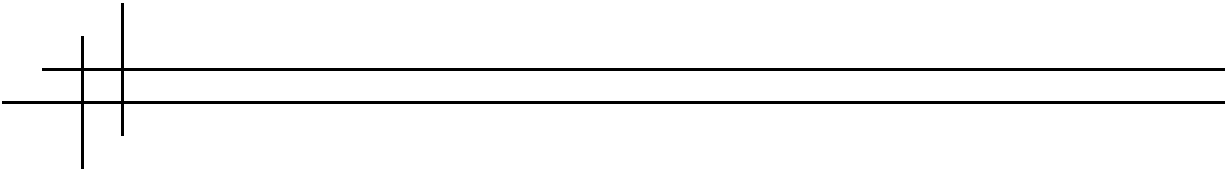


STATE OF NEW MEXICO
TOWN OF CARRIZOZO

ANNUAL FINANCIAL REPORT
June 30, 2011

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



STATE OF NEW MEXICO
TOWN OF CARRIZOZO
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STATE OF NEW MEXICO
TOWN OF CARRIZOZO
Official Roster
June 30, 2011

BOARD OF TRUSTEES

Dennis Vega	Mayor
Dusty Voss	Trustee
Lee Gross	Trustee
Chris Ventura	Trustee
Vacant	Trustee

ADMINISTRATIVE OFFICIAL

Leann Weihbrecht	Clerk/Treasurer
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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 and the budgetary comparisons for the general fund and major special revenue fund of TOWN OF CARRIZOZO, (Town), as of and for the year ended June 30, 2011, 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, and the budgetary comparisons for all nonmajor funds and proprietary fund presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2011, 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, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund and major special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the Town as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for all nonmajor funds and the proprietary fund 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 July 29, 2011, 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 *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Town has not presented the Management's Discussion and Analysis that the Governmental Accounting Standards Board 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 the purpose 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

July 29, 2011

FINANCIAL SECTION

STATE OF NEW MEXICO
TOWN OF CARRIZOZO
 Government-Wide Statement of Net Assets
 June 30, 2011

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 438,141	\$ 62,939	\$ 501,080
Receivables			
Accounts	0	71,507	71,507
Taxes	27,765	545	28,310
Inventory	0	2,489	2,489
Total Current Assets	<u>465,906</u>	<u>137,480</u>	<u>603,386</u>
Noncurrent Assets			
Restricted Cash	250,820	47,786	298,606
Capital Assets	7,696,776	4,261,251	11,958,027
Less: Accumulated Depreciation	<u>(4,850,515)</u>	<u>(1,242,933)</u>	<u>(6,093,448)</u>
Total Noncurrent Assets	<u>3,097,081</u>	<u>3,066,104</u>	<u>6,163,185</u>
 Total Assets	 <u>3,562,987</u>	 <u>3,203,584</u>	 <u>6,766,571</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	10,440	6,082	16,522
Accrued Salaries & Benefits	8,818	4,974	13,792
Accrued Interest	0	8,643	8,643
Current Portion of Long-Term Debt	63,623	4,990	68,613
Total Current Liabilities	<u>82,881</u>	<u>24,689</u>	<u>107,570</u>
Noncurrent Liabilities			
Customer Deposits	0	47,786	47,786
Compensated Absences	4,317	6,816	11,133
Non Current Portion of Long Term Debt	517,764	379,140	896,904
Total Noncurrent Liabilities	<u>522,081</u>	<u>433,742</u>	<u>955,823</u>
 Total Liabilities	 <u>604,962</u>	 <u>458,431</u>	 <u>1,063,393</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	2,515,694	2,681,974	5,197,668
Unrestricted	442,331	63,179	505,510
Total Net Assets	<u>\$ 2,958,025</u>	<u>\$ 2,745,153</u>	<u>\$ 5,703,178</u>

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

STATE OF NEW MEXICO
TOWN OF CARRIZOZO
 Government-Wide Statement of Activities
 For the Year Ended June 30, 2011

Functions/Programs	Program Revenues				Net(Expenses) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General Government	\$ 279,511	\$ 8,752	\$ 175,710	\$ 0	\$ (95,049)	\$ 0	\$ (95,049)
Public Safety	241,265	29,662	192,073	0	(19,530)	0	(19,530)
Public Works	203,056	27,450	32,908	238,355	95,657	0	95,657
Culture & Recreation	51,306	0	0	0	(51,306)	0	(51,306)
Interest on Long-Term Obligations	10,977	0	0	0	(10,977)	0	(10,977)
Total Governmental Activities	<u>786,115</u>	<u>65,864</u>	<u>400,691</u>	<u>238,355</u>	<u>(81,205)</u>	<u>0</u>	<u>(81,205)</u>
Business-type Activities							
Water	408,721	238,620	0	0	0	(170,101)	(170,101)
Sewer	19,221	143,410	0	0	0	124,189	124,189
Sanitation	124,579	102,485	0	0	0	(22,094)	(22,094)
Total Business-type Activities	<u>\$ 552,521</u>	<u>\$ 484,515</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>	<u>(68,006)</u>	<u>(68,006)</u>
General Revenues							
Taxes							
Property					43,773	0	43,773
Gross Receipts					276,962	0	276,962
Franchise					30,500	0	30,500
Other					13,640	6,199	19,839
Gasoline					36,605	0	36,605
Miscellaneous					8,875	0	8,875
Interest Income					4,709	0	4,709
Total General Revenues					<u>415,064</u>	<u>6,199</u>	<u>421,263</u>
Other Items							
Transfers					(18,226)	18,226	0
Change in Net Assets					<u>315,633</u>	<u>(43,581)</u>	<u>272,052</u>
Net Assets - beginning					4,324,097	2,788,734	7,112,831
Restatement					(1,681,705)	0	(1,681,705)
Restated Beginning Net Assets					<u>2,642,392</u>	<u>2,788,734</u>	<u>5,431,126</u>
Net Assets - ending					<u>\$ 2,958,025</u>	<u>\$ 2,745,153</u>	<u>\$ 5,703,178</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, 2011

	<u>General Fund</u>	<u>Fire Fund</u>	<u>Capital Projects</u>
ASSETS			
Cash and Cash Equivalents	\$ 229,395	\$ 58,682	\$ 0
Receivables (Net of Allowance for Uncollectibles if Applicable)			
Taxes	23,977	0	0
Restricted Cash	12,410	238,410	0
Total Assets	<u>\$ 265,782</u>	<u>\$ 297,092</u>	<u>\$ 0</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Current Liabilities			
Accounts Payable	\$ 4,946	\$ 1,054	\$ 0
Accrued Salaries Payable	8,818	0	0
Total Liabilities	<u>13,764</u>	<u>1,054</u>	<u>0</u>
Fund Balances			
Restricted-Reported In Special Revenue Fund	0	296,038	0
Unassigned-Reported In General Fund	252,018	0	0
Total Fund Balances	<u>252,018</u>	<u>296,038</u>	<u>0</u>
Total Liabilities and Fund Balances	<u>\$ 265,782</u>	<u>\$ 297,092</u>	<u>\$ 0</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, 2011

	Non-Major Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>
ASSETS		
Cash and Cash Equivalents	\$ 150,064	\$ 438,141
Receivables (Net of Allowance for Uncollectibles if Applicable)		
Taxes	3,788	27,765
Restricted Cash	<u>0</u>	<u>250,820</u>
Total Assets	<u>\$ 153,852</u>	<u>\$ 716,726</u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Current Liabilities		
Accounts Payable	\$ 4,440	\$ 10,440
Accrued Salaries Payable	<u>0</u>	<u>8,818</u>
Total Liabilities	<u>4,440</u>	<u>19,258</u>
 Fund Balances		
Restricted-Reported In Special Revenue Fund	149,412	445,450
Unassigned-Reported In General Fund	<u>0</u>	<u>252,018</u>
Total Fund Balances	<u>149,412</u>	<u>697,468</u>
 Total Liabilities and Fund Balances	 <u>\$ 153,852</u>	 <u>\$ 716,726</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, 2011

Total Fund Balance - Governmental Funds \$ 697,468

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

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

The cost of capital assets	\$ 7,696,776	
Accumulated depreciation is	<u>(4,850,515)</u>	2,846,261

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 :

Loans Payable	(581,387)
---------------	-----------

Compensated absences are not due and payable in the
 current period and therefore are not reported as liabilities in
 the funds.

	<u>(4,317)</u>
--	----------------

Total net assets - governmental activities	\$ <u><u>2,958,025</u></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
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures and
Changes in Fund Balance
For the Year Ended June 30, 2011

	General Fund	Fire Fund	Capital Projects
Revenues			
Taxes			
Property	\$ 43,773	\$ 0	\$ 0
Gross Receipts	276,961	0	0
Franchise	30,500	0	0
Gasoline	0	0	0
MVD	6,875	0	0
Other	0	0	0
Charges for Services	8,752	0	0
License, Fees and Fines	15,974	0	0
Federal Grant	0	0	238,355
State Grants	175,710	170,873	32,908
Interest Income	4,644	65	0
Assessments	0	0	0
Miscellaneous	8,875	0	0
Total Revenues	<u>572,064</u>	<u>170,938</u>	<u>271,263</u>
Expenditures			
Current			
General Government	265,595	0	0
Public Safety	131,230	74,156	0
Public Works	36,303	0	38,132
Culture and Recreation	22,792	0	0
Capital Outlay	0	0	275,942
Debt Service			
Principal	26,504	48,917	0
Interest	4,924	6,053	0
Total Expenditures	<u>487,348</u>	<u>129,126</u>	<u>314,074</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>84,716</u>	<u>41,812</u>	<u>(42,811)</u>
Other Financing Sources (Uses)			
Loan Proceeds	0	213,150	0
Transfers	(29,576)	0	31,350
Total Other Sources (Uses)	<u>(29,576)</u>	<u>213,150</u>	<u>31,350</u>
Net Change in Fund Balance	55,140	254,962	(11,461)
Fund Balance at Beginning of year	<u>196,878</u>	<u>41,076</u>	<u>11,461</u>
Fund Balance End of Year	<u>\$ 252,018</u>	<u>\$ 296,038</u>	<u>\$ 0</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, 2011

	Non-Major Governmental Funds	Total Governmental Funds
Revenues		
Taxes		
Property	\$ 0	\$ 43,773
Gross Receipts	0	276,961
Franchise	0	30,500
Gasoline	36,605	36,605
MVD	0	6,875
Other	6,765	6,765
Charges for Services	0	8,752
License, Fees and Fines	13,688	29,662
Federal Grant	0	238,355
State Grants	21,200	400,691
Interest Income	0	4,709
Assessments	27,450	27,450
Miscellaneous	0	8,875
Total Revenues	<u>105,708</u>	<u>1,119,973</u>
Expenditures		
Current		
General Government	0	265,595
Public Safety	10,001	215,387
Public Works	15,726	90,161
Culture and Recreation	5,788	28,580
Capital Outlay	28,221	304,163
Debt Service		
Principal	0	75,421
Interest	0	10,977
Total Expenditures	<u>59,736</u>	<u>990,284</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>45,972</u>	<u>129,689</u>
Other Financing Sources (Uses)		
Loan Proceeds	0	213,150
Transfers	(20,000)	(18,226)
Total Other Sources (Uses)	<u>(20,000)</u>	<u>194,924</u>
Net Change in Fund Balance	25,972	324,613
Fund Balance at Beginning of year	<u>123,440</u>	<u>372,855</u>
Fund Balance End of Year	<u>\$ 149,412</u>	<u>\$ 697,468</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, 2011

Net Change in Fund Balance \$ 324,613

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

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	\$ (179,725)	
Capital Outlays	<u>304,163</u>	124,438

The issuance of long-term debt provides current financial resources to governmental funds but has no effect on net assets. (213,150)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 75,421

Some expenses reported in the Statement of Activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated Absences, June 30, 2010	8,628	
Compensated Absences, June 30, 2011	<u>(4,317)</u>	<u>4,311</u>

Changes in Net Assets of Governmental Activities \$ 315,633

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, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Taxes				
Property	\$ 43,737	\$ 43,737	\$ 43,773	\$ 36
Gross Receipts	266,747	266,747	274,871	8,124
Franchise	30,807	30,807	30,807	0
Motor Vehicle	7,000	7,000	7,158	158
Charges for Services	12,550	12,550	8,752	(3,798)
License, Fees and Fines	24,000	24,000	15,974	(8,026)
State Grants	175,711	175,711	175,710	(1)
Interest	6,000	6,000	4,644	(1,356)
Miscellaneous	25,550	25,550	8,875	(16,675)
Total Revenues	<u>592,102</u>	<u>592,102</u>	<u>570,564</u>	<u>(21,538)</u>
Expenditures				
Executive				
Personnel Services	5,174	5,174	5,203	(29)
Operating Expense	12,200	12,200	6,477	5,723
Total Executive	<u>17,374</u>	<u>17,374</u>	<u>11,680</u>	<u>5,694</u>
Judicial				
Personnel Services	29,160	29,160	28,857	303
Operating Expense	18,295	18,295	13,742	4,553
Total Judicial	<u>47,455</u>	<u>47,455</u>	<u>42,599</u>	<u>4,856</u>
Financial				
Personnel Services	97,733	97,733	92,254	5,479
Operating Expense	72,816	72,816	84,809	(11,993)
Debt Service				
Principal	30,621	30,621	26,504	4,117
Interest	0	0	4,924	(4,924)
Total Financial	<u>170,549</u>	<u>170,549</u>	<u>208,491</u>	<u>(6,514)</u>
Profession Services				
Legal Fees	36,000	36,000	31,919	4,081
Election	0	0	0	0
Audit Fees	11,000	11,000	6,965	4,035
Total Profession Services	<u>47,000</u>	<u>47,000</u>	<u>38,884</u>	<u>8,116</u>
Police				
Personnel Services	141,614	141,614	119,544	22,070
Operating Expense	32,500	32,500	14,113	18,387
Capital Outlay	3,000	3,000	0	3,000
Total Police	<u>\$ 177,114</u>	<u>\$ 177,114</u>	<u>\$ 133,657</u>	<u>\$ 43,457</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, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Highway & Streets				
Operating Expense	\$ 19,412	\$ 19,412	\$ 19,412	\$ 0
Total Highway & Streets	<u>19,412</u>	<u>19,412</u>	<u>19,412</u>	<u>0</u>
Airport				
Operating Expense	<u>20,500</u>	<u>20,500</u>	<u>15,385</u>	<u>5,115</u>
Total Airport	<u>20,500</u>	<u>20,500</u>	<u>15,385</u>	<u>5,115</u>
Cemetery				
Operating Expense	<u>900</u>	<u>900</u>	<u>0</u>	<u>900</u>
Total Cemetery	<u>900</u>	<u>900</u>	<u>0</u>	<u>900</u>
Parks and Recreation				
Personnel Services	15,860	15,860	11,495	4,365
Operating Expense	<u>12,700</u>	<u>12,700</u>	<u>9,785</u>	<u>2,915</u>
Total Parks and Recreation	<u>28,560</u>	<u>28,560</u>	<u>21,280</u>	<u>7,280</u>
Veteran's Memorial Park				
Operating Expense	<u>842</u>	<u>842</u>	<u>841</u>	<u>1</u>
Total Veteran's Memorial Park	<u>842</u>	<u>842</u>	<u>841</u>	<u>1</u>
Total Expenditures	<u>529,706</u>	<u>529,706</u>	<u>492,229</u>	<u>68,905</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>62,396</u>	<u>62,396</u>	<u>78,335</u>	<u>47,367</u>
Other Financing Sources (Uses)				
Transfers In/(Out)	<u>0</u>	<u>0</u>	<u>(29,576)</u>	<u>(29,576)</u>
Total Other Sources (Uses)	<u>0</u>	<u>0</u>	<u>(29,576)</u>	<u>(29,576)</u>
Net Change in Cash Balance	62,396	62,396	48,759	(13,637)
Cash Balance Beginning of Year	<u>193,046</u>	<u>193,046</u>	<u>193,046</u>	<u>0</u>
Cash Balance End of Year	\$ <u>255,442</u>	\$ <u>255,442</u>	\$ <u>241,805</u>	\$ <u>(13,637)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net Change in Cash Balance			\$ 48,759	
Net Change in Taxes Receivable			1,501	
Net Change in Accounts Payable			5,149	
Net Change in Salaries & Benefits			(269)	
Net Change in Fund Balance			<u>\$ 55,140</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, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 166,902	\$ 166,902	\$ 170,873	\$ 3,971
Interest	0	0	65	65
Total Revenues	<u>166,902</u>	<u>166,902</u>	<u>170,938</u>	<u>4,036</u>
Expenditures				
Public Safety				
Operating	165,816	165,816	73,874	91,942
Debt Service				
Principal	0	0	48,917	(48,917)
Interest	0	0	6,053	(6,053)
Total Expenditures	<u>165,816</u>	<u>165,816</u>	<u>128,844</u>	<u>36,972</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,086</u>	<u>1,086</u>	<u>42,094</u>	<u>41,008</u>
Other Financing Sources (Uses)				
Loan Proceeds	0	0	213,150	213,150
Total Other Sources (Uses)	<u>0</u>	<u>0</u>	<u>213,150</u>	<u>213,150</u>
Net Change in Cash Balance	1,086	1,086	255,244	254,158
Cash Balance Beginning of Year	<u>41,848</u>	<u>41,848</u>	<u>41,848</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 42,934</u>	<u>\$ 42,934</u>	<u>\$ 297,092</u>	<u>\$ 254,158</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net Change in Cash Balance			\$ 255,244	
Net Change in Account Payable			(282)	
Net Change in Fund Balance			<u>\$ 254,962</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, 2011

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 62,939
Receivables (net of allowance for uncollectible accounts)	
Accounts	71,507
Taxes	545
Inventory	2,489
Total Current Assets	<u>137,480</u>

Noncurrent Assets

Restricted Cash	47,786
Capital Assets	4,261,251
Less Accumulated Depreciation	<u>(1,242,933)</u>
Total Noncurrent Assets	<u>3,066,104</u>

Total Assets	<u>3,203,584</u>
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LIABILITIES

Current Liabilities

Accounts Payable	6,082
Accrued Salaries & Benefits	4,974
Accrued Interest	8,643
Current Portion of Bonds Payable	4,990
Total Current Liabilities	<u>24,689</u>

Noncurrent Liabilities

Customer Deposits	47,786
Accrued Compensated Absences	6,816
Revenue Bonds	379,140
Total Noncurrent Liabilities	<u>433,742</u>

Total Liabilities	<u>458,431</u>
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NET ASSETS

Invested in Capital Assets, Net of

Related Debt	2,681,974
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Unrestricted

Total Net Assets	<u>\$ 2,745,153</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, 2011

Operating Revenues	
Sales & Service	\$ 484,515
Total Operating Revenues	<u>484,515</u>
Operating Expenses	
Salaries & Benefits	208,723
Operating	117,582
Contract Services	124,579
Depreciation	84,459
Total Operating Expenses	<u>535,343</u>
Operating Income (Loss)	<u>(50,828)</u>
Nonoperating Revenue (Expenses)	
Environmental Taxes	6,199
Interest Expense	<u>(17,178)</u>
Total Nonoperating Revenue (Expense)	<u>(10,979)</u>
Other Items	
Transfer from General Fund	<u>18,226</u>
Total Other Items	<u>18,226</u>
Change in Net Assets	(43,581)
Total Net Assets - Beginning	<u>2,788,734</u>
Total Net Assets - Ending	<u>\$ 2,745,153</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, 2011

Cash Flows from Operating Activities	
Cash Received From Customers	\$ 475,561
Cash Paid to Suppliers and Employees	(449,229)
Net Cash Provided by Operating Activities	<u>26,332</u>
Cash Flows from Noncapital Financing Activities	
Environmental Gross Receipt Taxes	6,199
Net Cash Provided by Noncapital Financing Activities	<u>6,199</u>
Cash Flows from Capital & Related Financing Activities	
Transfer in from the General Fund	18,226
Acquisition and Construction of Capital Assets	(25,111)
Principal Paid	(4,770)
Interest Paid	(17,178)
Net Cash Provided by Capital & Related Financing Activities	<u>(28,833)</u>
Net Increase (Decrease) in Cash	3,698
Cash, Beginning of Year	<u>107,027</u>
Cash, End of Year	<u>\$ 110,725</u>
Cash and Cash Equivalents	\$ 62,939
Restricted Cash	47,786
Total Cash	<u>\$ 110,725</u>
Reconciliation of Net Income to Net Cash Provided by Operating Activities	
Operating Income (Loss)	\$ (50,828)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities	
Depreciation	84,459
Change in Assets and Liabilities	
(Increase) Decrease in Accounts Receivable	(12,737)
(Increase) Decrease in Taxes Receivable	(57)
(Increase) Decrease in Inventories	(100)
Increase (Decrease) in Accounts Payable	2,289
Increase (Decrease) in Accrued Salaries & Benefits	346
Increase (Decrease) in Compensated Absences	(687)
Increase (Decrease) in Accrued Interest	(108)
Increase (Decrease) in Customer Deposits	3,755
Net Cash Provided by Operating Activities	<u>\$ 26,332</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, 2011

	<u>Agency Funds</u>
Assets	
Cash	\$ 1,866
Total Assets	<u>\$ 1,866</u>
Liabilities	
Funds Held for Others	\$ 1,866
Total Liabilities	<u>\$ 1,866</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*. 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 or 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 the operation and maintenance of the Town Fire department. Financing is primarily from an annual state fire allotment. The fund was created by the authority of state grant provisions. (NMSA 59A-53-1)

Capital Projects - To account for the purchase and construction of capital assets.

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.

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.

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. Program revenues include fees and fines for public service and charges for recreational activities. Grants include small cities assistance and fire protection and law enforcements grants and a subsidy from the county for animal control.

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 received.

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, Sewer and Sanitation. Enterprise Funds are budgeted as separate cost centers but as integral parts of the work programs.
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.

Each permanent employee of the Town accrues sick leave as working days with full pay on the basis of one (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.

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).

STATE OF NEW MEXICO
TOWN OF CARRIZOZO
Notes to the Financial Statements
June 30, 2011

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 6/30/11	Reconciled Balance	Type
Carrizozo Municipal Airport	\$ 14,542	\$ 14,542	Checking
Gasoline Fund	5,716	5,716	Checking
Water Dept/Utility	81,540	73,535	Checking
TOTAL Deposited	<u>101,798</u>	<u>\$ 93,793</u>	
Less: FDIC Coverage	<u>(101,798)</u>		
Uninsured Amount	0		
50% collateral requirement	0		
Pledged securities	0		
Over (Under) requirement	<u>\$ 0</u>		

City Bank

<u>Name of Account</u>	Balance Per Bank 6/30/11	Reconciled Balance	Type
General Fund	\$ 191,442	\$ 148,197	Checking
General Fund	243,500	243,500	Checking
Federal Deposit	2,000	2,000	Checking
Veterans Memorial Park	751	751	Checking
Meter Deposit	37,164	37,164	Checking
Town of Carrizozo	23,411	23,411	Checking
CDBG	50	50	Checking
TOTAL Deposited	<u>498,318</u>	<u>\$ 455,073</u>	
Less: FDIC Coverage	<u>(250,000)</u>		
Uninsured Amount	248,318		
50% collateral requirement	124,159		
Pledged securities	300,000		
Over (Under) requirement	<u>\$ 175,841</u>		

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

The following securities in the form of a Letter of Credit, issued by Federal Home Loan Bank for monies held at City Bank:

<u>Description</u>	<u>Receipt #</u>	<u>Market Value</u>	<u>Maturity Date</u>	<u>Location</u>
Letter of Credit	9224000020	\$ 300,000	9/19/2011	FHLB- Dallas, TX
		<u>\$ 300,000</u>		

STATE OF NEW MEXICO
TOWN OF CARRIZOZO
Notes to the Financial Statements
June 30, 2011

Bank of Albuquerque	Balance Per Bank 6/30/11	Reconciled Balance	Type
<u>Name of Account</u>			
Town of Carrizozo General	\$ 12,410	\$ 12,410	Savings
Town of Carrizozo Fire Protection	238,410	238,410	Savings
TOTAL Deposited	<u>\$ 250,820</u>	<u>\$ 250,820</u>	

The Bank of Albuquerque is the agent for New Mexico Finance Authority. The funds are invested in mutual funds consisting of US treasury bonds. The name of the mutual fund is Cavanal Hill US Treasury Bonds.

Custodial Credit Risk-Deposits

<u>Depository Account</u>	Bank Balance
Insured	\$ 351,798
Collateralized:	
Collateral held by the pledging bank in Town's name	248,318
Uninsured and uncollateralized	0
Total Deposits	<u>\$ 600,116</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, 2011 none of the Town's bank balance of \$600,116 was exposed to custodial credit risk.

NOTE D: RESTRICTED CASH

There was \$12,410 in restricted cash in the General Fund and \$238,410 for debt retirement for a loan for the construction of Town Hall and fire trucks financed by New Mexico Finance Authority. The restricted cash in the Utility fund is the customer deposits held by the Town of \$47,786.

NOTE E: CAPITAL ASSETS

Capital Assets Balances and Activity for the Year Ended June 30, 2011, is as follows:

Governmental Activities	Balance 6/30/10	Increases	Adjustments	Balance 6/30/11
Capital Assets, not being Depreciated				
Land	\$ 127,102	\$ 0	\$ 0	\$ 127,102
Construction in Progress	0	0	0	0
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	5,130,265	0	1,794,398	3,335,867
Infrastructure	3,011,159	282,831	0	3,293,990
Equipment	1,040,885	21,333	122,401	939,817
Total Capital Assets, being Depreciated	<u>9,182,309</u>	<u>304,164</u>	<u>1,916,799</u>	<u>7,569,674</u>
Total Capital Assets	<u>\$ 9,309,411</u>	<u>\$ 304,164</u>	<u>\$ 1,916,799</u>	<u>\$ 7,696,776</u>

STATE OF NEW MEXICO
TOWN OF CARRIZOZO
Notes to the Financial Statements
June 30, 2011

Less Accumulated Depreciation

Buildings & Improvements	\$ 1,976,215	\$ 41,729	\$ 102,466	\$ 1,915,478
Infrastructure	2,593,990	109,800	0	2,703,790
Equipment	335,679	28,196	132,628	231,247
Total Accumulated Depreciation	<u>4,905,884</u>	<u>179,725</u>	<u>132,628</u>	<u>4,850,515</u>
Capital Assets, net	\$ <u>4,403,527</u>	\$ <u>124,439</u>	\$ <u>1,784,171</u>	\$ <u>2,846,261</u>

Depreciation expense was charged to governmental activities as follows:

General	\$ 15,531
Public Safety	28,573
Public Works	112,895
Culture & Recreation	22,727
Total depreciation expenses	<u>\$ 179,725</u>

	Balance 6/30/10	Increases	Decreases	Balance 6/30/11
Business-Type Activities				
Capital Assets not being Depreciated				
Land	\$ 8,000	\$ 0	\$ 0	\$ 8,000
Total Capital Assets not being Depreciated	8,000	0	0	8,000
Capital Assets, being Depreciated				
Utility System	4,125,635	25,111	0	4,150,746
Equipment	102,505	0	0	102,505
Total Capital Assets at Historical Cost	<u>4,236,140</u>	<u>25,111</u>	<u>0</u>	<u>4,261,251</u>
Less Accumulated Depreciation				
Utility System	1,082,662	78,432	0	1,161,094
Equipment	75,812	6,027	0	81,839
Total Accumulated Depreciation	<u>1,158,474</u>	<u>84,459</u>	<u>0</u>	<u>1,242,933</u>
Capital Assets, net	\$ <u>3,077,666</u>	\$ <u>(59,348)</u>	\$ <u>0</u>	\$ <u>3,018,318</u>

NOTE F: LONG TERM DEBT

Notes Payable

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

	Balance 6/30/10	Additions	Reductions	Balance 6/30/11	Amounts Due Within One Year
Governmental Activities					
Notes Payable					
NMFA-Fire Truck	\$ 22,219	\$ 0	\$ 22,219	\$ 0	0
NMFA-Fire Truck	230,178	0	26,698	203,480	27,170
NMFA-Fire Truck	0	213,150	0	213,150	8,432
NMFA-Town Hall	119,371	0	7,819	111,552	7,839
Total Notes Payable	\$ <u>371,768</u>	\$ <u>213,150</u>	\$ <u>56,736</u>	\$ <u>528,182</u>	<u>43,441</u>

Other Liabilities

STATE OF NEW MEXICO
TOWN OF CARRIZOZO
Notes to the Financial Statements
June 30, 2011

Compensated Absences	\$	<u>8,627</u>	\$	<u>6,272</u>	\$	<u>10,581</u>	\$	<u>4,318</u>	\$	<u>0</u>
Total Other Liabilities		<u>8,627</u>		<u>6,272</u>		<u>10,581</u>		<u>4,318</u>		<u>0</u>
Long-Term Liabilities	\$	<u>380,395</u>	\$	<u>219,422</u>	\$	<u>67,317</u>	\$	<u>532,500</u>	\$	<u>43,441</u>

Description	Maturity	Annual Payments	Interest Rate	Balance
NMFA-Fire Truck	2021	\$ 12,979	3-4%	\$ 213,150
NMFA-Fire Truck	2017	31,767	2%	203,480
NMFA-Town Hall	2025	\$ 8,117	3-4%	111,552
				<u>\$ 528,182</u>

The annual requirements to amortize the loans as of June 30, 2011, including interest payments are as follows:

	Principal	Interest	Total
2012	\$ 35,009	\$ 5,257	\$ 40,266
2013	35,566	4,700	40,266
2014	36,187	4,078	40,265
2015	36,850	3,415	40,265
2016	37,578	2,688	40,266
2017-2021	101,570	3,317	104,887
2022-2025	32,272	202	32,474
	<u>\$ 315,032</u>	<u>\$ 23,657</u>	<u>\$ 338,689</u>

Business-Type Activities

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

	Balance 6/30/10	Additions	Reductions	Balance 6/30/11	Amounts Due Within One Year
USDA Bonds	\$ <u>388,900</u>	\$ <u>0</u>	\$ <u>4,770</u>	\$ <u>384,130</u>	\$ <u>4,990</u>
Other Liabilities					
Compensated Absences	<u>7,503</u>	<u>5,333</u>	<u>6,020</u>	<u>6,816</u>	<u>0</u>
Total Other Liabilities	<u>7,503</u>	<u>5,333</u>	<u>6,020</u>	<u>6,816</u>	<u>0</u>
Long-Term Liabilities	\$ <u>396,403</u>	\$ <u>5,333</u>	\$ <u>10,790</u>	\$ <u>390,946</u>	\$ <u>4,990</u>

Description	Maturity	Annual Payments	Interest Rate	Balance
USDA Bonds	2044	\$ 22,273	4.50%	\$ <u>384,130</u>

The annual requirements to amortize the loans as of June 30, 2011, including interest payments are as

STATE OF NEW MEXICO
TOWN OF CARRIZOZO
Notes to the Financial Statements
June 30, 2011

	Principal	Interest	Total
2012	\$ 4,990	\$ 17,286	\$ 22,276
2013	5,210	17,061	22,271
2014	5,450	16,827	22,277
2015	5,690	16,582	22,272
2016	5,950	16,326	22,276
2017-2021	34,020	77,361	111,381
2022-2026	42,390	68,987	111,377
2027-2031	52,820	58,551	111,371
2032-2036	65,820	45,549	111,369
2037-2041	82,020	29,346	111,366
2042-2045	79,770	8,159	87,929
	<u>\$ 384,130</u>	<u>\$ 372,035</u>	<u>\$ 556,870</u>

Computer and Software Lease

The Town is obligated under a lease for a computer system and accounting software acquired in December 2008 at a cost of \$73,000. During the year ended June 30, 2010, it was discovered the Town owed the computer vendor another \$19,409 for the initial installation. The lease was increased by this amount. The remaining monthly payment were increase to \$1,942.59. 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 leasing company is DivLend Equipment Leasing, LLC. The lease was assigned to American State Bank Lubbock, Texas.

A summary of activity in the lease purchase is as follows:

Balance 6/30/10	Additions	Reductions	Balance 6/30/11	Amounts Due Within One Year
\$ 71,890	\$ 0	\$ 18,685	\$ 53,205	\$ 20,182

Schedule of Payments	2012	2013	2014	Total
	\$ 23,396	23,308	11,654	58,358
				(5,153)
				<u>\$ 53,205</u>

NOTE G: 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 H: DEFINED BENEFIT PENSION PLAN

Plan Description. Substantially all of the Town'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.

Funding Policy. Plan members are required to contribute 7% of the gross salary. The Town is required to contribute 7% for all employee's with the exception of police officers which require the Town to contribute 10% of the gross covered salary. The contribution requirements of plan members and the Town are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The Town's contributions to PERA for the fiscal years ending June 30, 2011, 2010 and 2009 were \$23,754, \$26,706 and \$18,778 respectively, which equal the amount of the required contributions for each fiscal year.

NOTE I: 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.

NOTE J: INTERFUND TRANSACTIONS

Transfer from		Transfer to	
General	\$ 11,350	Capital Projects	\$ 11,350
Streets	20,000	Capital Projects	20,000
General	18,226	Utility	18,226
	49,576		49,576

General transferred money to Capital Projects to supplement construction projects and money to Utilities to supplement operations. Streets transferred \$20,000 for matching funds to the Capital Projects Fund. The transfer from General fund to the Utility fund is to supplement operating cost.

NOTE K: 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. 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 L: 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, Tularosa 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 Town 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 M: RESTATEMENT

Net assets were restated by \$(1,681,705) for an adjustment in the depreciation schedule. See Note E in the adjustments column. The depreciation schedule was undated for GASB 34 corrections. The staff of the Town worked very hard to accumulated very accurate documentation that caused the adjustment to bring the capital assets closer to fair market value.

STATE OF NEW MEXICO
TOWN OF CARRIZOZO
CAPITAL PROJECTS FUND
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Non-GAAP-Budgetary Basis)
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 56,690	\$ 56,690	\$ 32,908	\$ (23,782)
Federal Grant	405,133	405,133	238,355	(166,778)
Total Revenues	<u>461,823</u>	<u>461,823</u>	<u>271,263</u>	<u>(190,560)</u>
Expenditures				
Public Works				
Operating Expenses	11,461	11,461	5,224	6,237
Capital Outlay	461,823	461,823	308,850	152,973
Total Expenditures	<u>473,284</u>	<u>473,284</u>	<u>314,074</u>	<u>159,210</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(11,461)</u>	<u>(11,461)</u>	<u>(42,811)</u>	<u>(31,350)</u>
Other Financing Sources (Uses)				
Transfers In/(Out)	\$ 0	\$ 0	\$ 31,350	\$ 31,350
Total Other Sources (Uses)	<u>0</u>	<u>0</u>	<u>31,350</u>	<u>31,350</u>
Net Change in Cash Balance	(11,461)	(11,461)	(11,461)	0
Cash Balance Beginning of Year	<u>11,461</u>	<u>11,461</u>	<u>11,461</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net Change in Cash Balance			\$ (11,461)	
Net Change in Fund Balance			<u>\$ (11,461)</u>	

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

**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)

Municipal Streets

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.

Valle Del Sol-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.

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)

STATE OF NEW MEXICO
TOWN OF CARRIZOZO
NONMAJOR SPECIAL REVENUE FUNDS
Combining Balance Sheet
June 30, 2011

	Law Enforcement Fund	Correction Fund	Municipal Streets Fund
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and Cash Equivalents	\$ 19,067	\$ 47,870	\$ 34,392
Receivables			
Taxes	0	0	3,206
Total Assets	<u>\$ 19,067</u>	<u>\$ 47,870</u>	<u>\$ 37,598</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts Payable	\$ 1,257	\$ 35	\$ 2,316
Total Liabilities	<u>1,257</u>	<u>35</u>	<u>2,316</u>
Fund Balance			
Restricted-Reported In			
Special Revenue	17,810	47,835	35,282
Total Fund Balance	<u>17,810</u>	<u>47,835</u>	<u>35,282</u>
Total Liabilities and Fund Balance	<u>\$ 19,067</u>	<u>\$ 47,870</u>	<u>\$ 37,598</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, 2011

	Valle Del Sol Infrastructure Fund	Lodgers Tax Fund	Total
ASSETS			
Cash and Cash Equivalents	\$ 35,231	\$ 13,504	\$ 150,064
Receivables			
Taxes	0	582	3,788
Total Assets	<u>\$ 35,231</u>	<u>\$ 14,086</u>	<u>\$ 153,852</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts Payable	\$ 658	\$ 174	\$ 4,440
Total Liabilities	<u>658</u>	<u>174</u>	<u>4,440</u>
Fund Balance			
Restricted-Reported In			
Special Revenue	34,573	13,912	149,412
Total Fund Balance	<u>34,573</u>	<u>13,912</u>	<u>149,412</u>
Total Liabilities and Fund Balance	<u>\$ 35,231</u>	<u>\$ 14,086</u>	<u>\$ 153,852</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, 2011

	Law Enforcement Fund	Correction Fund	Municipal Streets Fund
Revenues			
Taxes			
Lodgers	\$ 0	\$ 0	\$ 0
Gasoline	0	0	36,605
License, Fees and Fines	0	13,688	0
State Grants	21,200	0	0
Assessments	0	0	0
Total Revenues	<u>21,200</u>	<u>13,688</u>	<u>36,605</u>
Expenditures			
Current			
Public Safety	1,650	8,351	0
Public Works	0	0	4,907
Culture & Recreation	0	0	0
Capital Outlay	21,333	0	6,888
Total Expenditures	<u>22,983</u>	<u>8,351</u>	<u>11,795</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,783)</u>	<u>5,337</u>	<u>24,810</u>
Other Financing Sources (Uses)			
Transfers In/Out	0	0	(20,000)
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>(20,000)</u>
Net Change in Fund Balance	(1,783)	5,337	4,810
Fund Balances at Beginning of Year	<u>19,593</u>	<u>42,498</u>	<u>30,472</u>
Fund Balance End of Year	<u>\$ 17,810</u>	<u>\$ 47,835</u>	<u>\$ 35,282</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, 2011

	Valle Del Sol Infrastructure Fund	Lodgers Tax Fund	Total
Revenues			
Taxes			
Lodgers	\$ 0	\$ 6,765	\$ 6,765
Gasoline	0	0	36,605
License, Fees and Fines	0	0	13,688
State Grants	0	0	21,200
Assessments	27,450	0	27,450
Total Revenues	<u>27,450</u>	<u>6,765</u>	<u>105,708</u>
Expenditures			
Current			
Public Safety	0	0	10,001
Public Works	10,819	0	15,726
Culture & Recreation	0	5,788	5,788
Capital Outlay	0	0	28,221
Total Expenditures	<u>10,819</u>	<u>5,788</u>	<u>59,736</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>16,631</u>	<u>977</u>	<u>45,972</u>
Other Financing Sources (Uses)			
Transfers In/Out	0	0	(20,000)
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>(20,000)</u>
Net Change in Fund Balance	16,631	977	25,972
Fund Balances at Beginning of Year	<u>17,942</u>	<u>12,935</u>	<u>123,440</u>
Fund Balance End of Year	<u>\$ 34,573</u>	<u>\$ 13,912</u>	<u>\$ 149,412</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, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 21,500	\$ 21,500	\$ 21,200	\$ (300)
Total Revenues	<u>21,500</u>	<u>21,500</u>	<u>21,200</u>	<u>(300)</u>
Expenditures				
Public Safety				
Operating	6,000	6,000	393	5,607
Capital Outlay	35,000	35,000	21,333	13,667
Total Expenditures	<u>41,000</u>	<u>41,000</u>	<u>21,726</u>	<u>19,274</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(19,500)</u>	<u>(19,500)</u>	<u>(526)</u>	<u>18,974</u>
Cash Balance Beginning of Year	<u>19,593</u>	<u>19,593</u>	<u>19,593</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 93</u>	<u>\$ 93</u>	<u>\$ 19,067</u>	<u>\$ 18,974</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (526)	
Net Change in Accounts Payables			<u>(1,257)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u><u>(1,783)</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-CORRECTION FUND
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Non-GAAP-Budgetary Basis)
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Correction Fees	\$ 16,345	\$ 16,345	\$ 13,688	\$ (2,657)
Total Revenues	<u>16,345</u>	<u>16,345</u>	<u>13,688</u>	<u>(2,657)</u>
Expenditures				
Public Safety				
Fees	9,750	9,750	7,481	2,269
Judicial Education	<u>1,000</u>	<u>1,000</u>	<u>835</u>	<u>165</u>
Total Expenditures	<u>10,750</u>	<u>10,750</u>	<u>8,316</u>	<u>2,434</u>
Excess (Deficiency) of Revenues Over Expenditures	5,595	5,595	5,372	(223)
Cash Balance Beginning of Year	<u>42,498</u>	<u>42,498</u>	<u>42,498</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 48,093</u>	<u>\$ 48,093</u>	<u>\$ 47,870</u>	<u>\$ (223)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 5,372	
Net Change in Accounts Payables			<u>(35)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 5,337</u>	

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

STATE OF NEW MEXICO
TOWN OF CARRIZOZO
SPECIAL REVENUE FUND-MUNICIPAL STREETS FUND
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Non-GAAP-Budgetary Basis)
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Gas Tax	\$ 42,000	\$ 42,000	\$ 36,597	\$ (5,403)
Total Revenues	<u>42,000</u>	<u>42,000</u>	<u>36,597</u>	<u>(5,403)</u>
Expenditures				
Public Works				
Operating Expense	25,000	25,000	4,194	20,806
Capital Outlay	13,000	13,000	6,887	6,113
Total Expenditures	<u>38,000</u>	<u>38,000</u>	<u>11,081</u>	<u>26,919</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>4,000</u>	<u>4,000</u>	<u>25,516</u>	<u>21,516</u>
Other Financing Sources (Uses)				
Transfers In/Out	<u>0</u>	<u>0</u>	<u>(20,000)</u>	<u>20,000</u>
Total Other Sources (Uses)	<u>0</u>	<u>0</u>	<u>(20,000)</u>	<u>20,000</u>
Net Change in Cash Balance	4,000	4,000	5,516	1,516
Cash Balance Beginning of Year	<u>28,876</u>	<u>28,876</u>	<u>28,876</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 32,876</u>	<u>\$ 32,876</u>	<u>\$ 34,392</u>	<u>\$ 1,516</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net Change in Cash Balance			\$ 5,516	
Net Change in Taxes Receivable			(3,198)	
Net Change in Account Payables			(714)	
Net Change in Fund Balance			<u>\$ 1,604</u>	

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

STATE OF NEW MEXICO
TOWN OF CARRIZOZO
SPECIAL REVENUE FUND-VALLE DEL SOL-INFRASTRUCTURE FUND
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Non-GAAP-Budgetary Basis)
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Assessments	\$ 25,000	\$ 25,000	\$ 27,450	\$ 2,450
Total Revenues	<u>25,000</u>	<u>25,000</u>	<u>27,450</u>	<u>2,450</u>
Expenditures				
Public Works				
Operating Expense	13,000	13,000	10,161	2,839
Total Expenditures	<u>13,000</u>	<u>13,000</u>	<u>10,161</u>	<u>2,839</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>12,000</u>	<u>12,000</u>	<u>17,289</u>	<u>5,289</u>
Cash Balance Beginning of Year	<u>17,942</u>	<u>17,942</u>	<u>17,942</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 29,942</u>	<u>\$ 29,942</u>	<u>\$ 35,231</u>	<u>\$ 5,289</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 17,289	
Net Change in Account Payables			<u>(658)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 16,631</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, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Lodgers Tax	\$ 8,000	\$ 8,000	\$ 6,183	\$ (1,817)
Total Revenues	<u>8,000</u>	<u>8,000</u>	<u>6,183</u>	<u>(1,817)</u>
Expenditures				
Culture & Recreation				
Operating Expense	8,000	8,000	6,031	1,969
Total Expenditures	<u>8,000</u>	<u>8,000</u>	<u>6,031</u>	<u>1,969</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	152	152
Cash Balance Beginning of Year	<u>13,352</u>	<u>13,352</u>	<u>13,352</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 13,352</u>	<u>\$ 13,352</u>	<u>\$ 13,504</u>	<u>\$ 152</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 152	
Net Change in Accounts Payable			<u>243</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 395</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, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Sales & Service				
Water	\$ 234,808	\$ 234,808	\$ 229,666	\$ (5,142)
Sewer	211,000	211,000	143,410	(67,590)
Sanitation	111,568	111,568	102,485	(9,083)
Environmental Gross Receipt Tax	0	0	6,142	6,142
Total Revenues	<u>557,376</u>	<u>557,376</u>	<u>481,703</u>	<u>(75,673)</u>
Expenditures				
Water				
Personal Services	210,531	210,531	208,185	2,346
Operating Expenses	150,019	150,019	115,200	34,819
Capital Outlay	33,580	33,580	25,110	8,470
Sewer				
Personal Services	881	881	881	0
Debt Service				
Principal	0	0	4,770	(4,770)
Interest	0	0	17,506	(17,506)
Sanitation				
Contract Services	124,580	124,580	124,579	1
Total Expenditures	<u>519,591</u>	<u>519,591</u>	<u>496,231</u>	<u>23,359</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>37,785</u>	<u>37,785</u>	<u>(14,528)</u>	<u>(52,313)</u>
Other Financing Sources (Uses)				
Transfers In/(Out)	0	0	18,226	18,226
Total Other Sources (Uses)	<u>0</u>	<u>0</u>	<u>18,226</u>	<u>18,226</u>
Net Change in Cash Balance	37,785	37,785	3,698	(34,087)
Cash Balance Beginning of Year	<u>107,027</u>	<u>107,027</u>	<u>107,027</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 144,812</u>	<u>\$ 144,812</u>	<u>\$ 110,725</u>	<u>\$ (34,087)</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, 2011

Reconciliation of Budgetary Basis to GAAP Basis

Net Change in Cash Balance	\$	3,698
Principal Paid		4,770
Depreciation		(84,459)
Capital Outlay		25,111
Net Change in Accounts Receivable		12,736
Net Change in Taxes Receivable		57
Net Change in Inventories		101
Net Change in Accounts Payable		(2,289)
Net Change in Accrued Salaries		(346)
Net Change in Compensated Absences		687
Net Change in Accrued Interest		108
Net Change in Customer Deposits		<u>(3,755)</u>
Net Change in Net Assets-GAAP Basis	\$	<u><u>(43,581)</u></u>

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

AGENCY FUNDS

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, 2011

	Balance 06/30/10	Additions	Deletions	Balance 06/30/11
ASSETS				
Cash and Cash Equivalents	\$ 4,453	\$ 16,760	\$ 19,347	\$ 1,866
Total Assets	<u>\$ 4,453</u>	<u>\$ 16,760</u>	<u>\$ 19,347</u>	<u>\$ 1,866</u>
LIABILITIES				
Funds Held for				
Others	\$ 4,453	\$ 16,760	\$ 19,347	\$ 1,866
Total Liabilities	<u>\$ 4,453</u>	<u>\$ 16,760</u>	<u>\$ 19,347</u>	<u>\$ 1,866</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, the aggregate remaining fund information, the budgetary comparisons for the general fund, major special revenue fund, and the combining and individual funds and related budgetary comparisons presented as supplemental information of TOWN OF CARRIZOZO, (Town), as of and for the year ended June 30, 2011, and have issued our report thereon dated July 29, 2011. 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 auditing 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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses listed as 10-1, 10-3, 10-4 and 10-5.

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 our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are describe in the accompanying schedule of findings and responses as items 10-1, 10-3, 10-4, and 11-1.

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

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

July 29, 2011

STATE OF NEW MEXICO
TOWN OF CARRIZOZO
 Schedule of Findings and Responses
 For the Year Ended June 30, 2011

Prior Year Audit Findings		<u>Status</u>
10-1	SAS 115	Repeated
10-2	Late Audit Report	Resolved
10-3	State Unemployment Reporting	Repeated & Modified
10-4	Fringe Benefits not reported on W-2's.	Repeated
10-5	Customer Utility Deposits	Repeated & Modified

Current Year Audit Findings

10-1 SAS 115-Compliance and Internal Control-Material Weakness Condition

According to Statement on Auditing Standards 115 (SAS 115), which superseded SAS 112, identification by the auditor of a material misstatement of the financial statements under audit, in circumstances that indicate that the misstatement would not have been detected by the entity's internal control, is considered a material weakness.

Criteria

Auditing standards adopted in the United States of America in particular Statement on Auditing Standards (SAS) 115, paragraph 3 states the following: "Internal control is a process – effected by those charged with governance, management, and other personnel – designed to provide reasonable assurance about the achievement of the entity's objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with laws and regulations. Internal control over safeguarding of assets against unauthorized acquisition, use, or disposition may include control relating to financial reporting and operations objectives. Generally, controls that are relevant to an audit of financial statements are those that pertain to the entity's objective of reliable financial reporting." Appropriate internal control procedures over financial reporting include the ability to prepare financial statements in accordance with GAAP or at a minimum; management should have the ability to comprehend the requirements for financial reporting. Financial statements prepared in accordance with GAAP include all required statements of financial position, statements of changes in financial position, changes in cash flow, as applicable, and notes.

Cause

The Towns staff has not been trained on Governmental Accounting Standards and related procedures to prepare financial statements.

Effect

Since the Town's personnel lack the ability to prepare, and did not prepare, the financial statements, there is an increased risk that a misstatement of the Town's financial statements, that is more than inconsequential, will not be prevented or detected.

Recommendation

We understand the Town Council has to be mindful of the economic conditions facing the State of New Mexico and the Town when considering budget appropriations and charges to such appropriations; however, the Council should place proper financial resources in training the accounting staff. Such training at the minimum would include accounting courses that would instruct the staff of GAAP considerations in regards to government financial reporting. With that in mind, we recommend the Town staff receive the proper training in regards to financial reporting in accordance with GAAP.

Response

The Town will continue to rely on the auditor to prepare the financial statements.

10-3 State Unemployment not being filed out properly (Form 903A)

Condition

During our audit process we noticed that the last 2 quarters of 2010 the excess wages were not calculated correct.

Criteria

Quarterly reports for State Unemployment (SUTA Form 903A) were not being correctly completed by the employee responsible for preparing the reports.

Cause

The SUTA reports were calculated incorrectly. The reports were prepared by hand and not compared to the computer generated reports.

Effect

Inaccurate reporting to state agencies allows charges and amounts due to be incorrect. Employees will not be paid the correct benefits and the Town may overpay taxes due.

Recommendation

The Town must ensure that correct wages are being reported to the proper authorities to avoid the possibility of have to pay penalty and interest fees.

Response

The reports will be prepared correctly and reviewed by the Clerk before submission.

10-4 Fringe Benefits not reported on W-2's.

Condition

During our audit process we noticed that fringe benefits are not being reported on W-2's. The fringe benefits include 10 employees with cellphones and 2 employees who take vehicles home.

Criteria

IRS Employee Income Tax Compliance Issues, NMSA 2.2.2.10 H and Generally Accepted Government Auditing Standards (GAGAS) issued by the U. S. General Accounting Office required employee fringe benefits to be reported as wages.

Employee fringe benefits are presumed by the IRS to be income to the employee unless they are specifically excluded from income by the tax code. Any employee fringe benefits not excluded from income by the tax code must be reported on the employee's W-2. Examples of such fringe benefits could be: meal allowances paid to employees for meals away from home when overnight travel is not involved; discounted housing like school district teacherages, dues for membership in clubs organized for business, pleasure, recreation, or other social purpose (except Rotary & Kiwanis Club); cash and non-cash awards, and employee insurance benefits for dependents who do not meet the IRS definition of a "dependent." Personal use of a government agency vehicle is always taxable income to the employee unless the vehicle is a qualified non-personal use vehicle [Rev.1.274-5T(k)(3)] provided to the employee as a "working condition fringe benefit."

Cause

Management was unaware of the requirement to report fringe benefits on the employee's W-2.

Effect

The fringe benefits are required to be reported on the W-2s. This violation exposes the Town to penalties and employees are under paying their federal and state income tax.

Recommendation

We recommend that the Town adopt a policy to require that fringe benefits are included so that the

Response

We will include fringe benefits on all W-2s.

10-5 Customer Utility Deposits-Internal Control-Material Weakness**Condition**

During the testing of customer utility deposits at year-end, we discovered the following:

The Town has failed to complete the process of reconciling the customer utility deposit balance of \$47,786 with the individual customer utility deposit ledger pages.

Criteria

New Mexico State Statutes Section 6-6-3 provides that every local body shall keep all the books, records, and accounts in their respective offices in the form prescribed by the Local Government Division of the Department of Finance and Administration. Within Title 2, Chapter 20, Part 5, Public Finance Accounting by Governmental Entities of the New Mexico Administrative Code, the Department of Finance and Administration requires all accounting systems, including subsidiary systems, record transactions timely, completely, and accurately.

Cause

The Town failed to maintain the ledger book on a regular basis and reconcile them to the computers cash in bank reserved for customer deposits. Without maintaining the records, accounts which have been closed, deposit applied to or payment issued and new deposits were not recorded correctly.

Effect

The Town believes the balance on the financial statements for the customer deposits is reasonable, but may not be completely accurate. With an incorrect liability, the financial statements for the Joint Water, Sewer Fund & Solid Waste could have been reported incorrectly.

Recommendation

Records should be corrected based on daily logs and information and reconciled to the cash reserved for customer deposits.

Response

We are in the process of reconciling the customer deposits to the ledger book and the computer.

11-1 Fire Department Spending Public Monies-Compliance

Condition

During our audit process we noticed that the Fire Department is paying for Dish Network with public money. This started in October 2010 and as of June 30, 2011 they have spent a total of \$1,684.80.

Criteria

"The governing body shall: control the finances and property of the municipality; appropriate money for municipal purposes only; and; provide for payment of debts and expenses of the municipality." Section 3-37-2, NMSA 1978. The governing body is directed by statute to ensure appropriate oversight over the payment of the expenditures of the municipality by dividing the duties of the clerk and the finance officer and providing for appropriate reporting of revenues and expenses to the governing body.

Cause

Management has been unable to convince the volunteer firemen that these expenditures are not appropriate.

Effect

Procurement procedures are not being followed causing erroneous purchases and an overstatement of expenditures effecting the financial statements that are depended upon to make management decisions.

Recommendation

Management should ask the volunteer firemen to refund the Town for these inappropriate expenditures.

Response

We will that the recommendation into consideration.

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 July 29, 2011 in attendance was Dusty Voss-Trustee, Leann Weihbrecht-Town Clerk, and De'Aun Willoughby, CPA.