247,095	378,685
Unrestricted investment earnings	134,585	104,229	168,848	277,530	343,285	333,053	164,524	58,916	40,310	23,867
Loss on disposition		613	5,263							(13,277)
Transfers	(39,123)	(375,386)	170,493	(197,436)	5,351	52,151	(696,453)	(539,254)	(860)	-
Total governmental activities	<u>3,260,835</u>	<u>3,274,202</u>	<u>5,236,655</u>	<u>5,316,503</u>	<u>6,231,647</u>	<u>7,228,158</u>	<u>6,166,222</u>	<u>5,020,759</u>	<u>5,845,693</u>	<u>6,740,097</u>
Business-type activities										
Environmental taxes			78,146	83,682	96,021	114,872	112,593	85,308	88,721	102,074
Unrestricted investment earnings	117,911	81,246	113,249	210,102	351,984	329,826	172,500	82,295	64,379	42,153
Other Revenue			31,089							-
Loss on disposition	(46,000)	(167)	550							-
Transfers	39,123	375,385	(170,493)	197,436	(5,351)	(52,151)	696,453	539,254	860	-
Total business-type activities	<u>111,034</u>	<u>456,464</u>	<u>52,541</u>	<u>491,220</u>	<u>442,654</u>	<u>392,547</u>	<u>981,546</u>	<u>706,857</u>	<u>153,960</u>	<u>144,227</u>
Total primary government	<u>\$ 3,371,869</u>	<u>\$ 3,730,666</u>	<u>\$ 5,289,196</u>	<u>\$ 5,807,723</u>	<u>\$ 6,674,301</u>	<u>\$ 7,620,705</u>	<u>\$ 7,147,768</u>	<u>\$ 5,727,616</u>	<u>\$ 5,999,653</u>	<u>\$ 6,884,324</u>
<b>Change in Net Assets</b>										
Governmental activities	\$ 1,790,728	\$ 901,036	\$ 1,830,115	\$ 1,455,628	\$ 1,710,516	\$ 2,036,741	\$ 2,129,190	\$ (3,166,179)	\$ 3,078,541	\$ 838,876
Business-type activities	827,973	1,079,258	687,291	2,263,116	1,518,332	2,019,135	3,118,151	6,621,660	1,273,824	1,149,620
Total primary government	<u>\$ 2,618,701</u>	<u>\$ 1,980,294</u>	<u>\$ 2,517,406</u>	<u>\$ 3,718,744</u>	<u>\$ 3,228,848</u>	<u>\$ 4,055,876</u>	<u>\$ 5,247,341</u>	<u>\$ 3,455,481</u>	<u>\$ 4,352,365</u>	<u>\$ 1,988,496</u>

Source: City of Aztec CAFRs

Note: The city began reporting accrual information with the implementation of GASB Statement 34 in fiscal year 2003

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

Schedule 3

**General Fund**

<u>Fiscal Year</u>	<u>Reserved</u>	<u>Unreserved</u>	<u>Nonspendable</u>	<u>Unassigned</u>	<u>Total</u>
2003	\$ 788,692	\$ 3,149,184			\$ 3,937,876
2004	443,098	3,897,506			4,340,604
2005	1,256,352	4,079,992			5,336,344
2006	606,874	4,088,709			4,695,583
2007	697,196	3,751,236			4,448,432
2008	741,181	4,612,717			5,353,898
2009	706,187	4,677,120			5,383,307
2010	588,192	4,617,847			5,206,039
2011	658,710		991,707	3,660,757	5,311,174
2012	701,366		700	4,774,649	5,476,715

**All Other Governmental Funds**

<u>Fiscal Year</u>	<u>Reserved</u>	<u>Unreserved</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>	<u>Total</u>
2003	\$ 1,037	\$ 2,430,650				\$ 2,431,687
2004	304,520	2,075,383				2,379,903
2005	570,703	2,687,396				3,258,099
2006	158,567	3,208,869				3,367,436
2007	160,386	4,058,982				4,219,368
2008	166,196	5,235,656				5,401,852
2009	150,925	7,113,428				7,264,353
2010	151,114	4,545,704				4,696,818
2011	3,280		3,894,952	159,155		4,057,387
2012	1,413		3,282,058	138,983		3,422,454

Source: City of Aztec CAFRs

Note: The city began reporting accrual information with the implementation of GASB Statement 34 in fiscal year 2003

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

Schedule 4

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Revenues</b>										
Taxes	\$ 3,100,672	\$ 3,528,837	\$ 4,432,986	\$ 5,073,253	\$ 5,726,747	\$ 6,690,398	\$ 6,532,742	\$ 5,311,666	\$ 5,523,540	\$ 6,329,548
Licenses and permits	49,882	51,725	57,564	143,461	109,720	162,575	57,827	62,683	63,336	62,258
Intergovernmental	1,697,096	1,329,107	904,050	1,696,330	3,190,059	1,928,934	3,122,308	3,180,770	3,848,552	1,700,074
Charges for services	216,645	260,505	300,250	331,608	336,988	380,726	398,851	324,776	356,739	328,007
Fines	429,043	406,335	523,400	492,108	475,466	550,722	565,712	435,035	362,911	390,107
Investment earnings	134,585	104,229	168,847	277,530	343,285	333,053	164,524	58,916	40,310	23,867
Miscellaneous	64,701	60,051	76,636	123,171	116,688	107,739	102,597	176,437	247,095	378,685
<b>Total Revenues</b>	<b>5,692,624</b>	<b>5,740,789</b>	<b>6,463,733</b>	<b>8,137,461</b>	<b>10,298,953</b>	<b>10,154,147</b>	<b>10,944,561</b>	<b>9,550,283</b>	<b>10,442,483</b>	<b>9,212,546</b>
<b>Expenditures</b>										
Current										
General Government	670,845	732,116	1,169,293	1,169,572	1,632,016	1,665,357	1,833,036	1,763,356	1,804,289	1,886,575
Public Safety	1,424,983	1,672,449	1,693,441	1,908,208	1,967,451	2,421,134	2,651,381	2,409,157	1,728,707	1,783,255
Public Works	577,991	556,468	542,743	1,499,247	3,123,766	1,651,035	1,625,807	1,413,715	970,391	1,531,750
Health & Welfare	83,627		153,691						553,191	633,678
Culture and Recreation	529,051	714,856	566,252	887,098	910,885	1,068,047	1,205,663	1,143,772	1,087,033	1,081,789
Debt										
Principal			59,801	104,416	107,571	111,177	196,093	156,847	144,353	149,400
Interest			42,887	67,844	64,694	61,092	159,915	201,088	195,574	190,551
Capital Outlay	1,733,782	1,339,183	2,333,417	2,835,064	1,893,140	1,140,506	4,051,683	4,667,897	4,492,381	2,424,940
<b>Total expenditures</b>	<b>5,020,279</b>	<b>5,015,072</b>	<b>6,561,525</b>	<b>8,471,449</b>	<b>9,699,523</b>	<b>8,118,348</b>	<b>11,723,578</b>	<b>11,755,832</b>	<b>10,975,919</b>	<b>9,681,938</b>
Excess of revenues over (under) expenditures	672,345	725,717	(97,792)	(333,988)	599,430	2,035,799	(779,017)	(2,205,549)	(533,436)	(469,392)
<b>Other Financing Sources (Uses)</b>										
Operating transfers in	870,304	813,236	725,018	1,505,000	1,556,488	719,713	866,218	680,999	189,763	233,975
Operating transfers out	(909,427)	(1,188,622)	(554,525)	(1,702,436)	(1,551,137)	(667,562)	(1,562,671)	(1,220,253)	(190,623)	(233,975)
Proceeds from long-term debt, net			1,794,735							
Proceeds from sale of capital assets		613	6,500							
Bonds Issued							3,367,380			
<b>Total other financing sources and uses</b>	<b>(39,123)</b>	<b>(374,773)</b>	<b>1,971,728</b>	<b>(197,436)</b>	<b>5,351</b>	<b>52,151</b>	<b>2,670,927</b>	<b>(539,254)</b>	<b>(860)</b>	<b>-</b>
Net change in fund balance	\$ 633,222	\$ 350,944	\$ 1,873,936	\$ (531,424)	\$ 604,781	\$ 2,087,950	\$ 1,891,910	\$ (2,744,803)	\$ (534,296)	\$ (469,392)

Source: City of Aztec CAFRs

Note: The city began reporting accrual information with the implementation of GASB Statement 34 in fiscal year 2003

City of Aztec  
 Tax Revenues by Source, Governmental Funds  
 Last Ten Fiscal Years

Schedule 5

<u>Fiscal Year</u>	<u>Gross Receipts Tax</u>	<u>Property Tax</u>	<u>Franchise Tax</u>	<u>Other Taxes</u>	<u>Total Taxes</u>
2003	\$ 2,487,052	\$ 283,815	\$ 107,683	\$ 222,122	\$ 3,100,672
2004	2,887,368	334,830	114,754	207,794	3,544,746
2005	3,736,964	393,056	661,208		4,791,228
2006	3,998,584	398,982	471,109	244,563	5,113,238
2007	4,582,503	424,940	534,301	224,579	5,766,323
2008	5,478,504	479,294	523,744	253,673	6,735,215
2009	5,384,771	537,994	478,811	193,978	6,595,554
2010	4,090,147	522,553	474,311	237,649	5,324,660
2011	4,255,156	571,668	544,923	187,401	5,559,148
2012	5,029,168	588,699	552,008	180,947	6,350,822

City of Aztec  
Taxable Gross Receipts by Industry  
Last Ten Fiscal Years

Schedule 6

Ending 6/30	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Agriculture	\$ 21,704	\$ 388,243	\$ 21,517	\$ 32,828	\$ 14,510	\$ 66,648	\$ 32,000	\$ 34,759	\$ 13,186	\$ 386
Mining	\$ 1,938,783	\$ 18,082,017	\$ 22,874,869	\$ 27,129,379	\$ 47,421,297	\$ 40,943,503	\$ 47,218,262	\$ 26,321,710	\$ 17,689,324	\$ 21,172,800
Utilities	\$ -	\$ 445,357	\$ 2,547,807	\$ 4,417,821	\$ 4,073,931	\$ 6,154,097	\$ 3,621,352	\$ 3,370,924	\$ 3,233,545	\$ 3,103,283
Construction	\$ 11,979,826	\$ 19,736,139	\$ 18,028,359	\$ 17,320,883	\$ 19,573,186	\$ 26,635,255	\$ 49,389,628	\$ 35,834,152	\$ 26,175,393	\$ 31,681,821
Manufacturing	\$ 5,633,948	\$ 6,312,000	\$ 8,829,076	\$ 6,509,903	\$ 6,998,952	\$ 8,128,772	\$ 11,806,566	\$ 8,157,517	\$ 9,220,855	\$ 9,480,883
Wholesale Trade	\$ 6,109,496	\$ 6,365,148	\$ 5,701,628	\$ 5,428,966	\$ 6,704,276	\$ 38,967,614	\$ 24,848,993	\$ 13,832,221	\$ 18,843,145	\$ 23,766,014
Retail Trade	\$ 58,299,757	\$ 60,940,452	\$ 42,777,986	\$ 36,764,303	\$ 40,674,759	\$ 42,089,379	\$ 38,004,248	\$ 35,622,179	\$ 34,872,717	\$ 35,412,028
Transportation	\$ -	\$ 14,400	\$ -	\$ 230,731	\$ 583,779	\$ 138,152	\$ 338,041	\$ 451,200	\$ 583,062	\$ 3,274,041
Information and Cultural	\$ -	\$ 4,906,783	\$ 7,097,214	\$ 6,995,807	\$ 7,101,186	\$ 8,407,172	\$ 9,492,745	\$ 12,584,386	\$ 14,493,738	\$ 16,325,683
Finance and Insurance	\$ -	\$ 435,061	\$ 563,200	\$ 421,352	\$ 720,166	\$ 995,476	\$ 808,828	\$ 704,552	\$ 462,510	\$ 526,014
Real Estate	\$ -	\$ -	\$ 5,258,207	\$ 7,295,172	\$ 10,999,724	\$ 8,102,786	\$ 9,713,103	\$ 5,212,524	\$ 4,508,303	\$ 5,615,172
Professional, Scientific, Technical Services	\$ -	\$ 3,067,896	\$ 4,291,531	\$ 6,103,503	\$ 7,376,772	\$ 6,075,255	\$ 8,177,986	\$ 5,464,276	\$ 5,990,621	\$ 11,916,579
Management	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,159
Administrative & Support	\$ -	\$ 432,209	\$ 465,048	\$ 230,069	\$ 655,834	\$ 492,193	\$ 801,766	\$ 1,258,041	\$ 666,814	\$ 1,224,552
Educational Services	\$ -	\$ 35,757	\$ 14,510	\$ 8,883	\$ 2,428	\$ 14,786	\$ 54,731	\$ 30,014	\$ 166,731	\$ 72,607
Health Care	\$ -	\$ 2,206,122	\$ 2,483,310	\$ 2,047,503	\$ 3,592,717	\$ 3,684,910	\$ 4,070,566	\$ 5,158,455	\$ 5,332,469	\$ 6,295,117
Arts	\$ -	\$ 43,130	\$ 39,669	\$ 78,510	\$ 107,807	\$ 42,869	\$ 343,503	\$ 340,469	\$ 422,510	\$ 668,414
Accommodation and Food Services	\$ -	\$ 11,682,643	\$ 18,304,166	\$ 18,788,138	\$ 19,887,503	\$ 21,466,593	\$ 22,760,552	\$ 21,165,241	\$ 19,218,703	\$ 20,716,855
Other Services	\$ -	\$ 17,661,148	\$ 31,522,869	\$ 35,097,655	\$ 36,618,593	\$ 37,903,945	\$ 40,499,807	\$ 26,511,890	\$ 24,334,400	\$ 25,814,290
Public Administration	\$ -	\$ -	\$ -	\$ 1,612,690	\$ 1,513,710	\$ 2,546,538	\$ 552,166	\$ 1,288,441	\$ 3,301,903	\$ 1,815,007
Food Distribution (d)	\$ -	\$ -	\$ 6,998,234	\$ 24,771,972	\$ 25,078,400	\$ 31,883,476	\$ 27,880,221	\$ 25,456,717	\$ 30,064,276	\$ 47,914,152
Medical Distribution (d)	\$ -	\$ -	\$ 365,517	\$ 1,394,538	\$ 1,861,241	\$ 2,144,497	\$ 2,333,903	\$ 2,657,490	\$ 2,972,524	\$ 3,575,834
Unclassified/Undisclosed (a)	\$ 41,466,087	\$ 25,742,678	\$ 25,948,414	\$ 22,002,538	\$ 5,816,276	\$ 11,683,310	\$ 7,223,669	\$ 6,620,966	\$ 6,907,697	\$ 5,281,766
Trans. Comm, Util (c)	\$ 2,686,817	\$ 914,435	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Services (c)	\$ 37,724,730	\$ 16,300,522	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Finance, Insurance, Real Estate (c)	\$ 2,488,209	\$ 1,414,470	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 168,349,357</b>	<b>\$ 197,126,609</b>	<b>\$ 204,133,131</b>	<b>\$ 224,683,145</b>	<b>\$ 247,377,048</b>	<b>\$ 298,567,228</b>	<b>\$ 309,972,634</b>	<b>\$ 238,078,124</b>	<b>\$ 229,474,428</b>	<b>\$ 275,662,455</b>
City Direct Sales Tax Rate	1.4375%	1.4375%	1.8125%	1.8125%	1.8125%	1.8125%	1.8125%	1.8125%	1.8125%	1.8125%

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

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

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

(c) Beginning with the 1st Quarter of FY 2004, the State changed the gross receipts tax classification system in the report NM\_FR003-500 Local Gov't Distribution Summary, from the Standard Industrial Classification format to the North American Industrial Classification format.

(d) Effective January 2005, state legislation removed the state and local options gross receipts tax (GRT) from the sales of food and most health care services, by allowing retail food outlets and medical service providers to deduct qualifying food and health services from gross receipts reported to the NM Taxation and Revenue Department. However, municipalities and counties are "held harmless" and are reimbursed the local option GRT on these nontaxable items from the State of New Mexico. The financing of this reimbursement is provided by an increase State GRT of .5%.

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

**Schedule 7**

<b>Fiscal Year</b>	<b>State GRT Rate</b>	<b>City Share of State GRT Rate</b>	<b>City Direct Rate</b>	<b>San Juan County Rate</b>	<b>Total City GRT Rate</b>
2003 (a)	3.2750%	1.2250%	1.4375%	0.3750%	6.3125%
2004	3.2750%	1.2250%	1.4375%	0.6875%	6.6250%
2005 (b) (c)	3.7750%	1.2250%	1.8125%	0.6875%	7.5000%
2006	3.7750%	1.2250%	1.8125%	0.8125%	7.6250%
2007	3.7750%	1.2250%	1.8125%	0.8125%	7.6250%
2008	3.7750%	1.2250%	1.8125%	0.8125%	7.6250%
2009	3.7750%	1.2250%	1.8125%	0.8125%	7.6250%
2010	3.7750%	1.2250%	1.8125%	0.8125%	7.6250%
2011	3.9000%	1.2250%	1.8125%	0.8125%	7.7500%
2012	3.9000%	1.2250%	1.8125%	0.8125%	7.7500%

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

(a) City Ordinance 2002-286 imposed 1/16% environmental gross receipts tax rate, adopted by governing body September 26, 2002, enacted January 1, 2003

(b) City Ordinance 2003-305 imposed 1/4% capital project gross receipts tax rate, adopted by governing body November 4, 2003, approved by voters during special municipal election January 13, 2004, enacted July 1, 2004

(c) City Ordinance 2003-304 imposed 1/8% infrastructure project gross receipts tax rate, adopted by governing body November 4, 2003, approved by voters during special municipal election January 13, 2004, enacted July 1, 2004

City of Aztec  
Taxable Gross Receipts Payers by Industry  
Current Year and One Year Ago

Schedule 8

Ending 6/30	Fiscal Year 2012				Fiscal Year 2011			
	Number of Filers (12 Mo. Avg.)	Percentage of Total Filers	Taxable Gross Receipts	Percentage of Total Gross Receipts	Number of Filers (12 Mo. Avg.)	Percentage of Total Filers	Taxable Gross Receipts	Percentage of Total Gross Receipts
Agriculture	1	0.17%	\$ 386	0.00%	7	1.26%	\$ 13,186	0.01%
Mining	8	1.34%	\$ 21,172,800	7.68%	5	0.90%	\$ 17,689,324	7.71%
Utilities	5	0.83%	\$ 3,103,283	1.13%	4	0.72%	\$ 3,233,545	1.41%
Construction	61	10.18%	\$ 31,681,821	11.49%	57	10.23%	\$ 26,175,393	11.41%
Manufacturing	21	3.51%	\$ 9,480,883	3.44%	22	3.95%	\$ 9,220,855	4.02%
Wholesale Trade	44	7.35%	\$ 23,766,014	8.62%	37	6.64%	\$ 18,843,145	8.21%
Retail Trade	137	22.87%	\$ 35,412,028	12.85%	127	22.80%	\$ 34,872,717	15.20%
Transportation	4	0.67%	\$ 3,274,041	1.19%	2	0.36%	\$ 583,062	0.25%
Information and Cultural	53	8.85%	\$ 16,325,683	5.92%	52	9.34%	\$ 14,493,738	6.32%
Finance and Insurance	8	1.34%	\$ 526,014	0.19%	9	1.62%	\$ 462,510	0.20%
Real Estate	27	4.51%	\$ 5,615,172	2.04%	24	4.31%	\$ 4,508,303	1.96%
Professional, Scientific, Technical Services	47	7.85%	\$ 11,916,579	4.32%	44	7.90%	\$ 5,990,621	2.61%
Management	-	0.00%	\$ 9,159	0.00%	-	0.00%	\$ -	0.00%
Administrative & Support	17	2.84%	\$ 1,224,552	0.44%	11	1.97%	\$ 666,814	0.29%
Educational Services	2	0.33%	\$ 72,607	0.03%	2	0.36%	\$ 166,731	0.07%
Health Care	28	4.67%	\$ 6,295,117	2.28%	24	4.31%	\$ 5,332,469	2.32%
Arts	5	0.83%	\$ 668,414	0.24%	3	0.54%	\$ 422,510	0.18%
Accommodation and Food Services	25	4.17%	\$ 20,716,855	7.52%	22	3.95%	\$ 19,218,703	8.38%
Other Services	105	17.53%	\$ 25,814,290	9.36%	104	18.67%	\$ 24,334,400	10.60%
Public Administration	1	0.17%	\$ 1,815,007	0.66%	1	0.18%	\$ 3,301,903	1.44%
Food Distribution (a) (c)		0.00%	\$ 47,914,152	17.38%		0.00%	\$ 30,064,276	13.10%
Medical Distribution (a) (c)		0.00%	\$ 3,575,834	1.30%		0.00%	\$ 2,972,524	1.30%
Unclassified/Undisclosed (a)		0.00%	\$ 5,281,766	1.92%		0.00%	\$ 6,907,697	3.01%
<b>Total</b>	<b>599</b>	<b>100.00%</b>	<b>\$275,662,455</b>	<b>100.00%</b>	<b>557</b>	<b>\$ 1.00</b>	<b>\$ 229,474,428</b>	<b>100.00%</b>

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

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

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

(c) Effective January 2005, state legislation removed the state and local options gross receipts tax (GRT) from the sales of food and most health care services, by allowing retail food outlets and medical service providers to deduct qualifying food and health services from gross receipts reported to the NM Taxation and Revenue Department. However, municipalities and counties' are "held harmless" and are reimbursed the local option GRT on these nontaxable items from the State of New Mexico. The financing of this reimbursement is provided by an increase State GRT of .5%.

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

Schedule 9

Fiscal Year	Residential Property	Nonresidential Property	Oil & Gas (Prod & Equip)	Total Taxable Assessed Value	Total Direct Residential Tax Rate	Total Direct Non Residential Tax Rate	Total Direct Oil & Gas Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
2003	36,552,798	14,330,948	602,059	51,485,805	5.1670%	6.3550%	6.8730%	154,612,027	33.3%
2004	39,530,630	16,424,925	643,457	56,599,012	4.9630%	6.0510%	6.8730%	169,967,003	33.3%
2005	40,914,355	16,785,437	1,190,400	58,890,192	5.0750%	6.2950%	6.8730%	176,847,423	33.3%
2006	44,411,394	17,999,290	2,167,203	64,577,887	5.0310%	6.2560%	6.8730%	193,927,589	33.3%
2007	47,114,418	19,811,144	3,710,377	70,635,939	5.0880%	6.3120%	6.8730%	212,119,937	33.3%
2008	55,126,388	23,414,222	4,325,928	82,866,538	4.8020%	6.0090%	6.8730%	248,848,462	33.3%
2009	59,593,553	24,888,226	4,736,814	89,218,593	4.8600%	6.3240%	6.8730%	267,923,703	33.3%
2010	68,396,249	33,286,746	5,050,153	106,733,148	4.5700%	5.8730%	6.8730%	320,519,964	33.3%
2011	72,851,328	36,302,117	2,289,210	111,442,655	4.5550%	5.9410%	6.8730%	334,662,628	33.3%
2012	75,666,954	34,518,953	2,167,166	112,353,073	4.5870%	6.5090%	6.8730%	337,396,616	33.3%

Source: San Juan County Assessor



## **COMPLIANCE SECTION**

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

City of Aztec  
Aztec, New Mexico  
Honorable Mayor and City Commission, and  
Hector H. Balderas, New Mexico State Auditor

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue fund, and the combining and individual funds and related budgetary comparison presented as supplemental information of the City of Aztec, New Mexico (City), as of and for the year ended June 30, 2012, and have issued our report thereon dated January 15, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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 City's financial statements will not be prevented, or detected and corrected on a timely basis.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

We also noted a certain other matter that is required to be reported pursuant to *Government Auditing Standards* paragraphs 5.14 and 5.16, and pursuant to Section 12-6-5, NMSA 1978, which is described in the accompanying schedule of findings and responses as finding 2004-1.

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the City's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the City Commission, City management, the Office of the State Auditor, the New Mexico Legislature, the New Mexico Department of Finance and Administration, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



Farmington, New Mexico  
January 15, 2013

**CITY OF AZTEC  
SCHEDULE OF FINDINGS AND  
RESPONSES  
Year Ended June 30, 2012**

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the basic financial statements of the City of Aztec.
2. No material weaknesses relating to the audit of the financial statements are reported in the Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the City were disclosed during the audit.
4. A single audit was not required for the year ended June 30, 2012.

**CITY OF AZTEC  
SCHEDULE OF FINDINGS AND  
QUESTIONED COSTS  
Year Ended June 30, 2012**

**B. FINDINGS – FINANCIAL STATEMENTS AUDIT**

<b>Prior Year Findings</b>	<b>Status</b>
2004-1 Failure to File Audit Report by Due Date	Repeated
2009-1 Noncompliance with OMB Circular No. A-133.320(a)	Resolved and not repeated
2011-1 Pledged Collateral (Significant Deficiency)	Resolved and not repeated

**Current Year Findings**

2004-1 Failure to File Audit Report by Due Date (Other)

Condition

The New Mexico State Auditor requires the audit to be completed and submitted by December 1<sup>st</sup> following the entity's June 30<sup>th</sup> year end. The audited financial statements have been submitted late for the years ended June 30, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011 and 2012. The June 30, 2004, 2005, 2006, 2007, 2008, 2009, 2010 and 2011 audits have been approved by the State Auditor. The June 30, 2012 audited financial statements have been submitted for approved in January 2013.

Criteria

According to the State of New Mexico, Office of the State Auditor publication 2 NMAC 2.2 – Requirements for Contracting and Conducting Audits of Agencies, Section 9.1, the filing date of the audit reports for cities and villages is December 1<sup>st</sup> following the end of the fiscal year.

Cause

The prior audit reports (years ended June 30, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011 and 2012) have been submitted to the Office of the State Auditor late.

Effect

According to the state source referred to above, "Failure to file the audit report by the due date set in Section 9.1 is considered non-compliance with 2 NMAC 2.2 and shall be a current year finding." Each entity shall submit a statement to the State Auditor's Office providing an explanation for the delay in submission.

Recommendation

The audit should be completed by the required due date of the State Auditor.

Management Response

The City terminated the three year contract with the FY04 auditing firm when it became apparent that services would not be completed in accordance with the contract. A contract was negotiated with another firm for the FY05 audit. However, due to unforeseen circumstances, they will not be able to continue providing services. The City solicited RFPs for audit services beginning with the FY06 fiscal year and has contracted with a local firm. The FY12 audited financial statements are being submitted late due to the FY04, FY05, FY06, FY07, FY08, FY09, FY10 and FY11 audited financial statements late submission.

## **C. FINDINGS – MAJOR FEDERAL AWARD PROGRAM**

**No single audit required in the current year.**

### **Financial Statement Presentation**

The City's financial statements were prepared by David Berry, CPA, PC. Management has reviewed and approved these financial statements. Management is responsible for ensuring that the books and records from which the financial statements were prepared adequately support the financial assertions contained therein, in conformity with generally accepted accounting principles and that the records are current and in balance.

**CITY OF AZTEC  
EXIT CONFERENCE  
Year Ended June 30, 2012**

An exit conference was held on January 15, 2013. In attendance were:

For the City of Aztec:

Sally Burbridge  
Joshua Ray  
Kathy Lamb

Mayor  
City Manager  
Finance Director

For David Berry, CPA, PC (auditors):

David Berry, CPA