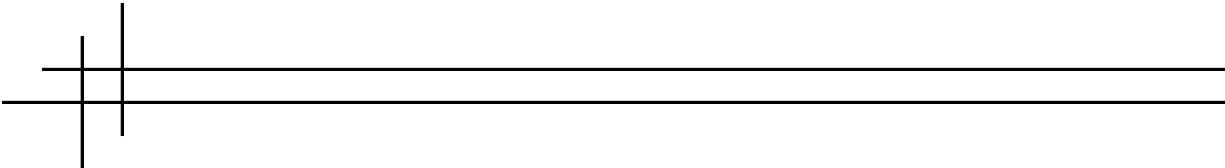


STATE OF NEW MEXICO  
**TOWN OF CARRIZOZO**

**ANNUAL FINANCIAL REPORT**  
June 30, 2013

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



STATE OF NEW MEXICO  
**TOWN OF CARRIZOZO**  
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 For the Year Ended June 30, 2013

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**TOWN OF CARRIZOZO**  
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STATE OF NEW MEXICO  
**TOWN OF CARRIZOZO**  
Official Roster  
June 30, 2013

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**BOARD OF TRUSTEES**

Wesley Lindsay	Mayor
Yovanne Lucero	Mayor Pro-Tem
Chris Ventura	Trustee
Jamie Gieb	Trustee
Ray Dean	Trustee

**ADMINISTRATIVE OFFICIAL**

Leann Weihbrecht	Clerk/Treasurer
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De'Aun Willoughby CPA, PC

Certified Public Accountant

225 Innsdale Terrace Clovis, NM 88101  
(855) 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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of Town of Carrizozo (Town), as of and for the year ended June 30, 2013, and the related notes to the financial statements 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 presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2013, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of June 30, 2013, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and major special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the Town as of June 30, 2013, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for all nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Matters

Management has omitted the Management's Discussion and Analysis which is required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Our audit was conducted for the purpose of forming opinions on the Town's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The schedule required by 2.2.2.NMAC is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule required by 2.2.2 NMAC is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the schedule required by 2.2.2 NMAC is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 6, 2013, 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 in considering the Town's internal control over financial reporting and compliance.

*De'Ann Willoughby CPA PC*

Clovis, New Mexico  
November 6, 2013

## **FINANCIAL SECTION**

STATE OF NEW MEXICO  
**TOWN OF CARRIZOZO**  
 Government-Wide Statement of Net Position  
 June 30, 2013

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current Assets			
Cash and Cash Equivalents	\$ 565,416	\$ 43,922	\$ 609,338
Receivables			
Accounts	0	74,433	74,433
Taxes	43,299	673	43,972
Due from Grantor	6,000	0	6,000
Total Current Assets	<u>614,715</u>	<u>119,028</u>	<u>733,743</u>
Noncurrent Assets			
Restricted Cash	55,518	51,915	107,433
Capital Assets	8,250,794	4,286,430	12,537,224
Less: Accumulated Depreciation	<u>(5,271,505)</u>	<u>(1,409,987)</u>	<u>(6,681,492)</u>
Total Noncurrent Assets	<u>3,034,807</u>	<u>2,928,358</u>	<u>5,963,165</u>
 Total Assets	 <u>3,649,522</u>	 <u>3,047,386</u>	 <u>6,696,908</u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable	11,034	15,221	26,255
Accrued Salaries & Benefits	9,357	6,068	15,425
Accrued Interest	0	8,648	8,648
Current Portion of Long-Term Debt	56,211	5,450	61,661
Total Current Liabilities	<u>76,602</u>	<u>35,387</u>	<u>111,989</u>
Noncurrent Liabilities			
Customer Deposits	0	51,915	51,915
Compensated Absences	11,978	3,621	15,599
Loans and Leases Payable	395,865	368,480	764,345
Total Noncurrent Liabilities	<u>407,843</u>	<u>424,016</u>	<u>831,859</u>
 Total Liabilities	 <u>484,445</u>	 <u>459,403</u>	 <u>943,848</u>
<b>NET POSITION</b>			
Invested in Net Capital Assets	2,582,731	2,502,513	5,085,244
Unrestricted	582,346	85,470	667,816
Total Net Position	<u>\$ 3,165,077</u>	<u>\$ 2,587,983</u>	<u>\$ 5,753,060</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, 2013

Functions/Programs	Expenses	Program Revenues			Net(Expenses) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants	Capital Grants	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>							
General Government	\$ 290,627	\$ 13,706	\$ 171,074	\$ 0	\$ (105,847)	\$ 0	(105,847)
Public Safety	341,529	36,982	174,622	0	(129,925)	0	(129,925)
Public Works	218,155	35,600	6,000	125,490	(51,065)	0	(51,065)
Culture & Recreation	76,052	0	0	0	(76,052)	0	(76,052)
Interest	10,527	0	0	0	(10,527)	0	(10,527)
<b>Total Governmental Activities</b>	<b>936,890</b>	<b>86,288</b>	<b>351,696</b>	<b>125,490</b>	<b>(373,416)</b>	<b>0</b>	<b>(373,416)</b>
<b>Business-type Activities</b>							
Water & Sewer	476,780	345,068	0	0	0	(131,712)	(131,712)
Sanitation	117,638	108,545	0	0	0	(9,093)	(9,093)
<b>Total Business-type Activities</b>	<b>\$ 594,418</b>	<b>\$ 453,613</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>0</b>	<b>(140,805)</b>	<b>(140,805)</b>
<b>General Revenues</b>							
<b>Taxes</b>							
Property					74,219	0	74,219
Franchise					30,877	0	30,877
Gross Receipts					333,748	7,172	340,920
Gasoline					35,215	0	35,215
Other					22,007	0	22,007
Interest Income					147	0	147
Miscellaneous					32,852	0	32,852
<b>Total General Revenues</b>					<b>529,065</b>	<b>7,172</b>	<b>536,237</b>
<b>Other Items</b>							
Transfers					(16,550)	16,550	0
<b>Change in Net Position</b>					<b>139,099</b>	<b>(117,083)</b>	<b>22,016</b>
<b>Net Position - beginning</b>					<b>3,025,978</b>	<b>2,705,066</b>	<b>5,731,044</b>
<b>Net Position - ending</b>					<b>\$ 3,165,077</b>	<b>\$ 2,587,983</b>	<b>\$ 5,753,060</b>

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, 2013

	General Fund	Special Revenue	
		Fire Fund	Streets Fund
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 308,647	\$ 96,377	\$ 13,981
Receivables (Net of Allowance for Uncollectible if Applicable)			
Taxes	40,319	0	2,556
Due from Grantors	6,000	0	0
Restricted Cash	12,487	43,031	0
<b>Total Assets</b>	<b>\$ 367,453</b>	<b>\$ 139,408</b>	<b>\$ 16,537</b>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts Payable	\$ 7,213	\$ 1,131	\$ 0
Accrued Salaries Payable	9,357	0	0
<b>Total Liabilities</b>	<b>16,570</b>	<b>1,131</b>	<b>0</b>
<b>Fund Balances</b>			
Restricted-Reported In Special Revenue Fund	0	138,277	16,537
Unassigned-Reported In General Fund	350,883	0	0
<b>Total Fund Balances</b>	<b>350,883</b>	<b>138,277</b>	<b>16,537</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 367,453</b>	<b>\$ 139,408</b>	<b>\$ 16,537</b>

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, 2013

	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 146,411	\$ 565,416
Receivables (Net of Allowance for Uncollectible if Applicable)		
Taxes	424	43,299
Due from Grantors	0	6,000
Restricted Cash	0	55,518
Total Assets	\$ 146,835	\$ 670,233
 <b>LIABILITIES AND FUND BALANCE</b>		
Liabilities		
Current Liabilities		
Accounts Payable	\$ 2,690	\$ 11,034
Accrued Salaries Payable	0	9,357
Total Liabilities	2,690	20,391
 Fund Balances		
Restricted-Reported In Special Revenue Fund	144,145	298,959
Unassigned-Reported In General Fund	0	350,883
Total Fund Balances	144,145	649,842
Total Liabilities and Fund Balances	\$ 146,835	\$ 670,233

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 Position  
 June 30, 2013

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Total Fund Balance - Governmental Funds \$ 649,842

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

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

The cost of capital assets	\$ 8,250,794	
Accumulated depreciation is	<u>(5,271,505)</u>	2,979,289

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	(452,076)
---------------	-----------

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

	<u>(11,978)</u>
--	-----------------

Total Net Position - Governmental Activities	\$ <u><u>3,165,077</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, 2013

	General Fund	Special Revenue	
		Fire Fund	Streets Fund
<b>Revenues</b>			
Taxes			
Property	\$ 74,219	\$ 0	\$ 0
Franchise	30,877	0	0
Gross Receipts	333,748	0	0
Gasoline	0	0	35,215
Other	14,367	0	0
Charges for Services	13,706	0	0
License, Fees and Fines	21,878	0	0
State Grants	6,000	145,422	125,490
Small Cities Assistance	171,074	0	0
County Subsidy	8,000	0	0
Interest Income	147	0	0
Assessments	0	0	0
Miscellaneous	32,196	656	0
<b>Total Revenues</b>	<b>706,212</b>	<b>146,078</b>	<b>160,705</b>
<b>Expenditures</b>			
Current			
General Government	279,619	0	0
Public Safety	239,281	29,772	0
Public Works	47,462	0	24,968
Culture and Recreation	43,811	0	0
Capital Outlay	6,545	0	170,120
Debt Service			
Principal	29,472	104,318	0
Interest	1,954	8,573	0
<b>Total Expenditures</b>	<b>648,144</b>	<b>142,663</b>	<b>195,088</b>
Excess (Deficiency) of Revenues Over Expenditures	58,068	3,415	(34,383)
Other Financing Sources (Uses)			
Transfers	0	0	0
<b>Total Other Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>
Net Change in Fund Balance	58,068	3,415	(34,383)
Fund Balance at Beginning of year	292,815	134,862	50,920
Fund Balance End of Year	\$ 350,883	\$ 138,277	\$ 16,537

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, 2013

	Non-Major Governmental Funds	Total Governmental Funds
Revenues		
Taxes		
Property	\$ 0	\$ 74,219
Franchise	0	30,877
Gross Receipts	0	333,748
Gasoline	0	35,215
Other	7,640	22,007
Charges for Services	0	13,706
License, Fees and Fines	15,104	36,982
State Grants	21,200	298,112
Small Cities Assistance	0	171,074
County Subsidy	0	8,000
Interest Income	0	147
Assessments	35,600	35,600
Miscellaneous	0	32,852
Total Revenues	<u>79,544</u>	<u>1,092,539</u>
Expenditures		
Current		
General Government	0	279,619
Public Safety	17,696	286,749
Public Works	12,703	85,133
Culture and Recreation	10,328	54,139
Capital Outlay	15,905	192,570
Debt Service		
Principal	0	133,790
Interest	0	10,527
Total Expenditures	<u>56,632</u>	<u>1,042,527</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>22,912</u>	<u>50,012</u>
Other Financing Sources (Uses)		
Transfers	<u>(16,550)</u>	<u>(16,550)</u>
Total Other Sources (Uses)	<u>(16,550)</u>	<u>(16,550)</u>
Net Change in Fund Balance	6,362	33,462
Fund Balance at Beginning of year	<u>137,783</u>	<u>616,380</u>
Fund Balance End of Year	<u>\$ 144,145</u>	<u>\$ 649,842</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, 2013

---

Net Change in Fund Balance \$ 33,462

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 Position 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	\$	(217,168)	
Capital Outlays		<u>192,570</u>	(24,598)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 133,790

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, 2012		8,423	
Compensated Absences, June 30, 2013		<u>(11,978)</u>	<u>(3,555)</u>

Changes in Net Position of Governmental Activities \$ 139,099

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, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Taxes				
Property	\$ 82,539	\$ 82,539	\$ 74,219	\$ (8,320)
Franchise	33,000	33,000	26,123	(6,877)
Gross Receipts	295,000	295,000	324,792	29,792
Motor Vehicle	8,000	8,000	14,367	6,367
Charges for Services	53,600	53,600	35,584	(18,016)
State Grants	182,505	182,505	179,074	(3,431)
Interest	100	100	147	47
Miscellaneous	11,600	31,367	32,195	828
Total Revenues	<u>666,344</u>	<u>686,111</u>	<u>686,501</u>	<u>390</u>
<b>Expenditures</b>				
Executive				
Personnel Services	7,200	7,200	7,570	(370)
Benefits	568	568	568	0
Operating Expense	9,700	9,787	4,048	5,739
Total Executive	<u>17,468</u>	<u>17,555</u>	<u>12,186</u>	<u>5,369</u>
Judicial				
Personnel Services	13,640	13,640	13,572	68
Benefits	19,361	19,361	17,632	1,729
Operating Expense	15,800	16,208	13,652	2,556
Total Judicial	<u>48,801</u>	<u>49,209</u>	<u>44,856</u>	<u>4,353</u>
Financial				
Personnel Services	74,424	74,424	73,492	932
Benefits	25,475	25,475	24,990	485
Operating Expense	78,545	81,625	77,399	4,226
Capital Outlay	29,006	29,006	0	29,006
Debt Service				
Principal	0	0	29,472	(29,472)
Interest	0	0	1,954	(1,954)
Total Financial	<u>207,450</u>	<u>210,530</u>	<u>207,307</u>	<u>3,223</u>
Profession Services				
Legal Fees	19,688	19,688	44,688	(25,000)
Audit Fees	11,000	11,000	0	11,000
Total Profession Services	<u>\$ 30,688</u>	<u>\$ 30,688</u>	<u>\$ 44,688</u>	<u>\$ (14,000)</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, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Favorable (Unfavorable)
	Original	Final		
Police				
Personnel Services	\$ 147,952	\$ 147,952	\$ 136,693	\$ 11,259
Benefits	79,161	79,161	63,064	16,097
Operating Expense	29,276	29,276	40,231	(10,955)
Capital Outlay	0	0	6,545	(6,545)
Total Police	<u>256,389</u>	<u>256,389</u>	<u>246,533</u>	<u>9,856</u>
State Forestry Fires				
Operating Expense	<u>7,000</u>	<u>7,000</u>	<u>300</u>	<u>6,700</u>
Total State Forestry Fires	<u>7,000</u>	<u>7,000</u>	<u>300</u>	<u>6,700</u>
Highway & Streets				
Operating Expense	<u>17,000</u>	<u>20,738</u>	<u>20,738</u>	<u>0</u>
Total Highway & Streets	<u>17,000</u>	<u>20,738</u>	<u>20,738</u>	<u>0</u>
Airport				
Operating Expense	<u>8,500</u>	<u>10,717</u>	<u>26,552</u>	<u>(15,835)</u>
Total Airport	<u>8,500</u>	<u>10,717</u>	<u>26,552</u>	<u>(15,835)</u>
Cemetery				
Operating Expense	<u>900</u>	<u>900</u>	<u>125</u>	<u>775</u>
Total Cemetery	<u>900</u>	<u>900</u>	<u>125</u>	<u>775</u>
Parks and Recreation				
Personnel Services	11,340	11,340	9,022	2,318
Benefits	723	723	690	33
Operating Expense	<u>7,140</u>	<u>15,140</u>	<u>21,649</u>	<u>(6,509)</u>
Total Parks and Recreation	<u>19,203</u>	<u>27,203</u>	<u>31,361</u>	<u>(4,158)</u>
Veteran's Memorial Park				
Operating Expense	<u>776</u>	<u>776</u>	<u>776</u>	<u>0</u>
Total Veteran's Memorial Park	<u>776</u>	<u>776</u>	<u>776</u>	<u>0</u>
Golf Course				
Operating Expense	<u>19,421</u>	<u>19,421</u>	<u>15,333</u>	<u>4,088</u>
Total Golf Course	<u>19,421</u>	<u>19,421</u>	<u>15,333</u>	<u>4,088</u>
Total Expenditures	<u>633,596</u>	<u>651,126</u>	<u>650,755</u>	<u>371</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ 32,748	\$ 34,985	\$ 35,746	\$ 761

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, 2013

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	<u>Budgeted Amounts</u>		<u>Actual (Budgetary Basis)</u>	<u>Variances Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Cash Balance Beginning of Year	\$ <u>285,388</u>	\$ <u>285,388</u>	\$ <u>285,388</u>	\$ <u>0</u>
Cash Balance End of Year	\$ <u><u>318,136</u></u>	\$ <u><u>320,373</u></u>	\$ <u><u>321,134</u></u>	\$ <u><u>761</u></u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 35,746	
Net Change in Taxes Receivable			13,711	
Net Change in Due from Grantor			6,000	
Net Change in Accounts Payable			(913)	
Net Change in Salaries & Benefits			<u>3,524</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u><u>58,068</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-FIRE FUND  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Non-GAAP-Budgetary Basis)  
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
State Grant	\$ 145,422	\$ 145,422	\$ 145,422	\$ 0
Interest	0	0	656	656
Total Revenues	<u>145,422</u>	<u>145,422</u>	<u>146,078</u>	<u>656</u>
<b>Expenditures</b>				
<b>Public Safety</b>				
Operating	74,000	75,000	29,307	45,693
Capital Outlay	65,000	65,000	0	65,000
Debt Service				
Principal	104,320	104,320	104,318	2
Interest	8,575	8,575	8,572	3
Total Expenditures	<u>251,895</u>	<u>252,895</u>	<u>142,197</u>	<u>110,698</u>
Excess (Deficiency) of Revenues Over Expenditures	(106,473)	(107,473)	3,881	111,354
Cash Balance Beginning of Year	<u>135,527</u>	<u>135,527</u>	<u>135,527</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 29,054</u>	<u>\$ 28,054</u>	<u>\$ 139,408</u>	<u>\$ 111,354</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 3,881	
Net Change in Account Payable			<u>(466)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 3,415</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, 2013

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	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variances Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
Revenues				
Gas Tax	\$ 37,000	\$ 37,000	\$ 35,113	\$ (1,887)
State Grant	125,490	125,490	125,490	0
Total Revenues	<u>162,490</u>	<u>162,490</u>	<u>160,603</u>	<u>(1,887)</u>
Expenditures				
Public Works				
Operating Expense	21,334	21,334	24,968	(3,634)
Capital Outlay	178,721	178,721	170,120	8,601
Total Expenditures	<u>200,055</u>	<u>200,055</u>	<u>195,088</u>	<u>4,967</u>
Excess (Deficiency) of Revenues Over Expenditures	(37,565)	(37,565)	(34,485)	3,080
Cash Balance Beginning of Year	<u>48,466</u>	<u>48,466</u>	<u>48,466</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 10,901</u>	<u>\$ 10,901</u>	<u>\$ 13,981</u>	<u>\$ 3,080</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net Change in Cash Balance			\$ (34,485)	
Net Change in Taxes Receivable			102	
Net Change in Fund Balance			<u>\$ (34,383)</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 Position  
 June 30, 2013

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ASSETS

Current Assets

Cash and Cash Equivalents	\$ 43,922
Receivables (net of allowance for uncollectible accounts)	
Accounts	74,433
Taxes	673
Total Current Assets	<u>119,028</u>

Noncurrent Assets

Restricted Cash	51,915
Capital Assets	4,286,430
Less Accumulated Depreciation	<u>(1,409,987)</u>
Total Noncurrent Assets	<u>2,928,358</u>

Total Assets	<u>3,047,386</u>
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LIABILITIES

Current Liabilities

Accounts Payable	15,221
Accrued Salaries & Benefits	6,068
Accrued Interest	8,648
Current Portion of Bonds Payable	<u>5,450</u>
Total Current Liabilities	<u>35,387</u>

Noncurrent Liabilities

Customer Deposits	51,915
Accrued Compensated Absences	3,621
Revenue Bonds	<u>368,480</u>
Total Noncurrent Liabilities	<u>424,016</u>

Total Liabilities	<u>459,403</u>
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NET POSITION

Invested in Net Capital Assets	2,554,428
Unrestricted	33,555
Total Net Position	<u>\$ 2,587,983</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 Revenue, Expenses and Changes in Fund Net Position  
 For the Year Ended June 30, 2013

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Operating Revenues	
Sales & Service	\$ 453,613
Total Operating Revenues	<u>453,613</u>
Operating Expenses	
Salaries & Benefits	163,368
Operating	175,623
Contract Services	152,534
Bad Debts	1,348
Depreciation	84,366
Total Operating Expenses	<u>577,239</u>
Operating Income (Loss)	<u>(123,626)</u>
Nonoperating Revenue (Expenses)	
Environmental Taxes	7,172
Transfer In	16,550
Interest Expense	<u>(17,179)</u>
Total Nonoperating Revenue (Expense)	<u>6,543</u>
Change in Net Position	(117,083)
Total Net Position - Beginning	<u>2,705,066</u>
Total Net Position - Ending	<u>\$ 2,587,983</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, 2013

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Cash Flows from Operating Activities	
Cash Received From Customers	\$ 461,177
Cash Paid to Suppliers and Employees	(494,060)
Net Cash Provided by Operating Activities	<u>(32,883)</u>
Cash Flows from Noncapital Financing Activities	
Environmental Gross Receipt Taxes	7,172
Transfer In	16,550
Net Cash Provided by Noncapital Financing Activities	<u>23,722</u>
Cash Flows from Capital & Related Financing Activities	
Acquisition and Construction of Capital Assets	(25,179)
Principal Paid	(5,210)
Interest Paid	(17,179)
Net Cash Provided by Capital & Related Financing Activities	<u>(47,568)</u>
Net Increase (Decrease) in Cash	(56,729)
Cash, Beginning of Year	<u>152,566</u>
Cash, End of Year	<u>\$ 95,837</u>
Cash and Cash Equivalents	\$ 43,922
Restricted Cash	51,915
Total Cash	<u>\$ 95,837</u>
Reconciliation of Net Income to Net Cash Provided by Operating Activities	
Operating Income (Loss)	\$ (123,626)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities	
Depreciation	84,366
Change in Assets and Liabilities	
(Increase) Decrease in Accounts Receivable	(614)
(Increase) Decrease in Taxes Receivable	(195)
Increase (Decrease) in Accounts Payable	8,566
Increase (Decrease) in Accrued Salaries & Benefits	(669)
Increase (Decrease) in Accrued Interest	117
Increase (Decrease) in Customer Deposits	(3,378)
Increase (Decrease) in Compensated Absences	2,550
Net Cash Provided by Operating Activities	<u>\$ (32,883)</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. 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 Position and the Statement of Changes in Net Position) 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 Assets and Liabilities 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 Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, deferred outflow of resources, liabilities and deferred inflow of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, deferred outflow of resources, liabilities and deferred inflow of resources resulting from nonexchange transactions are recognized in accordance with the requirement of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions."

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.

***Fund Financial Statements (FFS)***

**Governmental Funds**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "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 pay liabilities of the current period. The government considers all revenues available if they are collected within 30 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Any effect of interfund activity has been eliminated from the government-wide financial statements.

**Revenues**

**Taxes**. Ad valorem taxes are susceptible to full accrual on the government wide financial statements. Property Tax revenues recognize revenues net of estimated refunds and uncollectible accounts in the period for which the taxes are levied.

**Grants**. Government mandated nonexchange transaction and voluntary nonexchange transactions. Recipients should recognize revenues in the period when all applicable eligibility requirements have been met and the resources are available.

Revenue Recognition for Grants.

Eligibility requirements for government-mandated and voluntary nonexchange transaction comprise one or more of the following:

1. Required characteristics of recipients. The recipient has the characteristics specified by the provider.
2. Time requirements. Time requirements specified by enabling legislation or the provider have been met (period when the resources are required to be used).
3. Reimbursements. The provider offers resources on a reimbursement ("expenditure-driven") basis and the recipient has incurred allowable costs under the applicable program.
4. Contingencies. The provider's offer of resources is contingent upon a specified action of the recipient and that action has occurred (the recipient has raised the matching funds).

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid (or any other types, such as capital lease transactions, sale of fixed assets, debt extinguishments, long-term debt proceeds, etc.) are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

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)

**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.

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 Position.

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.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities. Expenditures in the fund financial statements are classified by character and proprietary fund by operating and non-operating.

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 Position

Net position represent the difference between assets and liabilities. Net position 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 Position is 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 position 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).

STATE OF NEW MEXICO  
**TOWN OF CARRIZOZO**  
Notes to the Financial Statements  
June 30, 2013

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 6/30/13	Reconciled Balance	<u>Type</u>
Water Dept./Utility	\$ 537,397	\$ 470,492	Checking Interest Bearing
TOTAL Deposited	537,397	\$ 470,492	
Less: FDIC Coverage	(250,000)		
Uninsured Amount	287,397		
50% collateral requirement	143,699		
Pledged securities	301,904		
Over (Under) requirement	\$ 158,206		

The following securities are pledged:

<u>Description</u>	<u>CUSIP #</u>	<u>Market Value</u>	<u>Maturity Date</u>	<u>Location</u>
FN AH7905	3138A9YB4	\$ 84,673	07/01/2041	Bank of NY Melon
FN A18345	3138ANHX4	11,163	08/01/2041	Bank of NY Melon
FN AQ9991	3138MSC56	14,457	02/01/2043	Bank of NY Melon
FN AR9199	3138W7GH1	24,261	03/01/2043	Bank of NY Melon
FN AT2722	3138WQAY8	14,642	05/01/2043	Bank of NY Melon
FN AB7819	31417EVM0	120,566	02/01/2043	Bank of NY Melon
FN AD8529	31418WPP9	6,598	08/01/2040	Bank of NY Melon
FN AE0215	31419AGZ4	2,553	12/01/2039	Bank of NY Melon
FN AE0385	31419ANB9	22,991	09/01/2040	Bank of NY Melon
		\$ 301,904		

**City Bank**

<u>Name of Account</u>	Balance Per Bank 6/30/13	Reconciled Balance	<u>Type</u>
General Fund	\$ 11,191	\$ 11,191	Checking Interest Bearing
General Fund	15,644	15,644	Checking Interest Bearing
Veterans Memorial Park	751	751	Checking Non-Interest Bearing
Town of Carrizozo	23,027	23,027	Checking Non-Interest Bearing
CDBG	50	50	Checking Non-Interest Bearing
TOTAL Deposited	50,663	\$ 50,663	
Less: FDIC Coverage	(50,663)		
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, 2013

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<b>First Savings Bank</b>	Balance Per Bank 6/30/12	Reconciled Balance	Type
<u>Name of Account</u>			
Operating Account	\$ 140,099	\$ 140,099	Checking Interest Bearing
TOTAL Deposited	140,099	<u>140,099</u>	
Less: FDIC Coverage	(140,099)		
Uninsured Amount	0		
50% collateral requirement	0		
Pledged securities	0		
Over (Under) requirement	\$ 0		

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

<b>Bank of America</b>	Balance Per Bank 6/30/13	Reconciled Balance	Type
<u>Name of Account</u>			
Fire Pumper Truck-IV PP-2164	\$ 28,470	\$ 28,470	Savings
Construct Town Hall-KMD PP-1758	12,487	12,487	Savings
New Service Truck Fire Depart-DC/CM RPL-2559	14,560	14,560	Savings
TOTAL Deposited	<u>\$ 55,517</u>	<u>\$ 55,517</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	\$ 496,279
Collateralized:	
Collateral held by the pledging bank in Town's name	287,397
Uninsured and uncollateralized	0
Total Deposits	<u>\$ 783,676</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, 2013 none of the Town's bank balance of \$783,676 was exposed to custodial credit risk.

**NOTE D: RESTRICTED CASH**

There was \$12,487 in restricted cash in the General Fund and \$43,030 in the Fire Fund 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 \$51,915.



STATE OF NEW MEXICO  
**TOWN OF CARRIZOZO**  
Notes to the Financial Statements  
June 30, 2013

**NOTE E: CAPITAL ASSETS**

Capital Assets Balances and Activity for the Year Ended June 30, 2013, is as follows:

	Balance 6/30/12	Increases	Adjustments	Balance 6/30/13
<b>Governmental Activities</b>				
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				
Infrastructure	3,382,145	43,630	0	3,425,775
Buildings & Improvements	3,609,160	0	0	3,609,160
Equipment	939,817	148,940	0	1,088,757
Total Capital Assets, being Depreciated	<u>7,931,122</u>	<u>192,570</u>	<u>0</u>	<u>8,123,692</u>
Total Capital Assets	<u>\$ 8,058,224</u>	<u>\$ 192,570</u>	<u>\$ 0</u>	<u>\$ 8,250,794</u>
<b>Less Accumulated Depreciation</b>				
Infrastructure	\$ 2,819,467	\$ 118,585	\$ 0	\$ 2,938,052
Buildings & Improvements	1,957,207	41,729	0	1,998,936
Equipment	277,663	56,854	0	334,517
Total Accumulated Depreciation	<u>5,054,337</u>	<u>217,168</u>	<u>0</u>	<u>5,271,505</u>
Capital Assets, net	<u>\$ 3,003,887</u>	<u>\$ (24,598)</u>	<u>\$ 0</u>	<u>\$ 2,979,289</u>
Depreciation expense was charged to governmental activities as follows:				
General			\$ 10,000	
Public Safety			52,233	
Public Works			133,022	
Culture & Recreation			21,913	
Total depreciation expenses			<u>\$ 217,168</u>	
<b>Business-Type Activities</b>				
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	4,150,746	25,179	0	4,175,925
Equipment	102,505	0	0	102,505
Total Capital Assets at Historical Cost	<u>4,261,251</u>	<u>25,179</u>	<u>0</u>	<u>4,286,430</u>
<b>Less Accumulated Depreciation</b>				
Utility System	1,239,925	80,510	0	1,320,435
Equipment	85,696	3,856	0	89,552
Total Accumulated Depreciation	<u>1,325,621</u>	<u>84,366</u>	<u>0</u>	<u>1,409,987</u>
Capital Assets, net	<u>\$ 2,935,630</u>	<u>\$ (59,187)</u>	<u>\$ 0</u>	<u>\$ 2,876,443</u>

STATE OF NEW MEXICO  
**TOWN OF CARRIZOZO**  
Notes to the Financial Statements  
June 30, 2013

**NOTE F: LONG TERM DEBT**

Notes Payable

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

	Balance 6/30/12	Additions	Reductions	Balance 6/30/13	Amounts Due Within One Year
<b>Governmental Activities</b>					
Notes Payable					
NMFA-Town Hall	\$ 103,713	\$ 0	\$ 7,859	\$ 95,854	\$ 7,878
NMFA-Fire Truck	204,718	0	8,509	196,209	8,614
NMFA-Fire Truck	176,310	0	27,707	148,603	28,309
NMFA-Fire Truck	68,102	0	68,102	0	0
Total Notes Payable	<u>\$ 552,843</u>	<u>\$ 0</u>	<u>\$ 112,177</u>	<u>\$ 440,666</u>	<u>\$ 44,801</u>
Other Liabilities					
Compensated Absences					
	\$ 8,423	\$ 9,750	\$ 6,195	\$ 11,978	\$ 0
Total Other Liabilities	<u>8,423</u>	<u>9,750</u>	<u>6,195</u>	<u>11,978</u>	<u>0</u>
Long-Term Liabilities	<u>\$ 561,266</u>	<u>\$ 9,750</u>	<u>\$ 118,372</u>	<u>\$ 452,644</u>	<u>\$ 44,801</u>

Description	Maturity	Annual Payments	Interest Rate	Balance
NMFA-Town Hall	2025	\$ 8,117	3-4%	95,854
NMFA-Fire Truck	2021	\$ 12,979	3-4%	\$ 196,209
NMFA-Fire Truck	2017	31,767	2%	148,603
NMFA-Fire Truck	2019	9,985	0%	68,102
				<u>\$ 508,768</u>

The annual requirements to amortize the loans as of June 30, 2012, including interest payments are as follows:

	Principal	Interest	Total
2014	\$ 54,423	\$ 8,040	\$ 62,463
2015	55,270	7,194	62,464
2016	56,216	6,247	62,463
2017	57,262	5,202	62,464
2018	48,582	3,898	52,480
2019-2023	191,515	4,265	195,780
2024-2025	8,098	20	8,118
	<u>\$ 471,366</u>	<u>\$ 34,866</u>	<u>\$ 506,232</u>

STATE OF NEW MEXICO  
**TOWN OF CARRIZOZO**  
Notes to the Financial Statements  
June 30, 2013

**Business-Type Activities**

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

	Balance 6/30/12	Additions	Reductions	Balance 6/30/13	Amounts Due Within One Year
USDA Bonds	\$ 379,140	\$ 0	\$ 5,210	\$ 373,930	\$ 5,450
Other Liabilities					
Compensated					
Absences	6,999	4,120	7,498	3,621	0
Total Other					
Liabilities	6,999	4,120	7,498	3,621	0
Long-Term					
Liabilities	\$ 386,139	\$ 4,120	\$ 12,708	\$ 377,551	\$ 5,450

Description	Maturity	Annual Payments	Interest Rate	Balance
USDA Bonds	2044	\$ 22,273	4.50%	\$ 373,930

The annual requirements to amortize the loans as of June 30, 2012, including interest payments are as follows:

	Principal	Interest	Total
2014	\$ 5,450	\$ 16,827	\$ 22,277
2015	5,690	16,582	22,272
2016	5,950	16,326	22,276
2017	6,220	16,058	22,278
2018	6,500	1,578	8,078
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
2044-2045	41,550	2,821	44,371
	\$ 373,930	\$ 324,490	\$ 542,671

**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.

STATE OF NEW MEXICO  
**TOWN OF CARRIZOZO**  
Notes to the Financial Statements  
June 30, 2013

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

	Balance 6/30/12	Additions	Reductions	Balance 6/30/13	Amounts Due Within One Year
	\$ 33,023	\$ 0	\$ 21,613	\$ 11,410	\$ 11,410
Schedule of Payments			2014	\$ 11,654	
		Total Lease Payments		11,654	
		Less Imputed Interest		(244)	
				\$ 11,410	

**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 municipality'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 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 <http://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 the plan members and the municipality are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The municipality's contributions to PERA for the fiscal years ending June 30, 2013, 2012 and 2011 were \$18,652, \$18,318, and \$12,415, respectively, which equal the amount of the required 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 RECEIVABLES, PAYABLES, AND TRANSFERS**

Transfer from		Transfer to	
Valle Del Sol	\$ 16,500	Utilities	\$ 16,500
	<u>\$ 16,500</u>		<u>\$ 16,500</u>

Transfers are made from the sub-division, Valle Del Sol to the utility fund as more houses are added to the utility system. Costs are financed by assessments to the residence of the sub-division.

**NOTE K: RECEIVABLES**

Receivables as of June 30, 2013, were as follows:

	General	Gas Tax	Older Americans	Non-Major Funds
Franchise Taxes	\$ 11,382	\$ 0	\$ 0	\$ 0
Gross Receipts Taxes	53,117	3,160	0	0
Property Taxes	11,519	0	0	0
Gasoline Taxes	0	2,121	0	0
Other Taxes	3,394	0	0	0
Due from Grantor	0	0	14,694	0
	<u>\$ 79,412</u>	<u>\$ 5,281</u>	<u>\$ 14,694</u>	<u>\$ 0</u>

All receivable balances are expected to be collected within one year.

**NOTE L: 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 M: 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 \$7,172) 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.

**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)

**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, 2013

	Law Enforcement Fund	Correction Fund	Lodgers Tax Fund
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 296	\$ 64,278	\$ 11,569
Receivables			
Taxes	0	0	424
Total Assets	<u>\$ 296</u>	<u>\$ 64,278</u>	<u>\$ 11,993</u>
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 21
Total Liabilities	<u>0</u>	<u>0</u>	<u>21</u>
Fund Balance			
Restricted-Reported In			
Special Revenue	<u>296</u>	<u>64,278</u>	<u>11,972</u>
Total Fund Balance	<u>296</u>	<u>64,278</u>	<u>11,972</u>
Total Liabilities and Fund Balance	<u>\$ 296</u>	<u>\$ 64,278</u>	<u>\$ 11,993</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, 2013

	Valle Del Sol Infrastructure Fund	Total
	<u>          </u>	<u>          </u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 70,268	\$ 146,411
Receivables		
Taxes	0	424
Total Assets	<u>\$ 70,268</u>	<u>\$ 146,835</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities		
Accounts Payable	\$ 2,669	\$ 2,690
Total Liabilities	<u>2,669</u>	<u>2,690</u>
Fund Balance		
Restricted-Reported In		
Special Revenue	<u>67,599</u>	<u>144,145</u>
Total Fund Balance	<u>67,599</u>	<u>144,145</u>
Total Liabilities and Fund Balance	<u>\$ 70,268</u>	<u>\$ 146,835</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, 2013

	Law Enforcement Fund	Correction Fund	Lodgers Tax Fund
<b>Revenues</b>			
Taxes			
Gasoline	\$ 0	\$ 0	\$ 0
Other	0	0	7,640
License, Fees and Fines	0	15,104	0
State Grants	21,200	0	0
Assessments	0	0	0
Miscellaneous	0	0	0
Total Revenues	<u>21,200</u>	<u>15,104</u>	<u>7,640</u>
<b>Expenditures</b>			
Current			
Public Safety	9,911	7,785	0
Public Works	0	0	0
Culture & Recreation	0	0	10,328
Capital Outlay	15,905	0	0
Total Expenditures	<u>25,816</u>	<u>7,785</u>	<u>10,328</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(4,616)</u>	<u>7,319</u>	<u>(2,688)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers In/Out	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	(4,616)	7,319	(2,688)
Fund Balances at Beginning of Year	<u>4,912</u>	<u>56,959</u>	<u>14,660</u>
Fund Balance End of Year	<u>\$ 296</u>	<u>\$ 64,278</u>	<u>\$ 11,972</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, 2013

	Valle Del Sol Infrastructure Fund	Total
	<u>Fund</u>	<u>Total</u>
Revenues		
Taxes		
Gasoline	\$ 0	\$ 0
Other	0	7,640
License, Fees and Fines	0	15,104
State Grants	0	21,200
Assessments	35,600	35,600
Miscellaneous	0	0
Total Revenues	<u>35,600</u>	<u>79,544</u>
Expenditures		
Current		
Public Safety	0	17,696
Public Works	12,703	12,703
Culture & Recreation	0	10,328
Capital Outlay	0	15,905
Total Expenditures	<u>12,703</u>	<u>56,632</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>22,897</u>	<u>22,912</u>
Other Financing Sources (Uses)		
Transfers In/Out	(16,550)	(16,550)
Total Other Financing Sources (Uses)	<u>(16,550)</u>	<u>(16,550)</u>
Net Change in Fund Balance	6,347	6,362
Fund Balances at Beginning of Year	<u>61,252</u>	<u>137,783</u>
Fund Balance End of Year	<u>\$ 67,599</u>	<u>\$ 144,145</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, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Favorable (Unfavorable)
	Original	Final		
Revenues				
State Grant	\$ 21,200	\$ 21,200	\$ 21,200	\$ 0
Total Revenues	<u>21,200</u>	<u>21,200</u>	<u>21,200</u>	<u>0</u>
Expenditures				
Public Safety				
Operating	10,207	10,207	10,036	171
Capital Outlay	5,425	15,905	15,905	0
Total Expenditures	<u>15,632</u>	<u>26,112</u>	<u>25,941</u>	<u>171</u>
Excess (Deficiency) of Revenues Over Expenditures	5,568	(4,912)	(4,741)	171
Cash Balance Beginning of Year	<u>5,037</u>	<u>5,037</u>	<u>5,037</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 10,605</u>	<u>\$ 125</u>	<u>\$ 296</u>	<u>\$ 171</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (4,741)	
Net Change in Accounts Payables			125	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (4,616)</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, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Correction Fees	\$ 17,434	\$ 17,434	\$ 15,104	\$ (2,330)
Total Revenues	<u>17,434</u>	<u>17,434</u>	<u>15,104</u>	<u>(2,330)</u>
<b>Expenditures</b>				
Public Safety				
Fees	11,012	11,012	6,273	4,739
Housing of Prisoners	2,500	2,500	1,512	988
Total Expenditures	<u>13,512</u>	<u>13,512</u>	<u>7,785</u>	<u>5,727</u>
Excess (Deficiency) of Revenues Over Expenditures	3,922	3,922	7,319	3,397
Cash Balance Beginning of Year	<u>56,959</u>	<u>56,959</u>	<u>56,959</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 60,881</u>	<u>\$ 60,881</u>	<u>\$ 64,278</u>	<u>\$ 3,397</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 7,319	
Net Change in Accounts Payables			<u>0</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 7,319</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, 2013

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	Budgeted Amounts		Actual (Budgetary Basis)	Variances Favorable (Unfavorable)
	Original	Final		
Revenues				
Lodgers Tax	\$ 8,000	\$ 8,000	\$ 7,889	\$ (111)
Total Revenues	<u>8,000</u>	<u>8,000</u>	<u>7,889</u>	<u>(111)</u>
Expenditures				
Culture & Recreation				
Operating Expense	<u>12,677</u>	<u>12,677</u>	<u>10,807</u>	<u>1,870</u>
Total Expenditures	<u>12,677</u>	<u>12,677</u>	<u>10,807</u>	<u>1,870</u>
Excess (Deficiency) of Revenues Over Expenditures	(4,677)	(4,677)	(2,918)	1,759
Cash Balance Beginning of Year	<u>14,487</u>	<u>14,487</u>	<u>14,487</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 9,810</u>	<u>\$ 9,810</u>	<u>\$ 11,569</u>	<u>\$ 1,759</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (2,918)	
Net Change in Taxes Receivable			(249)	
Net Change in Accounts Payable			<u>479</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (2,688)</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, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Favorable (Unfavorable)
	Original	Final		
Revenues				
Assessments	\$ 40,000	\$ 40,000	\$ 35,600	\$ (4,400)
Total Revenues	<u>40,000</u>	<u>40,000</u>	<u>35,600</u>	<u>(4,400)</u>
Expenditures				
Public Works				
Operating Expense	<u>12,200</u>	<u>12,200</u>	<u>10,993</u>	<u>1,207</u>
Total Expenditures	<u>12,200</u>	<u>12,200</u>	<u>10,993</u>	<u>1,207</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>27,800</u>	<u>27,800</u>	<u>24,607</u>	<u>(3,193)</u>
Other Financing Sources (Uses)				
Transfer to Utilities	<u>0</u>	<u>16,550</u>	<u>(16,550)</u>	<u>(33,100)</u>
Total Other Sources (Uses)	<u>0</u>	<u>16,550</u>	<u>(16,550)</u>	<u>(33,100)</u>
Net Change in Cash Balance	27,800	44,350	8,057	(36,293)
Cash Balance Beginning of Year	<u>62,211</u>	<u>62,211</u>	<u>62,211</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 90,011</u>	<u>\$ 106,561</u>	<u>\$ 70,268</u>	<u>\$ (36,293)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net Change in Cash Balance			\$ 8,057	
Net Change in Account Payables			<u>(1,710)</u>	
Net Change in Fund Balance			<u>\$ 6,347</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, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Sales & Service				
Water & Sewer	\$ 434,704	\$ 434,704	\$ 345,656	\$ (89,048)
Sanitation	110,100	110,100	108,545	(1,555)
Environmental Gross Receipt Tax	0	0	6,976	6,976
Transfer In	0	0	16,550	16,550
Total Revenues	<u>544,804</u>	<u>544,804</u>	<u>477,727</u>	<u>(67,077)</u>
<b>Expenditures</b>				
Water & Sewer				
Personal Services	159,122	159,122	167,415	(8,293)
Benefits	58,100	58,100	57,986	114
Operating Expenses	120,500	143,219	143,967	(748)
Capital Outlay	101,454	101,454	25,179	76,275
Debt Service				
Principal	5,210	5,210	5,210	0
Interest	17,061	17,061	17,061	0
Sanitation				
Contract Services	110,000	110,000	117,638	(7,638)
Total Expenditures	<u>571,447</u>	<u>594,166</u>	<u>534,456</u>	<u>59,710</u>
Excess (Deficiency) of Revenues Over Expenditures	(26,643)	(49,362)	(56,729)	(7,367)
Cash Balance Beginning of Year	<u>152,566</u>	<u>152,566</u>	<u>152,566</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 125,923</u>	<u>\$ 103,204</u>	<u>\$ 95,837</u>	<u>\$ (7,367)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Net Change in Cash Balance			\$ (56,729)	
Principal Paid			5,210	
Depreciation			(84,366)	
Capital Outlay			25,179	
Net Change in Accounts Receivable			614	
Net Change in Taxes Receivable			195	
Net Change in Accounts Payable			(8,566)	
Net Change in Accrued Salaries			668	
Net Change in Accrued Interest			(116)	
Net Change in Compensated Absences			3,378	
Net Change in Customer Deposits			(2,550)	
Net Change in Net Position			<u>\$ (117,083)</u>	

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



De'Aun Willoughby CPA, PC

Certified Public Accountant

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

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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue fund, of the Town of Carrizozo (Town) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and the combining and individual funds and related budgetary comparisons of the Town, presented as supplemental information, and have issued our report thereon dated November 6, 2013.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses, that we consider to be significant deficiencies. 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 is described in the accompanying Schedule of Findings and Responses; 10-5, 12-3

#### The Town's Responses to Findings

The Town's responses to the findings identified in our audit as described in the accompanying Schedule of Findings and Responses. The Town's response was not subject to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

#### Purpose of the Report

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

 De'Ann Willoughby CPA PC

Clovis, New Mexico

November 6, 2013

STATE OF NEW MEXICO  
**TOWN OF CARRIZOZO**  
 Schedule of Findings and Responses  
 For the Year Ended June 30, 2013

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Prior Year Audit Findings		<u>Status</u>
10-1	SAS 115	Resolved
10-4	Fringe Benefits not reported on W-2's.	Resolved
10-5	Customer Utility Deposits	Repeated
12-1	Reconciliation	Resolved
12-2	Fuel Logs	Resolved
12-3	Late Audit Report	Repeated & Modified

Current Year Audit Findings

**10-5 Customer Utility Deposits-Internal Control and Compliance-Significant Deficiency 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 \$51,915 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 and 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.

**12-3 Late Audit Report - Compliance**

**Condition**

The audit report was not submitted to the State Auditor after the required deadline of December 1, 2013.

**Criteria**

All audit reports should be submitted to the State Auditor by the required due date according the State Auditors Rule 2.2.2 9 A (1) ( c ).

**Cause**

The audit was submitted on November 12, 2013 which was timely but the audit was rejected by OSA on December 3, 2013. A rejection fax causes the audit to be considered late.

**Effect**

The users of the financial statements such as legislators, creditors, bondholders, state and federal grantors, etc., do not have timely audit reports and financial statements for their review. Late audit report could have an effect on state and federal funding.

**Recommendation**

The audit should be filed timely.

**Response**

We will make every effort to submit the audit timely.

**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 6, 2013 in attendance was Wesley Lindsay-Mayor, Leann Weihbrecht-Town Clerk, and De'Aun Willoughby, CPA.