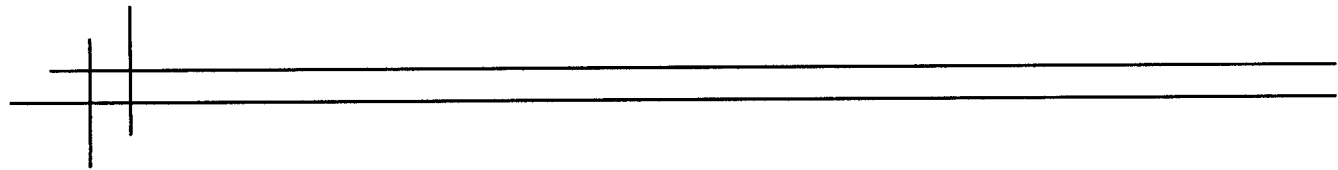




**STATE OF NEW MEXICO  
TOWN OF CARRIZOZO**

**ANNUAL FINANCIAL REPORT**  
June 30, 2008

**De'Aun Willoughby CPA, PC**  
Certified Public Accountant  
Melrose, New Mexico



STATE OF NEW MEXICO  
**TOWN OF CARRIZOZO**  
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 For the Year Ended June 30, 2008

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STATE OF NEW MEXICO  
TOWN OF CARRIZOZO  
Official Roster  
June 30, 2008

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**BOARD OF TRUSTEES**

Bob Hemphill	Mayor
Dusty Voss	Trustee
Dennis Vega	Trustee
Max Saucedo	Trustee
Dennis Dunnum	Trustee

**ADMINISTRATIVE OFFICIAL**

Leann Weihbrecht	Clerk/Treasurer
------------------	-----------------

De'Aun Willoughby CPA, PC

Certified Public Accountant

P.O. Box 223 Melrose, NM 88124

(575) 253-4313

## Independent Auditor's Report

Mr. Hector Balderas  
State Auditor of the State of New Mexico  
Board Members of the Town of Carrizozo

Mr. Balderas and Members of the Board

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Carrizozo, (Town), as of and for the year ended June 30, 2008, which collectively comprise the Town's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Town's nonmajor governmental funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2008, as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of June 30, 2008, and the respective changes in financial position, and cash flows where applicable, thereof and the respective budgetary comparisons for the general fund and the major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the Town as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for all the nonmajor funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2008, on our consideration of the Town'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 *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

The Town has not presented management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the basic financial statements and the combining and individual fund financial statements. The additional schedules listed as "other supplemental information" in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*De'Ann Willoughby, CPA PC*

November 25, 2008

## **FINANCIAL SECTION**

STATE OF NEW MEXICO  
**TOWN OF CARRIZOZO**  
Statement of Net Assets  
June 30, 2008

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current Assets			
Cash and Cash Equivalents	\$ 444,796	\$ 89,833	\$ 534,629
Receivable (net)	28,545	54,981	83,526
Inventory	5,500	2,089	7,589
Total Current Assets	<u>478,841</u>	<u>146,903</u>	<u>625,744</u>
Noncurrent Assets			
Restricted Cash	21,297	34,680	55,977
Capital Assets	8,754,131	4,088,749	12,842,880
Less: Accumulated Depreciation	(4,285,902)	(997,672)	(5,283,574)
Total Noncurrent Assets	<u>4,489,526</u>	<u>3,125,757</u>	<u>7,615,283</u>
Total Assets	<u>4,968,367</u>	<u>3,272,660</u>	<u>8,241,027</u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable	3,636	3,631	7,267
Accrued Salaries & Benefits	7,560	3,227	10,787
Accrued Interest	0	8,951	8,951
Current Portion of Long-Term Debt	60,759	3,994	64,753
Total Current Liabilities	<u>71,955</u>	<u>19,803</u>	<u>91,758</u>
Noncurrent Liabilities			
Customer Deposits	0	34,680	34,680
Non Current Portion of Long Term Debt	433,513	393,846	827,359
Total Noncurrent Liabilities	<u>433,513</u>	<u>428,526</u>	<u>862,039</u>
Total Liabilities	<u>505,468</u>	<u>448,329</u>	<u>953,797</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	3,973,957	2,727,917	6,701,874
Unrestricted	488,942	96,414	585,356
Total Net Assets	<u>\$ 4,462,899</u>	<u>\$ 2,824,331</u>	<u>\$ 7,287,230</u>

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



STATE OF NEW MEXICO  
TOWN OF CARRIZOZO  
Statement of Activities

For the Year Ended June 30, 2008

Functions/Programs	Program Revenues				Net(Expenses) Revenue and Changes in Net Assets			Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities		
Governmental Activities								
General Government	\$ 330,319	\$ 0	\$ 129,277	\$ 0	\$ (201,042)	\$ 0	\$ (201,042)	
Public Safety	302,915	32,662	151,476	0	(118,777)	0	(118,777)	
Public Works	236,671	0	29,304	359,407	152,040	0	152,040	
Culture & Recreation	85,122	0	0	93,059	7,937	0	7,937	
Interest on Long-Term Obligations	2,744	0	0	0	(2,744)	0	(2,744)	
Total Governmental Activities	\$ 957,771	\$ 32,662	\$ 310,057	\$ 452,466	\$ (162,586)	\$ 0	\$ (162,586)	
Business-type Activities								
Utilities	\$ 564,226	\$ 437,684	\$ 0	\$ 373,295	\$ 0	\$ 246,753	\$ 246,753	
Total Business-type Activities	\$ 564,226	\$ 437,684	\$ 0	\$ 373,295	\$ 0	\$ 246,753	\$ 246,753	
General Revenues								
Taxes								
Property					\$ 31,304	\$ 0	\$ 31,304	
Gross Receipts					272,807	6,162	278,969	
Franchise					11,599	0	11,599	
Cigarette					3,941	0	3,941	
Lodgers					8,324	0	8,324	
Gasoline					35,602	0	35,602	
Miscellaneous					27,702	1,279	28,981	
Interest Income					10,521	0	10,521	
Total General Revenues and Transfers					401,800	7,441	409,241	
Other Items								
Transfers					(35,282)	35,282	0	
Change in Net Assets					203,932	289,476	493,408	
Net Assets - beginning					4,256,534	2,534,855	6,791,389	
Restatement					2,433	0	2,433	
Restated Beginning Net Assets					4,258,967	2,534,855	6,793,822	
Net Assets - ending					4,462,899	2,824,331	7,287,230	

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

STATE OF NEW MEXICO  
TOWN OF CARRIZOZO  
GOVERNMENTAL FUNDS  
Balance Sheet  
June 30, 2008

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	<u>General Fund</u>	<u>Fire Fund</u>	<u>Airport</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 319,962	\$ 26,222	\$ 7,464
Receivables (Net of Allowance for Uncollectibles if Applicable)			
Taxes	24,990	0	0
Interfund Balance	2,000	0	0
Inventory	0	0	5,500
Restricted Cash	21,297	0	0
Total Assets	<u>\$ 368,249</u>	<u>\$ 26,222</u>	<u>\$ 12,964</u>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Interfund Balance	\$ 0	\$ 0	\$ 0
Accounts Payable	3,173	244	0
Accrued Salaries Payable	7,560	0	0
Total Liabilities	<u>10,733</u>	<u>244</u>	<u>0</u>
<b>Fund Balances</b>			
<b>Unreserved Reported In:</b>			
General Fund	357,516	0	0
Special Revenue Fund	0	25,978	12,964
Total Fund Balances	<u>357,516</u>	<u>25,978</u>	<u>12,964</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 368,249</u>	<u>\$ 26,222</u>	<u>\$ 12,964</u>

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

STATE OF NEW MEXICO  
TOWN OF CARRIZOZO  
GOVERNMENTAL FUNDS  
Balance Sheet  
June 30, 2008

---

	Non-Major Governmental Funds	Total Governmental Funds
	<u>          </u>	<u>          </u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 91,148	\$ 444,796
Receivables (Net of Allowance for Uncollectibles if Applicable)		
Taxes	3,555	28,545
Interfund Balance	0	2,000
Inventory	0	5,500
Restricted Cash	0	21,297
Total Assets	<u>\$ 94,703</u>	<u>\$ 502,138</u>
 <b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Interfund Balance	\$ 2,000	\$ 2,000
Accounts Payable	219	3,636
Accrued Salaries Payable	0	7,560
Total Liabilities	<u>2,219</u>	<u>13,196</u>
 <b>Fund Balances</b>		
<b>Unreserved Reported In:</b>		
General Fund	0	357,516
Special Revenue Fund	92,484	131,426
Total Fund Balances	<u>92,484</u>	<u>488,942</u>
 Total Liabilities and Fund Balances	 <u>\$ 94,703</u>	 <u>\$ 502,138</u>

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

STATE OF NEW MEXICO  
**TOWN OF CARRIZOZO**  
 Reconciliation of the Governmental Funds  
 Balance Sheet to the Statement of Net Assets  
 June 30, 2008

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

Total Fund Balance - Governmental Funds	\$	488,942
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Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.

The cost of capital assets	\$	8,754,131	
Accumulated depreciation is		<u>(4,285,902)</u>	4,468,229

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

Notes Payable	<u>(494,272)</u>
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Total net assets - governmental activities	\$	<u><u>4,462,899</u></u>
--	----	-------------------------

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

STATE OF NEW MEXICO  
**TOWN OF CARRIZOZO**  
GOVERNMENTAL FUNDS  
Statement of Revenues, Expenditures and  
Changes in Fund Balance  
For the Year Ended June 30, 2008

	General Fund	Fire Fund	Airport Fund
<b>Revenues</b>			
Taxes			
Property	\$ 35,119	\$ 0	\$ 0
Gross Receipts	266,840	0	0
Franchise	11,599	0	0
Cigarette	3,941	0	0
Lodgers	0	0	0
Gasoline	0	0	0
Federal Grant	10,403	0	0
State Grant	254,745	130,876	345,899
License, Fees and Fines	12,196	0	0
Charges for Services	18,457	0	0
Interest Income	10,391	0	0
Miscellaneous	6,224	8,259	11,884
<b>Total Revenues</b>	<b>629,915</b>	<b>139,135</b>	<b>357,783</b>
<b>Expenditures</b>			
Current			
General Government	303,082	0	0
Public Safety	193,928	51,000	0
Public Works	13,574	0	8,770
Culture and Recreation	29,180	0	0
Capital Outlay	103,762	334,859	425,522
Debt Service			
Principal	7,761	26,482	0
Interest	357	2,235	0
<b>Total Expenditures</b>	<b>651,644</b>	<b>414,576</b>	<b>434,292</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(21,729)</b>	<b>(275,441)</b>	<b>(76,509)</b>
<b>Other Financing Sources (Uses)</b>			
Loan Proceeds	0	282,415	0
Transfers In/Out	20,000	0	0
Transfer to Utility Fund	(35,282)	0	0
<b>Total Other Sources (Uses)</b>	<b>(15,282)</b>	<b>282,415</b>	<b>0</b>
<b>Net Change in Fund Balance</b>	<b>(37,011)</b>	<b>6,974</b>	<b>(76,509)</b>
<b>Fund Balance at Beginning of year</b>	<b>369,390</b>	<b>19,004</b>	<b>89,473</b>
Restatement	25,137	0	0
<b>Restated Beginning Fund Balance</b>	<b>394,527</b>	<b>19,004</b>	<b>89,473</b>
<b>Fund Balance End of Year</b>	<b>\$ 357,516</b>	<b>\$ 25,978</b>	<b>\$ 12,964</b>

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

STATE OF NEW MEXICO  
**TOWN OF CARRIZOZO**  
GOVERNMENTAL FUNDS  
Statement of Revenues, Expenditures and  
Changes in Fund Balance  
For the Year Ended June 30, 2008

	Non-Major Governmental Funds	Total Governmental Funds
<b>Revenues</b>		
Taxes		
Property	\$ 0	\$ 35,119
Gross Receipts	5,967	272,807
Franchise	0	11,599
Cigarette	0	3,941
Lodgers	8,324	8,324
Gasoline	35,602	35,602
Federal Grant	0	10,403
State Grant	20,600	752,120
License, Fees and Fines	0	12,196
Charges for Services	2,009	20,466
Interest Income	131	10,522
Miscellaneous	1,335	27,702
Total Revenues	<u>73,968</u>	<u>1,200,801</u>
<b>Expenditures</b>		
Current		
General Government	0	303,082
Public Safety	10,388	255,316
Public Works	17,371	39,715
Culture and Recreation	14,224	43,404
Capital Outlay	18,835	882,978
Debt Service		
Principal	13,299	47,542
Interest	152	2,744
Total Expenditures	<u>74,269</u>	<u>1,574,781</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(301)</u>	<u>(373,980)</u>
<b>Other Financing Sources (Uses)</b>		
Loan Proceeds	0	282,415
Transfers In/Out	(20,000)	0
Transfer to Utility Fund	0	(35,282)
Total Other Sources (Uses)	<u>(20,000)</u>	<u>247,133</u>
Net Change in Fund Balance	<u>(20,301)</u>	<u>(126,847)</u>
Fund Balance at Beginning of year	135,489	613,356
Restatement	(22,704)	2,433
Restated Beginning Fund Balance	<u>112,785</u>	<u>615,789</u>
Fund Balance End of Year	<u>\$ 92,484</u>	<u>\$ 488,942</u>

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

STATE OF NEW MEXICO  
**TOWN OF CARRIZOZO**  
 Reconciliation of the Governmental Funds  
 Statement of Revenues, Expenditures and Changes in Fund Balance  
 To the Statement of Activities  
 June 30, 2008

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Net Change in Fund Balance \$ (126,847)

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Because some property taxes and receivables will not be collected for several months after the Town's fiscal year ends, they are not considered "available" revenues in the governmental funds, and are instead reported as deferred revenues. They are however, recorded as revenues in the Statement of Activities. (3,815)

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which depreciation exceeds capital outlays in the period.

Depreciation expense	\$	(313,510)	
Capital Outlays		882,978	569,468

The issuance of long-term debt provides current financial resources to governmental funds but has no effect on net assets. (282,416)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 47,542

Changes in Net Assets of Governmental Activities \$ 203,932

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

STATE OF NEW MEXICO  
TOWN OF CARRIZOZO  
GENERAL FUND  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Non-GAAP-Budgetary Basis)  
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
<b>Taxes</b>				
Property	\$ 35,119	\$ 35,119	\$ 35,119	\$ 0
Franchise	11,114	11,114	11,082	(32)
Gross Receipts	390,000	390,000	310,902	(79,098)
Cigarette	3,826	3,826	3,667	(159)
Charges for Services	18,985	18,985	18,457	(528)
Licenses, Fines, and Forfeitures	37,508	37,508	12,196	(25,312)
Federal Grants	10,404	10,404	10,404	0
State Grants	307,540	307,540	254,745	(52,795)
Interest	6,045	6,045	10,391	4,346
Miscellaneous	2,743	2,743	6,224	3,481
Total Revenues	<u>823,284</u>	<u>823,284</u>	<u>673,187</u>	<u>(150,097)</u>
<b>Expenditures</b>				
<b>Executive</b>				
Personnel Services	9,600	9,600	9,500	100
Benefits	797	797	796	1
Operating Expense	14,551	14,551	13,697	854
Total Executive	<u>24,948</u>	<u>24,948</u>	<u>23,993</u>	<u>955</u>
<b>Judicial Department</b>				
Personnel Services	13,475	13,475	13,196	279
Benefits	1,068	1,068	1,009	59
Operating Expense	14,765	14,765	14,694	71
Total Judicial	<u>29,308</u>	<u>29,308</u>	<u>28,899</u>	<u>409</u>
<b>Financial Department</b>				
Personnel Services	70,456	70,456	70,455	1
Benefits	15,378	15,378	14,673	705
Operating Expense	58,275	58,275	33,993	24,282
Insurance	41,701	41,701	41,700	1
Total Financial	<u>185,810</u>	<u>185,810</u>	<u>160,821</u>	<u>24,989</u>
<b>Legal Services Department</b>				
Election Fees	1,600	1,600	1,802	(202)
Legal Fees	72,481	72,481	72,480	1
Audit Fees	17,369	17,369	17,369	0
Total Legal Services	<u>\$ 91,450</u>	<u>\$ 91,450</u>	<u>\$ 91,651</u>	<u>\$ (201)</u>



STATE OF NEW MEXICO  
TOWN OF CARRIZOZO  
GENERAL FUND  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Non-GAAP-Budgetary Basis)  
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Police Department</b>				
Personnel Services	\$ 128,500	\$ 128,500	\$ 129,615	\$ (1,115)
Benefits	26,073	26,073	26,072	1
Operating Expense	45,608	45,608	35,452	10,156
Animal Control	6,309	6,309	6,309	0
Total Police Department	<u>206,490</u>	<u>206,490</u>	<u>197,448</u>	<u>9,042</u>
<b>Highway &amp; Streets</b>				
Operating Expense	<u>2,202</u>	<u>2,202</u>	<u>2,201</u>	<u>1</u>
Total Highway & Streets	<u>2,202</u>	<u>2,202</u>	<u>2,201</u>	<u>1</u>
<b>Airport</b>				
Operating Expense	14,000	14,000	10,947	3,053
Capital Outlay	<u>13,508</u>	<u>13,508</u>	<u>13,508</u>	<u>0</u>
Total Airport	<u>27,508</u>	<u>27,508</u>	<u>24,455</u>	<u>3,053</u>
<b>Museum</b>				
Operating Expense	<u>55,821</u>	<u>55,821</u>	<u>8,531</u>	<u>47,290</u>
Total Museum	<u>55,821</u>	<u>55,821</u>	<u>8,531</u>	<u>47,290</u>
<b>Parks</b>				
Operating Expense	<u>2,127</u>	<u>2,127</u>	<u>2,054</u>	<u>73</u>
Total Parks	<u>2,127</u>	<u>2,127</u>	<u>2,054</u>	<u>73</u>
<b>Recreation</b>				
Personnel Services	11,060	11,060	7,267	3,793
Benefits	866	866	597	269
Operating Expense	12,075	12,075	9,230	2,845
Capital Outlay	<u>103,509</u>	<u>103,509</u>	<u>90,254</u>	<u>13,255</u>
Total Recreation	<u>127,510</u>	<u>127,510</u>	<u>107,348</u>	<u>20,162</u>
<b>Debt Service</b>				
Principal	0	0	7,761	(7,761)
Interest	<u>0</u>	<u>0</u>	<u>357</u>	<u>(357)</u>
Total Debt Service	<u>0</u>	<u>0</u>	<u>8,118</u>	<u>(8,118)</u>
<b>Total Expenditures</b>	<u>753,174</u>	<u>753,174</u>	<u>655,519</u>	<u>97,655</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	\$ 70,110	\$ 70,110	\$ 17,668	\$ (52,442)

STATE OF NEW MEXICO  
TOWN OF CARRIZOZO  
GENERAL FUND  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Non-GAAP-Budgetary Basis)  
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Other Financing Sources (Uses)				
Transfer from Gasoline	\$ 20,000	\$ 20,000	\$ 20,000	\$ 0
Transfer to Utility	(30,000)	(30,000)	(35,282)	(5,282)
Total Other Sources (Uses)	<u>(10,000)</u>	<u>(10,000)</u>	<u>(15,282)</u>	<u>(5,282)</u>
Net Change in Cash Balance	60,110	60,110	2,386	(57,724)
Cash Balance Beginning of Year	<u>338,873</u>	<u>338,873</u>	<u>338,873</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 398,983</u>	<u>\$ 398,983</u>	<u>\$ 341,259</u>	<u>\$ (57,724)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 2,386	
Net Change in Taxes Receivable			(47,087)	
Net Change in Inventories			(106)	
Net Change in Accounts Payable			(184)	
Net Change in Salaries & Benefits			(2,034)	
Net Change in Accrued Compensation Pay			1,746	
Net Change in Accrued Taxes Payable			4,453	
Net Change in Deferred Revenue			3,815	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (37,011)</u>	

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

STATE OF NEW MEXICO  
**TOWN OF CARRIZOZO**  
**SPECIAL REVENUE FUND-FIRE FUND**  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Non-GAAP-Budgetary Basis)  
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
State Fire Allotment	\$ 107,445	\$ 107,445	\$ 130,876	\$ 23,431
Reimbursements/Refunds	6,800	6,800	8,259	1,459
Total Revenues	<u>114,245</u>	<u>114,245</u>	<u>139,135</u>	<u>24,890</u>
<b>Expenditures</b>				
Public Safety				
Operating	49,799	49,799	50,756	(957)
Capital Purchases	71,738	71,738	52,444	19,294
Debt Service				
Principal	11,712	11,712	26,482	(14,770)
Interest	0	0	2,235	(2,235)
Total Expenditures	<u>133,249</u>	<u>133,249</u>	<u>131,917</u>	<u>1,332</u>
Excess (Deficiency) of Revenues Over Expenditures	(19,004)	(19,004)	7,218	26,222
Cash Balance Beginning of Year	<u>19,004</u>	<u>19,004</u>	<u>19,004</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 26,222</u>	<u>\$ 26,222</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 7,218	
Net Change in Account Payable			(244)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 6,974</u>	

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

STATE OF NEW MEXICO  
**TOWN OF CARRIZOZO**  
SPECIAL REVENUE FUND-AIRPORT FUND  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Non-GAAP-Budgetary Basis)  
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
State Grant	\$ 345,899	\$ 345,899	\$ 345,899	\$ 0
Other	12,539	12,539	11,884	(655)
<b>Total Revenues</b>	<u>358,438</u>	<u>358,438</u>	<u>357,783</u>	<u>(655)</u>
<b>Expenditures</b>				
<b>Public Works</b>				
Operating Expenses	13,784	13,784	12,821	963
Capital Purchases	426,063	426,063	425,523	540
<b>Total Expenditures</b>	<u>439,847</u>	<u>439,847</u>	<u>438,344</u>	<u>1,503</u>
Excess (Deficiency) of Revenues Over Expenditures	(81,409)	(81,409)	(80,561)	848
Cash Balance Beginning of Year	<u>88,025</u>	<u>88,025</u>	<u>88,025</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 6,616</u>	<u>\$ 6,616</u>	<u>\$ 7,464</u>	<u>\$ 848</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (80,561)	
Net Change in Inventory			4,052	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (76,509)</u>	

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

STATE OF NEW MEXICO  
TOWN OF CARRIZOZO  
PROPRIETARY FUND  
Statement of Net Assets  
June 30, 2008

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ASSETS

Current Assets

Cash and Cash Equivalents	\$ 89,833
Receivables (net of allowance for uncollectible accounts)	
Accounts	54,981
Inventory	2,089
Total Current Assets	<u>146,903</u>

Noncurrent Assets

Restricted Cash	34,680
Capital Assets	4,088,749
Less Accumulated Depreciation	<u>(997,672)</u>
Total Noncurrent Assets	<u>3,125,757</u>

Total Assets	<u>3,272,660</u>
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LIABILITIES

Current Liabilities

Accounts Payable	3,631
Accrued Salaries & Benefits	3,227
Accrued Interest	8,951
Current Portion of Bonds Payable	<u>3,994</u>
Total Current Liabilities	<u>19,803</u>

Noncurrent Liabilities

Customer Deposits	34,680
Revenue Bonds	<u>393,846</u>
Total Noncurrent Liabilities	<u>428,526</u>

Total Liabilities	<u>448,329</u>
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NET ASSETS

Invested in Capital Assets, Net of

Related Debt	2,684,286
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Unrestricted	<u>140,045</u>
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Total Net Assets	<u>\$ 2,824,331</u>
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The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**TOWN OF CARRIZOZO**  
 PROPRIETARY FUND  
 Statement of Revenue, Expenses and Changes in Fund Net Assets  
 For the Year Ended June 30, 2008

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Operating Revenues	
Sales & Service	\$ 421,523
Connection Fees	16,161
Miscellaneous	1,279
Total Operating Revenues	<u>438,963</u>
Operating Expenses	
Salaries & Benefits	205,284
Operating	128,280
Contract Services	105,731
Governmental Gross Receipt Tax	29,091
Depreciation	77,842
Total Operating Expenses	<u>546,228</u>
Operating Income (Loss)	<u>(107,265)</u>
Nonoperating Revenue (Expenses)	
Environmental Taxes	6,162
Interest Expense	(17,998)
Total Nonoperating Revenue (Expense)	<u>(11,836)</u>
Other Items	
State Grant	373,295
Transfer from General Fund	35,282
Total Other Items	<u>408,577</u>
Change in Net Assets	289,476
Total Net Assets - Beginning	<u>2,534,855</u>
Total Net Assets - Ending	<u>\$ 2,824,331</u>

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

STATE OF NEW MEXICO  
**TOWN OF CARRIZOZO**  
 PROPRIETARY FUND  
 Combined Statement of Cash Flows  
 For the Year Ended June 30, 2008

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Cash Flows from Operating Activities	
Cash Received From Customers	\$ 434,945
Cash Paid to Suppliers and Employees	<u>(469,483)</u>
Net Cash Provided by Operating Activities	<u>(34,538)</u>
Cash Flows from Noncapital Financing Activities	
Taxes	<u>6,162</u>
Net Cash Provided by Noncapital Financing Activities	<u>6,162</u>
Cash Flows from Capital & Related Financing Activities	
State Grant	373,296
Transfer in from General	35,282
Acquisition and Construction of Capital Assets	(367,488)
Principal Paid	(4,178)
Interest Paid	<u>(17,998)</u>
Net Cash Provided by Capital & Related Financing Activities	<u>18,914</u>
Net Increase (Decrease) in Cash	(9,462)
Cash, Beginning of Year	<u>133,975</u>
Cash, End of Year	<u>\$ 124,513</u>
Cash and Cash Equivalents	\$ 89,833
Restricted Cash	34,680
Total Cash	<u>\$ 124,513</u>
Reconciliation of Net Income to Net Cash Provided by Operating Activities	
Operating Income (Loss)	\$ (107,265)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities	
Depreciation	77,842
Change in Assets and Liabilities	
(Increase) Decrease in Accounts Receivable	(7,039)
(Increase) Decrease in Taxes Receivable	1,661
(Increase) Decrease in Inventories	2,175
(Increase) Decrease in Interfund Balance	2,433
Increase (Decrease) in Accounts Payable	1,249
Increase (Decrease) in Accrued Salaries & Benefits	(3,765)
Increase (Decrease) in Compensated Absences	(2,808)
Increase (Decrease) in Accrued Interest	(94)
Increase (Decrease) in Customer Deposits	1,073
Net Cash Provided by Operating Activities	<u>\$ (34,538)</u>

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

STATE OF NEW MEXICO  
**TOWN OF CARRIZOZO**  
Statement of Fiduciary Assets and Liabilities - Agency Funds  
For the Year Ended June 30, 2008

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	<u>Agency Funds</u>
Assets	
Cash	\$ 2,220
Total Assets	<u>\$ 2,220</u>
Liabilities	
Funds Held for Others	\$ 2,220
Total Liabilities	<u>\$ 2,220</u>

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



**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the TOWN OF CARRIZOZO (Town) have been prepared in accordance with general accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements. Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) prior to November 30, 1989 that do not conflict with or contradict GASB pronouncements. The more significant of the town's accounting policies are described below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis for State and Local Governments*. Some of the significant changes in the Statement include the following:

- A Management's Discussion and Analysis (MD & A) providing an analysis of the town's overall financial position and results of operations.
- Governmental-Wide Financial Statements prepared using full-accrual accounting for all the town's activities.
- A change in fund financial statements to focus on major funds.

These and other changes are reflected in the accompanying financial statements (including the notes to the financial statements) as of June 30, 2008.

In addition, in June 2001, the GASB issued Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus* - an amendment of GASB Statement No. 21 and No. 34 and Statement No. 38, *Certain Financial Note Disclosures*. These two statements clarify, modify, establish and rescind certain disclosure requirements under GASB No. 34. Both statements are being implemented in conjunction with GASB Statement No. 34. These statements do not have an impact on the results of operations or the financial position of the town.

**Financial Reporting Entity**

The TOWN OF CARRIZOZO was incorporated under the laws of the State of New Mexico. The Town operates under a Council-Mayor form of government and provides the following services as authorized by its charter: public safety (police and fire), streets, sanitation, culture-recreation, public improvements, planning and zoning, and general administrative services.

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Town is considered a primary government, since it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the Town may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges and issue bonded debt.

The Town has no component units, defined by GASB Statement No. 14 as other legally separate organizations for which the elected town members are financially accountable. There are no other primary governments with which the Town Board Members are financially accountable. There are no other primary governments with which the Town has a significant relationship.

The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

The funds of the Town are classified into two categories: governmental and proprietary. In turn, each category is divided into separate fund types. The fund classification and a description of each existing fund type follows below:

### **Basis of Presentation**

#### ***Government-Wide Financial Statements (GWFS)***

The government-wide financial statements (the statement of net assets and the statement of changes in net assets) report information on all of the activities of the Town. Fiduciary funds are not included in the GWFS. Fiduciary Funds are reported only in the Statement of Fiduciary Net Assets at the fund financial statement level. The effect of interfund activity, within the governmental and business-type activities columns, 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 program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given program 2) operating grants and contributions that are restricted to meeting the operational requirements of a particular program and 3) capital grants or contributions restricted to meeting capital requirements of a particular program. Taxes and other items not properly included amount program revenues are reported instead as general revenues.

The Town segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The Town has presented the following major governmental funds:

**General Fund** - The General Fund is the general operating fund of the town and accounts for all revenues and expenditures of the town not encompassed within other funds.

**Fire Fund** - To account for operation and maintenance of the Department. Financing is provided by the motor vehicle registration fee of one dollar. Funding is provided under State Statute 24-10A-1 NMSA, 1978 Compilation. Required to be accounted for as a separate fund by New Mexico Department of Health

**Airport** - To account for the operations of the airport. Financing is provided by the sale of aviation fuel and grants. This fund was created by the authority of NMSA 29-13-1.

Proprietary Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. All assets and liabilities are included on the Statement of Net Assets. The town has presented the following major proprietary funds:

Additionally, the town reports the following non-major funds types:

**Special Revenue Funds** - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

**Capital Projects Fund** - The Capital Projects Fund is used to account for all resources for the acquisition of capital facilities by the town.

**Fiduciary Fund** - The Fiduciary funds account for assets held by the town in a trustee or agent capacity.

#### **Measurement Focus and Basis of Accounting**

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Derived tax revenue, such as franchise and sales tax revenue, is recognized when the underlying exchange transaction occurs.

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the Town's taxpayer or citizenry, as a whole; program revenues reduced the cost of the function to be financed from the Town's general revenues. Program revenues include charges for services or applicants who purchase, use or directly benefit from the goods or services provided by the given function.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e. when they become both measurable and available. "Measurable means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Town considers property taxes as available if they are collected within 30 days after year end. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income and intergovernmental revenues. Sales taxes collected and held by the state at year on behalf of the government are also recognized as revenue. All other governmental fund revenues are recognized when

Budgetary Control

1. Prior to June 1, the Town's Clerk-Treasurer submits the budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Prior to July 1, the budget is legally enacted through passage of an ordinance and then must be approved by Local Government Division of the State Department of Finance and Administration.
3. The Town treasurer is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Town Trustees and the State Department of Finance and Administration.
4. Formal budgetary integration is employed as a management control device during the year for all funds.
5. The level of budget authority is at the fund level.

The Proprietary Funds group accounts for funds received in the course of the operation of self-supporting functions which receive their revenues from providing goods or services to internal or external customers. The two types of funds that make up this category are:

1. Enterprise Funds. Enterprise Funds account for operations carried out and financed like a business operation, usually designated to be self-supporting through fees for services and generating revenues from outside sources. The Town of Carrizozo has two of these funds , including the Water and Sewer Fund as well as the Landfill Fund. Enterprise Funds are budgeted as separate cost centers but as integral parts of the work
2. Internal Service Fund (ISF). An ISF accounts for financing goods or services provided by an organizational unit of the Town to other units of the Town, on a self-liquidating, fee-for-service basis. The Town of Carrizozo does not have an ISF Fund.

Cash and Cash Equivalents

The Town'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.

The Town is authorized under the provisions of Chapter 6, Article 10, paragraph 10, NMSA 1978, to deposit its money in banks, savings and loan associations and/or credit unions whose accounts are insured by an agency of the United States.

Investments

All money not immediately necessary for the public uses of the Town may be invested in :

(a) bonds or negotiable securities of the United States, the state or any county, municipality or Town 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; or

(b) securities that are issued by the United States government or by its agencies or instrumentalities and that are either direct obligations of the United States or are backed by the full faith and credit of the United States government or agencies guaranteed by the United States government.

(c) in contracts with banks, savings and loan associations or credit unions for the present purchase and resale at a specified time in the future of specific securities at specified prices at a price differential representing the interest income to be earned by the investor. The contract shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with the investment. The contract shall be fully secured by obligations of the United States having a market value of at least one hundred two percent of the contract. The collateral required for investment in the contracts provided for in this subsection shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with investment.

Prepaid Items

Prepaid balances are for payments made by the Town in the current year to provide services occurring in the subsequent fiscal year, and the reserve for prepaid items has been recorded to signify that a portion of fund balance is not available for other subsequent expenditures.

Receivables and Payables

Receivables include property taxes, interfund loans that are expected to be paid back and amount due from state government agencies related to various grant agreements. Payables represent routine monthly bills for services rendered and products purchased and accrued salaries and benefits.

Capital Assets

Capital assets, which includes property, plant, equipment (including software), and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. Capital assets are recorded at historical costs and depreciated over their estimated useful lives (with no salvage value). Capital assets are defined by the Town as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Donated capital assets are recorded at their estimated fair market value on the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The construction period interest is not capitalized in the proprietary funds.

Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight line depreciation is used based on the following estimated useful lives:

Buildings, Improvements and Infrastructure	40-50 Years
Infrastructure	5-50 Years
Equipment and Vehicles	3-20 Years

Use of Restricted Funds

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

Revenue

The policy for defining the proprietary fund's operating revenues and expenses is how individual transactions would be categorized for purposes of preparing a statement of cash flows. Transactions for which cash flows are reported as capital and related financing activities, noncapital financing activities, or investing activities normally are not reported as components of operating income.

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 Water, Waste Water and the Solid Waste Fund are charges to customers for sales and services. Operating expenses for enterprise 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 nonoperating revenues and expenses.

Compensated Absences

All full-time employees are entitled to five to twenty days (depending on employment) a maximum of 20 days can be accrued. Non-salaried employees are eligible for compensation time.

(1) day per each month of employment. Sick leave may be granted only from duty because of personal illness, legal quarantine, or medical, dental, or optical appointments. In case of an extended sickness in excess of the accumulated sick leave, annual leave may be applied to sick leave. The employee may be eligible to sell sick leave in excess of 10 days at the rate of 75% of regular pay, only upon approval of the board.

STATE OF NEW MEXICO  
**TOWN OF CARRIZOZO**  
Notes to the Financial Statements  
June 30, 2008

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Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net assets are reported as restricted when there are limitations imposed by creditors, grantors or laws or regulations of other governments. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available it will first be applied to restricted resources.

**NOTE B: RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS STATEMENTS**

The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - all Governmental Fund Types is presented on the budgetary basis to provide a comparison of actual results with the budget. The major differences between the budget basis and GAAP (Generally Accepted Accounting Principles) basis are that:

- A. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- B. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

The adjustments necessary to convert the results of operations for the year from GAAP basis to the budget basis for the governmental funds are presented on each individual Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Budgetary Basis).

**NOTE C: CASH AND INVESTMENTS**

The Town is required by New Mexico State Statute (Section 6-10-17) to be 50% collateralized. Following is a schedule calculating the requirement and disclosing the pledged securities.

**Wells Fargo Bank**

<u>Name of Account</u>	Balance Per Bank 06-30-08	Reconciled Balance	Type
Fire Fund	\$ 26,222	\$ 26,222	Checking
Law Enforcement	18,836	1	Checking
Correction Fee Fund	22,376	22,376	Checking
Lodgers Tax	12,262	12,291	Checking
Carrizozo Municipal Airport	7,464	7,464	Checking
Gasoline Fund	44,769	47,852	Checking
Municipal Infrastructure Spec	6,728	6,728	Checking
Cemetery Fund	1,149	1,149	Checking
Water Dept/Utility	113,025	89,832	Checking
CDBG Wastewater	(18)	0	Checking
Motor Vehicle Dept 26Q	1,418	1,418	Checking
Judicial Educational	464	464	Checking
Court Automation Fund	269	269	Checking
TOTAL Deposited	<u>254,964</u>	<u>\$ 216,066</u>	
Less: FDIC Coverage	<u>(100,000)</u>		
Uninsured Amount	154,964		
50% collateral requirement	77,482		
Pledged securities	<u>385,951</u>		
Over (Under) requirement	<u>\$ 308,469</u>		

STATE OF NEW MEXICO  
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June 30, 2008

The difference between the bank balance and the reconciled balance is outstanding deposits, outstanding checks and pending bank adjustments.

The following securities are pledged at **Wells Fargo Bank**:

<u>Description</u>	<u>CUSIP #</u>	<u>Par/Market Value</u>	<u>Maturity Date</u>	<u>Location</u>
FNCL 867437	31409CV69	\$ 385,951	05-01-2036	California
		\$ 385,951		

**City Bank**

<u>Name of Account</u>	<u>Balance Per Bank 06-30-08</u>	<u>Reconciled Balance</u>	<u>Type</u>
General Fund	\$ 278,251	\$ 231,952	Checking
Federal Deposit	2,000	2,000	Checking
Town of Carrizozo	86,012	86,012	Savings
Veterans Memorial Park	751	751	Checking
Meter Deposit	34,862	34,680	Checking
Town of Carrizozo	68	68	Checking
TOTAL Deposited	401,944	\$ 355,463	
Less: FDIC Coverage	(100,000)		
Uninsured Amount	301,944		
50% collateral requirement	150,972		
Pledged securities	500,000		
Over (Under) requirement	\$ 349,028		

The difference between the bank balance and the reconciled balance is outstanding deposits, outstanding checks and pending bank adjustments.

The following securities are pledged at **City Bank**:

<u>Description</u>	<u>CUSIP #</u>	<u>Par/Market Value</u>	<u>Maturity Date</u>	<u>Location</u>
Letter of Credit	none	\$ 500,000	09-19-2008	Dallas, TX
		\$ 500,000		

**Bank of Albuquerque**

<u>Name of Account</u>	<u>Balance Per Bank 06-30-08</u>	<u>Reconciled Balance</u>	<u>Type</u>
Town of Carrizozo	\$ 21,297	\$ 21,297	Savings
TOTAL Deposited	21,297	\$ 21,297	
Less: FDIC Coverage	(21,297)		
Uninsured Amount	0		
50% collateral requirement	0		
Pledged securities	0		
Over (Under) requirement	\$ 0		



STATE OF NEW MEXICO  
**TOWN OF CARRIZOZO**  
Notes to the Financial Statements  
June 30, 2008

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**Custodial Credit Risk-Deposits**

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ 221,297
Collateralized:	
Collateral held by the pledging bank in Town's name	456,908
Uninsured and uncollateralized	0
Total Deposits	<u>\$ 678,205</u>

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2008 none of the Town's bank balance of \$587,193 was exposed to custodial credit risk.

**NOTE D: RESTRICTED CASH**

There was \$21,297 in restricted cash in the General Fund for debt retirement for a loan for the construction of Town Hall financed by New Mexico Finance Authority. The restricted cash in the Utility fund is the customer deposits held by the Town.

**NOTE E: CAPITAL ASSETS**

Capital Assets Balances and Activity for the Year Ended June 30, 2008, is as follows:

	<u>Balance 6/30/07</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 6/30/08</u>
<b>Governmental Activities</b>				
Capital Assets, not being Depreciated				
Land	\$ 127,102	\$ 0	\$ 0	\$ 127,102
Total Capital Assets, not being Depreciated	<u>127,102</u>	<u>0</u>	<u>0</u>	<u>127,102</u>
Capital Assets, being Depreciated				
Buildings & Improvements	4,497,362	529,284	0	5,026,646
Infrastructure	2,761,544	0	0	2,761,544
Equipment	485,145	353,694	0	838,839
Total Capital Assets, being Depreciated	<u>7,744,051</u>	<u>882,978</u>	<u>0</u>	<u>8,627,029</u>
Total Capital Assets	<u>7,871,153</u>	<u>882,978</u>	<u>0</u>	<u>8,754,131</u>
<b>Less Accumulated Depreciation</b>				
Buildings & Improvements	1,547,764	145,312	0	1,693,076
Infrastructure	2,182,071	135,853	0	2,317,924
Equipment	242,557	32,345	0	274,902
Total Accumulated Depreciation	<u>3,972,392</u>	<u>313,510</u>	<u>0</u>	<u>4,285,902</u>
Capital Assets, net	<u>\$ 3,898,761</u>	<u>\$ 569,468</u>	<u>\$ 0</u>	<u>\$ 4,468,229</u>

STATE OF NEW MEXICO  
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Depreciation expense was charged to governmental activities as follows:

General	\$	27,237
Public Safety		47,599
Public Works		196,956
Culture & Recreation		41,718
Total depreciation expenses	\$	<u>313,510</u>

	Balance 6/30/07	Increases	Decreases	Balance 6/30/08
<b>Business-Type Activities</b>				
Capital Assets not being Depreciated				
Land	\$ 8,000	\$ 0	\$ 0	\$ 8,000
Total Capital Assets not being Depreciated	<u>8,000</u>	<u>0</u>	<u>0</u>	<u>8,000</u>
Capital Assets, being Depreciated				
Buildings & Improvements	500,000	0	0	500,000
Utility System	3,110,756	367,488	0	3,478,244
Equipment	102,505	0	0	102,505
Total Capital Assets at Historical Cost	<u>3,721,261</u>	<u>367,488</u>	<u>0</u>	<u>4,088,749</u>
<b>Less Accumulated Depreciation</b>				
Buildings & Improvements	95,000	10,000	0	105,000
Utility System	762,599	63,315	0	825,914
Equipment	62,231	4,527	0	66,758
Total Accumulated Depreciation	<u>919,830</u>	<u>77,842</u>	<u>0</u>	<u>997,672</u>
Capital Assets, net	\$ <u>2,801,431</u>	\$ <u>289,646</u>	\$ <u>0</u>	\$ <u>3,091,077</u>

**NOTE F: LONG TERM DEBT**

Notes Payable

A summary of activity in the Long-Term Debt is as follows:

	Balance 6/30/07	Additions	Reductions	Balance 6/30/08	Amounts Due Within One Year
<b>Governmental Activities</b>					
Notes Payable					
NMFA-Fire Truck	\$ 85,307	\$ 0	\$ 20,470	\$ 64,837	\$ 21,018
NMFA-Fire Truck	18,081	0	6,012	12,069	6,027
NMFA-Fire Truck	0	282,415	0	282,415	25,934
NMFA-Town Hall	142,712	0	7,761	134,951	7,780
Total Notes Payable	<u>246,100</u>	<u>282,415</u>	<u>34,243</u>	<u>494,272</u>	<u>60,759</u>
Other Liabilities					
Compensated Absences					
	1,746	0	1,746	0	0
Total Other Liabilities	<u>1,746</u>	<u>0</u>	<u>1,746</u>	<u>0</u>	<u>0</u>
Long-Term Liabilities	\$ <u>247,846</u>	\$ <u>282,415</u>	\$ <u>35,989</u>	\$ <u>494,272</u>	\$ <u>60,759</u>

STATE OF NEW MEXICO  
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Notes to the Financial Statements  
June 30, 2008

Description	Maturity	Annual Payments	Interest Rate	Balance
NMFA-Fire Truck	2011	22,872	3-4% \$	64,837
NMFA-Fire Truck	2013	6,057	0%	12,069
NMFA-Fire Truck	2017	31,767	0%	282,415
NMFA-Town Hall	2025	8,117	3-4%	134,951
				<u>\$ 494,272</u>

The annual requirements to amortize the loans as of June 30, 2008, including interest payments are as follows:

	Principal	Interest	Total
2009	\$ 60,759	\$ 7,895	\$ 68,654
2010	61,745	7,344	69,089
2011	56,736	6,352	63,088
2012	35,009	5,257	40,266
2013	35,566	4,700	40,266
2014-2018	188,193	13,136	201,329
2019-2023	40,088	503	40,591
2024-2025	16,176	61	16,237
	<u>\$ 494,272</u>	<u>\$ 45,248</u>	<u>\$ 539,520</u>

**Business-Type Activities**

A summary of activity in the Long-Term Debt is as follows:

	Balance 6/30/07	Additions	Reductions	Balance 6/30/08	Amounts Due Within One Year
USDA Bonds	\$ <u>402,018</u>	\$ <u>0</u>	\$ <u>4,178</u>	\$ <u>397,840</u>	\$ <u>4,370</u>
Other Liabilities					
Compensated Absences	<u>2,808</u>	<u>0</u>	<u>2,808</u>	<u>0</u>	<u>0</u>
Long-Term Liabilities	\$ <u>404,826</u>	\$ <u>0</u>	\$ <u>6,986</u>	\$ <u>397,840</u>	\$ <u>4,370</u>

The compensated absences will be liquidated by the Water & Sewer Fund as they have been in the past.

Description	Maturity	Annual Payments	Interest Rate	Balance
USDA Bonds	2044	\$ 22,273	4.50%	\$ <u>397,840</u>

STATE OF NEW MEXICO  
**TOWN OF CARRIZOZO**  
Notes to the Financial Statements  
June 30, 2008

The annual requirements to amortize the loans as of June 30, 2008, including interest payments are as

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 4,370	\$ 17,903	\$ 22,273
2010	4,570	17,706	22,276
2011	4,770	17,501	22,271
2012	4,990	17,286	22,276
2013	5,210	17,061	22,271
2014-2018	29,810	81,570	111,380
2019-2023	37,150	74,231	111,381
2024-2028	46,290	65,086	111,376
2029-2033	57,670	53,691	111,361
2034-2038	71,880	39,492	111,372
2039-2043	89,580	21,798	111,378
2044-2046	41,550	2,821	44,371
	<u>\$ 397,840</u>	<u>\$ 426,146</u>	<u>\$ 556,865</u>

**NOTE G: CAPITAL LEASE**

The Town is obligated under a lease for a John Deere backhoe acquired in September of 2002 at a cost of \$54,230. This lease is accounted for as a capital lease. The leased asset and the related obligation are accounted for in the Capital Assets and the Long-Term Debt of the government-wide financial statements.

The following is a summary of governmental activities capital transactions for the year ended June 30, 2008:

Lease Payable, June 30, 2007	\$ 13,299
Lease Payments made	(13,299)
Lease Payable, June 30, 2008	<u>\$ 0</u>

The lease payment was made from 50% from the Infrastructure Fund and 50% from the Gasoline Tax Fund.

**NOTE H: PROPERTY TAXES**

The County collects the Town's share of property taxes assessed. Property taxes attach an enforceable lien on property as of January 1st. Tax notices are sent by the County treasurer to property owners by November 1st of each year to be paid in whole or in two installments by November 10th and April 10th of each year. The County collects such taxes and distributes them to the Town on a monthly basis. The Town accounts for its share of property taxes in the General, Debt Service and Capital Projects Funds. Only those collections received are recorded as revenues for the budget presentation.

**NOTE I: PENSION PLAN**

The Town has elected not to participate in the New Mexico Public Employees Retirement Association retirement system

**NOTE J: POST-EMPLOYMENT BENEFITS**

The Retiree Health Care Act (10-7C-1 to 10-7C-16 NMSA 1978 provides comprehensive care group health insurance for persons who have retired from certain public service in New Mexico. As authorized under Section 9D. Of Chapter 6 Laws of 1990, the Town has elected not to participate in the program.

STATE OF NEW MEXICO  
**TOWN OF CARRIZOZO**  
 Notes to the Financial Statements  
 June 30, 2008

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**NOTE K: RECEIVABLES**

Receivables as of June 30, 2008, were as follows:

	<u>Receivables</u>				
	<u>General</u>	<u>Fire</u>	<u>Airport</u>	<u>Non-Major</u>	<u>Business-Type</u>
Accounts	\$ 0	\$ 0	\$ 0	\$ 0	\$ 54,981
Gross Receipts	24,200	0	0	0	0
Other Taxes	790	0	0	3,555	0
	<u>\$ 24,990</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,555</u>	<u>\$ 54,981</u>

**NOTE L: INTERFUND TRANSACTIONS**

An interfund transfer occurred during the year ended June 30, 2008 from the General Fund to the Utility Fund. An interfund balance at the end of the year was owed from the Law Enforcement Protection Fund to General Fund for \$2,000. The loan was made to cover a shortfall until the LEPF grant was received in July, 2008. The loan was paid back in July 2008.

**NOTE M: RISK MANAGEMENT**

The Town participates in the New Mexico Self-Insurers Fund for medical insurance coverage for their employees. Commercial insurance covers all other losses. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years. There are no claim liabilities at year end.

**NOTE N: SURETY BOND**

The officials and certain employees of the Town are covered by a surety bond as required by Section 12-6-7, NMSA, 1978 Compilation.

**NOTE O: JOINT POWERS AGREEMENTS**

The Lincoln County Solid Waste Authority (Authority) was established in 1991 and has no stated termination date. It acts as its own fiscal agent as do other such cooperative organizations and provides an independent audit. All powers rest with the Authority including budgetary, finance and bonded debt. The participants in the Authority have also entered into a joint powers agreement with Otero County, Alamogordo, ularosa and Cloudcroft for the purpose of forming the Otero/Lincoln County Regional Landfill. The financial information for this venture is included in the fiscal agent's (Alamogordo) audit report. The Twon of Carrizozo has committed the Environmental Gross Receipts Tax collected (current year's amount was \$7,824) to service bonds issued by Alamogordo to construct the facility. The bonds matured during this fiscal year. The Town represents approximately 1/6 of the total JPA.

There are no required capital contributions to the joint power entities and the only financial transactions are for charges for services in the normal course of business.

**NOTE P: DEFICIT FUND BALANCE**

The Law Enforcement Protection Fund had a fund deficit of \$1,999. The General Fund loaned the LEPF \$2,000 to cover the shortfall until the state grant was received in July, 2008.

**NOTE P: RESTATEMENT**

Net Assets were restated for \$2,433 for a net interfund balance that occurred several years ago and will not be paid back between the General Fund and Infrastructure Fund. The retatement to the General Fund was \$25,137 and the restatement to the Infrastructure Fund was \$(22,704). The difference in the two interfund balances results in the restatement of \$2,433 to Net Assets.

**SUPPLEMENTAL INFORMATION RELATED TO  
NON MAJOR FUNDS**

**NONMAJOR SPECIAL REVENUE FUNDS**

**Law Enforcement Fund**

To account for funds received from the State of New Mexico for law enforcement purposes. The fund was created by the authority of state grant provisions. (NMSA 29-13-3)

**Correction Fund**

To account for the collection of fines which are used to supplement the cost of prisoner housing. The fund was created by the authority of state statute. (Section 29-1301 NASA 1978)

**Lodgers Tax Fund**

To account for a Lodger's Tax which is to be used for cultural and recreational purposes. The fund was created by the authority of state statute. (NMSA 3-38-13 to 24)

**Streets Gas Tax Fund**

To account for the receipts and expenditures of special gasoline tax which is restricted for use in repairing and maintaining roads and streets within the municipality. Authority for this fund is NMSA 7-1-6.9 and 7-13-1 to 18.

**Infrastructure Fund**

To account for a reserve account used to improvements to roads, sewer system, and the water system. The fund was created by the authority of state statute.

**Veterans Memorial Park Fund**

To account for the operation and maintenance of the Veterans Memorial Park. This fund was created by the authority of the Town's management and Council.

**Cemetery Fund**

To account for the operations and maintenance of the cemetery. Financing is primarily from the sale of burial lots. The fund was authorized by NMSA 1978 3-40-1 through 9.

STATE OF NEW MEXICO  
**TOWN OF CARRIZOZO**  
 NONMAJOR SPECIAL REVENUE FUNDS  
 Combining Balance Sheet  
 June 30, 2008

	<u>Law Enforcement Fund</u>	<u>Correction Fund</u>	<u>Lodgers Tax Fund</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1	\$ 22,377	\$ 12,291
Receivables			
Taxes	0	0	547
<b>Total Assets</b>	<u>\$ 1</u>	<u>\$ 22,377</u>	<u>\$ 12,838</u>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Interfund Balance	\$ 2,000	\$ 0	\$ 0
Accounts Payable	0	0	219
<b>Total Liabilities</b>	<u>2,000</u>	<u>0</u>	<u>219</u>
<b>Fund Balance</b>			
<b>Unreserved Reported In:</b>			
Special Revenue	<u>(1,999)</u>	<u>22,377</u>	<u>12,619</u>
<b>Total Fund Balance</b>	<u>(1,999)</u>	<u>22,377</u>	<u>12,619</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 1</u>	<u>\$ 22,377</u>	<u>\$ 12,838</u>

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



STATE OF NEW MEXICO  
TOWN OF CARRIZOZO  
NONMAJOR SPECIAL REVENUE FUNDS  
Combining Balance Sheet  
June 30, 2008

	Streets Gas Tax Fund	Infrastructure Fund	Veterans Memorial Park Fund
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 47,852	\$ 6,727	\$ 751
Receivables			
Taxes	3,008	0	0
<b>Total Assets</b>	<u>\$ 50,860</u>	<u>\$ 6,727</u>	<u>\$ 751</u>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Interfund Balance	\$ 0	\$ 0	\$ 0
Accounts Payable	0	0	0
<b>Total Liabilities</b>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balance</b>			
<b>Unreserved Reported In:</b>			
Special Revenue	50,860	6,727	751
<b>Total Fund Balance</b>	<u>50,860</u>	<u>6,727</u>	<u>751</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 50,860</u>	<u>\$ 6,727</u>	<u>\$ 751</u>

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

STATE OF NEW MEXICO  
**TOWN OF CARRIZOZO**  
 NONMAJOR SPECIAL REVENUE FUNDS  
 Combining Balance Sheet  
 June 30, 2008

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	<u>Cemetery Fund</u>	<u>Total</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 1,149	\$ 91,148
Receivables		
Taxes	0	3,555
<b>Total Assets</b>	<b>\$ 1,149</b>	<b>\$ 94,703</b>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Interfund Balance	\$ 0	\$ 2,000
Accounts Payable	0	219
<b>Total Liabilities</b>	<b>0</b>	<b>2,219</b>
<b>Fund Balance</b>		
<b>Unreserved Reported In:</b>		
Special Revenue	<u>1,149</u>	<u>92,484</u>
<b>Total Fund Balance</b>	<b><u>1,149</u></b>	<b><u>92,484</u></b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ <u>1,149</u></b>	<b>\$ <u>94,703</u></b>

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

STATE OF NEW MEXICO  
**TOWN OF CARRIZOZO**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
For the Year Ended June 30, 2007

	Law Enforcement Fund	Correction Fund	Lodgers Tax Fund
<b>Revenues</b>			
<b>Taxes</b>			
Gross Receipts Tax	\$ 0	\$ 0	\$ 0
Cigarette	0	0	0
Lodgers	0	0	8,324
Gasoline	0	0	0
State Grants	20,600	0	0
Charges for Services	0	2,009	0
Interest Income	0	0	131
Miscellaneous	1	0	1,093
<b>Total Revenues</b>	<u>20,601</u>	<u>2,009</u>	<u>9,548</u>
<b>Expenditures</b>			
<b>Current</b>			
Public Safety	7,668	2,720	0
Public Works	0	0	0
Culture & Recreation	0	0	14,054
Capital Outlay	18,835	0	0
Debt Service			
Interest	0	0	0
Principal	0	0	0
<b>Total Expenditures</b>	<u>26,503</u>	<u>2,720</u>	<u>14,054</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(5,902)</u>	<u>(711)</u>	<u>(4,506)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers In/Out	0	0	0
<b>Total Other Sources (Uses)</b>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Net Change in Fund Balance</b>	<u>(5,902)</u>	<u>(711)</u>	<u>(4,506)</u>
<b>Fund Balances at Beginning of Year</b>	3,903	23,088	17,125
Restatement	0	0	0
<b>Restated Beginning Fund Balance</b>	<u>3,903</u>	<u>23,088</u>	<u>17,125</u>
<b>Fund Balance End of Year</b>	<u>\$ (1,999)</u>	<u>\$ 22,377</u>	<u>\$ 12,619</u>

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

STATE OF NEW MEXICO  
TOWN OF CARRIZOZO  
NONMAJOR SPECIAL REVENUE FUNDS  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
For the Year Ended June 30, 2007

	Streets Gas Tax Fund	Infrastructure Fund	Veterans Memorial Park Fund
<b>Revenues</b>			
Taxes			
Gross Receipts Tax	\$ 0	\$ 5,967	\$ 0
Cigarette	0	0	0
Lodgers	0	0	0
Gasoline	35,602	0	0
State Grants	0	0	0
Charges for Services	0	0	0
Interest Income	0	0	0
Miscellaneous	0	0	100
<b>Total Revenues</b>	<u>35,602</u>	<u>5,967</u>	<u>100</u>
<b>Expenditures</b>			
Current			
Public Safety	0	0	0
Public Works	16,539	684	0
Culture & Recreation	0	0	170
Capital Outlay	0	0	0
Debt Service			
Interest	6,650	6,649	0
Principal	76	76	0
<b>Total Expenditures</b>	<u>23,265</u>	<u>7,409</u>	<u>170</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>12,337</u>	<u>(1,442)</u>	<u>(70)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers In/Out	<u>(20,000)</u>	<u>0</u>	<u>0</u>
<b>Total Other Sources (Uses)</b>	<u>(20,000)</u>	<u>0</u>	<u>0</u>
<b>Net Change in Fund Balance</b>	<u>(7,663)</u>	<u>(1,442)</u>	<u>(70)</u>
Fund Balances at Beginning of Year	58,523	30,873	821
Restatement	0	(22,704)	0
<b>Restated Beginning Fund Balance</b>	<u>58,523</u>	<u>8,169</u>	<u>821</u>
<b>Fund Balance End of Year</b>	<u>\$ 50,860</u>	<u>\$ 6,727</u>	<u>\$ 751</u>

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

STATE OF NEW MEXICO  
TOWN OF CARRIZOZO  
NONMAJOR SPECIAL REVENUE FUNDS  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
For the Year Ended June 30, 2007

	Cemetery Fund	Total
<b>Revenues</b>		
Taxes		
Gross Receipts Tax	\$ 0	\$ 5,967
Cigarette	0	0
Lodgers	0	8,324
Gasoline	0	35,602
State Grants	0	20,600
Charges for Services	0	2,009
Interest Income	0	131
Miscellaneous	141	1,335
Total Revenues	<u>141</u>	<u>73,968</u>
<b>Expenditures</b>		
Current		
Public Safety	0	10,388
Public Works	148	17,371
Culture & Recreation	0	14,224
Capital Outlay	0	18,835
Debt Service		
Interest	0	13,299
Principal	0	152
Total Expenditures	<u>148</u>	<u>74,269</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(7)</u>	<u>(301)</u>
<b>Other Financing Sources (Uses)</b>		
Transfers In/Out	0	(20,000)
Total Other Sources (Uses)	<u>0</u>	<u>(20,000)</u>
Net Change in Fund Balance	<u>(7)</u>	<u>(20,301)</u>
Fund Balances at Beginning of Year	1,156	135,489
Restatement	0	(22,704)
Restated Beginning Fund Balance	<u>1,156</u>	<u>112,785</u>
Fund Balance End of Year	<u>\$ 1,149</u>	<u>\$ 92,484</u>

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

STATE OF NEW MEXICO  
**TOWN OF CARRIZOZO**  
SPECIAL REVENUE FUND-LAW ENFORCEMENT FUND  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Non-GAAP-Budgetary Basis)  
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
State Grant	\$ 20,600	\$ 20,600	\$ 20,600	\$ 0
Other	0	0	1	1
Total Revenues	<u>20,600</u>	<u>20,600</u>	<u>20,601</u>	<u>1</u>
<b>Expenditures</b>				
Public Safety				
Operating	9,000	9,000	7,668	1,332
Capital Purchases	18,836	18,836	18,835	1
Total Expenditures	<u>27,836</u>	<u>27,836</u>	<u>26,503</u>	<u>1,333</u>
Excess (Deficiency) of Revenues Over Expenditures	(7,236)	(7,236)	(5,902)	1,334
Cash Balance Beginning of Year	<u>5,903</u>	<u>5,903</u>	<u>5,903</u>	<u>0</u>
Cash Balance End of Year	\$ <u>(1,333)</u>	\$ <u>(1,333)</u>	\$ <u>1</u>	\$ <u>1,334</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ <u>(5,902)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>(5,902)</u>	

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

STATE OF NEW MEXICO  
TOWN OF CARRIZOZO  
SPECIAL REVENUE FUND-CORRECTION FUND  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Non-GAAP-Budgetary Basis)  
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Correction Fees	\$ 2,500	\$ 2,500	\$ 2,009	\$ (491)
Total Revenues	<u>2,500</u>	<u>2,500</u>	<u>2,009</u>	<u>(491)</u>
Expenditures				
Public Safety				
Housing of Prisoners	3,000	3,000	2,720	280
Total Expenditures	<u>3,000</u>	<u>3,000</u>	<u>2,720</u>	<u>280</u>
Excess (Deficiency) of Revenues Over Expenditures	(500)	(500)	(711)	(211)
Cash Balance Beginning of Year	<u>23,088</u>	<u>23,088</u>	<u>23,088</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 22,588</u>	<u>\$ 22,588</u>	<u>\$ 22,377</u>	<u>\$ (211)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (711)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (711)</u>	

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

STATE OF NEW MEXICO  
**TOWN OF CARRIZOZO**  
SPECIAL REVENUE FUND-LODGERS TAX FUND  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Non-GAAP-Budgetary Basis)  
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Lodgers Tax	\$ 8,593	\$ 8,593	\$ 8,592	\$ (1)
Interest Income	0	0	131	131
Miscellaneous	554	554	1,093	539
Total Revenues	<u>9,147</u>	<u>9,147</u>	<u>9,816</u>	<u>669</u>
<b>Expenditures</b>				
Culture & Recreation				
Operating Expense	<u>16,609</u>	<u>16,609</u>	<u>13,835</u>	<u>2,774</u>
Total Expenditures	<u>16,609</u>	<u>16,609</u>	<u>13,835</u>	<u>2,774</u>
Excess (Deficiency) of Revenues Over Expenditures	(7,462)	(7,462)	(4,019)	3,443
Cash Balance Beginning of Year	<u>16,310</u>	<u>16,310</u>	<u>16,310</u>	<u>0</u>
Cash Balance End of Year	\$ <u>8,848</u>	\$ <u>8,848</u>	\$ <u>12,291</u>	\$ <u>3,443</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (4,019)	
Net Change in Taxes Receivable			(268)	
Net Change in Accounts Payable			(219)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>(4,506)</u>	

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



STATE OF NEW MEXICO  
**TOWN OF CARRIZOZO**  
SPECIAL REVENUE FUND-GASOLINE FUND  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Non-GAAP-Budgetary Basis)  
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Gas Tax	\$ 34,960	\$ 34,960	\$ 37,813	\$ 2,853
Total Revenues	<u>34,960</u>	<u>34,960</u>	<u>37,813</u>	<u>2,853</u>
<b>Expenditures</b>				
Public Works				
Operating Expense	15,000	15,000	17,375	(2,375)
Debt Service				
Principal	11,000	11,000	6,650	4,350
Interest	0	0	76	(76)
Total Expenditures	<u>26,000</u>	<u>26,000</u>	<u>24,101</u>	<u>1,899</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>8,960</u>	<u>8,960</u>	<u>13,712</u>	<u>4,752</u>
Other Financing Sources (Uses)				
Transfers In/Out	(20,000)	(20,000)	(20,000)	0
Total Other Sources (Uses)	<u>(20,000)</u>	<u>(20,000)</u>	<u>(20,000)</u>	<u>0</u>
Net Change in Cash Balance	(11,040)	(11,040)	(6,288)	4,752
Cash Balance Beginning of Year	<u>54,140</u>	<u>54,140</u>	<u>54,140</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 43,100</u>	<u>\$ 43,100</u>	<u>\$ 47,852</u>	<u>\$ 4,752</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 13,712	
Net Change in Taxes Receivable			(2,211)	
Net Change in Account Payables			836	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 12,337</u>	

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

STATE OF NEW MEXICO  
**TOWN OF CARRIZOZO**  
SPECIAL REVENUE FUND-INFRASTRUCTURE FUND  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Non-GAAP-Budgetary Basis)  
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Gross Receipts Tax	\$ 12,000	\$ 12,000	\$ 10,951	\$ (1,049)
Total Revenues	<u>12,000</u>	<u>12,000</u>	<u>10,951</u>	<u>(1,049)</u>
<b>Expenditures</b>				
Public Works				
Debt Service				
Principal	8,271	8,271	8,271	0
Interest	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>8,271</u>	<u>8,271</u>	<u>8,271</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>3,729</u>	<u>3,729</u>	<u>2,680</u>	<u>(1,049)</u>
Cash Balance Beginning of Year	<u>4,048</u>	<u>4,048</u>	<u>4,048</u>	<u>0</u>
Cash Balance End of Year	\$ <u><u>7,777</u></u>	\$ <u><u>7,777</u></u>	\$ <u><u>6,728</u></u>	\$ <u><u>(1,049)</u></u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 2,680	
Net Changes in Taxes Receivable			(4,983)	
Net Changes in Account Payable			861	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u><u>(1,442)</u></u>	

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

STATE OF NEW MEXICO  
**TOWN OF CARRIZOZO**  
SPECIAL REVENUE FUND-VETERANS MEMORIAL PARK FUND  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Non-GAAP-Budgetary Basis)  
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Donations	\$ 0	\$ 0	\$ 100	\$ 100
Total Revenues	<u>0</u>	<u>0</u>	<u>100</u>	<u>100</u>
<b>Expenditures</b>				
Culture & Recreation				
Operating Expenses	750	750	170	580
Total Expenditures	<u>750</u>	<u>750</u>	<u>170</u>	<u>580</u>
Excess (Deficiency) of Revenues Over Expenditures	(750)	(750)	(70)	680
Cash Balance Beginning of Year	<u>821</u>	<u>821</u>	<u>821</u>	<u>0</u>
Cash Balance End of Year	\$ <u>71</u>	\$ <u>71</u>	\$ <u>751</u>	\$ <u>680</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ <u>(70)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>(70)</u>	

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

STATE OF NEW MEXICO  
TOWN OF CARRIZOZO  
SPECIAL REVENUE FUND-CEMETARY FUND  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Non-GAAP-Budgetary Basis)  
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Miscellaneous	\$ 150	\$ 150	\$ 141	\$ (9)
Total Revenues	<u>150</u>	<u>150</u>	<u>141</u>	<u>(9)</u>
<b>Expenditures</b>				
<b>Public Works</b>				
Operating Expenses	150	150	148	2
Total Expenditures	<u>150</u>	<u>150</u>	<u>148</u>	<u>2</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(7)	(7)
Cash Balance Beginning of Year	<u>1,156</u>	<u>1,156</u>	<u>1,156</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 1,156</u>	<u>\$ 1,156</u>	<u>\$ 1,149</u>	<u>\$ (7)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (7)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (7)</u>	

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

STATE OF NEW MEXICO  
**TOWN OF CARRIZOZO**  
 PROPRIETARY FUND-UTILITY  
 Statement of Revenues, Expenditures, and Changes in Cash Balance -  
 Budget and Actual (Non-GAAP-Budgetary Basis)  
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Sales & Service	\$ 429,456	\$ 429,456	\$ 389,856	\$ (39,600)
Connection Fees	19,780	19,780	16,161	(3,619)
Governmental Gross Receipt Tax	27,939	27,939	24,971	(2,968)
Environmental Gross Receipt Tax	7,825	7,825	7,824	(1)
Grant	265,697	265,697	373,296	107,599
Miscellaneous	3,216	3,216	3,957	741
Total Revenues	<u>753,913</u>	<u>753,913</u>	<u>816,065</u>	<u>62,152</u>
<b>Expenditures</b>				
<b>Water</b>				
Personal Services	109,679	109,679	109,678	1
Benefits	49,313	49,313	44,833	4,480
Operating Expenses	102,572	102,572	99,506	3,066
Capital Outlay	363,900	363,900	367,488	(3,588)
Gross Receipt Tax	12,825	12,825	12,520	305
<b>Sewer</b>				
Personal Services	41,885	41,885	41,196	689
Benefits	15,266	15,266	16,150	(884)
Operating Expenses	17,657	17,657	24,867	(7,210)
Gross Receipt Tax	8,267	8,267	8,266	1
<b>Debt Service</b>				
Interest	31,667	31,667	18,091	13,576
Principal	0	0	4,178	(4,178)
<b>Sanitation</b>				
Contract Services	105,732	105,732	105,731	1
Environmental Gross Receipt Tax	8,305	8,305	8,305	0
Total Expenditures	<u>867,068</u>	<u>867,068</u>	<u>860,809</u>	<u>6,258</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(113,155)</u>	<u>(113,155)</u>	<u>(44,744)</u>	<u>68,411</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In/Out	<u>30,000</u>	<u>30,000</u>	<u>35,282</u>	<u>(5,282)</u>
Total Other Sources (Uses)	<u>30,000</u>	<u>30,000</u>	<u>35,282</u>	<u>(5,282)</u>
Net Change in Cash Balance	(83,155)	(83,155)	(9,462)	73,693
Cash Balance Beginning of Year	<u>133,975</u>	<u>133,975</u>	<u>133,975</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 50,820</u>	<u>\$ 50,820</u>	<u>\$ 124,513</u>	<u>\$ 73,693</u>

STATE OF NEW MEXICO  
**TOWN OF CARRIZOZO**  
 PROPRIETARY FUND-UTILITY  
 Statement of Revenues, Expenditures, and Changes in Cash Balance -  
 Budget and Actual (Non-GAAP-Budgetary Basis)  
 For the Year Ended June 30, 2008

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Reconciliation of Budgetary Basis to GAAP Basis	
Net Change in Cash Balance-Cash Basis	\$ (9,462)
Principal Paid	(4,178)
Capital Outlay	367,488
Depreciation	(77,842)
Net Change in Accounts Receivable	7,039
Net Change in Taxes Receivable	(1,661)
Net Change in Inventories	2,175
Net Change in Interfund Balance	2,433
Net Change in Accrued Salaries	(1,249)
Net Change in Accounts Payable	3,765
Net Change in Compensated Absences	2,808
Net Change in Accrued Interest	94
Net Change in Customer Deposits	(1,934)
Net Change in Net Assets-GAAP Basis	\$ <u><u>289,476</u></u>

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

**AGENCY FUNDS**

**Motor Vehicle Department**

To account for the collection and disbursement of Motor Vehicle Department fees to the State Motor Vehicle Department.

**Court Automation Fund**

To account for the collection of fines which are to be used for the purchase and maintenance of court automation systems.

**Judicial Education Fund**

To account for the collection and disbursement of funds used for education purposes.

**Municipal Judge Fund**

To account for collection and disbursement of funds collected by the municipal judge's office.

STATE OF NEW MEXICO  
**TOWN OF CARRIZOZO**  
 AGENCY FUND  
 Schedule of Changes in Assets and Liabilities-Agency Funds  
 For the Year Ended June 30, 2008

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	<u>Balance 06/30/07</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06/30/08</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 8,905	\$ 35,139	\$ 41,824	\$ 2,220
Total Assets	<u>\$ 8,905</u>	<u>\$ 35,139</u>	<u>\$ 41,824</u>	<u>\$ 2,220</u>
<b>LIABILITIES</b>				
Funds Held for				
Others	\$ 8,905	\$ 35,139	\$ 41,824	\$ 2,220
Total Liabilities	<u>\$ 8,905</u>	<u>\$ 35,139</u>	<u>\$ 41,824</u>	<u>\$ 2,220</u>

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



De'Aun Willoughby CPA, PC

Certified Public Accountant

P.O. Box 223 Melrose, NM 88124

(575) 253-4313

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*

Mr. Hector Balderas  
State Auditor of the State of New Mexico  
Board Members of the Town of Carrizozo

Mr. Balderas and Members of the Board

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, the budgetary comparisons for the general fund and major special revenue funds, and the combining and individual funds presented as supplemental information of the Town of Carrozo (Town), as of and for the year ended June 30, 2008, and have issued our report thereon dated November 25, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town's financial statements that is more than inconsequential will not be prevented or detected by the Town's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Town's internal control.

Our consideration of the internal control over financial reporting was for the *limited purpose* described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information and use of management, the New Mexico State Legislature and its committees, the Office of the State Auditor, the New Mexico Department of Finance and Administration - Local Government and federal awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than these specified parties.

*De'Ann Willoughby CPA PC*

November 25, 2008

STATE OF NEW MEXICO  
TOWN OF CARRIZOZO  
Schedule of Findings and Responses  
For the Year Ended June 30, 2008

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Prior Year Audit Findings

	<u>Status</u>
06-A. Personnel Policy Violation	Resolved
06-B. Payroll Procedures & Related Reporting Practices	Resolved
06-C. Expenditures in Excess of Budgetary Amounts	Resolved
06-D. Open Meetings Act Violation	Resolved
06-E. Inadequate Control Over Cash Disbursements	Resolved
06-F. Utility Accounts Receivable	Resolved
06-G. Correction Fees Expenditures	Resolved
06-H. Required Bond Reserves	Resolved
2005-1. Audit Report Submitted Late	Resolved
07-A. Auditor Prepared Financial Statements	Resolved
07-B. Budgeted Deficit	Resolved

Current Year Audit Findings

There are no current year Findings.

**Financial Statement Preparation**

The financial statements were prepared by De'Aun Willoughby CPA. However, they are the responsibility of management.

**Exit Conference**

An exit conference was held on November 25, 2008 in attendance was Robert E. Hemphill-Mayor, Dusty Voss-Trustee, Leann Weibrecht-Town Clerk, and De'Aun Willoughby, CPA.