

STATE OF NEW MEXICO  
CITY OF AZTEC

Financial Statements

June 30, 2014



**AXIOM**

*Certified Public Accountants  
and Business Advisors LLC*

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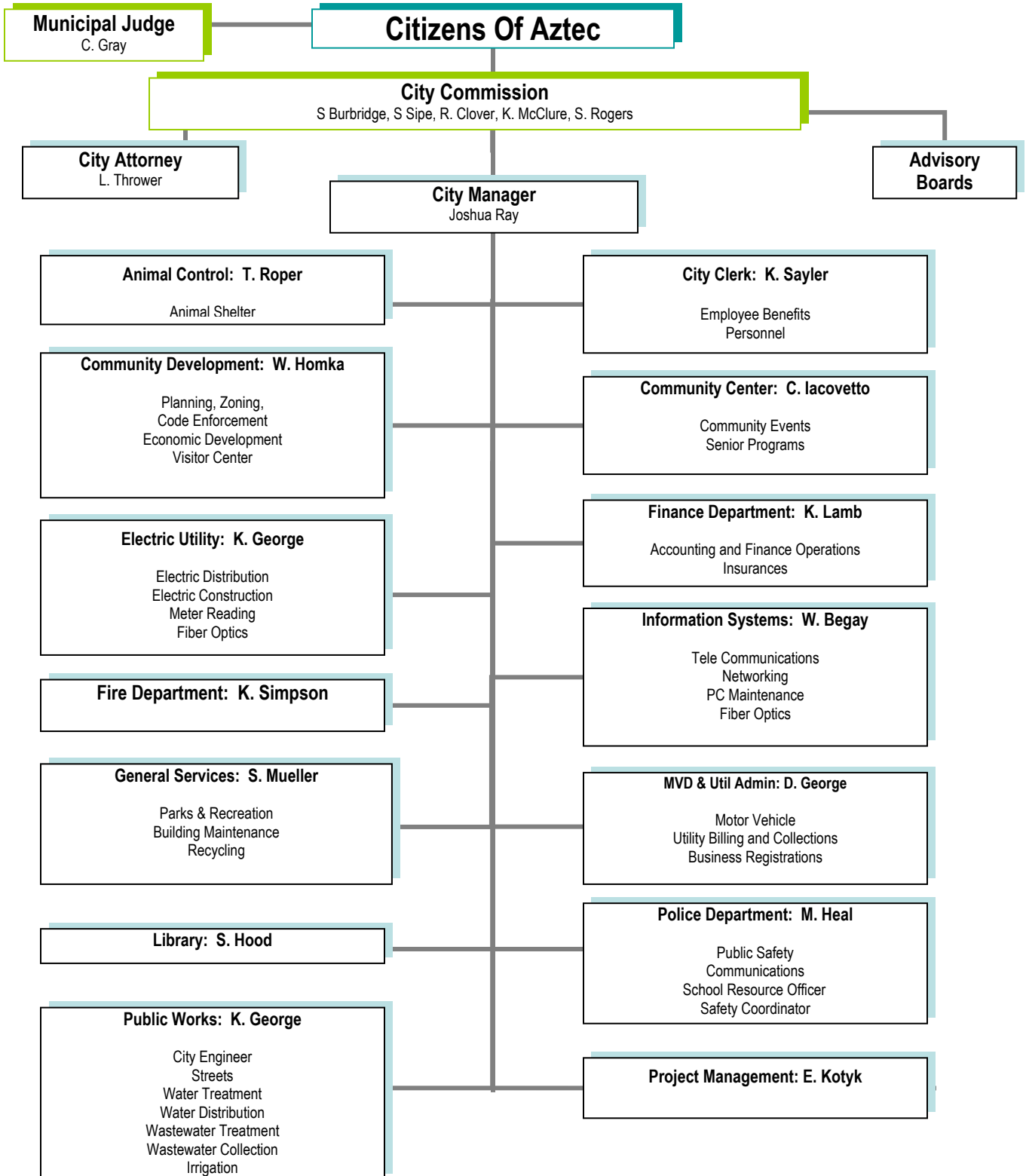
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# CITY OF AZTEC, NEW MEXICO

## ORGANIZATIONAL CHART

June 30, 2014



**STATE OF NEW MEXICO**

**CITY OF AZTEC**

**List of Principal Officials**

**June 30, 2014**

<u>Title</u>	<u>Name</u>
Mayor.....	Sally Burbridge
Mayor Pro-Tem.....	Sherri A. Sipe
City Commissioner.....	Roberta S. Clover
City Commissioner.....	Katee McClure
City Commissioner.....	Sheri L. Rogers
City Manager.....	Joshua Ray
Finance Director.....	Kathy Lamb

## INDEPENDENT AUDITOR'S REPORT

To the City Commission  
City of Aztec  
and Mr. Hector H. Balderas  
New Mexico State Auditor

### Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, and the budgetary comparisons for the general fund and the major special revenue fund of the City of Aztec, New Mexico ("City") as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the City's nonmajor governmental funds and the budgetary comparisons for the major enterprise funds and all of the nonmajor funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2014, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2014, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and the major special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the City as of June 30, 2014, and the respective changes in financial position thereof and the respective budgetary comparisons for the major enterprise funds and all of the nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 9-22 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the City's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The Schedule of Expenditures of federal awards as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, Additional Other Supplementary Schedules Section of the table of contents and other schedules as required by Section 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of federal awards and other schedules required by Section 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been



subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures and other schedules required by Section 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The schedules presented within the Additional Other Supplementary Schedules section of the table of contents have not been subjected to auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide assurance on it.

*Change in Accounting Principle*

As discussed in Note 13 to the financial statements, in 2014 the City adopted new accounting guidance, *GASB Statement No. 65, Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2014 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

Albuquerque, New Mexico  
November 24, 2014

## 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, 2014.

### Financial Highlights

The assets and deferred outflows of resources of the City of Aztec exceeded its liabilities at the close of June 30, 2014 by \$62,689,802 (*net position*). Of this amount, \$15,967,353 (*unrestricted net position*) may be used to meet the City's ongoing obligations to its citizens and creditors.

The City's total Net Position increased by \$1,169,339 (1.9%).

As of the June 30, 2014, the City's governmental funds reported combined ending fund balances of \$6,173,677, a decrease of \$1,494,731 in comparison with the prior year. Approximately 46.99% of this total fund balance amount (\$2,901,221) is available for spending at the City's discretion (*unassigned fund balance*).

At the end of the current fiscal year, unrestricted fund balance (the total of the *committed*, *assigned*, and *unassigned* components of fund balance) for the general fund was \$2,901,221, or approximately 41.2% of total general fund expenditures.

The City of Aztec's total long-term debt was \$8,183,950 at the end of the current fiscal year. This decrease of \$418,770 (4.9%) was due to scheduled debt payments.

### 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 consist of 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.

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

The *statement of activities* presents information showing how the City's net position 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 for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of 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 24-25 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 three categories: governmental funds, proprietary funds, and fiduciary 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 thirteen 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 and Municipal Road Fund, which are considered to be major funds. 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 64-69).

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 26-29 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.

The basic proprietary fund financial statements can be found on pages 32-34 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* reported 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 used for fiduciary funds is much like that used for proprietary funds.

The fiduciary fund statements can be found on page 35 of this report.

**Notes to the financial statements.** The notes provide additional information that is necessary to acquire 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 36-60 of this report.

### **Government-wide Overall Financial Analysis**

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the City of Aztec, assets and deferred outflows of resources exceeded liabilities by \$62,689,802 at the close of the most recent fiscal year.

## CITY OF AZTEC Net's Position

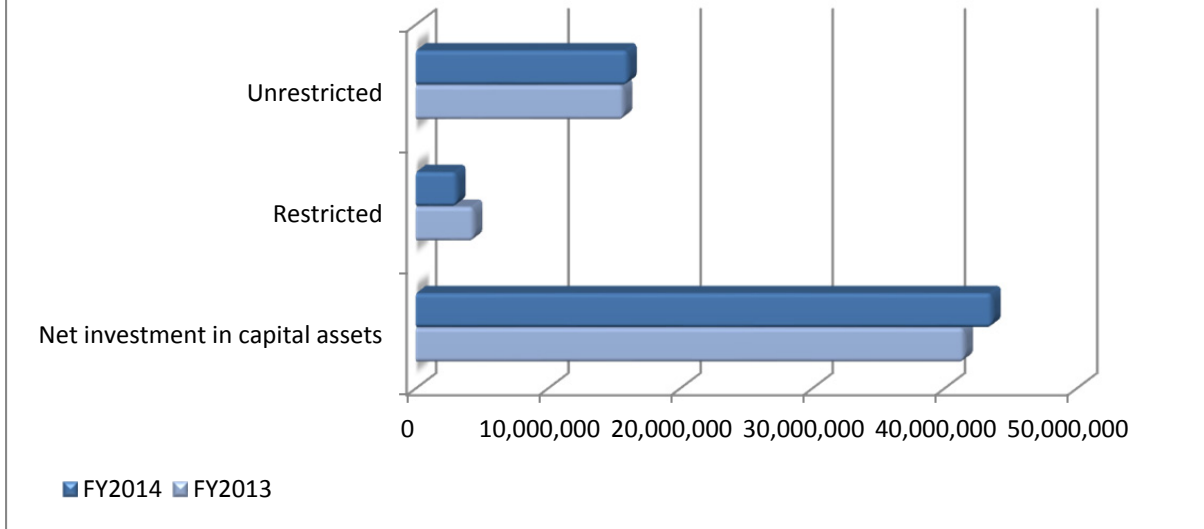
	Governmental Activities		Business-type Activities		Total	
	FY 2014	FY 2013	FY 2014	FY 2013	FY 2014	FY 2013
Current and other assets	\$ 7,429,499	\$ 9,465,240	\$14,287,874	\$14,081,281	\$21,717,373	\$23,546,521
Capital assets	22,006,924	20,336,152	29,380,548	29,262,555	51,387,472	49,598,707
Total assets	\$29,436,423	\$29,801,392	\$43,668,422	\$43,343,836	\$73,104,845	\$73,145,228
Long-term liabilities outstanding	1,103,681	3,950,862	1,893,435	3,929,094	2,997,116	7,879,956
Other liabilities	3,707,212	1,611,263	3,710,715	2,133,546	7,417,927	3,744,809
Total liabilities	\$4,810,893	\$5,562,125	\$5,604,150	\$6,062,640	\$10,415,043	\$11,624,765
Net position:						
Net investment in capital assets	18,187,236	16,357,638	25,384,751	25,110,714	43,571,987	41,468,352
Restricted	2,528,759	3,806,581	555,000	555,000	3,083,759	4,361,581
Unrestricted	3,909,535	4,075,048	12,124,521	11,615,482	16,034,056	15,690,530
Total net position	\$24,625,530	\$24,239,267	\$38,064,272	\$37,281,196	\$62,689,802	\$61,520,463

The largest portion of the City of Aztec's net position (\$43,571,987 or 69.5%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any related outstanding debt that was used to acquire those assets. The City of Aztec uses these capital assets to provide a variety of services to its citizens. Accordingly, 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 used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Another portion of the City of Aztec's net position (\$3,083,759 or 4.9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$16,034,056 (25.6%) is unrestricted and may be used to meet government's ongoing obligations to its citizens and creditors.

At the end of the current fiscal year, the City of Aztec is able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate government and business-type activities. The same situation held true for the prior fiscal year.

## CITY OF AZTEC Net Position June 30, 2013 and 2014



The City of Aztec’s net position increased \$1,169,339 from the prior fiscal year. The reasons for this overall decrease are discussed in the following sections for governmental activities and business-type activities.

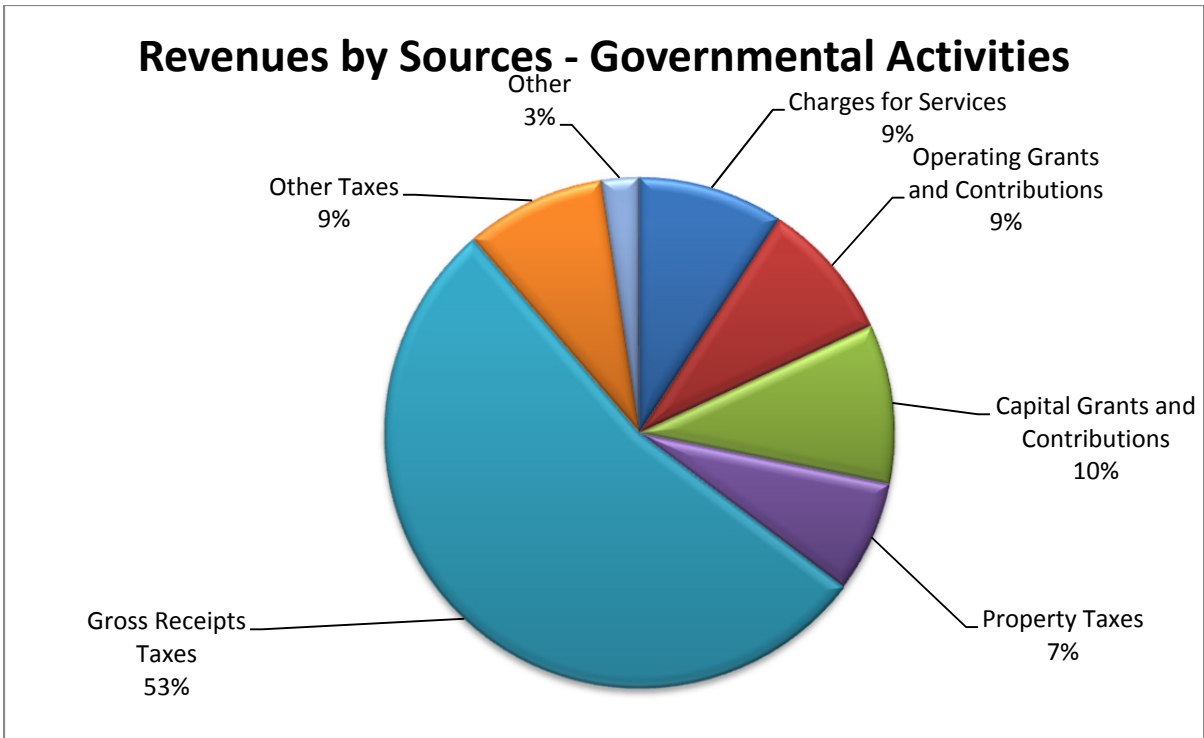
**Governmental activities.** During the current fiscal year, net position for governmental activities increased by \$386,263 from the prior fiscal year for an ending balance of \$24,625,530. The increase is the result of a combination of factors:

- Combined tax revenue (property, gross receipts, and other) increased by \$31,389 or .5% from the prior fiscal year.
- Expenditures decreased \$402,388 or 4.1% for the prior fiscal year.

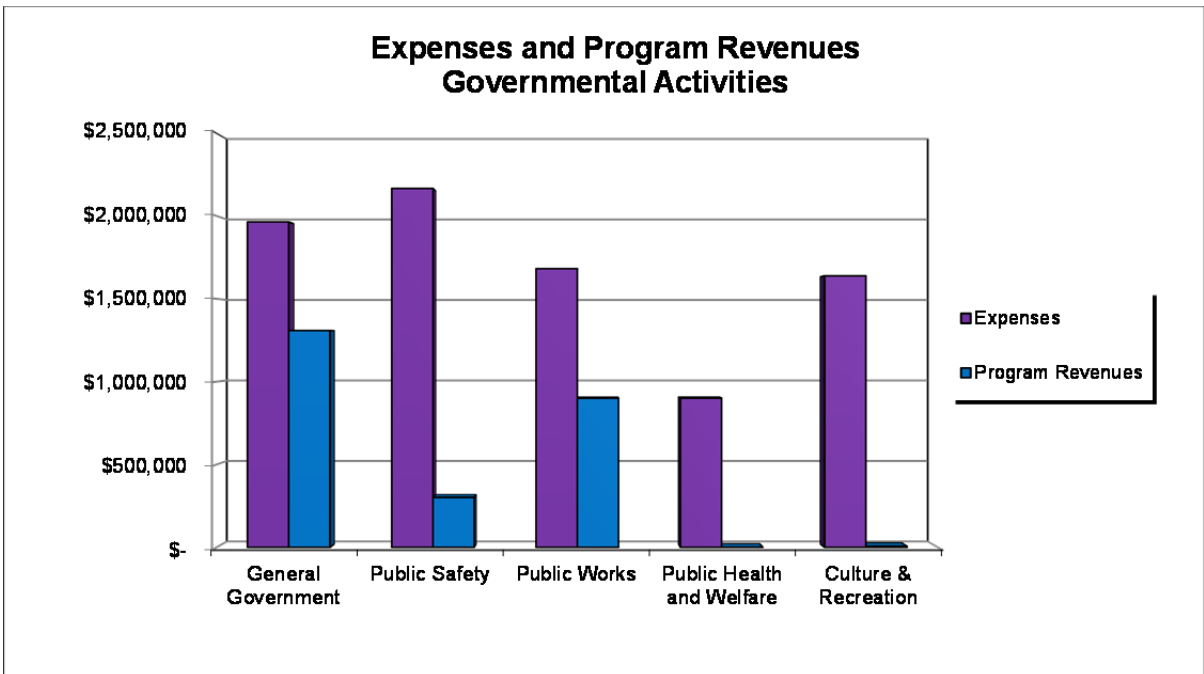
## CITY OF AZTEC's Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	FY 2014	FY 2013	FY 2014	FY 2013	FY 2014	FY 2013
Revenues:						
Program Revenues:						
Charges for Services	\$821,473	\$1,053,686	\$10,514,187	\$10,289,983	\$11,335,660	\$11,343,669
Operating Grants and contributions	793,464	451,773			793,464	451,773
Capital Grants and contributions	900,000	16,524	70,915	114,652	970,915	131,176
General Revenues:						
Property Taxes	631,249	592,685			631,249	592,685
GRT Taxes	4,761,159	4,816,122	99,433	100,623	4,860,592	4,916,745
Other Taxes	795,736	747,948			795,736	747,948
Other	213,788	216,582	229,172	33,580	442,960	250,162
<b>Total Revenues</b>	<b>8,916,869</b>	<b>7,895,320</b>	<b>10,913,707</b>	<b>10,538,838</b>	<b>19,830,576</b>	<b>18,434,158</b>
Expenses:						
General Government	1,964,074	2,246,743			1,964,074	2,246,743
Public Safety	2,165,969	2,114,730			2,165,969	2,114,730
Public Works	1,681,645	1,888,341			1,681,645	1,888,341
Public Health & Welfare	900,447	636,508			900,447	636,508
Culture & Recreation	1,638,610	1,862,384			1,638,610	1,862,384
Interest, Long Term Debt	179,861	184,288			179,861	184,288
Joint Utility			9,392,921	9,165,391	9,392,921	9,165,391
Solid Waste			729,951	691,877	729,951	691,877
Irrigation			7,759	12,199	7,759	12,199
<b>Total Expenses</b>	<b>8,530,606</b>	<b>8,932,994</b>	<b>10,130,631</b>	<b>9,869,467</b>	<b>18,661,237</b>	<b>17,638,859</b>
Increase (decrease) in net position before transfers	386,263	(1,037,674)	783,076	669,371	1,169,339	(368,303)
Transfers					0	0
Increase (decrease) in net position	386,263	(1,037,674)	783,076	669,371	1,169,339	(368,303)
Net position – July 1	24,239,267	25,276,941	37,281,196	36,611,825	61,520,463	61,888,766
Net position – June 30	\$24,625,530	\$24,239,267	\$38,064,272	\$37,281,196	\$62,689,802	\$61,520,463

The following chart shows the governmental activities by source. Gross receipts taxes provide 53% of the total revenues of the governmental activities. Program revenues including charges for services and grant and contributions provide 18% of the revenues in governmental revenues. Property taxes provided 7% of the revenues for governmental activities.



The chart below shows the extent to which expenses of the various functions of governmental activities are covered by program revenues.



Note: This chart does not include tax revenues which are the primary source for most governmental activities.



**Business-type activities.** For the City of Aztec’s business-type activities, the results for the current fiscal year were positive in the overall net position increased to reach an ending balance of \$38,064,272. The total increase in net position for business-type activities (joint utility, solid waste and irrigation funds) was \$783,076 or 2.1% from the prior fiscal year. Key financial elements of the past year are as follows:

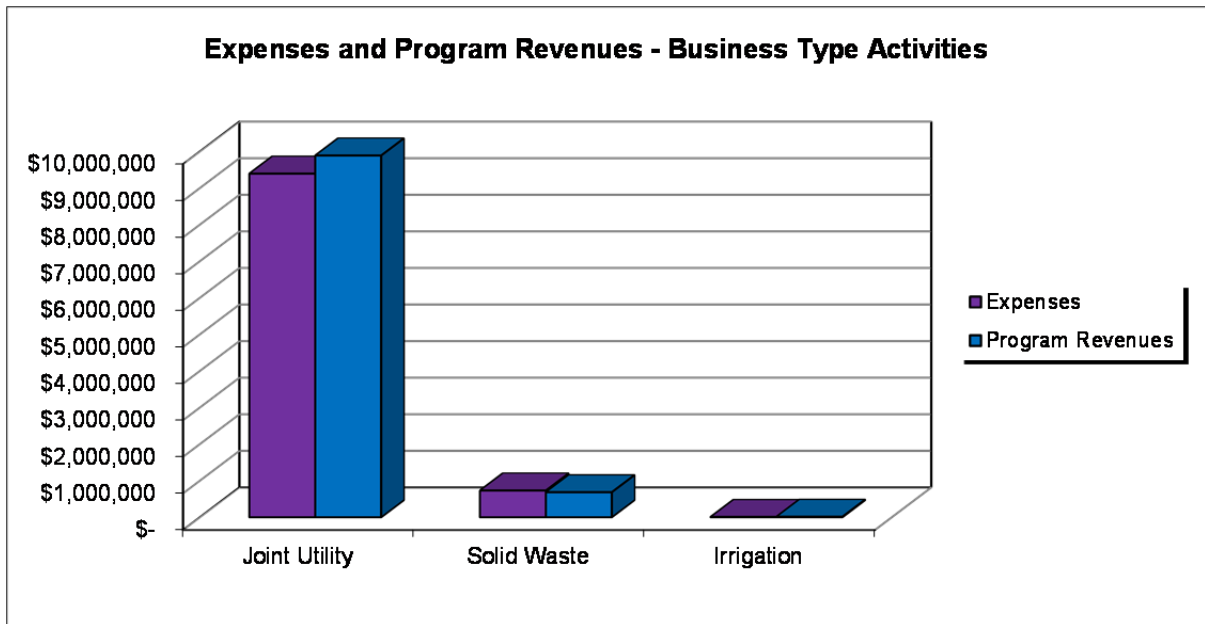
Operating expenses are 96.4 percent of revenues, resulting in \$383,556 in operating income.

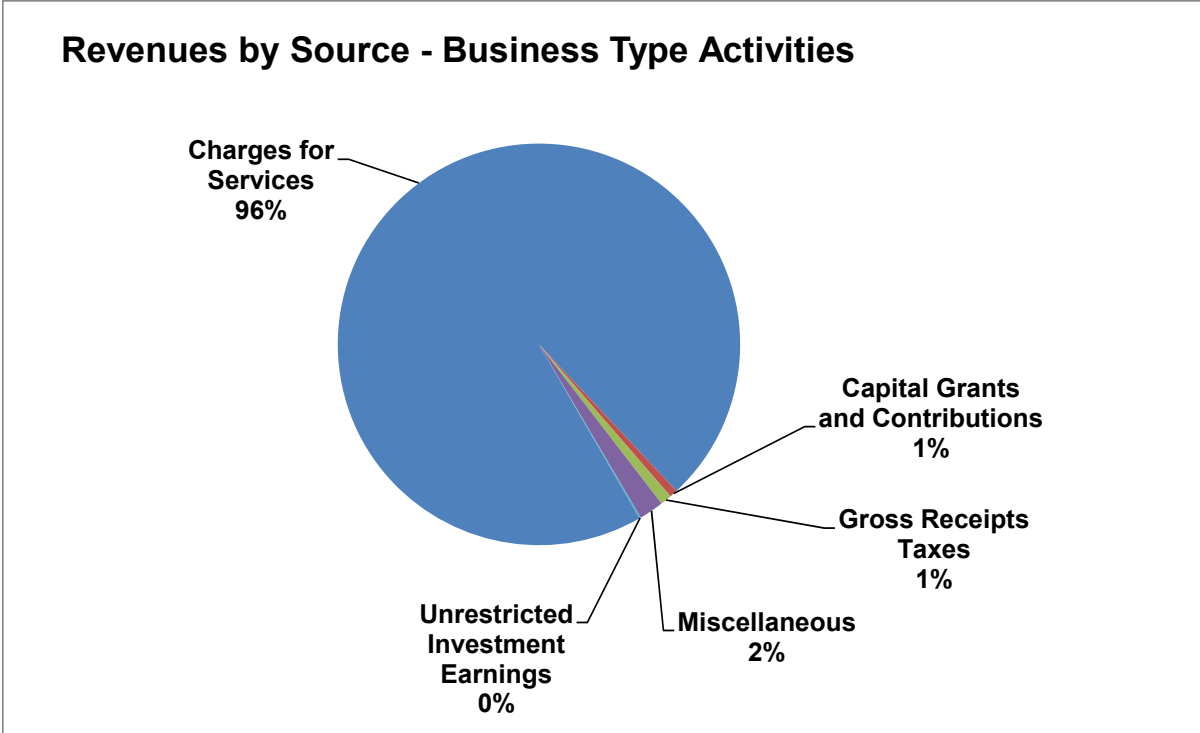
Total joint utility fund operating revenues increased by \$221,479 or 2.3%.

Electric revenues increased by \$229,057 or 3.6%

Water revenues decreased by \$131,846 or 6.4%

Wastewater revenues increased by \$357,788 or 32.4%, the result of a rate increase effective July 2013.



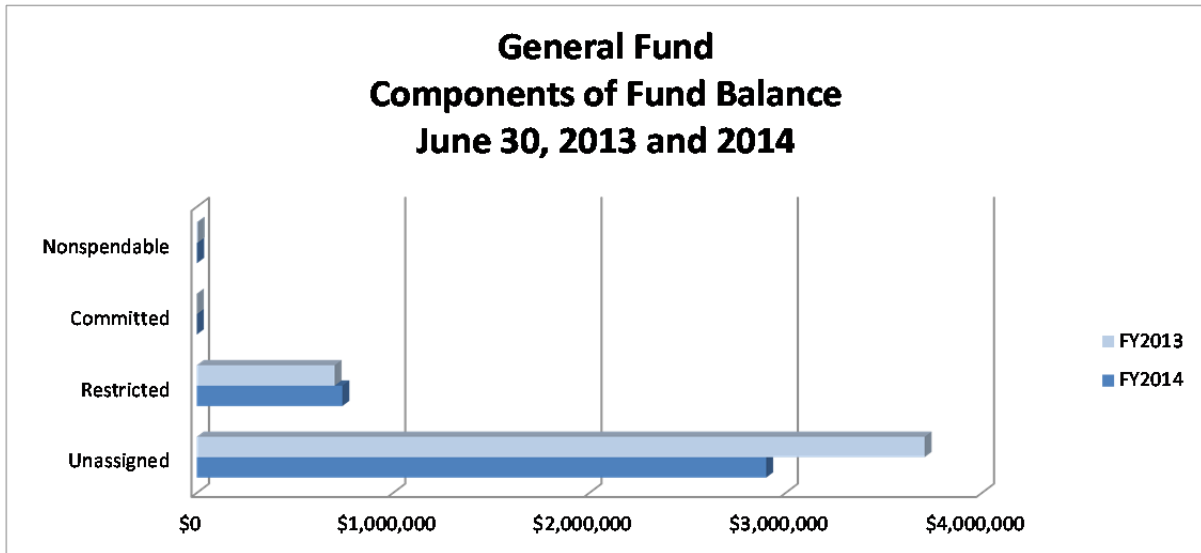


**Financial Analysis of the Government’s Funds**

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, *unassigned fund balance* may serve as a useful measure of a government’s net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City of Aztec itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City of Aztec’s Commission.

As of the June 30, 2014, the City of Aztec’s governmental funds reported combined fund balances of \$6,173,677, a decrease of \$1,494,731 in comparison with the prior year. Approximately 47.0 percent of this total amount or \$2,901,221 constitutes *unassigned fund balance* which is available for spending at the government’s discretion. The remainder of the fund balance is either *nonspendable*, *restricted*, *committed*, or *assigned* to indicate that it is 1) not in spendable form (\$6,086), 2) restricted for particular purposes (\$3,116,229) or 3) committed for a particular purpose (\$150,141).



**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 \$2,901,221, while total fund balance decreased to \$3,644,918. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 41% of total fund expenditures, while total fund balance represents 51.8% of the same amount.

The fund balance of the City of Aztec's general fund decreased \$770,249 or 17.4% during the current fiscal year.

General Fund revenue increased by \$135,809 or 2%. Revenue categories contributing to the increase in general fund revenue include property tax, franchise tax, and intergovernmental revenues.

Tax revenues increased \$31,820 (.06%). Gross receipts tax decreased \$44,814 (1.1%). Property tax increased \$52,044 (9%) due to an increase in assessed property values. Franchise taxes increased 24,590 (4.4%), a combination of increased revenues in cable tv, natural gas and city operated utilities.

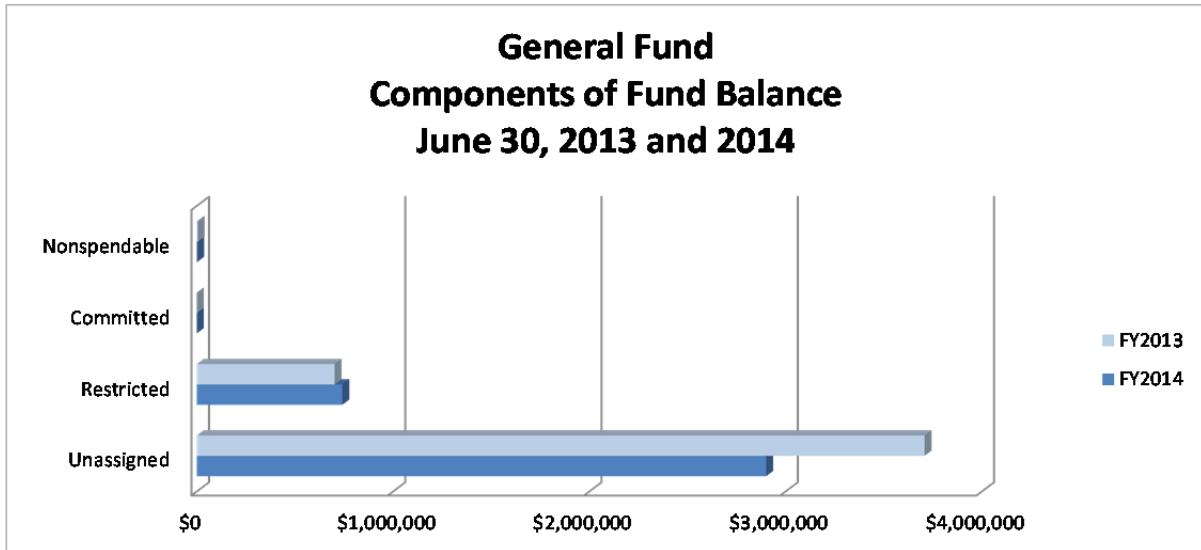
Intergovernmental revenues increased \$106,564 (22.6%). Operating and capital grants increased by \$72,689 (2%) primarily the result of disaster funding through federal and state agencies. Small Cities Assistance distribution from the State of New Mexico increased \$33,875 (60%) the result of a distribution formula based on prior gross receipts tax revenues.

Fine revenue increased \$3,127 (.7%)

Investment earnings decreased \$6,170, the result of continuing low interest rates and reduced cash reserves.

General Fund expenditures for FY2014 decreased \$380,959 (5.1%), compared to FY13. Changes in expenditures contributing to the increase:

- Personnel increased by \$76,326: Cost of living adjustment (2.1%), merit increases (maximum 1.9%); health insurance increase (15%.
- Supplies, materials, and services expenditures decreased by \$325,586.
- Capital expenditures decreased 131,699.



The municipal road fund, a major fund, had an decrease in fund balance of \$30,218 during the current fiscal year.

**Major Funds.** Other key governmental-type funds, other than the general fund includes the municipal road fund. The municipal road fund is funded primarily with Gross Receipt Tax (.125%) revenue and Gasoline Tax. Tax revenues in the road fund increased \$2,662 (2%), the result of increased gasoline tax revenue. Intergovernmental revenue in the municipal road fund increased due to a increase in federal transportation funds (\$900,000).

Total operating revenues in the key governmental funds (not including the general fund) increased by \$902,886 or 241%, federal transportation funds for infrastructure improvements.

Expenditures in the key governmental funds (not including the general fund) increased \$1,221,514, primarily due to an increase in capital asset projects.

**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 position of the joint utility fund at the end of the year amounted to \$11,729,513, for solid waste \$195,895, and irrigation \$132,410. The total growth in net position for the joint utility fund was \$823,325 and irrigation fund was \$5,641. The net position for solid waste fund decreased \$45,890, the result of management's decision to absorb rate increases in contractual solid waste services rather than increasing utility rates to its citizens. Other factors concerning the finances of

these funds have already been addressed in the discussion of the City of Aztec’s business-type activities.

### **General Fund Budgetary Highlights**

**Original budget compared to final budget.** During the fiscal year, the City Commission approved one adjustment to the City’s budget, the result of a corporate grant award.

Differences between the original budget and the final amended budget were \$10,000 which represents less than a one percent increase in appropriations. The adjustment was for increased library technology expenditures.

**Final budget compared to actual results.** The most significant differences between estimated revenues and actual revenues were as follows:

<u>Revenue Source</u>	<u>Estimated revenues</u>	<u>Actual revenues</u>	<u>Difference</u>
Taxes	\$4,823,030	\$5,186,609	\$363,579
Intergovernmental	495,554	577,995	82,441
Fines	372,000	411,750	39,750
Miscellaneous	104,950	197,575	92,625

Investment earnings were less than estimated, (\$4,037 less, 40%), due to reduced cash reserves and continuing low interest rates.

A review of actual expenditures compared to the appropriations in the final budget yields a positive variance of \$1,402,183, the result of managements continuing efforts in monitoring daily governmental operations.

### **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, 2014, amounts to \$51,387,473 (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 total increase in capital assets for the current fiscal year was approximately 3.6%.

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

	Governmental Activities		Business-Type Activities		Total	
	FY2014	FY2013	FY2014	FY2013	FY2014	FY2013
Land	\$663,435	\$663,435	\$762,302	\$762,302	\$1,425,737	\$1,425,737
Buildings & System	5,853,067	5,631,232	26,415,014	25,734,194	32,268,081	31,365,426
Improvements	2,504,356	2,501,055	0	0	2,504,356	2,501,055
Machinery & Equipment	1,838,609	1,256,542	1,072,456	1,032,120	2,911,065	2,288,662
Infrastructure	9,699,408	9,776,151	0	0	9,699,408	9,776,151
Construction in Progress	1,448,048	507,737	1,130,778	1,733,940	2,578,826	2,241,677
<b>Total</b>	<b>\$22,006,923</b>	<b>\$20,336,152</b>	<b>\$29,380,550</b>	<b>\$29,262,556</b>	<b>\$51,387,473</b>	<b>\$49,598,708</b>

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

- Hartman Park Electric Infrastructure
- Riverside Sports Complex
- North Animas Pedestrian Bridge
- Restroom Facilities at Capwalls & Florence Parks
- Treated Water Tank 1Mg
- Continued regular scheduled replacement of vehicles and heavy equipment.

Additional information on the City of Aztec's capital assets can be found in note 5 on pages 49-51 of this report.

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

**City of Aztec Outstanding Debt**

	Governmental Activities		Business-Type Activities		Total	
	FY2014	FY2013	FY2014	FY2013	FY2014	FY2013
NMFA – Library	\$760,300	\$870,149			\$760,300	\$870,149
NMFA – Capital Projects	3,059,388	3,108,365			3,059,388	3,108,365
NMED – Wastewater Plant			\$3,929,094	\$4,151,841	3,929,094	4,151,841
<b>Total</b>	<b>\$3,819,688</b>	<b>\$3,978,514</b>	<b>\$3,929,094</b>	<b>\$4,151,841</b>	<b>\$7,748,782</b>	<b>\$8,130,355</b>

Additional information on the City of Aztec's long-term debt can be found in note 7 on pages 52-54 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 2013 assessed valuation of \$113,538,451, the City's general obligation debt limit is \$4,541,538. The City presently has no general obligation bonds outstanding.

The City of Aztec has been approved for a Clean Water State Revolving Fund loan administered through New Mexico Environment Department. The loan will be secured with Joint Utility Fund net system revenues. The amount of the loan is \$5,050,000, 3% for 20 years, proceeds are for the replacement and enlargement of the wastewater interceptor line. It is anticipated construction will occur in the spring of 2015 and the first debt service payment will be due one year after completion of the project.

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

The following economic factors currently affect the City of Aztec and were considered in developing the 2014-2015 fiscal year budget.

- Continued low activity in the oil & gas sector in the region impacting gross receipts tax and property tax revenues in multiple sectors. This will continue to result in conservative tax revenue estimates government wide.
- Interest rates are expected to remain at low levels throughout fiscal year 2014-2015.
- On the expenditure side, personnel costs increases include 10% increase in group health insurance premiums, 1.5% COLA increase and 2.5% merit increase.
- Construction interest on the CWSRF loan for the wastewater outfall included in budget.

During the current fiscal year, the unassigned fund balance in the general fund was \$2,901,221. The City of Aztec has appropriated \$2,218,225 of this amount for spending in the 2014-2015 fiscal year budget. This action was taken as an additional measure to mitigate the impact of the recession on the 2014-2015 fiscal year budget.

### **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**



**STATE OF NEW MEXICO  
CITY OF AZTEC  
STATEMENT OF NET POSITION  
June 30, 2014**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
<b>Current assets</b>			
Cash, investments and cash equivalents	\$ 4,230,817	11,652,543	15,883,360
Cash with fiscal agent	507,434	-	507,434
Accounts receivable, net	-	1,250,582	1,250,582
Interest receivable	-	5,980	5,980
Intergovernmental receivable	2,620,489	97,476	2,717,965
Other receivables	62,495	-	62,495
Inventories	-	1,281,293	1,281,293
Prepaid items	6,086	-	6,086
Internal balances	2,178	(2,178)	-
<b>Total current assets</b>	<u>7,429,499</u>	<u>14,285,696</u>	<u>21,715,195</u>
Capital assets:			
Non-depreciable assets	2,111,483	1,893,080	4,004,563
Depreciable assets, net	19,895,441	27,487,468	47,382,909
<b>Total assets</b>	<u>29,436,423</u>	<u>43,666,244</u>	<u>73,102,667</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable	452,127	998,574	1,450,701
Accrued payroll expenses	171,463	45,408	216,871
Interest payable	29,558	228	29,786
Unearned revenue	-	43,600	43,600
Customer deposits	-	343,566	343,566
Other liabilities	1,146	143,245	144,391
Due within one year			
Bonds, notes and loans payable	165,939	227,202	393,141
Compensated absences	295,444	98,257	393,701
<b>Total current liabilities</b>	<u>1,115,677</u>	<u>1,900,080</u>	<u>3,015,757</u>
Due in more than one year			
Bonds, notes and loans payable	3,653,749	3,701,892	7,355,641
Compensated absences	41,467	-	41,467
<b>Total liabilities</b>	<u>4,810,893</u>	<u>5,601,972</u>	<u>10,412,865</u>
<b>NET POSITION</b>			
Net investment in capital assets	18,187,236	25,451,454	43,638,690
Restricted for			
Special projects	1,650,275	-	1,650,275
Debt service	-	555,000	555,000
Capital outlay	878,484	-	878,484
Unrestricted	3,909,535	12,057,818	15,967,353
<b>Total net position</b>	<u>\$ 24,625,530</u>	<u>38,064,272</u>	<u>62,689,802</u>

*See Notes to Financial Statements.*

**STATE OF NEW MEXICO  
CITY OF AZTEC  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2014**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
<b>Primary government</b>							
Governmental activities							
General government	\$ 1,964,074	730,086	577,995	-	(655,993)	-	(655,993)
Public safety	2,165,969	85,887	215,469	-	(1,864,613)	-	(1,864,613)
Public works	1,681,645	-	-	900,000	(781,645)	-	(781,645)
Public health and welfare	900,447	-	-	-	(900,447)	-	(900,447)
Culture and recreation	1,638,610	5,500	-	-	(1,633,110)	-	(1,633,110)
Interest on long-term debt	179,861	-	-	-	(179,861)	-	(179,861)
<b>Total governmental activities</b>	<b>8,530,606</b>	<b>821,473</b>	<b>793,464</b>	<b>900,000</b>	<b>(6,015,669)</b>	<b>-</b>	<b>(6,015,669)</b>
Business-Type Activities							
Joint utility	9,274,707	9,817,481	-	70,915	-	613,689	613,689
Solid waste	729,951	683,547	-	-	-	(46,404)	(46,404)
Irrigation assessment	7,759	13,159	-	-	-	5,400	5,400
<b>Total business-type activities</b>	<b>10,012,417</b>	<b>10,514,187</b>	<b>-</b>	<b>70,915</b>	<b>-</b>	<b>572,685</b>	<b>572,685</b>
<b>Total primary government</b>	<b>\$ 18,543,023</b>	<b>11,335,660</b>	<b>793,464</b>	<b>970,915</b>	<b>(6,015,669)</b>	<b>572,685</b>	<b>(5,442,984)</b>
<b>General Revenues</b>							
Taxes							
Property taxes					631,249	-	631,249
Gross receipts tax					4,761,159	99,433	4,860,592
Franchise tax					588,965	-	588,965
Other taxes					206,771	-	206,771
Miscellaneous					202,254	216,084	418,338
Unrestricted investment earnings					12,751	13,088	25,839
Loss on disposition of capital assets					(1,217)	(118,214)	(119,431)
<b>Total general revenues</b>					<b>6,401,932</b>	<b>210,391</b>	<b>6,612,323</b>
<b>Change in net position</b>					<b>386,263</b>	<b>783,076</b>	<b>1,169,339</b>
Net position, beginning					24,239,267	37,281,196	61,520,463
<b>Net position, ending</b>					<b>\$ 24,625,530</b>	<b>38,064,272</b>	<b>62,689,802</b>

See Notes to Financial Statements.

**STATE OF NEW MEXICO  
CITY OF AZTEC  
BALANCE SHEET - GOVERNMENTAL FUNDS  
June 30, 2014**

	General Fund	Municipal Road Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash, investments and cash equivalents	\$ 3,002,432	290,991	937,394	4,230,817
Cash with fiscal agent	-	-	507,434	507,434
Intergovernmental receivables	1,559,845	963,956	96,688	2,620,489
Other receivables	55,141	-	7,354	62,495
Prepaid items	1,976	-	4,110	6,086
Due from enterprise fund	2,178	-	-	2,178
Due from other funds	4,459	-	-	4,459
<b>Total assets</b>	<b>\$ 4,626,031</b>	<b>1,254,947</b>	<b>1,552,980</b>	<b>7,433,958</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 174,105	206,222	71,800	452,127
Accrued payroll expenses	171,463	-	-	171,463
Accrued interest	-	-	-	-
Other liabilities	-	-	1,146	1,146
Due to other funds	4,459	-	-	4,459
<b>Total liabilities</b>	<b>350,027</b>	<b>206,222</b>	<b>72,946</b>	<b>629,195</b>
<b>DEFERRED INFLOWS</b>				
Property taxes	631,086	-	-	631,086
<b>Total deferred inflows</b>	<b>631,086</b>	<b>-</b>	<b>-</b>	<b>631,086</b>
<b>FUND BALANCES</b>				
Nonspendable:				
Prepaid items	1,976	-	4,110	6,086
Restricted to:				
Public safety	-	-	365,865	365,865
Lodgers promotion	-	-	40,916	40,916
Capital projects	-	1,048,725	411,568	1,460,293
Debt service	-	-	507,434	507,434
Subsequent years expenditures	741,721	-	-	741,721
Committed to:				
Economic development	-	-	112,793	112,793
Culture and recreation	-	-	37,348	37,348
Assigned	-	-	-	-
Unassigned	2,901,221	-	-	2,901,221
<b>Total fund balances</b>	<b>3,644,918</b>	<b>1,048,725</b>	<b>1,480,034</b>	<b>6,173,677</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 4,626,031</b>	<b>1,254,947</b>	<b>1,552,980</b>	<b>7,433,958</b>

See Notes to Financial Statements.

**STATE OF NEW MEXICO  
CITY OF AZTEC  
RECONCILIATION OF THE BALANCE SHEET  
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION  
Year Ended June 30, 2014**

	<u>Governmental Activities</u>
<b>Total Fund Balance Governmental Funds Governmental Funds Balance Sheet</b>	\$ 6,173,677
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>	
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:</p>	
Cost of capital assets	37,194,918
Accumulated depreciation	<u>(15,187,994)</u>
<b>Total capital assets</b>	<u>22,006,924</u>
<p>Some revenues will not be available to pay for current period expenditures and, therefore, are recorded as deferred inflows in the governmental funds.</p>	
	<u>631,086</u>
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.</p>	
Accrued interest	(29,558)
Bonds, notes and loans payable	(3,819,688)
Compensated absences	<u>(336,911)</u>
<b>Total long-term and other liabilities</b>	<u>(4,186,157)</u>
<b>Net position of governmental activities (Statement of Net Position)</b>	<u><u>\$ 24,625,530</u></u>

*See Notes to Financial Statements.*

**STATE OF NEW MEXICO  
CITY OF AZTEC  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
Year Ended June 30, 2014**

	General Fund	Municipal Road Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Taxes:				
Property	\$ 631,249	-	-	631,249
Gross receipts	3,966,395	198,757	596,007	4,761,159
Franchise	588,965	-	-	588,965
Other	-	176,786	29,985	206,771
Licenses and permits	71,268	-	5,500	76,768
Intergovernmental - federal	70,995	900,000	-	970,995
Intergovernmental - state	238,544	-	215,469	454,013
Intergovernmental - other	268,456	-	-	268,456
Charges for services	247,068	-	85,887	332,955
Fines	411,750	-	-	411,750
Investment earnings	5,963	2,485	4,303	12,751
Miscellaneous	197,575	-	4,679	202,254
<b>Total revenues</b>	<b>6,698,228</b>	<b>1,278,028</b>	<b>941,830</b>	<b>8,918,086</b>
<b>Expenditures</b>				
Current				
General government	1,906,660	-	26,982	1,933,642
Public safety	1,759,683	-	183,886	1,943,569
Public works	869,670	240,356	-	1,110,026
Public health and welfare	852,462	-	-	852,462
Culture and recreation	969,903	-	20,685	990,588
Capital outlay	675,630	1,467,890	1,100,323	3,243,843
Debt service				
Principal	-	-	158,826	158,826
Interest	-	-	179,861	179,861
<b>Total expenditures</b>	<b>7,034,008</b>	<b>1,708,246</b>	<b>1,670,563</b>	<b>10,412,817</b>
Excess (deficiency) of revenues over (under) expenditures before other financings sources (uses)	(335,780)	(430,218)	(728,733)	(1,494,731)
Other Financing Sources (Uses)				
Transfers, in	-	400,000	34,469	434,469
Transfers, out	(434,469)	-	-	(434,469)
<b>Total other financing sources (uses)</b>	<b>(434,469)</b>	<b>400,000</b>	<b>34,469</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(770,249)</b>	<b>(30,218)</b>	<b>(694,264)</b>	<b>(1,494,731)</b>
Fund balances, beginning of year	4,415,167	1,078,943	2,174,298	7,668,408
<b>Fund balances, end of year</b>	<b>\$ 3,644,918</b>	<b>1,048,725</b>	<b>1,480,034</b>	<b>6,173,677</b>

See Notes to Financial Statements.

**STATE OF NEW MEXICO  
CITY OF AZTEC  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
Year Ended June 30, 2014**

<b>Net Change in Fund Balances - Total Governmental Funds (Statement of Revenue, Expenditures, and Changes in Fund Balances)</b>	<u>\$ (1,494,731)</u>
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Amounts reported for governmental activities in the statement of activities are different because:

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

Expenditures for capital assets	3,051,883
Loss on disposition of capital assets	(1,217)
Depreciation expense	<u>(1,375,717)</u>
	1,674,949

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

Property taxes	26,767
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The issuance of long-term debt (e.g. bonds, loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction; however, has any effect on net position.

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

Change in bonds, notes, and loans payable	158,826
Change in compensated absences	20,063
Change in accrued interest on long-term debt	<u>389</u>
	179,278

<b>Change in net position in governmental activities</b>	<u><u>\$ 386,263</u></u>
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*See Notes to Financial Statements.*

**STATE OF NEW MEXICO**  
**CITY OF AZTEC**  
**STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL (GAAP BASIS)**  
**GENERAL FUND**  
**Year Ended June 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 4,823,030	4,823,030	5,186,609	363,579
Licenses and permits	31,600	31,600	71,268	39,668
Intergovernmental	498,054	495,554	577,995	82,441
Charges for services	235,068	235,068	247,068	12,000
Fines	372,000	372,000	411,750	39,750
Investment earnings	10,000	10,000	5,963	(4,037)
Miscellaneous	94,950	104,950	197,575	92,625
<b>Total revenues</b>	<b>6,064,702</b>	<b>6,072,202</b>	<b>6,698,228</b>	<b>626,026</b>
<b>Expenditures</b>				
<b>Current</b>				
General government	2,580,177	2,426,516	1,906,660	519,856
Public safety	1,931,320	1,924,280	1,759,683	164,597
Public works	972,097	1,135,735	869,670	266,065
Public health and welfare	867,607	902,918	852,462	50,456
Culture and recreation	1,034,892	1,056,607	969,903	86,704
Capital outlay	356,612	990,135	675,630	314,505
<b>Debt service</b>				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>7,742,705</b>	<b>8,436,191</b>	<b>7,034,008</b>	<b>1,402,183</b>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	(1,678,003)	(2,363,989)	(335,780)	2,028,209
<b>Other Financing Sources (Uses)</b>				
Transfers, in	-	-	-	-
Transfers, out	(475,000)	(475,000)	(434,469)	40,531
<b>Total other financing sources (uses)</b>	<b>(475,000)</b>	<b>(475,000)</b>	<b>(434,469)</b>	<b>40,531</b>
<b>Net change in fund balances</b>	<b>(2,153,003)</b>	<b>(2,838,989)</b>	<b>(770,249)</b>	<b>2,068,740</b>
Fund balances, beginning of year	4,415,167	4,415,167	4,415,167	-
<b>Fund balances, end of year</b>	<b>\$ 2,262,164</b>	<b>1,576,178</b>	<b>3,644,918</b>	<b>2,068,740</b>

**STATE OF NEW MEXICO**  
**CITY OF AZTEC**  
**STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL (GAAP BASIS) (CONTINUED)**  
**MUNICIPAL ROAD**  
**Year Ended June 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 350,316	350,316	375,543	25,227
Intergovernmental	3,737,600	3,867,563	900,000	(2,967,563)
Charges for services	-	-	-	-
Investment earnings	500	500	2,485	1,985
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<b>4,088,416</b>	<b>4,218,379</b>	<b>1,278,028</b>	<b>(2,940,351)</b>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	386,858	416,821	240,356	176,465
Public health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	5,320,000	5,420,000	1,467,890	3,952,110
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>5,706,858</b>	<b>5,836,821</b>	<b>1,708,246</b>	<b>4,128,575</b>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>(1,618,442)</u>	<u>(1,618,442)</u>	<u>(430,218)</u>	<u>1,188,224</u>
Other Financing Sources (Uses)				
Transfers, in	400,000	400,000	400,000	-
Transfers, out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>400,000</b>	<b>400,000</b>	<b>400,000</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(1,218,442)</b>	<b>(1,218,442)</b>	<b>(30,218)</b>	<b>1,188,224</b>
Fund balances, beginning of year	<u>1,078,943</u>	<u>1,078,943</u>	<u>1,078,943</u>	<u>-</u>
<b>Fund balances, end of year</b>	<b>\$ (139,499)</b>	<b>(139,499)</b>	<b>1,048,725</b>	<b>1,188,224</b>



**STATE OF NEW MEXICO**  
**CITY OF AZTEC**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
**June 30, 2014**

	Enterprise Funds			Total
	Joint Utility Fund	Solid Waste Fund	Irrigation Assessment Fund	
<b>ASSETS</b>				
Current Assets				
Cash and cash equivalents	\$ 11,320,309	200,690	131,544	11,652,543
Accounts receivable, net	1,193,898	55,818	866	1,250,582
Interest receivable	5,980	-	-	5,980
Intergovernmental receivable	97,476	-	-	97,476
Inventories	1,281,293	-	-	1,281,293
Prepaid items	-	-	-	-
<b>Total current assets</b>	<b>13,898,956</b>	<b>256,508</b>	<b>132,410</b>	<b>14,287,874</b>
Noncurrent Assets				
Capital assets:				
Land and land rights	762,302	-	-	762,302
Construction in progress	1,130,778	-	-	1,130,778
Building and system	40,058,195	-	-	40,058,195
Machinery and equipment	3,637,136	52,752	146,341	3,836,229
Less accumulated depreciation	(16,280,136)	(47,182)	(79,638)	(16,406,956)
<b>Total noncurrent assets</b>	<b>29,308,275</b>	<b>5,570</b>	<b>66,703</b>	<b>29,380,548</b>
<b>Total assets</b>	<b>43,207,231</b>	<b>262,078</b>	<b>199,113</b>	<b>43,668,422</b>
<b>LIABILITIES</b>				
Current Liabilities				
Accounts payable	941,490	57,084	-	998,574
Accrued payroll expenses	44,718	690	-	45,408
Accrued interest	228	-	-	228
Unearned revenue	43,600	-	-	43,600
Customer deposits	343,566	-	-	343,566
Other liabilities	140,406	2,839	-	143,245
Due to governmental fund	2,178	-	-	2,178
Compensated absences, current	98,257	-	-	98,257
Bonds, notes and loans payable, current	227,202	-	-	227,202
<b>Total current liabilities</b>	<b>1,841,645</b>	<b>60,613</b>	<b>-</b>	<b>1,902,258</b>
Non-Current Liabilities				
Compensated absences, net of current	-	-	-	-
Bonds, notes and loans payable, net of current	3,701,892	-	-	3,701,892
<b>Total non-current liabilities</b>	<b>3,701,892</b>	<b>-</b>	<b>-</b>	<b>3,701,892</b>
<b>Total liabilities</b>	<b>5,543,537</b>	<b>60,613</b>	<b>-</b>	<b>5,604,150</b>
<b>NET POSITION</b>				
Net investment in capital assets	25,379,181	5,570	66,703	25,451,454
Restricted for debt service	555,000	-	-	555,000
Unrestricted	11,729,513	195,895	132,410	12,057,818
<b>Total net position</b>	<b>\$ 37,663,694</b>	<b>201,465</b>	<b>199,113</b>	<b>38,064,272</b>

See Notes to Financial Statements.

**STATE OF NEW MEXICO  
CITY OF AZTEC  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
NET POSITION - PROPRIETARY FUNDS  
Year Ended June 30, 2014**

	Enterprise Funds			Total
	Joint Utility Fund	Solid Waste Fund	Irrigation Assessment Fund	
Operating Revenues				
Charges for Services	\$ 9,817,481	683,547	13,159	10,514,187
Intergovernmental - federal	60,784	-	-	60,784
Intergovernmental - state	10,131	-	-	10,131
Miscellaneous	215,971	113	-	216,084
<b>Total operating revenues</b>	<b>10,104,367</b>	<b>683,660</b>	<b>13,159</b>	<b>10,801,186</b>
Operating Expenses				
Salaries and fringe benefits	1,373,471	23,411	-	1,396,882
Purchased power, fuel and chemicals	3,740,557	-	-	3,740,557
Other operating expenses	2,116,889	703,368	2,477	2,822,734
Payment in lieu of taxes	480,871	-	-	480,871
Depreciation and amortization	1,598,096	3,172	5,282	1,606,550
<b>Total operating expenses</b>	<b>9,309,884</b>	<b>729,951</b>	<b>7,759</b>	<b>10,047,594</b>
Operation income (loss)	794,483	(46,291)	5,400	753,592
Non-Operating Revenues (Expenses)				
Investment earnings	12,446	401	241	13,088
Gross receipts tax	99,433	-	-	99,433
Interest expense	(83,037)	-	-	(83,037)
<b>Total non-operating revenue (expenses)</b>	<b>28,842</b>	<b>401</b>	<b>241</b>	<b>29,484</b>
Income (loss) before contributions and transfers	823,325	(45,890)	5,641	783,076
Capital contributions	-	-	-	-
Transfers, in	839,992	-	-	839,992
Transfers, out	(839,992)	-	-	(839,992)
<b>Change in net position</b>	<b>823,325</b>	<b>(45,890)</b>	<b>5,641</b>	<b>783,076</b>
Net position, beginning of year	36,840,369	247,355	193,472	37,281,196
<b>Net position, end of year</b>	<b>\$ 37,663,694</b>	<b>201,465</b>	<b>199,113</b>	<b>38,064,272</b>

See Notes to Financial Statements.

**STATE OF NEW MEXICO**  
**CITY OF AZTEC**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**Year Ended June 30, 2014**

	Enterprise Funds			Total
	Joint Utility	Solid Waste	Irrigation	
	Fund	Fund	Assessment Fund	
<b>Cash Flows From Operating Activities</b>				
Cash received from customers and others	\$ 9,984,613	709,479	12,698	10,706,790
Cash paid for goods and services	(6,219,583)	(699,491)	(2,477)	(6,921,551)
Cash paid to employees	(1,512,302)	(26,529)	-	(1,538,831)
<b>Net cash provided (used) by operating activities</b>	<b>2,252,728</b>	<b>(16,541)</b>	<b>10,221</b>	<b>2,246,408</b>
<b>Cash Flows From Investing Activities</b>				
Purchases of capital assets	(1,849,256)	-	-	(1,849,256)
Proceeds from sale of capital assets	6,500	-	-	6,500
Gross receipts tax received	99,433	-	-	99,433
Interest received	12,446	401	241	13,088
<b>Net cash (used) provided by investing activities</b>	<b>(1,730,877)</b>	<b>401</b>	<b>241</b>	<b>(1,730,235)</b>
<b>Cash Flows From Capital Financing Activities</b>				
Debt payment	(222,747)	-	-	(222,747)
Interest paid	(83,037)	-	-	(83,037)
<b>Net cash used by capital financing activities</b>	<b>(305,784)</b>	<b>-</b>	<b>-</b>	<b>(305,784)</b>
Net increase (decrease) in cash and cash equivalents	216,067	(16,140)	10,462	210,389
Cash and cash equivalents, beginning of year	11,104,242	216,830	121,082	11,442,154
<b>Cash and cash equivalents, end of year</b>	<b>\$ 11,320,309</b>	<b>200,690</b>	<b>131,544</b>	<b>11,652,543</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities</b>				
Operating income (loss)	\$ 794,483	(46,291)	5,400	753,592
Adjustments to operating income (loss) to net cash provided by operating activities:				
Loss on disposal of capital assets	118,214	-	-	118,214
Depreciation expense	1,598,096	3,172	5,282	1,606,550
Change in assets and liabilities:				
Accounts receivable	(74,798)	25,820	(461)	(49,439)
Interest receivable	19,790	-	-	19,790
Intergovernmental receivable	(64,746)	-	-	(64,746)
Inventory	97,124	-	-	97,124
Prepaid items	1,067	-	-	1,067
Accounts payable	(205,742)	1,037	-	(204,705)
Accrued payroll	(121,697)	(3,118)	-	(124,815)
Unearned revenue	(45,107)	-	-	(45,107)
Customer deposits	10,594	-	-	10,594
Other liabilities	140,406	2,839	-	143,245
Due to governmental funds	2,178	-	-	2,178
Compensated absences	(17,134)	-	-	(17,134)
<b>Net cash provided (used) by operating activities</b>	<b>\$ 2,252,728</b>	<b>(16,541)</b>	<b>10,221</b>	<b>2,246,408</b>

See Notes to Financial Statements.

**STATE OF NEW MEXICO  
CITY OF AZTEC  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS  
Year Ended June 30, 2014  
Employee Association Trust Fund**

**ASSETS**

Cash and cash equivalents	\$	<u>4,674</u>
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<b>Total assets</b>	\$	<u><u>4,674</u></u>
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**LIABILITIES**

Deposits held for others	\$	<u>4,674</u>
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<b>Total liabilities</b>	\$	<u><u>4,674</u></u>
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See Notes to Financial Statements.

**STATE OF NEW MEXICO  
CITY OF AZTEC  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2014**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Financial 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 position and the statement of activities) 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.

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

**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.

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

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

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.

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

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

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

**D. Assets, Liabilities and Net Position**

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

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

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

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



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

**D. Assets, Liabilities and Net Position (Continued)**

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.

**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.

**STATE OF NEW MEXICO  
CITY OF AZTEC  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2014**

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

**D. Assets, Liabilities and Net Position (Continued)**

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

		Estimated Useful Life
	Threshold	
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

**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.

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

**D. Assets, Liabilities and Net Position (Continued)**

**Deferred Outflows/Inflows of Resources.** In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Also, in addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. At June 30, 2014, the City reported no deferred outflows. Deferred inflows are reported in the governmental funds regarding property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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

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

**Net Position Flow Assumptions.** In the government-wide financial statements, restricted net position is legally restricted by outside parties for a specific purpose. None of the City's net position is restricted as a result of enabling legislation adopted by the City. Net investment in capital assets represents the City's investment in the book value of capital assets, less any outstanding debt that was issued to construct or acquire the capital asset. Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources.

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

**D. Assets, Liabilities and Net Position (Continued)**

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

**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.

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

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

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

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

Assigned – amounts that are constrained by the City's intent to use them for a specific purpose, but are neither restricted or committed. The City has not established a policy

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### D. Assets, Liabilities and Net Position (Continued)

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.

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

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

## NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

### A. Budgetary Information

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

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

**STATE OF NEW MEXICO  
CITY OF AZTEC  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2014**

**NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

**A. Budgetary Information (Continued)**

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 operating budget for preliminary approval for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them. 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, greater than \$200,000, outstanding at June 30, 2014:

General Fund	\$	-
Municipal Road Fund		265,603
Business-Type Funds		-
		<hr/>
Total Encumbrances by Fund:	\$	<u>265,603</u>

**STATE OF NEW MEXICO  
CITY OF AZTEC  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2014**

**NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

**B. Excess of Expenditures over Appropriations**

As of June 30, 2014, there were no funds reported with excess expenditures over appropriations.

**C. Deficit Fund Balance**

As of June 30, 2014, there were no funds reported with a deficit fund balance.

**NOTE 3. DEPOSITS AND INVESTMENTS**

As of June 30, 2014, the City had the following deposits and investments:

Demand deposits	\$ 2,268,566
Certificates of deposit	5,750,000
State Treasurer's LGIP	8,374,302
Cash on hand	<u>2,600</u>
Total	\$ <u><u>16,395,468</u></u>
Governmental funds	\$ 4,738,251
Proprietary funds	11,652,543
Agency funds	<u>4,674</u>
Total	\$ <u><u>16,395,468</u></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, 2014. The State Treasurer Local Government Investment Pool (LGIP) is not SEC registered. Section 6-10-10 I, NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment fund in securities that are issued by the United States government or by its departments or agencies and are either direct obligations of the United States or are backed by the full faith and credit of the United States government or are agencies sponsored by the United States government. The Local Government Investment Pool investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments. The pool does not have unit shares. Per Section 6-10-10.1F, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the amounts were invested. Participation in the local government investment pool is voluntary. The LGIP has been rated by Standard & Poor's and has received an AAAM rating.

**STATE OF NEW MEXICO  
CITY OF AZTEC  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)**

**Interest Rate Risk.** The risk that interest rate variations may adversely affect the fair value of an investment. An acceptable method for reporting interest rate risk is weighted average maturity (WAM). The State Treasurer's Office uses this method for reporting purposes for the Local Government Investment Pool. As of June 30, 2014 the LGIP WAM (R) is 48.6 days and WAM (F) is 116.20 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).** Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statute requires that the bank deposits be 50% collateralized and repurchase agreements be 102% collateralized. The City's carrying amount of deposits as of June 30, 2014 was \$7,511,131 and the bank balance was \$8,701,081. Of the bank balance, \$1,000,539 was covered by federal depository insurance, \$4,964,310 was collateralized with securities held by the pledging financial institution's trust department or agent in the City's name, and \$2,736,232 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



**STATE OF NEW MEXICO  
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**NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)**

from a governmental entity within the State of New Mexico as described by State Statute 6-10-16-A. All securities pledged as collateral shall be held by a third-party financial institution. Any change in the institution holding the collateral must have prior approval of management.

**NOTE 4. RECEIVABLES**

Receivables as of June 30, 2014 are as follows:

**Governmental Receivables**

	General <u>Fund</u>	Municipal Road <u>Fund</u>	Other Governmental <u>Funds</u>	<u>Total</u>
Receivables, net:				
Intergovernmental	\$ 1,559,845	963,956	96,688	2,620,489
Other receivables	55,141	-	7,354	62,495
Total receivables, net	\$ 1,614,986	963,956	104,042	2,682,984

**Enterprise Receivables**

	Joint <u>Utility</u>	Solid <u>Waste</u>	Irrigation <u>Assessment</u>	<u>Total</u>
Receivables:				
Trade receivable	\$ 1,012,652	76,195	7,501	1,096,348
Unbilled receivable	429,882	-	-	429,882
Intergovernmental	97,476	-	-	97,476
Interest receivable	5,980	-	-	5,980
Other receivables	27,886	-	-	27,886
Total gross receivables	1,573,876	76,195	7,501	1,657,572
Allowance for uncollectible accounts	(276,522)	(20,377)	(6,635)	(303,534)
Total receivables, net	\$ 1,297,354	55,818	866	1,354,038

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**NOTE 4. RECEIVABLES (CONTINUED)**

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 inflows and unearned revenue reported in the governmental and enterprise funds were as follows:

		<u>Deferred Inflows</u>	<u>Unearned Revenue</u>
Governmental Funds	Property Taxes	\$ 631,086	-
	Total deferred inflows of resources - governmental funds:	<u>\$ 631,086</u>	<u>-</u>
Enterprise Funds	Payments received in advance	\$ -	43,600
	Total unearned revenues - enterprise funds:	<u>\$ -</u>	<u>43,600</u>

**NOTE 5. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2014 was as follows:

<u>Governmental Activities</u>	Balance June 30, 2013	<u>Additions</u>	<u>Deletions</u>	<u>Reclass</u>	Balance June 30, 2014
Non-Depreciable Assets:					
Land	\$ 663,435	-	-	-	663,435
Construction in progress	507,737	1,402,355	-	(462,044)	1,448,048
Total non-depreciable assets	<u>1,171,172</u>	<u>1,402,355</u>	<u>-</u>	<u>(462,044)</u>	<u>2,111,483</u>
Depreciable Assets					
Buildings	8,171,306	284,200	-	217,319	8,672,825
Improvements	3,421,676	176,078	(2,323)	80,468	3,675,899
Machinery and equipment	5,281,899	906,891	(31,292)	-	6,157,498
Infrastructure	16,130,597	282,359	-	164,257	16,577,213
Total depreciable assets	<u>\$ 33,005,478</u>	<u>1,649,528</u>	<u>(33,615)</u>	<u>462,044</u>	<u>35,083,435</u>

**STATE OF NEW MEXICO  
CITY OF AZTEC  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2014**

**NOTE 5. CAPTIAL ASSETS (CONTINUED)**

<b><u>Governmental Activities</u></b> <b><u>(Continued)</u></b>	Balance June 30, <u>2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Reclass</u>	Balance June 30, <u>2014</u>
Accumulated Depreciation					
Buildings	\$ (2,540,074)	(279,684)	-	-	(2,819,758)
Improvements	(920,621)	(253,246)	2,324	-	(1,171,543)
Machinery and equipment	(4,025,357)	(319,429)	25,897	-	(4,318,889)
Infrastructure	(6,354,446)	(523,358)	-	-	(6,877,804)
Total accumulated depreciation	<u>(13,840,498)</u>	<u>(1,375,717)</u>	<u>28,221</u>	<u>-</u>	<u>(15,187,994)</u>
Total capital assets being depreciated, net:	<u>19,164,980</u>	<u>273,811</u>	<u>(5,394)</u>	<u>462,044</u>	<u>19,895,441</u>
Governmental activities capital assets, net:	\$ <u>20,336,152</u>	<u>1,676,166</u>	<u>(5,394)</u>	<u>-</u>	<u>22,006,924</u>
<b><u>Business-Type Activities</u></b>	Balance June 30, <u>2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Reclass</u>	Balance June 30, <u>2014</u>
Non-Depreciable Assets:					
Land and water rights	\$ 762,302	-	-	-	762,302
Construction in progress	1,733,940	672,274	-	(1,275,436)	1,130,778
Total non-depreciable assets	<u>2,496,242</u>	<u>672,274</u>	<u>-</u>	<u>(1,275,436)</u>	<u>1,893,080</u>
Depreciable Assets					
Building and systems	37,987,407	925,100	(129,748)	1,275,436	40,058,195
Machinery and equipment	3,607,577	251,883	(23,231)	-	3,836,229
Total depreciable assets	<u>41,594,984</u>	<u>1,176,983</u>	<u>(152,979)</u>	<u>1,275,436</u>	<u>43,894,424</u>
Accumulated Depreciation					
Building and systems	(12,253,213)	(1,407,728)	17,760	-	(13,643,181)
Machinery and equipment	(2,575,457)	(198,822)	10,504	-	(2,763,775)
Total accumulated depreciation	<u>(14,828,670)</u>	<u>(1,606,550)</u>	<u>28,264</u>	<u>-</u>	<u>(16,406,956)</u>
Total capital assets being depreciated, net:	<u>26,766,314</u>	<u>(429,567)</u>	<u>(124,715)</u>	<u>1,275,436</u>	<u>27,487,468</u>
Business-type activities capital assets, net:	\$ <u>29,262,556</u>	<u>242,707</u>	<u>(124,715)</u>	<u>-</u>	<u>29,380,548</u>

STATE OF NEW MEXICO  
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NOTES TO FINANCIAL STATEMENTS  
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**NOTE 5. CAPTIAL ASSETS (CONTINUED)**

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

<b>Governmental Activities:</b>	
General government	\$ 68,143
Public safety	195,167
Public works	501,625
Public health and welfare	42,109
Culture and recreation	568,673
	<u>\$ 1,375,717</u>
<b>Business-Type Activities:</b>	
Joint utility	\$ 1,598,096
Solid waste	3,172
Irrigation assessment	5,282
	<u>\$ 1,606,550</u>

**Construction Commitments.** The City has active construction projects as of June 30, 2014. At June 30, 2014, the City's commitments with contractors were as follows:

	<u>Total Contract</u>	<u>Expended to Date</u>	<u>Remaining Commitment</u>
Court/Police Facility Remodel	\$ 16,722	-	16,722
Median Development	35,057	-	35,057
5 Lightplant Sidewalks	55,191	-	55,191
N Animas Pedestrian Bridge	<u>1,571,238</u>	<u>(1,318,104)</u>	<u>253,134</u>
Total:	<u>\$ 1,678,208</u>	<u>(1,318,104)</u>	<u>360,104</u>

**NOTE 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

Interfund transfers and advances consisted of the following as of June 30, 2014:

<b>TRANSFERS</b>		
	<u>Transfer In</u>	<u>Transfer Out</u>
<b>Governmental Funds</b>		
General fund	\$ -	434,469
Municipal road special revenue fund	400,000	-
Local government correction special revenue fund	4,469	-
Airport special revenue fund	30,000	-
	<u>\$ 434,469</u>	<u>434,469</u>
<b>Business-Type Funds</b>		
Joint utility enterprise fund	\$ 839,992	839,992

STATE OF NEW MEXICO  
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 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2014

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

<b>DUE TO/FROM</b>		
<b>Governmental Funds</b>	<u>Due To</u>	<u>Due From</u>
General fund	\$ 4,459	6,637
<b>Business-Type Funds</b>		
Joint utility enterprise fund	<u>2,178</u>	<u>-</u>
Net Due To/From:	<u>\$ 6,637</u>	<u>6,637</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.

**NOTE 7. 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, 2014 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, 2014 no revenue bonds had been issued.

**Contracts and Loans Payable - Governmental Activities**

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 totaling \$1,679,942 dated September 2004 and collateralized by New Mexico gross receipts tax. 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, 2014 of \$760,300, with a current portion of \$114,165.

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) totaling \$3,367,380 dated October 24, 2008 and collateralized by New Mexico gross receipts tax. The loan is payable in

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**NOTE 7. LONG-TERM DEBT (CONTINUED)**

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, 2014 of \$3,059,388, with a current portion of \$51,774.

**Contracts and Loans Payable - Business-Type Activities**

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 February 3, 2010. The loan is payable in annual payments of \$305,784, including interest at 2%, through June 30, 2029. The Joint Utilities Enterprise Fund reports the outstanding principal as of June 30, 2014 of \$3,929,094, with a current portion of \$227,202. The loan is collateralized by net utilities revenues.

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

**Governmental Activities**

	Principal	Interest
2015	\$ 165,939	173,644
2016	173,520	167,142
2017	179,555	160,190
2018	185,948	152,833
2019	192,720	145,046
2020 - 2024	1,006,330	597,473
2025 - 2029	1,295,113	344,616
2030 - 2031	620,563	45,754
Total	<u>\$ 3,819,688</u>	<u>1,786,698</u>

**Business-Type Activities**

	Principal	Interest
2015	\$ 227,202	78,582
2016	231,746	74,038
2017	236,381	69,403
2018	241,108	64,675
2019	245,930	59,853
2020 - 2024	1,305,429	223,489
2025 - 2029	1,441,298	87,619
Total	<u>\$ 3,929,094</u>	<u>657,659</u>

STATE OF NEW MEXICO  
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**NOTE 7. LONG-TERM DEBT (CONTINUED)**

**Changes in Long-Term Liabilities**

During the fiscal year ended June 30, 2014, the following changes occurred in long-term liabilities:

<b><u>Governmental Activities</u></b>	Balance June 30, <u>2013</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2014</u>	Due Within <u>One Year</u>
Contracts and loans payable:					
NM Finance Authority	\$ 870,149	-	(109,849)	760,300	114,165
NM Finance Authority - Capital Projects	<u>3,108,365</u>	<u>-</u>	<u>(48,977)</u>	<u>3,059,388</u>	<u>51,774</u>
Total contracts and loans payable	3,978,514	-	(158,826)	3,819,688	165,939
Compensated absences	<u>356,974</u>	<u>275,381</u>	<u>(295,444)</u>	<u>336,911</u>	<u>295,444</u>
Total Government Activities	\$ <u>4,335,488</u>	<u>275,381</u>	<u>(454,270)</u>	<u>4,156,599</u>	<u>461,383</u>

<b><u>Business-Type Activities</u></b>	Balance June 30, <u>2013</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2014</u>	Due Within <u>One Year</u>
Contracts and loans payable:					
NM Environmental Department	\$ <u>4,151,841</u>	<u>-</u>	<u>(222,747)</u>	<u>3,929,094</u>	<u>227,202</u>
Total contracts and loans payable	4,151,841	-	(222,747)	3,929,094	227,202
Compensated absences	<u>115,391</u>	<u>93,767</u>	<u>(110,901)</u>	<u>98,257</u>	<u>98,257</u>
Total Government Activities	\$ <u>4,267,232</u>	<u>93,767</u>	<u>(333,648)</u>	<u>4,027,351</u>	<u>325,459</u>

**NOTE 8. RESTRICTED FUND BALANCES**

Fund balances were restricted for the following purposes:

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

## NOTE 9. COMMITMENTS AND CONTINGENCIES

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

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

## NOTE 10. 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, 2014, 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



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**NOTE 10. JOINTLY GOVERNED ORGANIZATIONS**

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, 2014 the City did not make any financial contribution to the Commission. Complete financial statements may be obtained by contacting the San Juan Water Commission.

**NOTE 11. 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 16.65% (ranges from 6.28% to 18.15% depending upon the plan - i.e., state general, 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 9.15% to 18.5% (ranges from 7.0% to 25.72% 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, 2014, 2013 and 2012 were \$411,810, \$420,638, and \$389,041, respectively, which equal the amount of the required contributions for each fiscal year.

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

**Plan Description.** The City contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978).

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

The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

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

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information may be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle Blvd NE, Suite 104, Albuquerque, New Mexico 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 employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the board.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For

**STATE OF NEW MEXICO  
CITY OF AZTEC  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2014**

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

employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4, or 5; municipal fire member coverage plan 3, 4, or 5; municipal fire member coverage plan 3, 4, or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2014, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2014, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The City's contributions to the RHCA for the years ended June 30, 2014, 2013 and 2012, were \$80,038, \$79,579 and \$68,061, respectively, which equal the required contributions for each year.

**NOTE 13. RECENT ACCOUNTING PRONOUNCEMENTS**

In March 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This statement, which is effective for financial statements for periods beginning after December 15, 2012, establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The requirements of this Statement will improve financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. The Village adopted GASB Statement No. 65 during fiscal year 2014. The City currently has no deferred outflows. Deferred inflows are reported regarding property taxes.

**STATE OF NEW MEXICO  
CITY OF AZTEC  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2014**

**NOTE 13. RECENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)**

In March 2012, the GASB issued Statement No. 66, *Technical Corrections – 2012 - an amendment of GASB Statements No. 10 and No. 62*. This statement, which is effective for financial statements for periods beginning after December 15, 2012, amends Statement No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, by removing the provision that limits fund-based reporting of an entity's risk financing activities to the general fund and the internal service fund type. This Statement also amends Statement 62 by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. The requirements of this Statement resolve conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. The adoption of GASB Statement No. 66 had no effect on the City's financial statements.

In June 2012, the GASB issued Statement No. 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25*. This statement, which is effective for financial statements for periods beginning after June 15, 2013, replaces the requirements of Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and No. 50, Pension Disclosures, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of this Statement will improve financial reporting primarily through enhanced note disclosures and schedules of required supplementary information that will be presented by the pension plans that are within its scope. The City is a participant in the State of New Mexico's Public Employee Retirement Association (PERA). PERA as the plan's administrator implemented this new pronouncement during fiscal year 2014.

In April 2013, the GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. This statement, which is effective for financial statements for periods beginning after June 15, 2013, requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. This Statement requires a government that has issued an obligation guaranteed in a nonexchange transaction to recognize revenue to the extent of the reduction in its guaranteed liabilities. The requirements of this Statement

**STATE OF NEW MEXICO  
CITY OF AZTEC  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2014**

**NOTE 13. RECENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)**

will enhance comparability of financial statements among governments by requiring consistent reporting by those governments that extend nonexchange financial guarantees and by those governments that receive nonexchange financial guarantees. The adoption of this pronouncement had no effect on the City's financial statements.

**NOTE 14. NEW ACCOUNTING PRONOUNCEMENTS**

The following GASB pronouncements have been issued, but are not yet effective at June 30, 2014.

- GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. Upon adoption of this statement for the year ended June 30, 2015, the Statement of Net Position will include a material liability for pension participation in fiscal year 2015.
- GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*
- GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*

The City will implement the new GASB pronouncements in the fiscal year no later than the required effective date. The City believes that GASB Statement No. 69 and 71 will not have a significant financial impact to the City or in issuing its financial statements.

**SUPPLEMENTARY INFORMATION**

**STATE OF NEW MEXICO  
CITY OF AZTEC  
NON-MAJOR FUNDS  
June 30, 2014**

**Special Revenue Funds**

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.

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.

**STATE OF NEW MEXICO  
CITY OF AZTEC  
NON-MAJOR FUNDS  
June 30, 2014**

**Capital Projects Funds**

Community Development Block Grant Fund

City management established this fund to account for federal grant monies received for water, sewer, and street capital expenditures.

Capital Projects Fund

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



**STATE OF NEW MEXICO  
CITY OF AZTEC  
COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS  
June 30, 2014**

	Special Revenue Funds		
	Law	Local	
	Enforcement Protection	Government Correction	Economic Development
<b>ASSETS</b>			
Cash, investments and cash equivalents	\$ 10,891	21,728	112,793
Cash with fiscal agent	-	-	-
Intergovernmental receivables	-	580	-
Other receivables	-	-	-
Prepaid items	-	-	-
Due to other funds	-	-	-
<b>Total assets</b>	<b>\$ 10,891</b>	<b>22,308</b>	<b>112,793</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 5,994	17,745	-
Accrued payroll expenses	-	-	-
Accrued interest	-	-	-
Other liabilities	-	-	-
Due to other funds	-	-	-
<b>Total liabilities</b>	<b>5,994</b>	<b>17,745</b>	<b>-</b>
<b>DEFERRED INFLOWS</b>			
Property taxes	-	-	-
<b>Total deferred inflows</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>			
Nonspendable:			
Prepaid items	-	-	-
Restricted to:			
Public safety	4,897	4,563	-
Lodgers promotion	-	-	-
Capital projects	-	-	-
Debt service	-	-	-
Subsequent years expenditures	-	-	-
Committed to:			
Economic developmnet	-	-	112,793
Culture and recreation	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
<b>Total fund balances</b>	<b>4,897</b>	<b>4,563</b>	<b>112,793</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 10,891</b>	<b>22,308</b>	<b>112,793</b>

Special Revenue Funds (Continued)

Development Fees	Lodgers Tax	State Fire	Recreation	Airport	Total Special Revenue
34,037	35,385	357,296	3,311	39,841	615,282
-	-	-	-	-	-
-	-	-	-	-	580
-	5,531	-	-	1,823	7,354
-	-	2,747	-	1,363	4,110
-	-	-	-	-	-
34,037	40,916	360,043	3,311	43,027	627,326
-	-	891	-	-	24,630
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	1,146	1,146
-	-	-	-	-	-
-	-	891	-	1,146	25,776
-	-	-	-	-	-
-	-	-	-	-	-
-	-	2,747	-	1,363	4,110
-	-	356,405	-	-	365,865
-	40,916	-	-	-	40,916
-	-	-	-	40,518	40,518
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	112,793
34,037	-	-	3,311	-	37,348
-	-	-	-	-	-
-	-	-	-	-	-
34,037	40,916	359,152	3,311	41,881	601,550
34,037	40,916	360,043	3,311	43,027	627,326

**STATE OF NEW MEXICO  
CITY OF AZTEC  
COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS (CONTINUED)  
June 30, 2014**

	Capital Projects			Total Nonmajor Governmental Funds
	Community Development Block Grant	Capital Projects Fund	Total Capital Projects	
<b>ASSETS</b>				
Cash, investments and cash equivalents	\$ 4,345	317,767	322,112	937,394
Cash with fiscal agent	-	507,434	507,434	507,434
Intergovernmental receivables	-	96,108	96,108	96,688
Other receivables	-	-	-	7,354
Prepaid items	-	-	-	4,110
Due to other funds	-	-	-	-
<b>Total assets</b>	<b>\$ 4,345</b>	<b>921,309</b>	<b>925,654</b>	<b>1,552,980</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ -	47,170	47,170	71,800
Accrued payroll expenses	-	-	-	-
Accrued interest	-	-	-	-
Other liabilities	-	-	-	1,146
Due to other funds	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>47,170</b>	<b>47,170</b>	<b>72,946</b>
<b>DEFERRED INFLOWS</b>				
Property taxes	-	-	-	-
<b>Total deferred inflows</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>				
Nonspendable:				
Prepaid items	-	-	-	4,110
Restricted to:				
Public safety	-	-	-	365,865
Lodgers promotion	-	-	-	40,916
Capital projects	4,345	366,705	371,050	411,568
Debt service	-	507,434	507,434	507,434
Subsequent years expenditures	-	-	-	-
Committed to:				
Economic developmnet	-	-	-	112,793
Culture and recreation	-	-	-	37,348
Assigned	-	-	-	-
Unassigned	-	-	-	-
<b>Total fund balances</b>	<b>4,345</b>	<b>874,139</b>	<b>878,484</b>	<b>1,480,034</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 4,345</b>	<b>921,309</b>	<b>925,654</b>	<b>1,552,980</b>

**STATE OF NEW MEXICO  
CITY OF AZTEC  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS  
Year Ended June 30, 2014**

	Special Revenue Funds		
	Law	Local	Economic
	Enforcement Protection	Government Correction	
Revenues			
Taxes:			
Property	\$ -	-	-
Gross receipts	-	-	-
Franchise	-	-	-
Other	-	-	-
Licenses and permits	-	-	-
Intergovernmental - federal	-	-	-
Intergovernmental - state	29,000	-	-
Intergovernmental - other	-	-	-
Charges for services	-	85,887	-
Fines	-	-	-
Investment earnings	51	-	218
Miscellaneous	-	-	-
<b>Total revenues</b>	<b>29,051</b>	<b>85,887</b>	<b>218</b>
Expenditures			
Current			
General government	-	-	-
Public safety	34,038	90,158	-
Public works	-	-	-
Public health and welfare	-	-	-
Culture and recreation	-	-	-
Capital outlay	-	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
<b>Total expenditures</b>	<b>34,038</b>	<b>90,158</b>	<b>-</b>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	(4,987)	(4,271)	218
Other Financing Sources (Uses)			
Transfers, in	-	4,469	-
Transfers, out	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>4,469</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(4,987)</b>	<b>198</b>	<b>218</b>
Fund balances, beginning of year	9,884	4,365	112,575
<b>Fund balances, end of year</b>	<b>\$ 4,897</b>	<b>4,563</b>	<b>112,793</b>

Special Revenue Funds (Continued)

Development Fees	Lodgers Tax	State Fire	Recreation	Airport	Total Special Revenue
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	29,985	-	-	-	29,985
5,500	-	-	-	-	5,500
-	-	-	-	-	-
-	-	186,469	-	-	215,469
-	-	-	-	-	-
-	-	-	-	-	85,887
-	-	-	-	-	-
61	65	1,018	-	89	1,502
-	-	-	-	4,679	4,679
5,561	30,050	187,487	-	4,768	343,022
-	-	-	-	7,609	7,609
-	-	59,690	-	-	183,886
-	-	-	-	-	-
-	20,685	-	-	-	20,685
-	-	737,063	-	4,972	742,035
-	-	-	-	-	-
-	-	-	-	-	-
-	20,685	796,753	-	12,581	954,215
5,561	9,365	(609,266)	-	(7,813)	(611,193)
-	-	-	-	30,000	34,469
-	-	-	-	-	-
-	-	-	-	30,000	34,469
5,561	9,365	(609,266)	-	22,187	(576,724)
28,476	31,551	968,418	3,311	19,694	1,178,274
34,037	40,916	359,152	3,311	41,881	601,550

**STATE OF NEW MEXICO  
CITY OF AZTEC  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS (CONTINUED)  
Year Ended June 30, 2014**

	Capital Projects			Total Nonmajor Governmental Funds
	Community Development Block Grant	Capital Projects Fund	Total Capital Projects	
Revenues				
Taxes:				
Property	\$ -	-	-	-
Gross receipts	-	596,007	596,007	596,007
Franchise	-	-	-	-
Other	-	-	-	29,985
Licenses and permits	-	-	-	5,500
Intergovernmental - federal	-	-	-	-
Intergovernmental - state	-	-	-	215,469
Intergovernmental - other	-	-	-	-
Charges for services	-	-	-	85,887
Fines	-	-	-	-
Investment earnings	-	2,801	2,801	4,303
Miscellaneous	-	-	-	4,679
<b>Total revenues</b>	-	598,808	598,808	941,830
Expenditures				
Current				
General government	-	19,373	19,373	26,982
Public safety	-	-	-	183,886
Public works	-	-	-	-
Public health and welfare	-	-	-	-
Culture and recreation	-	-	-	20,685
Capital outlay	-	358,288	358,288	1,100,323
Debt service				
Principal	-	158,826	158,826	158,826
Interest	-	179,861	179,861	179,861
<b>Total expenditures</b>	-	716,348	716,348	1,670,563
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	-	(117,540)	(117,540)	(728,733)
Other Financing Sources (Uses)				
Transfers, in	-	-	-	34,469
Transfers, out	-	-	-	-
<b>Total other financing sources (uses)</b>	-	-	-	34,469
<b>Net change in fund balances</b>	-	(117,540)	(117,540)	(694,264)
Fund balances, beginning of year	4,345	991,679	996,024	2,174,298
<b>Fund balances, end of year</b>	\$ 4,345	874,139	878,484	1,480,034

**STATE OF NEW MEXICO**

**CITY OF AZTEC**

**STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN NET POSITION -  
MAJOR ENTERPRISE FUNDS - BUDGET AND ACTUAL (NON-GAAP BASIS)**

**Year Ended June 30, 2014**

	Joint Utility			
	Budgeted Amounts		Actual	Variance from
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
<b>Revenues</b>				
Charges for services	\$ 9,459,105	9,759,105	9,817,481	58,376
Intergovernmental	350,000	350,000	70,915	(279,085)
Proceeds from debt issuance	3,599,564	3,599,564	-	(3,599,564)
Miscellaneous	49,200	49,200	215,971	166,771
Total revenues	<u>13,457,869</u>	<u>13,757,869</u>	<u>10,104,367</u>	<u>(3,653,502)</u>
<b>Expenses</b>				
Salaries and fringe benefits	1,628,638	1,590,790	1,373,471	217,319
Purchased power, fuel and chemicals	3,659,974	3,659,974	3,740,557	(80,583)
Other operating expenses	3,269,251	3,396,194	2,116,889	1,279,305
Payment in lieu of taxes	464,000	464,000	480,871	(16,871)
Debt principal payments	441,646	222,747	222,747	-
Capital outlay	7,326,284	8,438,174	1,849,256	6,588,918
Total expenses	<u>16,789,793</u>	<u>17,771,879</u>	<u>9,783,791</u>	<u>7,988,088</u>
<b>Other financing sources</b>				
Investment earnings	32,405	31,200	12,446	(18,754)
Gross receipts tax	180,375	91,654	99,433	7,779
Operating transfers in	1,545,973	1,212,400	839,992	(372,408)
Operating transfers (out)	(1,212,400)	(1,212,400)	(839,992)	372,408
Interest expense	(246,111)	(141,452)	(83,037)	58,415
	<u>300,242</u>	<u>(18,598)</u>	<u>28,842</u>	<u>47,440</u>
Change in net position	(3,031,682)	(4,032,608)	349,418	4,382,026
Net position, beginning of year	<u>36,840,369</u>	<u>36,840,369</u>	<u>36,840,369</u>	<u>-</u>
Net position, end of year	\$ <u><u>33,808,687</u></u>	<u><u>32,807,761</u></u>	<u><u>37,189,787</u></u>	<u><u>4,382,026</u></u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Add capital outlay			1,849,256	
Less depreciation expense			(1,598,096)	
Add debt principal payments			222,747	
GAAP basis net position			<u>\$ 37,663,694</u>	

**STATE OF NEW MEXICO**  
**CITY OF AZTEC**  
**STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN NET POSITION -**  
**MAJOR ENTERPRISE FUNDS - BUDGET AND ACTUAL (NON-GAAP BASIS) - (CONTINUED)**  
**Year Ended June 30, 2014**

	Solid Waste			
	Budgeted Amounts		Actual	Variance from
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
<b>Revenues</b>				
Charges for services	\$ 676,300	676,300	683,547	7,247
Intergovernmental	-	-	-	-
Proceeds from debt issuance	-	-	-	-
Miscellaneous	-	-	113	113
Total revenues	<u>676,300</u>	<u>676,300</u>	<u>683,660</u>	<u>7,360</u>
<b>Expenses</b>				
Salaries and fringe benefits	29,740	29,740	23,411	6,329
Purchased power, fuel and chemicals	-	-	-	-
Other operating expenses	703,140	703,140	703,368	(228)
Payment in lieu of taxes	-	-	-	-
Debt principal payments	-	-	-	-
Capital outlay	-	-	-	-
Total expenses	<u>732,880</u>	<u>732,880</u>	<u>726,779</u>	<u>6,101</u>
<b>Other financing sources</b>				
Investment earnings	500	500	401	(99)
Gross receipts tax	-	-	-	-
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
Interest expense	-	-	-	-
	<u>500</u>	<u>500</u>	<u>401</u>	<u>(99)</u>
Change in net position	(56,080)	(56,080)	(42,718)	13,362
Net position, beginning of year	<u>247,355</u>	<u>247,355</u>	<u>247,355</u>	-
Net position, end of year	<u>\$ 191,275</u>	<u>191,275</u>	<u>204,637</u>	<u>13,362</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Add capital outlay			-	
Less depreciation expense			(3,172)	
Add debt principal payments			-	
GAAP basis net position			<u>\$ 201,465</u>	



**STATE OF NEW MEXICO**  
**CITY OF AZTEC**  
**STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN NET POSITION -**  
**MAJOR ENTERPRISE FUNDS - BUDGET AND ACTUAL (NON-GAAP BASIS) - (CONTINUED)**  
**Year Ended June 30, 2014**

	Irrigation Assessment			
	Budgeted Amounts		Actual	Variance from
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
<b>Revenues</b>				
Charges for services	\$ -	-	13,159	13,159
Intergovernmental	-	-	-	-
Proceeds from debt issuance	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	-	-	13,159	13,159
<b>Expenses</b>				
Salaries and fringe benefits	-	-	-	-
Purchased power, fuel and chemicals	-	-	-	-
Other operating expenses	71,804	31,804	2,477	29,327
Payment in lieu of taxes	-	-	-	-
Debt principal payments	-	-	-	-
Capital outlay	40,000	40,000	-	40,000
Total expenses	111,804	71,804	2,477	69,327
<b>Other financing sources</b>				
Investment earnings	250	250	241	(9)
Gross receipts tax	-	-	-	-
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
Interest expense	-	-	-	-
	250	250	241	(9)
Change in net position	(111,554)	(71,554)	10,923	82,477
Net position, beginning of year	193,472	193,472	193,472	-
Net position, end of year	\$ 81,918	121,918	204,395	82,477
<b>RECONCILIATION TO GAAP BASIS:</b>				
Add capital outlay			-	
Less depreciation expense			(5,282)	
Add debt principal payments			-	
GAAP basis net position			\$ 199,113	

**STATE OF NEW MEXICO  
CITY OF AZTEC  
STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL (GAAP BASIS)  
LAW ENFORCEMENT PROTECTION  
Year Ended June 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ -	-	-	-
Intergovernmental	28,400	29,000	29,000	-
Charges for services	-	-	-	-
Investment earnings	50	50	51	1
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<b>28,450</b>	<b>29,050</b>	<b>29,051</b>	<b>1</b>
Expenditures				
Current				
General government	-	-	-	-
Public safety	28,500	36,036	34,038	1,998
Public works	-	-	-	-
Public health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	2,167	-	2,167
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>28,500</b>	<b>38,203</b>	<b>34,038</b>	<b>4,165</b>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>(50)</u>	<u>(9,153)</u>	<u>(4,987)</u>	<u>4,166</u>
Other Financing Sources (Uses)				
Transfers, in	-	-	-	-
Transfers, out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<b>(50)</b>	<b>(9,153)</b>	<b>(4,987)</b>	<b>4,166</b>
Fund balances, beginning of year	<u>9,884</u>	<u>9,884</u>	<u>9,884</u>	<u>-</u>
<b>Fund balances, end of year</b>	<b>\$ <u>9,834</u></b>	<b><u>731</u></b>	<b><u>4,897</u></b>	<b><u>4,166</u></b>

**STATE OF NEW MEXICO**  
**CITY OF AZTEC**  
**STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL (GAAP BASIS) (CONTINUED)**  
**LOCAL GOVERNMENT CORRECTION**  
**Year Ended June 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ -	-	-	-
Intergovernmental	-	-	-	-
Charges for services	85,000	85,000	85,887	887
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<b>85,000</b>	<b>85,000</b>	<b>85,887</b>	<b>887</b>
<b>Expenditures</b>				
<b>Current</b>				
General government	-	-	-	-
Public safety	130,000	130,000	90,158	39,842
Public works	-	-	-	-
Public health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
<b>Debt service</b>				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>130,000</b>	<b>130,000</b>	<b>90,158</b>	<b>39,842</b>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>(45,000)</u>	<u>(45,000)</u>	<u>(4,271)</u>	<u>40,729</u>
<b>Other Financing Sources (Uses)</b>				
Transfers, in	45,000	45,000	4,469	(40,531)
Transfers, out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>45,000</b>	<b>45,000</b>	<b>4,469</b>	<b>(40,531)</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>198</b>	<b>198</b>
Fund balances, beginning of year	<u>4,365</u>	<u>4,365</u>	<u>4,365</u>	<u>-</u>
<b>Fund balances, end of year</b>	<b>\$ <u>4,365</u></b>	<b><u>4,365</u></b>	<b><u>4,563</u></b>	<b><u>198</u></b>

**STATE OF NEW MEXICO**  
**CITY OF AZTEC**  
**STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL (GAAP BASIS) (CONTINUED)**  
**ECONOMIC DEVELOPMENT**  
**Year Ended June 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ -	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Investment earnings	300	300	218	(82)
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<b>300</b>	<b>300</b>	<b>218</b>	<b>(82)</b>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Public health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	300	300	218	(82)
Other Financing Sources (Uses)				
Transfers, in	-	-	-	-
Transfers, out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>300</b>	<b>300</b>	<b>218</b>	<b>(82)</b>
Fund balances, beginning of year	112,575	112,575	112,575	-
<b>Fund balances, end of year</b>	<b>\$ 112,875</b>	<b>112,875</b>	<b>112,793</b>	<b>(82)</b>

**STATE OF NEW MEXICO  
CITY OF AZTEC  
STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL (GAAP BASIS) (CONTINUED)  
DEVELOPMENT FEES  
Year Ended June 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ -	-	-	-
Intergovernmental	-	-	-	-
Licenses and permits	-	-	5,500	5,500
Investment earnings	-	-	61	61
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>5,561</u>	<u>5,561</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Public health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>-</u>	<u>-</u>	<u>5,561</u>	<u>5,561</u>
Other Financing Sources (Uses)				
Transfers, in	-	-	-	-
Transfers, out	<u>(26,905)</u>	<u>(26,905)</u>	<u>-</u>	<u>26,905</u>
<b>Total other financing sources (uses)</b>	<u>(26,905)</u>	<u>(26,905)</u>	<u>-</u>	<u>26,905</u>
<b>Net change in fund balances</b>	<u>(26,905)</u>	<u>(26,905)</u>	<u>5,561</u>	<u>32,466</u>
Fund balances, beginning of year	<u>28,476</u>	<u>28,476</u>	<u>28,476</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 1,571</u>	<u>1,571</u>	<u>34,037</u>	<u>32,466</u>

**STATE OF NEW MEXICO**  
**CITY OF AZTEC**  
**STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL (GAAP BASIS) (CONTINUED)**  
**LODGERS TAX**  
**Year Ended June 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 11,000	11,000	29,985	18,985
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Investment earnings	75	75	65	(10)
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<b>11,075</b>	<b>11,075</b>	<b>30,050</b>	<b>18,975</b>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Public health and welfare	-	-	-	-
Culture and recreation	25,050	24,425	20,685	3,740
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>25,050</b>	<b>24,425</b>	<b>20,685</b>	<b>3,740</b>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>(13,975)</u>	<u>(13,350)</u>	<u>9,365</u>	<u>22,715</u>
Other Financing Sources (Uses)				
Transfers, in	-	-	-	-
Transfers, out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<b>(13,975)</b>	<b>(13,350)</b>	<b>9,365</b>	<b>22,715</b>
Fund balances, beginning of year	<u>31,551</u>	<u>31,551</u>	<u>31,551</u>	<u>-</u>
<b>Fund balances, end of year</b>	<b>\$ <u>17,576</u></b>	<b><u>18,201</u></b>	<b><u>40,916</u></b>	<b><u>22,715</u></b>

**STATE OF NEW MEXICO**  
**CITY OF AZTEC**  
**STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL (GAAP BASIS) (CONTINUED)**  
**STATE FIRE**  
**Year Ended June 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ -	-	-	-
Intergovernmental	185,000	185,000	186,469	1,469
Charges for services	-	-	-	-
Investment earnings	1,000	1,000	1,018	18
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<u>186,000</u>	<u>186,000</u>	<u>187,487</u>	<u>1,487</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	135,500	140,050	59,690	80,360
Public works	-	-	-	-
Public health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	773,577	778,077	737,063	41,014
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<u>909,077</u>	<u>918,127</u>	<u>796,753</u>	<u>121,374</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>(723,077)</u>	<u>(732,127)</u>	<u>(609,266)</u>	<u>122,861</u>
Other Financing Sources (Uses)				
Transfers, in	-	-	-	-
Transfers, out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>(723,077)</u>	<u>(732,127)</u>	<u>(609,266)</u>	<u>122,861</u>
Fund balances, beginning of year	<u>968,418</u>	<u>968,418</u>	<u>968,418</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 245,341</u>	<u>236,291</u>	<u>359,152</u>	<u>122,861</u>

**STATE OF NEW MEXICO  
CITY OF AZTEC  
STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL (GAAP BASIS) (CONTINUED)  
RECREATION  
Year Ended June 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ -	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Public health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	-	-	-	-
Other Financing Sources (Uses)				
Transfers, in	-	-	-	-
Transfers, out	-	-	-	-
<b>Total other financing     sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund balances, beginning of year	3,311	3,311	3,311	-
<b>Fund balances, end of year</b>	<b>\$ 3,311</b>	<b>3,311</b>	<b>3,311</b>	<b>-</b>



**STATE OF NEW MEXICO**  
**CITY OF AZTEC**  
**STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL (GAAP BASIS) (CONTINUED)**  
**AIRPORT**  
**Year Ended June 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ -	-	-	-
Intergovernmental	775,500	775,500	-	(775,500)
Charges for services	-	-	-	-
Investment earnings	50	50	89	39
Miscellaneous	3,700	3,700	4,679	979
<b>Total revenues</b>	<b>779,250</b>	<b>779,250</b>	<b>4,768</b>	<b>(774,482)</b>
Expenditures				
Current				
General government	14,311	14,311	7,609	6,702
Public safety	-	-	-	-
Public works	-	-	-	-
Public health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	805,900	805,900	4,972	800,928
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>820,211</b>	<b>820,211</b>	<b>12,581</b>	<b>807,630</b>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>(40,961)</u>	<u>(40,961)</u>	<u>(7,813)</u>	<u>33,148</u>
Other Financing Sources (Uses)				
Transfers, in	30,000	30,000	30,000	-
Transfers, out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>30,000</b>	<b>30,000</b>	<b>30,000</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(10,961)</b>	<b>(10,961)</b>	<b>22,187</b>	<b>33,148</b>
Fund balances, beginning of year	19,694	19,694	19,694	-
<b>Fund balances, end of year</b>	<b>\$ 8,733</b>	<b>8,733</b>	<b>41,881</b>	<b>33,148</b>

**STATE OF NEW MEXICO  
CITY OF AZTEC  
STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL (GAAP BASIS) (CONTINUED)  
COMMUNITY DEVELOPMENT BLOCK GRANT  
Year Ended June 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ -	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Public health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	-	-	-	-
Other Financing Sources (Uses)				
Transfers, in	-	-	-	-
Transfers, out	-	-	-	-
<b>Total other financing     sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund balances, beginning of year	4,345	4,345	4,345	-
<b>Fund balances, end of year</b>	<b>\$ 4,345</b>	<b>4,345</b>	<b>4,345</b>	<b>-</b>

**STATE OF NEW MEXICO**  
**CITY OF AZTEC**  
**STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL (GAAP BASIS) (CONTINUED)**  
**CAPITAL PROJECTS**  
**Year Ended June 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 549,613	549,613	596,007	46,394
Intergovernmental	319,900	319,900	-	(319,900)
Charges for services	-	-	-	-
Investment earnings	3,500	3,500	2,801	(699)
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<b>873,013</b>	<b>873,013</b>	<b>598,808</b>	<b>(274,205)</b>
Expenditures				
Current				
General government	19,500	19,352	19,373	(21)
Public safety	-	-	-	-
Public works	-	-	-	-
Public health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	657,805	872,055	358,288	513,767
Debt service				
Principal	159,028	159,496	158,826	670
Interest	182,183	181,863	179,861	2,002
<b>Total expenditures</b>	<b>1,018,516</b>	<b>1,232,766</b>	<b>716,348</b>	<b>516,418</b>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>(145,503)</u>	<u>(359,753)</u>	<u>(117,540)</u>	<u>242,213</u>
Other Financing Sources (Uses)				
Transfers, in	26,905	26,905	-	(26,905)
Transfers, out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>26,905</b>	<b>26,905</b>	<b>-</b>	<b>(26,905)</b>
<b>Net change in fund balances</b>	<b>(118,598)</b>	<b>(332,848)</b>	<b>(117,540)</b>	<b>215,308</b>
Fund balances, beginning of year	<u>991,679</u>	<u>991,679</u>	<u>991,679</u>	<u>-</u>
<b>Fund balances, end of year</b>	<b>\$ <u>873,081</u></b>	<b><u>658,831</u></b>	<b><u>874,139</u></b>	<b><u>215,308</u></b>

**STATE OF NEW MEXICO**  
**CITY OF AZTEC**  
**COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS**  
**Year Ended June 30, 2014**  
**Employee Association Trust Fund**

	<b>Balance</b>			<b>Balance</b>
	<b>June 30, 2013</b>	<b>Additions</b>	<b>Deductions</b>	<b>June 30, 2014</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,628	6,480	(3,434)	4,674
Total Assets	\$ 1,628	6,480	(3,434)	4,674
<b>LIABILITIES</b>				
Deposits held for others	\$ 1,628	6,480	(3,434)	4,674
Total Liabilities	\$ 1,628	6,480	(3,434)	4,674

**STATE OF NEW MEXICO  
CITY OF AZTEC  
SCHEDULE OF PLEDGED COLLATERAL  
Year Ended June 30, 2014**

	Wells Fargo	Four Corners Community Bank	Citizens Bank of Farmington	Total
<b>Deposits in Bank or Savings and Loan</b>				
Demand deposits	\$ 539	-	2,950,542	2,951,081
Certificates of deposit	500,000	2,500,000	2,750,000	5,750,000
	<u>500,539</u>	<u>2,500,000</u>	<u>5,700,542</u>	<u>8,701,081</u>
Less: FDIC insurance	250,539	250,000	500,000	1,000,539
	<u>250,539</u>	<u>250,000</u>	<u>500,000</u>	<u>1,000,539</u>
<b>Total uninsured public funds</b>	<u>\$ 250,000</u>	<u>2,250,000</u>	<u>5,200,542</u>	<u>7,700,542</u>
<b>Collateral requirement @ 50%</b>	<u>125,000</u>	<u>1,125,000</u>	<u>2,600,271</u>	<u>3,850,271</u>
<b>Pledges and securities</b>				
FN AS0025 #3138W9A34 3.5% 7/1/2043	133,945	-	-	133,945
Bloomfield NM, #094072BQ7, 8/1/14	-	110,277	-	110,277
Bernalillo NM Sch Dist #085279NTO, 8/1/15	-	155,358	-	155,358
Farmington Mun Sch, #311441HM4, 9/1/16	-	201,308	-	201,308
Gallup N Mex GO Ut Sink Agn, #364028EUO, 8/1/2020	-	271,105	-	271,105
FHLB; 313381QZ1, 1/18/2033	-	-	3,570,640	3,570,640
Ruidoso Muni S/D #2 781338JC3 8/1/19	-	215,332	-	215,332
Socorro Cnty N Mex Jail #833679BW2, 8/1/19	-	306,345	-	306,345
Total pledged securities	<u>133,945</u>	<u>1,259,725</u>	<u>3,570,640</u>	<u>4,964,310</u>
Excess (deficiency)	<u>\$ 8,945</u>	<u>134,725</u>	<u>970,369</u>	<u>1,114,039</u>

Safekeeping locations for the above securities are as follows:

Wells Fargo: Bank of New York Mellon

Four Corners Community Bank: Federal Home Loan Bank of Dallas, Texas (Dallas, TX)

Citizens Bank of Farmington: Federal Home Loan Bank of Dallas, Texas (Dallas, TX)

**STATE OF NEW MEXICO  
CITY OF AZTEC  
SCHEDULE OF CASH AND INVESTMENT ACCOUNTS  
Year Ended June 30, 2014**

	Wells Fargo	Four Corners Community Bank	Citizens Bank of Farmington	Total
Deposits in Bank				
Demand deposits	\$ 539	-	2,950,542	2,951,081
Certificates of deposit	500,000	2,500,000	2,750,000	5,750,000
Total bank balance	<u>500,539</u>	<u>2,500,000</u>	<u>5,700,542</u>	<u>8,701,081</u>
Reconciling items				
Outstanding checks	-	-	63,757	63,757
Deposits in transit	-	-	(1,253,707)	(1,253,707)
Total adjustments	<u>-</u>	<u>-</u>	<u>(1,189,950)</u>	<u>(1,189,950)</u>
Total book balance	<u>\$ 500,539</u>	<u>2,500,000</u>	<u>4,510,592</u>	<u>7,511,131</u>
NM Treasurer Investment Pool				8,374,302
Cash with fiscal agent				507,435
Cash on hand				<u>2,600</u>
Total per financial statements				<u>\$ 16,395,468</u>

**Financial Statements:**

Cash, investments and cash equivalents				
Governmental funds			\$ 4,230,817	
Business-type funds			11,652,543	
Agency funds			4,674	
Cash with fiscal agent				
Governmental funds			507,434	
Business-type funds			-	
Total per financial statements			<u>\$ 16,395,468</u>	

**STATE OF NEW MEXICO  
CITY OF AZTEC  
SCHEUDLE OF JOINT POWERS AGREEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

<b>Participants City of Aztec)</b>	<b>(including Responsible Party</b>	<b>Description</b>	<b>Dates of Agreement</b>	<b>Total Project</b>	<b>City Share</b>	<b>FY14 Amount</b>	<b>Audit Responsibility</b>
San Juan County	San Juan County	County jail operations	b. 10/05/04 t. none	variable	\$67.79/day/prisoner through 6/30/13; rate recalculated July 1 in subsequent years	\$ 90,159	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	\$ 5,323	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	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%	\$ -	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)	\$ 4,746	City of Farmington

**ADDITIONAL OTHER SUPPLEMENTARY SCHEDULES**



**CITY OF AZTEC, NEW MEXICO**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule by Source**  
**June 30, 2014**

	<u>2014</u>
<b>Governmental Funds Capital Assets:</b>	
Land	\$ 663,435
Buildings & Structures	8,672,826
Improvements Other than Buildings	3,675,899
Equipment & Machinery	6,157,497
Infrastructure	16,577,213
Construction (Projects) in Process	1,448,048
Total Governmental Funds Capital Assets	<u>\$ 37,194,918</u>
<b>Investment in Governmental Funds Capital Assets by Source:</b>	
General Fund	\$ 14,079,986
Special revenue funds	12,201,054
Capital projects funds	9,858,914
Donations	1,054,963
Total Governmental Funds Capital Assets	<u>\$ 37,194,918</u>

**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, 2014**

<b>FUNCTION AND ACTIVITY</b>	<b>Land</b>	<b>Buildings &amp; Improvements</b>	<b>Improvements Other than Buildings</b>	<b>Machinery and Equipment</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	189,933	1,605	85,718	-	-	340,842
Finance Administration	-	402,118	-	122,376	-	-	524,494
Motor Vehicle	-	448,102	-	17,460	-	-	465,562
Community Development	-	-	-	111,027	-	-	111,027
Information Systems	-	2,412	-	230,693	-	-	233,104
Municipal Building Maint	-	180,161	28,037	27,589	5,225	-	241,013
Project Management	-	-	7,933	32,587	-	-	40,520
<b>Total General Government</b>	<b>63,587</b>	<b>1,235,123</b>	<b>39,440</b>	<b>676,669</b>	<b>5,225</b>	<b>-</b>	<b>2,020,044</b>
<b>Public Safety:</b>							
Police	-	568,383	8,750	1,106,067	-	-	1,683,200
Fire	35,051	411,471	31,523	2,385,094	-	-	2,863,139
Animal Control	-	968,373	39,720	159,251	-	-	1,167,344
<b>Total Public Safety</b>	<b>35,051</b>	<b>1,948,227</b>	<b>79,993</b>	<b>3,650,411</b>	<b>-</b>	<b>-</b>	<b>5,713,682</b>
<b>Public Works:</b>							
Streets	128,153	215,976	252,151	894,018	14,224,345	1,339,060	17,053,703
Electric	-	-	-	-	18,646	-	18,646
<b>Total Public Works</b>	<b>128,153</b>	<b>215,976</b>	<b>252,151</b>	<b>894,018</b>	<b>14,242,991</b>	<b>1,339,060</b>	<b>17,072,349</b>
<b>Culture and Recreation:</b>							
Parks & Recreation	426,644	1,245,441	3,266,517	678,340	238,272	108,988	5,964,202
Library	-	1,947,936	6,499	93,751	-	-	2,048,187
Airport	10,000	42,008	11,239	11,676	2,090,724	-	2,165,646
<b>Total Culture and Recreation</b>	<b>436,644</b>	<b>3,235,385</b>	<b>3,284,255</b>	<b>783,767</b>	<b>2,328,996</b>	<b>108,988</b>	<b>10,178,035</b>
<b>Health and Welfare:</b>							
Community Center	-	302,816	20,060	152,633	-	-	475,508
NESJC Family Center	-	1,735,299	-	-	-	-	1,735,299
<b>Total Health and Welfare</b>	<b>-</b>	<b>2,038,115</b>	<b>20,060</b>	<b>152,633</b>	<b>-</b>	<b>-</b>	<b>2,210,807</b>
<b>Total Capital Assets</b>	<b>\$ 663,435</b>	<b>8,672,826</b>	<b>3,675,899</b>	<b>6,157,497</b>	<b>16,577,213</b>	<b>1,448,048</b>	<b>37,194,918</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, 2014**

<b>FUNCTION AND ACTIVITY</b>	<b>Capital Assets June 30, 2013</b>	<b>Additions</b>	<b>Reclassified</b>	<b>Transfers</b>	<b>Deductions</b>	<b>Capital Assets June 30, 2014</b>
<b>GENERAL GOVERNMENT:</b>						
Legislative	\$ 16,281	-	-	-	-	16,281
Judicial	47,200	-	-	-	-	47,200
Executive	300,842	40,000	-	-	-	340,842
Finance Administration	524,494	-	-	-	-	524,494
Motor Vehicle	465,562	-	-	-	-	465,562
Community Development	81,348	-	-	29,679	-	111,027
Information Systems	238,785	-	-	-	(5,681)	233,104
Municipal Building Maint	233,856	7,157	-	-	-	241,013
Project Management	6,584	13,383	-	20,553	-	40,520
<b>Total General Government</b>	<b>1,914,953</b>	<b>60,540</b>	<b>-</b>	<b>50,232</b>	<b>(5,681)</b>	<b>2,020,044</b>
<b>PUBLIC SAFETY:</b>						
Police	1,632,512	80,367	-	(29,679)	-	1,683,200
Fire	2,126,076	737,063	-	-	-	2,863,139
Animal Control	1,152,797	14,546	-	-	-	1,167,344
<b>Total Public Safety</b>	<b>4,911,386</b>	<b>831,976</b>	<b>-</b>	<b>(29,679)</b>	<b>-</b>	<b>5,713,683</b>
<b>PUBLIC WORKS:</b>						
Streets	15,503,627	1,570,629	-	(20,553)	-	17,053,703
Electric	18,646	-	-	-	-	18,646
<b>Total Public Works</b>	<b>15,522,273</b>	<b>1,570,629</b>	<b>-</b>	<b>(20,553)</b>	<b>-</b>	<b>17,072,349</b>
<b>CULTURE AND RECREATION:</b>						
Parks & Recreation	5,485,568	506,570	-	-	(27,935)	5,964,203
Airport	2,165,646	-	-	-	-	2,165,646
Library	2,041,687	6,499	-	-	-	2,048,186
<b>Total Culture and Recreation</b>	<b>9,692,901</b>	<b>513,069</b>	<b>-</b>	<b>-</b>	<b>(27,935)</b>	<b>10,178,035</b>
<b>HEALTH AND WELFARE:</b>						
Community Center	399,838	75,670	-	-	-	475,508
NESJC Family Center	1,735,299	-	-	-	-	1,735,299
<b>Total Health and Welfare</b>	<b>2,135,137</b>	<b>75,670</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,210,807</b>
<b>Total Capital Assets</b>	<b>34,176,650</b>	<b>3,051,883</b>	<b>-</b>	<b>-</b>	<b>(33,616)</b>	<b>37,194,918</b>
<b>ACCUMULATED DEPRECIATION</b>	<b>\$ 13,840,498</b>	<b>1,375,717</b>	<b>-</b>	<b>-</b>	<b>(28,221)</b>	<b>15,187,994</b>

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

Schedule 1

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>Governmental activities</b>										
Net investment in capital assets	\$ 8,395,200	\$ 10,427,544	\$ 11,583,291	\$ 11,517,852	\$ 15,048,147	\$ 12,817,692	\$ 15,877,838	\$ 16,106,487	\$ 16,357,638	\$ 18,187,236
Restricted	1,979,287	765,441	857,582	907,377	857,112	739,306	4,553,662	3,983,424	3,806,581	2,528,759
Unrestricted	6,819,141	7,456,271	7,918,899	9,971,284	8,620,444	7,802,526	4,006,565	5,187,030	4,075,048	3,909,535
Total governmental activities net position	<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>	<u>\$ 24,239,267</u>	<u>\$ 24,625,530</u>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 12,467,106	\$ 13,784,572	\$ 14,387,194	\$ 14,951,711	\$ 16,940,492	\$ 21,749,963	\$ 21,481,586	\$ 23,814,365	\$ 25,110,714	\$ 25,384,751
Restricted	66,821	45,918	50,157	54,261	92,465	69,135	443,456	250,000	555,000	555,000
Unrestricted	6,114,060	7,080,613	7,992,084	9,442,598	10,533,764	12,369,283	13,537,163	12,547,460	11,615,482	12,124,521
Total business-type activities net position	<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>	<u>\$ 37,281,196</u>	<u>\$ 38,064,272</u>
<b>Primary government</b>										
Net investment in capital assets	\$ 20,862,306	\$ 24,212,116	\$ 25,970,485	\$ 26,469,563	\$ 31,988,639	\$ 34,567,655	\$ 37,359,424	\$ 39,920,852	\$ 41,468,352	\$ 43,571,987
Restricted	2,046,108	811,359	907,739	961,638	949,577	808,441	4,997,118	4,233,424	4,361,581	3,083,759
Unrestricted	12,933,201	14,536,884	15,910,983	19,413,882	19,154,208	20,171,809	17,543,728	17,734,490	15,690,530	16,034,056
Total primary government net position	<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>	<u>\$ 61,520,463</u>	<u>\$ 62,689,802</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 Position**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*

Schedule 2

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>Expenses</b>										
Governmental Activities										
General Government	\$ 1,274,513	\$ 1,381,532	\$ 1,815,671	\$ 2,110,680	\$ 1,983,249	\$ 2,257,458	\$ 2,199,348	\$ 1,961,789	\$ 2,246,743	\$ 1,964,074
Public Safety	1,905,168	2,135,358	2,229,695	2,733,897	2,862,497	3,755,435	1,891,687	1,915,374	2,114,730	2,165,969
Public Works	990,905	1,853,128	3,532,321	2,084,200	1,921,141	3,887,767	1,370,015	2,196,404	1,888,341	1,681,645
Health & Welfare	154,996						620,409	675,436	636,508	900,447
Culture and Recreation	668,126	1,012,513	1,055,677	1,285,597	1,414,843	2,289,542	1,317,231	1,442,998	1,862,384	1,638,610
Interest on Long Term Debt								189,666	184,288	179,861
Total Governmental Activities	<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>	<u>8,932,994</u>	<u>8,530,606</u>
Business Type Activities										
Joint Utility	5,743,024	5,972,592	7,841,078	8,177,753	7,995,060	9,367,458	8,610,592	8,549,579	9,165,391	9,392,921
Solid Waste	533,877	566,775	588,533	610,138	649,266	660,642	672,493	693,121	691,877	729,951
Irrigation	24,550	25,108	6,812	7,008	7,159	8,016	9,309	14,492	12,199	7,759
Total Business Type Activities	<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>	<u>9,869,467</u>	<u>10,130,631</u>
Total Expenses	<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>	<u>\$ 18,802,461</u>	<u>\$ 18,661,237</u>
<b>Program Revenues</b>										
Governmental activities										
Charges for services										
General Government	\$ 765,094	\$ 784,661	\$ 748,151	\$ 887,570	\$ 168,223	\$ 150,871	\$ 234,996	\$ 284,305	\$ 744,822	\$ 730,086
Public Safety	46,924	75,947	72,413	85,907	676,813	512,697	444,413	390,107	231,869	85,887
Public Works	306	89,532	85,366	101,274	94,643	84,884	28,480	28,919	395	-
Health & Welfare	6,814						25,531	27,640	44,568	-
Culture and Recreation	5,758	17,037	16,244	19,272	82,711	74,042	49,566	49,401	32,032	5,500
Operating grants and contributions	388,499	1,035,880	1,296,919	1,063,924	429,943	437,993	269,709	756,548	451,773	793,464
Capital grants and contributions	373,773	518,599	1,893,140	865,010	2,692,365	2,742,777	3,578,843	943,526	16,524	900,000
Total Governmental Activities	<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>	<u>1,521,983</u>	<u>2,514,937</u>
Business-type activities										
Charges for services										
Joint Utility	6,286,230	7,478,390	8,695,555	9,549,963	9,806,660	9,569,623	9,534,607	9,465,404	9,596,002	9,817,481
Solid Waste	529,623	559,653	579,151	592,309	659,621	678,640	691,561	687,382	680,822	683,547
Irrigation	13,159	13,159	13,159	13,159	13,159	13,159	13,159	13,159	13,159	13,159
Operating grants and contributions							-	-	-	-
Capital grants and contributions	107,189	285,169	224,236	266,056	308,650	5,689,497	172,931	96,640	114,652	70,915
Total Business-Type Activities	<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>	<u>10,404,635</u>	<u>10,585,102</u>
Total Program Revenues	<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>	<u>\$ 11,926,618</u>	<u>\$ 13,100,039</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 Position**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*

Schedule 2

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Net (Expenses)/Revenues</b>										
Governmental activities	\$ (3,406,540)	\$ (3,860,875)	\$ (4,521,131)	\$ (5,191,417)	\$ (4,037,032)	\$ (8,186,938)	\$ (2,767,152)	\$ (5,901,221)	\$ (7,411,011)	\$ (6,015,669)
Business-type activities	634,750	1,771,896	1,075,678	1,626,588	2,136,605	5,914,803	1,119,864	1,005,393	535,168	454,471
Total Net Expenses	<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>	<u>\$ (6,875,843)</u>	<u>\$ (5,561,198)</u>
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental Activities										
Taxes										
Gross receipts taxes	\$ 3,736,964	\$ 3,998,584	\$ 4,582,503	\$ 5,478,504	\$ 5,384,771	\$ 4,090,147	\$ 4,255,156	\$ 5,029,168	\$ 4,816,122	\$ 4,761,159
Property taxes	393,056	398,982	424,940	479,294	537,994	522,553	571,668	588,699	592,685	631,249
Franchise taxes		471,109	534,301	523,744	478,811	474,311	544,923	552,008	564,375	588,965
Other taxes	661,208	244,563	224,579	253,673	193,978	237,649	187,401	180,947	183,573	206,771
Miscellaneous	100,823	123,171	116,688	107,739	102,597	176,437	247,095	378,685	199,082	202,254
Unrestricted investment earnings	168,848	277,530	343,285	333,053	164,524	58,916	40,310	23,867	20,984	12,751
Loss on disposition	5,263							(13,277)	(3,484)	(1,217)
Transfers	170,493	(197,436)	5,351	52,151	(696,453)	(539,254)	(860)	-	-	-
Total general revenues and transfers	<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>	<u>6,373,337</u>	<u>6,401,932</u>
Business-type Activities										
Environmental taxes	78,146	83,682	96,021	114,872	112,593	85,308	88,721	102,074	100,623	99,433
Unrestricted investment earnings	113,249	210,102	351,984	329,826	172,500	82,295	64,379	42,153	33,580	13,088
Miscellaneous	31,089							-	-	216,084
Loss on disposition	550							-	-	-
Transfers	(170,493)	197,436	(5,351)	(52,151)	696,453	539,254	860	-	-	-
Total Business-type activities	<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>	<u>134,203</u>	<u>328,605</u>
Total primary government	<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>	<u>\$ 6,507,540</u>	<u>\$ 6,730,537</u>
<b>Change in Net Position</b>										
Governmental activities	\$ 1,830,115	\$ 1,455,628	\$ 1,710,516	\$ 2,036,741	\$ 2,129,190	\$ (3,166,179)	\$ 3,078,541	\$ 838,876	\$ (1,037,674)	\$ 386,263
Business-type activities	687,291	2,263,116	1,518,332	2,019,135	3,118,151	6,621,660	1,273,824	1,149,620	669,371	783,076
Total Change in Net Position	<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>	<u>\$ (368,303)</u>	<u>\$ 1,169,339</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**

	Fiscal Year									
	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014
General Fund										
Reserved	\$ 1,256,352	\$ 606,874	\$ 697,196	\$ 741,181	\$ 706,187	\$ 588,192	\$ 658,710	\$ 701,366		
Unreserved	4,079,992	4,088,709	3,751,236	4,612,717	4,677,120	4,617,847				
Nonspendable							991,707	700	4,445	1,976
Restricted									702,138	741,721
Committed										
Assigned										
Unassigned							3,660,757	4,774,649	3,708,584	2,901,221
Total general fund	<u>\$ 5,336,344</u>	<u>\$ 4,695,583</u>	<u>\$ 4,448,432</u>	<u>\$ 5,353,898</u>	<u>\$ 5,383,307</u>	<u>\$ 5,206,039</u>	<u>\$ 5,311,174</u>	<u>\$ 5,476,715</u>	<u>\$ 4,415,167</u>	<u>\$ 3,644,918</u>
All other governmental funds										
Reserved	\$ 570,703	\$ 158,567	\$ 160,386	\$ 166,196	\$ 150,925	\$ 151,114	\$ 3,280			
Unreserved	2,687,396	3,208,869	4,058,982	5,235,656	7,113,428	4,545,704				
Nonspendable								1,413	4,436	4,110
Restricted							3,894,952	3,282,058	3,104,443	2,374,508
Committed							159,155	138,983	144,362	150,141
Assigned										
Unassigned										
Total all other governmental funds	<u>\$ 3,258,099</u>	<u>\$ 3,367,436</u>	<u>\$ 4,219,368</u>	<u>\$ 5,401,852</u>	<u>\$ 7,264,353</u>	<u>\$ 4,696,818</u>	<u>\$ 4,057,387</u>	<u>\$ 3,422,454</u>	<u>\$ 3,253,241</u>	<u>\$ 2,528,759</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 Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

Schedule 4

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Revenues</b>										
Taxes	\$ 4,432,986	\$ 5,073,253	\$ 5,726,747	\$ 6,690,398	\$ 6,532,742	\$ 5,311,666	\$ 5,523,540	\$ 6,329,548	\$ 6,143,275	\$ 6,143,275
Licenses and permits	57,564	143,461	109,720	162,575	57,827	62,683	63,336	62,258	64,651	64,651
Intergovernmental	904,050	1,696,330	3,190,059	1,928,934	3,122,308	3,180,770	3,848,552	1,700,074	689,376	689,376
Charges for services	300,250	331,608	336,988	380,726	398,851	324,776	356,739	328,007	359,333	359,333
Fines	523,400	492,108	475,466	550,722	565,712	435,035	362,911	390,107	408,623	408,623
Investment earnings	168,847	277,530	343,285	333,053	164,524	58,916	40,310	23,867	20,984	20,984
Miscellaneous	76,636	123,171	116,688	107,739	102,597	176,437	247,095	378,685	199,082	199,082
<b>Total Revenues</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>7,885,324</b>	<b>7,885,324</b>
<b>Expenditures</b>										
Current										
General Government	1,169,293	1,169,572	1,632,016	1,665,357	1,833,036	1,763,356	1,804,289	1,886,575	2,034,603	2,034,603
Public Safety	1,693,441	1,908,208	1,967,451	2,421,134	2,651,381	2,409,157	1,728,707	1,783,255	1,978,046	1,978,046
Public Works	542,743	1,499,247	3,123,766	1,651,035	1,625,807	1,413,715	970,391	1,531,750	1,205,751	1,205,751
Health & Welfare	153,691						553,191	633,678	595,731	595,731
Culture and Recreation	566,252	887,098	910,885	1,068,047	1,205,663	1,143,772	1,087,033	1,081,789	1,275,462	1,275,462
Debt										
Principal	59,801	104,416	107,571	111,177	196,093	156,847	144,353	149,400	153,943	153,943
Interest	42,887	67,844	64,694	61,092	159,915	201,088	195,574	190,551	185,236	185,236
Capital Outlay	2,333,417	2,835,064	1,893,140	1,140,506	4,051,683	4,667,897	4,492,381	2,424,940	1,687,313	1,687,313
<b>Total expenditures</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>	<b>9,116,085</b>	<b>9,116,085</b>
Excess of revenues over (under) expenditures	(97,792)	(333,988)	599,430	2,035,799	(779,017)	(2,205,549)	(533,436)	(469,392)	(1,230,761)	(1,230,761)
<b>Other Financing Sources (Uses)</b>										
Operating transfers in	725,018	1,505,000	1,556,488	719,713	866,218	680,999	189,763	233,975	209,000	209,000
Operating transfers out	(554,525)	(1,702,436)	(1,551,137)	(667,562)	(1,562,671)	(1,220,253)	(190,623)	(233,975)	(209,000)	(209,000)
Proceeds from long-term debt, net	1,794,735									
Proceeds from sale of capital assets	6,500									
Bonds Issued					3,367,380					
<b>Total other financing sources and uses</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>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ 1,873,936</b>	<b>\$ (531,424)</b>	<b>\$ 604,781</b>	<b>\$ 2,087,950</b>	<b>\$ 1,891,910</b>	<b>\$ (2,744,803)</b>	<b>\$ (534,296)</b>	<b>\$ (469,392)</b>	<b>\$ (1,230,761)</b>	<b>\$ (1,230,761)</b>
Debt service as a percentage of noncapital expenditures	2%	2%	2%	2%	4%	4%	5%	5%	4%	4%

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>
2014	\$ 4,761,159	\$ 631,249	\$ 588,965	\$ 206,771	\$ 6,188,144
2013	4,816,122	579,205	564,375	183,573	6,143,275
2012	5,029,168	588,699	552,008	180,947	6,350,822
2011	4,255,156	571,668	544,923	187,401	5,559,148
2010	4,090,147	522,553	474,311	237,649	5,324,660
2009	5,384,771	537,994	478,811	193,978	6,595,554
2008	5,478,504	479,294	523,744	253,673	6,735,215
2007	4,582,503	424,940	534,301	224,579	5,766,323
2006	3,998,584	398,982	471,109	244,563	5,113,238
2005	3,736,964	393,056	661,208	-	4,791,228
Change 2005-2014	27%	61%	-11%	206771%	29%

**Source:** City of Aztec CAFRs

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

**Schedule 6**

Ending 6/30	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Agriculture	\$ 21,517	\$ 32,828	\$ 14,510	\$ 66,648	\$ 32,000	\$ 34,759	\$ 13,186	\$ 386	\$ 825	\$ 221
Mining	\$ 22,874,869	\$ 27,129,379	\$ 47,421,297	\$ 40,943,503	\$ 47,218,262	\$ 26,321,710	\$ 17,689,324	\$ 21,172,800	\$ 19,852,855	\$ 20,192,110
Utilities	\$ 2,547,807	\$ 4,417,821	\$ 4,073,931	\$ 6,154,097	\$ 3,621,352	\$ 3,370,924	\$ 3,233,545	\$ 3,103,283	\$ 3,143,834	\$ 3,654,621
Construction	\$ 18,028,359	\$ 17,320,883	\$ 19,573,186	\$ 26,635,255	\$ 49,389,628	\$ 35,834,152	\$ 26,175,393	\$ 31,681,821	\$ 13,292,359	\$ 19,570,979
Manufacturing	\$ 8,829,076	\$ 6,509,903	\$ 6,998,952	\$ 8,128,772	\$ 11,806,566	\$ 8,157,517	\$ 9,220,855	\$ 9,480,883	\$ 17,029,297	\$ 10,426,483
Wholesale Trade	\$ 5,701,628	\$ 5,428,966	\$ 6,704,276	\$ 38,967,614	\$ 24,848,993	\$ 13,832,221	\$ 18,843,145	\$ 23,766,014	\$ 18,176,166	\$ 18,777,600
Retail Trade	\$ 42,777,986	\$ 36,764,303	\$ 40,674,759	\$ 42,089,379	\$ 38,004,248	\$ 35,622,179	\$ 34,872,717	\$ 35,412,028	\$ 38,133,131	\$ 35,888,110
Transportation	\$ -	\$ 230,731	\$ 583,779	\$ 138,152	\$ 338,041	\$ 451,200	\$ 583,062	\$ 3,274,041	\$ 1,919,283	\$ 3,176,828
Information and Cultural	\$ 7,097,214	\$ 6,995,807	\$ 7,101,186	\$ 8,407,172	\$ 9,492,745	\$ 12,584,386	\$ 14,493,738	\$ 16,325,683	\$ 17,571,531	\$ 17,465,490
Finance and Insurance	\$ 563,200	\$ 421,352	\$ 720,166	\$ 995,476	\$ 808,828	\$ 704,552	\$ 462,510	\$ 526,014	\$ 1,036,083	\$ 1,028,359
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	\$ 7,552,828	\$ 7,164,855
Professional, Scientific, Technical Services	\$ 4,291,531	\$ 6,103,503	\$ 7,376,772	\$ 6,075,255	\$ 8,177,986	\$ 5,464,276	\$ 5,990,621	\$ 11,916,579	\$ 7,637,572	\$ 10,817,766
Management	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,159	\$ -	\$ (4,855)
Administrative & Support	\$ 465,048	\$ 230,069	\$ 655,834	\$ 492,193	\$ 801,766	\$ 1,258,041	\$ 666,814	\$ 1,224,552	\$ 1,189,407	\$ 1,036,219
Educational Services	\$ 14,510	\$ 8,883	\$ 2,428	\$ 14,786	\$ 54,731	\$ 30,014	\$ 166,731	\$ 72,607	\$ 130,759	\$ 93,903
Health Care	\$ 2,483,310	\$ 2,047,503	\$ 3,592,717	\$ 3,684,910	\$ 4,070,566	\$ 5,158,455	\$ 5,332,469	\$ 6,295,117	\$ 12,103,614	\$ 12,350,566
Arts	\$ 39,669	\$ 78,510	\$ 107,807	\$ 42,869	\$ 343,503	\$ 340,469	\$ 422,510	\$ 668,414	\$ 809,766	\$ 843,752
Accommodation and Food Services	\$ 18,304,166	\$ 18,788,138	\$ 19,887,503	\$ 21,466,593	\$ 22,760,552	\$ 21,165,241	\$ 19,218,703	\$ 20,716,855	\$ 21,590,290	\$ 21,137,269
Other Services	\$ 31,522,869	\$ 35,097,655	\$ 36,618,593	\$ 37,903,945	\$ 40,499,807	\$ 26,511,890	\$ 24,334,400	\$ 25,814,290	\$ 37,417,600	\$ 41,935,669
Public Administration	\$ -	\$ 1,612,690	\$ 1,513,710	\$ 2,546,538	\$ 552,166	\$ 1,288,441	\$ 3,301,903	\$ 1,815,007	\$ 3,480,221	\$ 2,051,366
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	\$ 42,859,200	\$ 30,137,103
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	\$ 4,449,545	\$ 4,347,034
Unclassified/Undisclosed (a)	\$ 25,948,414	\$ 22,002,538	\$ 5,816,276	\$ 11,683,310	\$ 7,223,669	\$ 6,620,966	\$ 6,907,697	\$ 5,281,766	\$ 4,103,890	\$ 6,206,455
Trans, Comm, Util (c)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Services (c)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Finance, Insurance, Real Estate (c)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total</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>	<b>\$ 273,480,056</b>	<b>\$ 268,297,903</b>
City Direct Sales Tax Rate	1.8125%	1.8125%	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>
2014 (c)	3.9000%	1.2250%	1.8125%	0.8750%	7.8125%
2013	3.9000%	1.2250%	1.8125%	0.8125%	7.7500%
2012	3.9000%	1.2250%	1.8125%	0.8125%	7.7500%
2011	3.9000%	1.2250%	1.8125%	0.8125%	7.7500%
2010	3.7750%	1.2250%	1.8125%	0.8125%	7.6250%
2009	3.7750%	1.2250%	1.8125%	0.8125%	7.6250%
2008	3.7750%	1.2250%	1.8125%	0.8125%	7.6250%
2007	3.7750%	1.2250%	1.8125%	0.8125%	7.6250%
2006	3.7750%	1.2250%	1.8125%	0.8125%	7.6250%
2005 (a) (b)	3.7750%	1.2250%	1.8125%	0.6875%	7.5000%

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

(a) 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

(b) 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

(c) San Juan County imposed 1/16%, adopted by government board, enacted January 1, 2014

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

Schedule 8

Ending 6/30	Fiscal Year 2014				Fiscal Year 2013			
	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	0.15%	\$ 221	0.00%	1	0.16%	\$ 825	0.00%
Mining	14	2.15%	\$ 20,192,110	7.53%	10	1.62%	\$ 19,852,855	7.26%
Utilities	4	0.61%	\$ 3,654,621	1.36%	5	0.81%	\$ 3,143,834	1.15%
Construction	63	9.66%	\$ 19,570,979	7.29%	54	8.74%	\$ 13,292,359	4.86%
Manufacturing	26	3.99%	\$ 10,426,483	3.89%	25	4.05%	\$ 17,029,297	6.23%
Wholesale Trade	45	6.90%	\$ 18,777,600	7.00%	41	6.63%	\$ 18,176,166	6.65%
Retail Trade	157	24.08%	\$ 35,888,110	13.38%	152	24.60%	\$ 38,133,131	13.94%
Transportation	4	0.61%	\$ 3,176,828	1.18%	3	0.49%	\$ 1,919,283	0.70%
Information and Cultural	56	8.59%	\$ 17,465,490	6.51%	54	8.74%	\$ 17,571,531	6.43%
Finance and Insurance	8	1.23%	\$ 1,028,359	0.38%	7	1.13%	\$ 1,036,083	0.38%
Real Estate	24	3.68%	\$ 7,164,855	2.67%	24	3.88%	\$ 7,552,828	2.76%
Professional, Scientific, Technical Services	50	7.67%	\$ 10,817,766	4.03%	46	7.44%	\$ 7,637,572	2.79%
Management		0.00%	\$ (4,855)	0.00%		0.00%	\$ -	0.00%
Administrative & Support	20	3.07%	\$ 1,036,219	0.39%	17	2.75%	\$ 1,189,407	0.43%
Educational Services	3	0.46%	\$ 93,903	0.03%	2	0.32%	\$ 130,759	0.05%
Health Care	29	4.45%	\$ 12,350,566	4.60%	37	5.99%	\$ 12,103,614	4.43%
Arts	7	1.07%	\$ 843,752	0.31%	5	0.81%	\$ 809,766	0.30%
Accommodation and Food Services	23	3.53%	\$ 21,137,269	7.88%	25	4.05%	\$ 21,590,290	7.89%
Other Services	117	17.94%	\$ 41,935,669	15.63%	109	17.64%	\$ 37,417,600	13.68%
Public Administration	1	0.15%	\$ 2,051,366	0.76%	1	0.16%	\$ 3,480,221	1.27%
Food Distribution (a) (c)		0.00%	\$ 30,137,103	11.23%		0.00%	\$ 42,859,200	15.67%
Medical Distribution (a) (c)		0.00%	\$ 4,347,034	1.62%		0.00%	\$ 4,449,545	1.63%
Unclassified/Undisclosed (a)		0.00%	\$ 6,206,455	2.31%		0.00%	\$ 4,103,890	1.50%
<b>Total</b>	<b>652</b>	<b>100.00%</b>	<b>\$268,297,903</b>	<b>100.00%</b>	<b>618</b>	<b>100.00%</b>	<b>\$273,480,056</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
2014	81,451,079	36,856,143	1,568,658	119,875,880	4.4810%	6.8730%	6.8730%	359,987,628	33.3%
2013	78,283,196	33,790,179	1,465,076	113,538,451	4.5710%	6.8730%	6.8730%	340,956,309	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%
2011	72,851,328	36,302,117	2,289,210	111,442,655	4.5550%	5.9410%	6.8730%	334,662,628	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%
2009	59,593,553	24,888,226	4,736,814	89,218,593	4.8600%	6.3240%	6.8730%	267,923,703	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%
2007	47,114,418	19,811,144	3,710,377	70,635,939	5.0880%	6.3120%	6.8730%	212,119,937	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%
2005	40,914,355	16,785,437	1,190,400	58,890,192	5.0750%	6.2950%	6.8730%	176,847,423	33.3%

Source: San Juan County Assessor

City of Aztec  
Property Tax Rates  
Direct and Overlapping Governments  
Last Ten Fiscal Years

Overlapping Rates														
Fiscal Year	City of Aztec			San Juan County			Aztec Municipal District				San Juan College			Total Direct and Overlapping
	Operating Millage	Total Direct Rate	State Debt Service	Operational	Water Reserve	Total County	Operational	Debt Service	Capital Imp	Total School District	Operational	Debt Service	Total College	
2014														
Residential	4.481%	4.481%	1.360%	5.731%	0.500%	6.231%	0.260%	6.676%	1.862%	8.798%	3.114%	0.600%	3.714%	24.584%
Commercial	6.873%	6.873%	1.360%	8.000%	0.500%	8.500%	0.500%	6.676%	2.000%	9.176%	4.500%	0.600%	5.100%	31.009%
2013														
Residential	4.571%	4.571%	1.360%	5.810%	0.500%	6.310%	0.263%	8.448%	1.886%	10.597%	3.154%	0.600%	3.754%	26.592%
Commercial	6.873%	6.873%	1.360%	8.000%	0.500%	8.500%	0.500%	8.448%	2.000%	10.948%	4.500%	0.600%	5.100%	32.781%
2012														
Residential	4.587%	4.587%	1.360%	5.826%	0.500%	6.326%	0.263%	6.517%	1.886%	8.666%	3.162%	0.420%	3.582%	24.521%
Commercial	6.509%	6.509%	1.360%	8.000%	0.500%	8.500%	0.500%	6.517%	2.000%	9.017%	4.500%	0.420%	4.920%	30.306%
2011														
Residential	4.555%	4.555%	1.362%	5.767%	0.500%	6.267%	2.131%	4.567%	1.870%	8.568%	3.133%	0.600%	3.733%	24.485%
Commercial	5.941%	5.941%	1.362%	8.000%	0.500%	8.500%	0.500%	4.567%	2.000%	7.067%	4.500%	0.600%	5.100%	27.970%
2010														
Residential	4.663%	4.663%	1.530%	5.925%	0.500%	6.425%	2.185%	4.640%	1.917%	8.742%	3.212%	0.600%	3.812%	25.172%
Commercial	5.817%	5.817%	1.530%	8.000%	0.500%	8.500%	0.499%	4.640%	1.996%	7.135%	4.500%	0.600%	5.100%	28.082%
2009														
Residential	4.570%	4.570%	1.150%	5.812%	0.500%	6.312%	2.133%	5.497%	1.871%	9.501%	3.156%	0.600%	3.756%	25.289%
Commercial	5.873%	5.873%	1.150%	8.000%	0.500%	8.500%	0.500%	5.497%	2.000%	7.997%	4.500%	0.600%	5.100%	28.620%
2008														
Residential	4.860%	4.860%	1.250%	6.567%		6.567%	2.280%	2.997%		5.277%	3.283%	0.600%	3.883%	21.837%
Commercial		0.000%				0.000%				0.000%			0.000%	0.000%
2007														
Residential	4.802%	4.802%	1.221%	6.451%		6.451%	2.276%	2.967%		5.243%	3.228%	0.600%	3.828%	21.545%
Commercial		0.000%				0.000%				0.000%			0.000%	0.000%
2006														
Residential	5.088%	5.088%	1.291%	0.674%		0.674%	2.287%	2.366%		4.653%	3.371%	0.600%	3.971%	15.677%
Commercial		0.000%				0.000%				0.000%			0.000%	0.000%
2005														
Residential	5.031%	5.031%	1.234%	6.627%		6.627%	2.281%	2.375%		4.656%	3.316%	0.600%	3.916%	21.464%
Commercial		0.000%				0.000%				0.000%			0.000%	0.000%

## **COMPLIANCE SECTION**

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

To the City Commission  
City of Aztec  
  
and Mr. Hector H. Balderas  
New Mexico State Auditor

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, the budgetary comparisons of the general fund and the major special revenue fund of the City of Aztec, New Mexico ("City"), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and the combining and individual funds and related budgetary comparisons of the City, presented as supplemental information, and have issued our report thereon dated November 24, 2014.

**Internal Control over Financial Reporting**

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness. 2014-001.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with



governance. During our audit we did not identify any deficiencies in internal control that we consider to be a significant deficiency.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that was required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2014-002.

### **City's Response to Findings**

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

### **Purpose of this Report**

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

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

Albuquerque, New Mexico  
November 24, 2014

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

To the City Commission  
City of Aztec

and Mr. Hector H. Balderas  
New Mexico State Auditor

**Report on Compliance for Each Major Federal Program**

We have audited the City of Aztec, New Mexico's ("City") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2014. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

## Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

## Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

Albuquerque, New Mexico  
November 24, 2014

**STATE OF NEW MEXICO  
CITY OF AZTEC  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2014**

Federal Grantor or Pass-Through Grantor/Program Title	Passthrough Grant Number	Federal CFDA Number	Federal Expenditures
<b>U.S. Department of Transportation</b>			
Passed through the New Mexico Department of Transportation Highway Planning and Construction (1)	F100120	20.205	\$ 900,000
<b>Total U.S. Department of Transportation</b>			<u>900,000</u>
<b>U.S. Department of Homeland Security</b>			
Passed through the State of New Mexico Homeland Security Department Disaster Grants - Public Assistance (Presidentially Declared)	FEMA-4152-DR-NM	97.036	128,284
<b>Total U.S. Department of Homeland Security</b>			<u>128,284</u>
<b>Total Federal Financial Assistance</b>			<u>\$ 1,028,284</u>

(1) Denotes major federal assistance program

**Notes to the Schedule of Expenditures of Federal Awards**

**1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the City of Aztec and is presented on the modified accrual basis of accounting, which is the same basis as was used to prepare the fund financial statements. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts, presented in, or used in the preparation of the financial statements.

**2. Subrecipients**

The City of Aztec did not provide any federal awards to subrecipients during the fiscal year.

**Reconciliation of Schedule of Expenditures of Federal Awards to Financial Statements:**

Total federal awards expended per Schedule of Expenditures of Federal Awards	\$ 1,028,284
Total expenditures funded by other sources	<u>17,514,739</u>
Total expenditures	<u>\$ 18,543,023</u>

**STATE OF NEW MEXICO  
CITY OF AZTEC  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2014**

**A. SUMMARY OF AUDITORS' RESULTS**

*Financial Statements*

Type of auditors' report issued Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?   x   Yes        No
- Significant deficiency identified that are not considered to be material weakness(es)?        Yes   x   None Reported

Non-compliance material to financial statements noted?        Yes   x   No

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified?        Yes   x   No
- Significant deficiency identified that are not considered to be material weakness(es)        Yes   x   None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?        Yes   x   No

Identification of Major Program

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway Planning and Construction

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

Auditee qualified as low-risk auditee?        Yes   x   No

**STATE OF NEW MEXICO  
CITY OF AZTEC  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2014**

**B. FINANCIAL STATEMENT FINDINGS**

**2014-001 Segregation of Duties in IT Access Controls and Payroll and Cash Disbursement Control Cycles (Material Weakness)**

*CONDITION*

During our process of evaluating the control environment operating within the City, it was identified that the Finance Director has been designated as the City's financial software (American Data Group) administrator which allows the individual unlimited access to the entire financial reporting control cycle. It was further identified that the Finance Director and Accounting/Finance Technician have the ability to initiate, authorize, post the transaction within American Data Group and print a signed check for any payroll or cash disbursement.

*CRITERIA*

AU Section 314, *Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement*, identifies that an auditor should evaluate segregation of duties in that the City has assigned different people the responsibilities of authorizing transactions, recording transactions, and maintaining custody of assets which assists in reducing the opportunities to allow any person to be in a position to both perpetrate and conceal errors or fraud in the normal course of his or her duties.

*EFFECT*

Access to processing a cash disbursement or payroll transaction in its entirety as well as having administrative rights is considered a segregation of duties violation as it gives an individual the ability to circumvent controls set up in the accounting software and causes risk for the City and payment of fictitious disbursements. The City is at a higher risk for a material misstatement or fraudulent activity as a result of the segregation issues.

*CAUSE*

It was identified that the Finance Director was given administrative rights as the individual was most knowledgeable as to what modules each newly hired individual would require to perform his or her assigned duties on a daily basis. It was further identified that the Finance Director and Accounting/Finance Technician have access to the entire cash disbursement and payroll transaction cycles as they were considered the backups for staffing shortages due to vacation or illness and due to the size of the overall finance department.

*RECOMMENDATION*

It is recommended that the City consider changing the IT Directors American Data Group access from read only to systems administrator and remove the systems administrator access from the Finance Director. It is recommended that the Finance Director set up a process through a set-up form which would be completed and signed by the department head as well as the Finance Director. Within this form, the designated access groups could be assigned which allows the IT Director to create those rights within the

**STATE OF NEW MEXICO  
CITY OF AZTEC  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2014**

**B. FINANCIAL STATEMENT FINDINGS (CONTINUED)**

**2014-001 Segregation of Duties in IT Access Controls and Payroll and Cash Disbursement Control Cycles (Material Weakness) - Continued**

system. Furthermore, the form allows an audit trail of system access changes for all individuals which provides a secondary detective control for evaluation if any questionable activity did arise.

*MANAGEMENT RESPONSE*

The City will follow IPA recommendations to limit access by any one individual to all programs within the financial accounting system, currently American Data Group (ADG). This will be accomplished through the following steps:

1. Development and Implementation of Customized Menus specific to duties and responsibilities of a position;
2. Development and Implementation of Menu Assignment by Position requiring Supervisor, Human Resource, Finance Director, and IT approval;
3. Training and Assignment of Payroll Check Printing Function to a position outside the Finance Department to remove ability from Accounting/Finance Technician. This will allow the Accounting/Finance Technician to continue as backup for Payroll Processing. Payroll processing ability was removed from Finance Director in September when IPA concern was expressed.
4. Training of IT staff in the development and assignment of menus to users.
5. Regular monitoring of menu assignments through internal control features available in ADG modules.

**STATE OF NEW MEXICO  
CITY OF AZTEC  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2014**

**C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None

**D. COMMENTS INCLUDED IN ACCORDANCE WITH NEW MEXICO STATE AUDITOR  
RULE**

**2014-002 Gas Cards (Non-Compliance Other Matters)**

*CONDITION*

Out of three months of gas card activity selected for testing, our audit procedures identified the following:

- One instance where a vehicle's gas purchases exceeded the tanks fuel capacity in which 677.3 gallons were purchased where the maximum filling capacity would only allow for 360 gallons. The dollar value of purchases in excess of the tanks capacity approximated \$1,046 and that same vehicle filled a total of 1,063 gallons in a 17 day period with total fuel purchased in the amount of \$3,507. Furthermore, the odometer reading recorded to Western Refining Wholesale reported the same mileage or non-sequential mileage.
- Two additional instances where a vehicle purchased fuel in excess of the tanks fuel capacity for a total of 53.6 excess gallons of gas for approximately \$172.
- One additional instance where a vehicles mileage reported to Western Refining Wholesale reported mileage change of 13,315 to 13,319 miles over the course of 8 purchases of fuel for 152 gallons over a one month time span.
- It was identified that department heads are not reviewing fuel charges to their individual departments.

*CRITERIA*

Section 2.2.2.10I(8) NMAC, *Audit Finding Requirements*, requires that any potential abuse be communicated.

*EFFECT*

Improper use of fuel cards reduces available public monies to be allocated to support the functions of the City.

*CAUSE*

It appears that there is no individual departmental review of gas charges and/or a process for completing a monthly analysis on individual employee fuel card usage.

*RECOMMENDATION*

It is recommended that the City implement a procedure at the departmental level from which they can evaluate fuel card activity to ensure that any fuel card purchase is used for the intended purpose of the department.



**STATE OF NEW MEXICO  
CITY OF AZTEC  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2014**

**D. COMMENTS INCLUDED IN ACCORDANCE WITH NEW MEXICO STATE AUDITOR  
RULE (CONTINUED)**

**2014-002 Gas Cards (Non-Compliance Other Matters) - Continued**

*MANAGEMENT RESPONSE*

The City implemented the IPA recommendation for department approval of fuel charges in September 2014. This approval requires each department to authorize the gallons purchased and amount to be paid in writing to the Finance Department.

The Finance Department is working with the fuel card provider to identify additional controls which may be implemented to reduce the ability of improper use of public monies.

**STATE OF NEW MEXICO  
CITY OF AZTEC  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2014**

**STATUS OF PRIOR YEAR FINDINGS**

<b><u>Description</u></b>	<b><u>Status</u></b>
2013-1 Pledged Collateral	Resolved
2013-2 Stale Checks	Resolved
2013-3 Audit Contract and Recommendation Submission	Resolved

**STATE OF NEW MEXICO  
CITY OF AZTEC EXIT CONFERENCE  
Year Ended June 30, 2014**

The contents of this report were discussed in the exit conference held on November 24, 2014, with the following in attendance:

**Representing the City of Aztec:**

Katie McClure	City Commissioner
Kathy Lamb	Finance Director
Kris Farmer	Accounting/Finance Technician I

**Representing Axiom:**

Chris Garner, CPA	Partner
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The financial statements were prepared with the assistance of Axiom Certified Public Accountants & Business Advisors, LLC from the books and records of the City of Aztec.