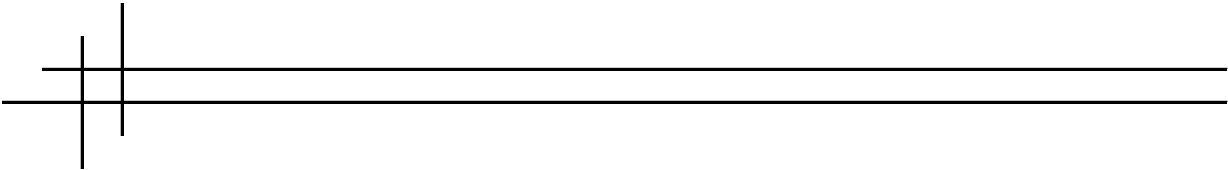


STATE OF NEW MEXICO
TOWN OF CARRIZOZO

ANNUAL FINANCIAL REPORT
June 30, 2015

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



STATE OF NEW MEXICO
TOWN OF CARRIZOZO
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STATE OF NEW MEXICO
TOWN OF CARRIZOZO
Official Roster
June 30, 2015

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
------------------	-----------------

De'Aun Willoughby CPA, PC

Certified Public Accountant

225 Innsdale Terrace Clovis, NM 88101

(855) 253-4313

Independent Auditor's Report

Mr. Tim Keller
State Auditor of the State of New Mexico
Board Members of the Town of Carrizozo

Mr. Keller 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 comparison for the general fund and major special revenue fund of the Town of Carrizozo (Town), as of and for the year ended June 30, 2015, 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 the major capital projects and 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, 2015, 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, the major fund, and the aggregate remaining fund information of the Town as of June 30, 2015, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparison 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, 2015, 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

Required Supplementary Information

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.

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

Other Information

The Vendor Schedule has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 25, 2015, 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 25, 2015

FINANCIAL SECTION

STATE OF NEW MEXICO
TOWN OF CARRIZOZO
Government-Wide Statement of Net Position
June 30, 2015

	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets			
Cash and Cash Equivalents	\$ 516,267	\$ 43,043	\$ 559,310
Receivables			
Accounts	0	68,056	68,056
Taxes	56,106	573	56,679
Due from Grantor	29,693	0	29,693
Total Current Assets	<u>602,066</u>	<u>111,672</u>	<u>713,738</u>
Noncurrent Assets			
Restricted Cash	56,006	64,323	120,329
Capital Assets	9,790,652	4,547,795	14,338,447
Less: Accumulated Depreciation	<u>(5,813,912)</u>	<u>(1,588,417)</u>	<u>(7,402,329)</u>
Total Noncurrent Assets	<u>4,032,746</u>	<u>3,023,701</u>	<u>7,056,447</u>
Total Assets	<u>4,634,812</u>	<u>3,135,373</u>	<u>7,770,185</u>
Deferred Outflows of Resources			
Deferred Outflows Related to Pensions	<u>32,911</u>	<u>0</u>	<u>32,911</u>
Total Deferred Outflows of Resources	<u>32,911</u>	<u>0</u>	<u>32,911</u>
Liabilities			
Current Liabilities			
Accounts Payable	12,666	3,490	16,156
Compensated Absences	8,562	5,772	14,334
Accrued Interest	0	8,163	8,163
Current Portion of Long-Term Debt	46,499	10,280	56,779
Total Current Liabilities	<u>67,727</u>	<u>27,705</u>	<u>95,432</u>
Noncurrent Liabilities			
Customer Deposits	0	41,750	41,750
Loans	303,770	430,446	734,216
Pension Liability	254,357	0	254,357
Total Noncurrent Liabilities	<u>558,127</u>	<u>472,196</u>	<u>1,030,323</u>
Total Liabilities	<u>625,854</u>	<u>499,901</u>	<u>1,125,755</u>
Deferred Inflows of Resources			
Deferred Inflows Related to Pensions	<u>109,990</u>	<u>0</u>	<u>109,990</u>
Total Deferred Inflows of Resources	<u>109,990</u>	<u>0</u>	<u>109,990</u>
Net Position			
Net Investment in Capital Assets	3,626,471	2,518,652	6,145,123
Unrestricted	305,408	116,820	422,228
Total Net Position	<u>\$ 3,931,879</u>	<u>\$ 2,635,472</u>	<u>\$ 6,567,351</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, 2015

Functions/Programs	Program Revenues				Net(Expenses) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants	Capital Grants	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General Government	\$ 280,776	\$ 8,603	\$ 131,468	\$ 0	\$ (140,705)	\$ 0	(140,705)
Public Safety	385,994	3,824	171,566	0	(210,604)	0	(210,604)
Public Works	300,089	39,617	0	880,445	619,973	0	619,973
Culture & Recreation	85,400	4,129	0	0	(81,271)	0	(81,271)
Interest	6,876	0	0	0	(6,876)	0	(6,876)
Total Governmental Activities	<u>1,059,135</u>	<u>56,173</u>	<u>303,034</u>	<u>880,445</u>	<u>180,517</u>	<u>0</u>	<u>180,517</u>
Business-type Activities							
Water & Sewer	450,312	414,291	0	149,530	0	113,509	113,509
Sanitation	149,553	132,300	0	0	0	(17,253)	(17,253)
Total Business-type Activities	<u>\$ 599,865</u>	<u>\$ 546,591</u>	<u>\$ 0</u>	<u>\$ 149,530</u>	<u>0</u>	<u>96,256</u>	<u>96,256</u>
General Revenues							
Taxes							
Property					82,165	0	82,165
Franchise					40,054	0	40,054
Gross Receipts					353,727	10,003	363,730
Gasoline					38,114	0	38,114
Other					6,873	0	6,873
Miscellaneous					3,319	0	3,319
Total General Revenues					<u>524,252</u>	<u>10,003</u>	<u>534,255</u>
Change in Net Position					<u>704,769</u>	<u>106,259</u>	<u>811,028</u>
Net Position - Beginning					3,576,559	2,529,213	6,105,772
Restatement					(349,449)	0	(349,449)
Restated Beginning Net Position					<u>3,227,110</u>	<u>2,529,213</u>	<u>5,756,323</u>
Net Position - Ending					<u>\$ 3,931,879</u>	<u>\$ 2,635,472</u>	<u>\$ 6,567,351</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, 2015

	<u>General</u>	<u>Special Revenue Fire</u>	<u>Capital Projects</u>
Assets			
Cash and Cash Equivalents	\$ 244,714	\$ 130,289	\$ 0
Receivables (Net of Allowance for Uncollectible if Applicable)			
Taxes	51,619	0	0
Due from Grantors	0	0	29,693
Interfund Balance	29,693	0	0
Restricted Cash	12,603	43,403	0
Total Assets	<u>\$ 338,629</u>	<u>\$ 173,692</u>	<u>\$ 29,693</u>
Liabilities			
Current Liabilities			
Accounts Payable	\$ 9,447	\$ 1,029	\$ 0
Interfund Balance	<u>0</u>	<u>0</u>	<u>29,693</u>
Total Liabilities	<u>9,447</u>	<u>1,029</u>	<u>29,693</u>
Deferred Inflows of Revenue			
Unavailable Revenue	<u>21,472</u>	<u>0</u>	<u>0</u>
Total Deferred Inflows of Resources	<u>21,472</u>	<u>0</u>	<u>0</u>
Fund Balances			
Restricted for:			
Special Revenue Fund	0	172,663	0
Unassigned	<u>307,710</u>	<u>0</u>	<u>0</u>
Total Fund Balances	<u>307,710</u>	<u>172,663</u>	<u>0</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 338,629</u>	<u>\$ 173,692</u>	<u>\$ 29,693</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, 2015

	Non-Major Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>
Assets		
Cash and Cash Equivalents	\$ 141,264	\$ 516,267
Receivables (Net of Allowance for Uncollectible if Applicable)		
Taxes	4,487	56,106
Due from Grantors	0	29,693
Interfund Balance	0	29,693
Restricted Cash	0	56,006
Total Assets	<u>\$ 145,751</u>	<u>\$ 687,765</u>
Liabilities		
Current Liabilities		
Accounts Payable	\$ 2,190	\$ 12,666
Interfund Balance	0	29,693
Total Liabilities	<u>2,190</u>	<u>42,359</u>
Deferred Inflows of Revenue		
Unavailable Revenue	0	21,472
Total Deferred Inflows of Resources	<u>0</u>	<u>21,472</u>
Fund Balances		
Restricted for:		
Special Revenue Fund	143,561	316,224
Unassigned	0	307,710
Total Fund Balances	<u>143,561</u>	<u>623,934</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 145,751</u>	<u>\$ 687,765</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 Position
 June 30, 2015

Total Fund Balance - Governmental Funds \$ 623,934

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

Property taxes receivable will be collected after the period
 of availability, but are not available soon enough to pay for
 the current period's expenditures, and therefore are
 deferred in the funds. 21,472

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

Capital Assets	\$ 9,790,652	
Accumulated Depreciation	<u>(5,813,912)</u>	3,976,740

Deferred Outflows and Inflows Related to Pensions are the
 results of differences in expected and actual actuary
 experience and the difference in actuary projected and
 actual earnings. Also changes in proportion and differences
 between contributions and proportionate share of
 contributions.

Deferred Outflows Related to Pensions	32,911	
Deferred Inflows Related to Pensions	<u>(109,990)</u>	(77,079)

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	(350,269)	
Pension Liability	<u>(254,357)</u>	(604,626)

Compensated absences are not due and payable in the
 current period and therefore are not reported as liabilities in
 the funds. (8,562)

Total Net Position - Governmental Activities \$ 3,931,879

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, 2015

	General	Special Revenue Fire	Capital Projects
Revenues			
Taxes			
Property	\$ 81,305	\$ 0	\$ 0
Franchise	40,054	0	0
Gross Receipts	345,412	0	0
Gasoline	9,427	0	0
Other	0	0	0
Charges for Services	31,118	0	0
License, Fees and Fines	4,155	0	0
State Grants	131,468	147,964	880,445
Assessments	0	0	0
Miscellaneous	3,083	236	0
Total Revenues	646,022	148,200	880,445
Expenditures			
Current			
General Government	279,606	0	0
Public Safety	283,768	34,978	0
Public Works	44,223	0	0
Culture and Recreation	53,226	0	0
Capital Outlay	0	0	893,190
Debt Service			
Principal	7,898	37,705	0
Interest	220	6,656	0
Total Expenditures	668,941	79,339	893,190
Excess (Deficiency) of Revenues Over Expenditures	(22,919)	68,861	(12,745)
Other Financing Sources (Uses)			
Transfers	(12,745)	0	12,745
Total Other Sources (Uses)	(12,745)	0	12,745
Net Change in Fund Balance	(35,664)	68,861	0
Fund Balance at Beginning of year	343,374	103,802	0
Fund Balance End of Year	\$ 307,710	\$ 172,663	\$ 0

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, 2015

	Non-Major Governmental Funds	Total Governmental Funds
Revenues		
Taxes		
Property	\$ 0	\$ 81,305
Franchise	0	40,054
Gross Receipts	8,315	353,727
Gasoline	28,687	38,114
Other	6,873	6,873
Charges for Services	0	31,118
License, Fees and Fines	0	4,155
State Grants	23,602	1,183,479
Assessments	20,900	20,900
Miscellaneous	0	3,319
Total Revenues	<u>88,377</u>	<u>1,763,044</u>
Expenditures		
Current		
General Government	0	279,606
Public Safety	27,913	346,659
Public Works	39,203	83,426
Culture and Recreation	7,291	60,517
Capital Outlay	0	893,190
Debt Service		
Principal	0	45,603
Interest	0	6,876
Total Expenditures	<u>74,407</u>	<u>1,715,877</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>13,970</u>	<u>47,167</u>
Other Financing Sources (Uses)		
Transfers	0	0
Total Other Sources (Uses)	<u>0</u>	<u>0</u>
Net Change in Fund Balance	13,970	47,167
Fund Balance at Beginning of year	<u>129,591</u>	<u>576,767</u>
Fund Balance End of Year	<u>\$ 143,561</u>	<u>\$ 623,934</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, 2015

Net Change in Fund Balance \$ 47,167

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

Some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered "available" revenues in the governmental funds, and are instead reported as deferred revenues. They are however, recorded as revenues in the Statement of Activities.

Property Taxes Receivable, June 30, 2014	\$ (20,612)	
Property Taxes Receivable, June 30, 2015	<u>21,472</u>	860

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	(302,306)	
Capital Outlays	<u>893,190</u>	590,884

Pension contributions are reported as expenses in the government funds but are deferred outflows in the Statement of Net Position. Pension expense is reported in the Statement of Activities but not in the governmental funds.

Pension Contributions	32,911	
Pension Expense	<u>(14,898)</u>	18,013

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

45,603

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, 2014	10,804	
Compensated Absences, June 30, 2015	<u>(8,562)</u>	<u>2,242</u>

Changes in Net Position of Governmental Activities \$ 704,769

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, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes				
Property	\$ 82,000	\$ 82,000	\$ 81,305	\$ (695)
Franchise	33,000	33,000	35,061	2,061
Gross Receipts	316,000	316,000	356,112	40,112
Motor Vehicle	12,000	12,000	9,427	(2,573)
Charges for Services	24,875	24,875	31,118	6,243
License, Fees and Fines	3,400	3,400	4,155	755
State Grants	151,000	151,000	131,468	(19,532)
Miscellaneous	1,100	1,100	3,083	1,983
Total Revenues	<u>623,375</u>	<u>623,375</u>	<u>651,729</u>	<u>28,354</u>
Expenditures				
Executive				
Personnel Services	8,400	8,400	8,723	(323)
Benefits	643	643	668	(25)
Operating Expense	6,400	6,400	4,111	2,289
Total Executive	<u>15,443</u>	<u>15,443</u>	<u>13,502</u>	<u>1,941</u>
Financial				
Personnel Services	109,265	109,265	109,168	97
Benefits	37,845	37,845	37,515	330
Operating Expense	80,036	80,036	79,722	314
Capital Outlay	18,447	18,448	18,446	2
Total Financial	<u>245,593</u>	<u>245,594</u>	<u>244,851</u>	<u>743</u>
Professional Services				
Legal Fees	41,352	41,352	25,748	15,604
Total Professional Services	<u>41,352</u>	<u>41,352</u>	<u>25,748</u>	<u>15,604</u>
Police				
Personnel Services	154,965	154,965	168,876	(13,911)
Benefits	92,947	92,947	91,371	1,576
Operating Expense	34,500	34,500	28,380	6,120
Total Police	<u>282,412</u>	<u>282,412</u>	<u>288,627</u>	<u>(6,215)</u>
State Forestry Fires				
Operating Expense	7,345	7,345	1,163	6,182
Total State Forestry Fires	<u>\$ 7,345</u>	<u>\$ 7,345</u>	<u>\$ 1,163</u>	<u>\$ 6,182</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, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Highway & Streets				
Operating Expense	\$ 17,000	\$ 17,000	\$ 19,834	\$ (2,834)
Total Highway & Streets	<u>17,000</u>	<u>17,000</u>	<u>19,834</u>	<u>(2,834)</u>
Airport				
Operating Expense	28,350	28,350	24,156	4,194
Total Airport	<u>28,350</u>	<u>28,350</u>	<u>24,156</u>	<u>4,194</u>
Parks and Recreation				
Personnel Services	15,643	15,643	15,643	0
Benefits	1,197	1,197	1,197	0
Operating Expense	<u>15,457</u>	<u>15,457</u>	<u>15,457</u>	<u>0</u>
Total Parks and Recreation	<u>32,297</u>	<u>32,297</u>	<u>32,297</u>	<u>0</u>
Golf Course				
Operating Expense	<u>25,500</u>	<u>25,500</u>	<u>17,851</u>	<u>7,649</u>
Total Golf Course	<u>25,500</u>	<u>25,500</u>	<u>17,851</u>	<u>7,649</u>
Debt Service				
Principal	7,898	7,898	7,898	0
Interest	<u>220</u>	<u>220</u>	<u>220</u>	<u>0</u>
Total Debt Service	<u>8,118</u>	<u>8,118</u>	<u>8,118</u>	<u>0</u>
Total Expenditures	<u>703,410</u>	<u>703,411</u>	<u>676,147</u>	<u>27,264</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(80,035)</u>	<u>(80,036)</u>	<u>(24,418)</u>	<u>55,618</u>
Other Financing Sources (Uses)				
Transfers	<u>0</u>	<u>0</u>	<u>(12,746)</u>	<u>(12,746)</u>
Total Other Sources (Uses)	<u>0</u>	<u>0</u>	<u>(12,746)</u>	<u>(12,746)</u>
Net Change in Cash Balance	(80,035)	(80,036)	(37,164)	42,872
Cash Balance Beginning of Year	<u>324,174</u>	<u>324,174</u>	<u>324,174</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 244,139</u>	<u>\$ 244,138</u>	<u>\$ 287,010</u>	<u>\$ 42,872</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net Change in Cash Balance			\$ (37,164)	
Net Change in Taxes Receivable			(4,847)	
Net Change in Accounts Payable			(6,365)	
Net Change in Salaries & Benefits			13,572	
Net Change in Deferred Property Taxes			(860)	
Net Change in Fund Balance			<u>\$ (35,664)</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, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
State Grant	\$ 147,964	\$ 147,964	\$ 147,964	\$ 0
Interest	0	0	236	236
Total Revenues	<u>147,964</u>	<u>147,964</u>	<u>148,200</u>	<u>236</u>
Expenditures				
Public Safety				
Operating	185,944	185,944	34,226	151,718
Debt Service				
Principal	0	0	37,705	(37,705)
Interest	0	0	6,656	(6,656)
Total Expenditures	<u>185,944</u>	<u>185,944</u>	<u>78,587</u>	<u>107,357</u>
Excess (Deficiency) of Revenues Over Expenditures	(37,980)	(37,980)	69,613	107,593
Cash Balance Beginning of Year	<u>104,079</u>	<u>104,079</u>	<u>104,079</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 66,099</u>	<u>\$ 66,099</u>	<u>\$ 173,692</u>	<u>\$ 107,593</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 69,613	
Net Change in Account Payable			<u>(752)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 68,861</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, 2015

Assets	
Current Assets	
Cash and Cash Equivalents	\$ 43,043
Receivables (net of allowance for uncollectible accounts)	
Accounts	68,056
Taxes	573
Total Current Assets	<u>111,672</u>
Noncurrent Assets	
Restricted Cash	64,323
Capital Assets	4,547,795
Less Accumulated Depreciation	<u>(1,588,417)</u>
Total Noncurrent Assets	<u>3,023,701</u>
Total Assets	<u>3,135,373</u>
Liabilities	
Current Liabilities	
Accounts Payable	3,490
Accrued Compensated Absences	5,772
Accrued Interest	8,163
Current Portion of Bonds Payable	<u>10,280</u>
Total Current Liabilities	<u>27,705</u>
Noncurrent Liabilities	
Customer Deposits	41,750
Revenue Bonds	<u>430,446</u>
Total Noncurrent Liabilities	<u>472,196</u>
Total Liabilities	<u>499,901</u>
Net Position	
Net Investment in Capital Assets	2,518,652
Unrestricted	<u>116,820</u>
Total Net Position	<u>\$ 2,635,472</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 Net Position
 For the Year Ended June 30, 2015

Operating Revenues	
Sales & Service	\$ 546,591
Total Operating Revenues	<u>546,591</u>
Operating Expenses	
Salaries & Benefits	212,343
Operating	277,990
Depreciation	93,078
Total Operating Expenses	<u>583,411</u>
Operating Income (Loss)	<u>(36,820)</u>
Nonoperating Revenue (Expenses)	
Environmental Taxes	10,003
State Capital Grant	149,530
Interest Expense	<u>(16,454)</u>
Total Nonoperating Revenue (Expense)	<u>143,079</u>
Change in Net Position	106,259
Total Net Position - Beginning	<u>2,529,213</u>
Total Net Position - Ending	<u>\$ 2,635,472</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, 2015

Cash Flows from Operating Activities	
Cash Received From Customers	\$ 811,603
Cash Paid to Suppliers and Employees	(739,927)
Net Cash Provided by Operating Activities	<u>71,676</u>
Cash Flows from Noncapital Financing Activities	
Environmental Gross Receipt Tax	10,003
Net Cash Provided by Noncapital Financing Activities	<u>10,003</u>
Cash Flows from Capital and Related Financing Activities	
Acquisition and Construction of Capital Assets	(231,796)
State Capital Grant	149,530
Loan Proceeds	86,596
Principal Paid	(14,350)
Interest Paid	(16,454)
Net Cash Provided by Capital & Related Financing Activities	<u>(26,474)</u>
Net Increase (Decrease) in Cash	55,205
Cash, Beginning of Year	<u>52,161</u>
Cash, End of Year	<u>\$ 107,366</u>
Cash and Cash Equivalents	\$ 43,043
Restricted Cash	64,323
Total Cash	<u>\$ 107,366</u>
Reconciliation of Net Income to Net Cash Provided by Operating Activities	
Operating Income (Loss)	\$ (36,820)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities	
Depreciation	93,078
Change in Assets and Liabilities	
Net Change in Accounts Receivable	13,777
Net Change in Taxes Receivable	215
Net Change in Accounts Payable	2,072
Net Change in Accrued Salaries	(7,793)
Net Change in Accrued Interest	(127)
Net Change in Compensated Absences	2,384
Net Change in Customer Deposits	4,890
Net Cash Provided by Operating Activities	<u>\$ 71,676</u>

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

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.

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 & Basis of Accounting
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 be 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 providers 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)

Capital Projects - To account for capital projects funded by state and federal grants with a local match. The project was an addition to the airport runway.

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.

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 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.

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 Fund. Only those collections received are recorded as revenues for the budget presentation.

Elimination and Reclassifications of Certain Receivables and Payables

In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

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

Short -Term Debt

Short-term debt results from borrowings characterized by anticipation notes, use of lines of credit, and similar loans. The Town did not have activity in short-term debt.

Capital Leases

Capital leases are recorded at the inception of the leases as expenditures and other financing sources in governmental fund financial statement at the present value of the future minimum lease payments, using the stated or implicit interest rate in the leases. Lease payments are recorded as expenditures on the due date. Capital leases are recorded as a liability in the government-wide financial statement at the time of inception and the corresponding asset is recorded in the capital asset section on the balance sheet. There are no outstanding Capital Leases.

Unearned and Unavailable Revenue

The Town reports unearned and unavailable revenues on its Statement of Net Position and Fund Balance Sheet. Unearned revenues arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when the District has a legal claim to the resources, the liability for unearned revenue is removed from the combined balance sheet and the revenue is recognized. Unavailable revenues also occur in the fund financial statements when revenue is earned but is not available. The revenue becomes available if received within 30 days of the fiscal year end.

Compensated Absences

All full-time employees are entitled to five to twenty vacation days (depending on employment) a maximum of 20 days can be accrued. Earned but unused vacation is paid out upon separation of employment.

Each permanent employee of the Town accrues sick leave as working days with full pay on the basis of three hours (3) hours per pay period. 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. Employee's can accrue up to 240 hours of sick leave and may be eligible to receive 50% of sick leave upon leaving the Town if they have 25 years of service or leaves after turning the age of 66.

Net Position

Net position represents 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.

Restricted Net Position

For the government-wide statement of net position, net position is reported as restricted when constraints placed on net position use are either:

Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments;

Imposed by law through constitutional provisions or enabling legislation.

When an expense is incurred for purposes for which both restricted and unrestricted net positions are available it will first be applied to restricted resources.

Fund Balances of Fund Financial Statements

Nonspendable fund balance indicates that portion of fund equity is not spendable such as inventory.

The restricted fund balance category includes amounts that can be spent only for specific purposes stipulated by constitution, external resources providers, or through enabling legislation.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.

Unassigned fund balance is the residual amount that is not restricted or committed.

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.

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).

Reconciliations are located at the bottom of each budget actual.

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.

B. Deposits 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.

<u>Name of Account</u>	Balance Per Bank 6/30/15	Reconciled Balance	<u>Type</u>
General Operating Account	\$ 561,015	\$ 420,148	Checking Interest Bearing
TOTAL Deposited	561,015	420,148	
Less: FDIC Coverage	(250,000)		
Uninsured Amount	311,015		
50% collateral requirement	155,508		
Pledged securities	358,428		
Over (Under) requirement	\$ 202,920		

STATE OF NEW MEXICO
TOWN OF CARRIZOZO
Notes to the Financial Statements
June 30, 2015

The following securities are pledged:

<u>Description</u>	<u>CUSIP #</u>	<u>Market Value</u>	<u>Maturity Date</u>	<u>Location</u>
FMAC	312942FF7	\$ 2,548	09/01/2040	Bank of NY Melon
FNMA	3138AMUC7	64,166	07/01/2041	Bank of NY Melon
FNMA	3138EC6C2	8,866	03/01/2042	Bank of NY Melon
FNMA	3138MRLD1	1,231	01/01/2043	Bank of NY Melon
FNMA	3138W9K66	60,716	08/01/2043	Bank of NY Melon
FNMA	3138WTRV0	43,143	06/01/2043	Bank of NY Melon
FNMA	3138X0A24	39,604	07/01/2042	Bank of NY Melon
FNMA	31417DAK9	22,386	09/01/2042	Bank of NY Melon
FNMA	31417ES77	33,821	01/01/2043	Bank of NY Melon
FNMA	31417ETA9	44,800	01/01/2043	Bank of NY Melon
FNMA	31419ANB9	37,149	09/01/2040	Bank of NY Melon
		<u>\$ 358,428</u>		

City Bank

<u>Name of Account</u>	<u>Balance Per Bank 6/30/15</u>	<u>Reconciled Balance</u>	<u>Type</u>
General Fund	\$ 11,268	\$ 11,268	Checking Interest Bearing
General Fund	28,660	28,660	Checking Interest Bearing
Veterans Memorial Park	751	751	Checking Non-Interest Bearing
Town of Carrizozo-RUS	22,573	22,573	Checking Non-Interest Bearing
CDBG	50	50	Checking Non-Interest Bearing
TOTAL Deposited	<u>63,302</u>	<u>\$ 63,302</u>	
Less: FDIC Coverage	<u>(63,302)</u>		
Uninsured Amount	0		
50% collateral requirement	0		
Pledged securities	0		
Over (Under) requirement	<u>\$ 0</u>		

First Savings Bank

<u>Name of Account</u>	<u>Balance Per Bank 6/30/15</u>	<u>Reconciled Balance</u>	<u>Type</u>
Operating Account	\$ 140,183	\$ 140,183	Checking Interest Bearing
TOTAL Deposited	<u>140,183</u>	<u>\$ 140,183</u>	
Less: FDIC Coverage	<u>(140,183)</u>		
Uninsured Amount	0		
50% collateral requirement	0		
Pledged securities	0		
Over (Under) requirement	<u>\$ 0</u>		

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

STATE OF NEW MEXICO
TOWN OF CARRIZOZO
Notes to the Financial Statements
June 30, 2015

Bank of America

<u>Name of Account</u>	Balance Per Bank 6/30/15	Reconciled Balance	Type
Fire Pumper Truck-IV PP-2164	\$ 28,831	\$ 28,831	Savings
Construct Town Hall-KMD PP-1758	12,603	12,603	Savings
New Service Truck Fire Depart-DC/CM RPL-2559	14,572	14,572	Savings
TOTAL Deposited	<u>\$ 56,006</u>	<u>\$ 56,006</u>	

The Bank of America is the agent for New Mexico Finance Authority (Authority). The Authority is responsible for FDIC coverage and pledged securities.

Custodial Credit Risk-Deposits

<u>Depository Account</u>	Bank Balance
Insured	\$ 446,189
Collateralized:	
Collateral held by the pledging bank in Town's name	358,428
Uninsured and uncollateralized	15,889
Total Deposits	<u>\$ 820,506</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, 2015 \$15,889 of the Town's bank balance of \$820,506 was exposed to custodial credit risk.

There was \$12,603 in restricted cash in the General Fund and \$43,403 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 \$41,750 and RUS Loan of \$22,573.

C. Receivables

Receivables as of June 30, 2015, were as follows:

	General	Capital Projects	Non-Major Funds
Franchise Taxes	\$ 5,411	\$ 0	\$ 0
Gross Receipts Taxes	24,736	0	0
Property Taxes	21,472	0	0
Gasoline Taxes	0	0	4,259
Other Taxes	0	0	228
Due from Grantor	0	29,693	0
	<u>\$ 51,619</u>	<u>\$ 29,693</u>	<u>\$ 4,487</u>

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

D. Interfund Receivables, Payables and Transfers

Transfers were made from the General Fund of \$12,745 to the capital projects for a local match.

STATE OF NEW MEXICO
TOWN OF CARRIZOZO
Notes to the Financial Statements
June 30, 2015

E. Capital Assets

Capital Assets Balances and Activity for the Year Ended June 30, 2015, is as follows:

	Balance 6/30/14	Additions	Deletions	Balance 6/30/15
Governmental Activities				
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	127,102	0	0	127,102
Capital Assets, being Depreciated				
Infrastructure	3,982,604	789,379	0	4,771,983
Buildings & Improvements	3,425,706	29,693	0	3,455,399
Equipment	1,362,050	74,118	0	1,436,168
Total Capital Assets, being Depreciated	8,770,360	893,190	0	9,663,550
Total Capital Assets	\$ 8,897,462	\$ 893,190	\$ 0	\$ 9,790,652
Less Accumulated Depreciation				
Infrastructure	\$ 3,075,054	\$ 189,916	\$ 0	\$ 3,264,970
Buildings & Improvements	2,046,654	50,688	0	2,097,342
Equipment	389,898	61,702	0	451,600
Total Accumulated Depreciation	5,511,606	302,306	0	5,813,912
Capital Assets, net	\$ 3,385,856	\$ 590,884	\$ 0	\$ 3,976,740

Depreciation expense was charged to governmental activities as follows:

General	\$ 10,000
Public Safety	50,760
Public Works	216,663
Culture & Recreation	24,883
Total depreciation expenses	\$ 302,306

	Balance 6/30/14	Increases	Decreases	Balance 6/30/15
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	4,205,494	231,796	0	4,437,290
Equipment	102,505	0	0	102,505
Total Capital Assets at Historical Cost	4,315,999	231,796	0	4,547,795
Less Accumulated Depreciation				
Utility System	1,401,929	89,222	0	1,491,151
Equipment	93,409	3,857	0	97,266
Total Accumulated Depreciation	1,495,338	93,079	0	1,588,417
Capital Assets, net	\$ 2,820,661	\$ 138,717	\$ 0	\$ 2,959,378

STATE OF NEW MEXICO
TOWN OF CARRIZOZO
Notes to the Financial Statements
June 30, 2015

F. Long-Term Liabilities and Other Liabilities

Notes Payable

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

	Balance 6/30/14	Additions	Reductions	Balance 6/30/15	Amounts Due Within One Year
Governmental Activities					
Notes Payable					
NMFA-Town Hall	\$ 87,976	\$ 0	\$ 7,898	\$ 80,078	7,918
NMFA-Fire Truck	187,595	0	8,753	178,842	8,921
NMFA-Fire Truck	120,294	0	28,952	91,342	29,660
Total Notes Payable	\$ 395,865	\$ 0	\$ 45,603	\$ 350,262	46,499
Other Liabilities					
Compensated Absences					
Absences	\$ 10,804	\$ 9,623	\$ 11,865	\$ 8,562	8,562
Total Other Liabilities	\$ 10,804	\$ 9,623	\$ 11,865	\$ 8,562	8,562

Description	Maturity	Annual Payments	Interest Rate	Balance
NMFA-Town Hall	2025	\$ 8,117	3-4%	\$ 80,078
NMFA-Fire Truck	2021	12,979	3-4%	178,842
NMFA-Fire Truck	2017	31,767	2%	91,342
				\$ 350,262

The annual requirements to amortize the loans as of June 30, 2015, including interest payments are as follows:

	Principal	Interest	Total
2016	\$ 46,499	\$ 5,979	\$ 52,478
2017	47,490	4,988	52,478
2018	48,582	3,897	52,479
2019	50,255	2,707	52,962
2020	61,631	1,317	62,948
2021-2025	95,805	302	96,107
	\$ 350,262	\$ 19,190	\$ 369,452

Business-Type Activities

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

	Balance 6/30/14	Additions	Reductions	Balance 6/30/15	Amounts Due Within One Year
USDA Bonds	\$ 368,480	\$ 0	\$ 5,690	\$ 362,790	5,950
NMFA-Colonias	0	86,596	8,660	77,936	4,330
Total Notes Payable	\$ 368,480	\$ 86,596	\$ 14,350	\$ 440,726	10,280

STATE OF NEW MEXICO
TOWN OF CARRIZOZO
Notes to the Financial Statements
June 30, 2015

Other Liabilities

Compensated

Absences	\$	<u>3,388</u>	\$	<u>5,421</u>	\$	<u>3,037</u>	\$	<u>5,772</u>	\$	<u>5,772</u>
Total Other Liabilities	\$	<u>3,388</u>	\$	<u>5,421</u>	\$	<u>3,037</u>	\$	<u>5,772</u>	\$	<u>5,772</u>

Description	Maturity	Annual Payments	Interest Rate	Balance
USDA Bonds	2045	\$ 22,273	4.50%	\$ 362,790
NMFA-Colonias	2033	4,330	0.00%	77,936
				<u>440,726</u>

The annual requirements to amortize the loans as of June 30, 2015, including interest payments are as follows:

	Principal	Interest	Total
2016	\$ 10,280	\$ 16,326	\$ 26,606
2017	10,550	16,058	26,608
2018	10,830	15,778	26,608
2019	11,120	15,485	26,605
2020	11,430	15,180	26,610
2021-2025	62,210	70,812	133,022
2026-2030	72,200	60,826	133,026
2031-2035	75,966	48,384	124,350
2036-2040	78,490	32,878	111,368
2041-2044	97,650	13,554	111,204
	<u>\$ 440,726</u>	<u>\$ 305,281</u>	<u>\$ 634,803</u>

G. Retirement Plan

Summary of Significant Accounting Policies

Pensions. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Mexico Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension Plan

Plan description. The Public Employees Retirement Fund (PERA Fund) is a cost-sharing, multiple employer defined benefit pension plan. This fund has six divisions of members, including State General, State Police/Adult Correction Officer, Municipal General, Municipal Police/Detention Officers, Municipal fire, and State Legislative Divisions, and offers 24 different types of coverage within the PERA plan. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the PERA Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978), the Judicial Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C- 1 to 10-12C-18, NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), and the provisions of Sections 29-4-1 through 29-4-11, NMSA 1978 governing the State Police Pension Fund, each employee and elected official of every affiliated public employer is required to be a member in the PERA Fund.

PERA issues a publicly available financial report and a comprehensive annual financial report that can be obtained at <http://saonm.org/> using the Audit Report Search function for agency 366.

Benefits provided. For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2014 available at http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2014.pdf.

Contributions. The contribution requirements of defined benefit plan members and the Town are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY14 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 29 through 31 of the PERA FY14 annual audit report at http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_2014.pdf. The PERA coverage options that apply to Town are Municipal Plan 2 (Plan) and Police 5 (Police). Statutorily required contributions to the pension plan from the Town were \$10,480 for the Plan and \$22,431 for Police for the year ended June 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2013. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2014, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2014.

STATE OF NEW MEXICO
TOWN OF CARRIZOZO
Notes to the Financial Statements
June 30, 2015

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred Inflows and Outflows were preformed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members. The Town's proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity's percentage of that membership group's total employer contributions for the fiscal year ended June 30, 2014. Only employer contributions for the pay period end dates that fell within the period of July 1, 2013 to June 30, 2014 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2014 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

For PERA Fund Division Municipal Plan 2 (Plan) at June 30, 2015, the Town reported a liability of \$85,826 and for Police 5 (Police) \$168,531 for a total of \$254,357 for its proportionate share of the net pension liability. At June 30, 2014, the Town's proportion for the Plan was 0.0110% and for Police 0.0517% for a total of 0.06270%, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference.

For the year ended June 30, 2015, the Town recognized Plan pension expense of \$3,580 and Police pension expense of \$11,318 for a total of \$14,898. At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Plan Deferred Outflows of Resources	Police Deferred Outflows of Resources	Total Deferred Outflows of Resources
Differences between expected and actual experience	\$ 0	\$ 0	\$ 0
Changes of assumptions	0	0	0
Net difference between projected and actual earnings on pension plan investments	0	0	0
Changes in proportion and differences between the Town's contributions and proportionate share of	0	0	0
Town's contributions subsequent to the measurement date	<u>10,480</u>	<u>22,431</u>	<u>32,911</u>
Total	<u>\$ 10,480</u>	<u>\$ 22,431</u>	<u>\$ 32,911</u>

STATE OF NEW MEXICO
TOWN OF CARRIZOZO
Notes to the Financial Statements
June 30, 2015

	Deferred Inflows of Resources	Deferred Inflows of Resources	Total Deferred Inflows of Resources
Differences between expected and actual experience	\$ 0	\$ 0	\$ 0
Changes of assumptions	(58)	(13,691)	(13,749)
Net difference between projected and actual earnings on pension plan investments	(33,572)	(62,669)	(96,241)
Changes in proportion and differences between the Town's contributions and proportionate share of	0	0	0
Town's contributions subsequent to the measurement date	0	0	0
Total	\$ (33,630)	\$ (76,360)	\$ (109,990)

The Plan's \$24,839 and Police's \$33,865 reported as deferred outflows of resources related to pensions resulting from the Town's contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:						
2016	\$	(8,407)	\$	(19,073)	\$	(27,480)
2017		(8,407)		(19,073)		(27,480)
2018		(8,407)		(19,073)		(27,480)
2019		(8,407)		(19,073)		(27,480)
2020		(2)		(68)		(70)
Total	\$	(33,630)	\$	(76,360)	\$	(109,990)

Actuarial assumptions. As described above, the PERA Fund member group pension liabilities and net pension liabilities are based on actuarial valuations performed as of June 30, 2013 for each of the membership groups. Then each PERA Fund member group pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2014 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2014. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2014 actuarial valuation.

Actuarial valuation date	June 30, 2013
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay
Amortization period	Solved for based on statutory rates
Asset valuation method	Fair value
Actuarial assumptions:	
(1) Investment rate of return	7.75% annual rate, net of investment expense
(2) Payroll growth	3.50% annual rate
(3) Projected salary increases	3.50 to 14.25% annual rate
(4) Includes inflation at	3.00% annual rate

STATE OF NEW MEXICO
TOWN OF CARRIZOZO
Notes to the Financial Statements
June 30, 2015

The long-term expected rate of return on pension plan investments was determined using a statistical analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	21.10%	5.00%
International Equity	24.80%	5.20%
Private Equity	7.00%	8.20%
Core and Global Fixed Income	26.10%	1.85%
Fixed Income Plus Sectors	5.00%	4.80%
Real Estate	5.00%	5.30%
Real Assets	7.00%	5.70%
Absolute Return	4.00%	4.15%

Discount rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan's fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASBS 67. Therefore, the 7.75% assumed long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town's proportionate share of the net pension liability to changes in the discount rate. The following table shows the sensitivity of the net pension liability to changes in the discount rate. In particular, the table presents the Town's net pension liability in the Municipal Plan 2 and Police 5 PERA Fund Divisions that the Town participates in, under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
The Town's proportionate share of the net pension liability for the Plan	\$ 161,774	\$ 85,826	\$ 27,127
The Town's proportionate share of the net pension liability for Police	\$ 321,399	\$ 168,531	\$ 54,396

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued FY14 Restated PERA financial report. The report is available at <http://www.pera.state.nm.us/publications.html>.

H. Retiree Health Care

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.

I. Commitments

The Town is involved in construction projects due to Colonias Funding.

J. Contingent Liabilities

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

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.

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 \$7,172) 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.

M. Subsequent Events

Subsequent events were evaluated through November 25, 2015 which is the date the financial statements were available to be issued.

N. Restatement

Net Position was restated \$(349,449) for pension liability balance at the end of the prior year.

**SUPPLEMENTAL INFORMATION RELATED TO
MAJOR FUNDS**

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, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
State Grants	\$ 900,000	\$ 900,000	\$ 850,751	\$ (49,249)
Total Revenues	<u>900,000</u>	<u>900,000</u>	<u>850,751</u>	<u>(49,249)</u>
Expenditures				
Public Works				
Capital Outlay	912,700	912,700	893,190	19,510
Total Expenditures	<u>912,700</u>	<u>912,700</u>	<u>893,190</u>	<u>19,510</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(12,700)</u>	<u>(12,700)</u>	<u>(42,439)</u>	<u>(29,739)</u>
Other Financing Sources (Uses)				
Transfers	12,700	12,700	12,746	46
Total Other Sources (Uses)	<u>12,700</u>	<u>12,700</u>	<u>12,746</u>	<u>46</u>
Net Change in Cash Balance	0	0	(29,693)	(29,693)
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (29,693)</u>	<u>\$ (29,693)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net Change in Cash Balance			\$ (29,693)	
Net Change in Due from Grantor			29,693	
Net Change in Fund Balance			<u>\$ 0</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 Fund - To account for the receipts and expenditures of special gasoline tax which is restricted for use in repairing and maintaining roads and streets within the municipality. Authority for this fund is NMSA 7-1-6.9 and 7-13-1 to 18.

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)

Valle Del Sol 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.

STATE OF NEW MEXICO
TOWN OF CARRIZOZO
NONMAJOR SPECIAL REVENUE FUNDS
Combining Balance Sheet
June 30, 2015

	Law <u>Enforcement</u>	<u>Corrections</u>	<u>Lodgers Tax</u>
Assets			
Cash and Cash Equivalents	\$ 483	\$ 9,226	\$ 9,519
Receivables			
Taxes	0	0	228
Due from Grantor	0	0	0
Total Assets	<u>\$ 483</u>	<u>\$ 9,226</u>	<u>\$ 9,747</u>
Liabilities			
Accounts Payable	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 251</u>
Total Liabilities	<u>0</u>	<u>0</u>	<u>251</u>
Fund Balance			
Restricted for:			
Special Revenue	<u>483</u>	<u>9,226</u>	<u>9,496</u>
Total Fund Balance	<u>483</u>	<u>9,226</u>	<u>9,496</u>
Total Liabilities and Fund Balance	<u>\$ 483</u>	<u>\$ 9,226</u>	<u>\$ 9,747</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, 2015

	<u>Municipal Streets</u>	<u>Valle Del Sol</u>	<u>Total</u>
Assets			
Cash and Cash Equivalents	\$ 36,066	\$ 85,970	\$ 141,264
Receivables			
Taxes	4,259	0	4,487
Due from Grantor	0	0	0
Total Assets	<u>\$ 40,325</u>	<u>\$ 85,970</u>	<u>\$ 145,751</u>
Liabilities			
Accounts Payable	<u>\$ 1,939</u>	<u>\$ 0</u>	<u>\$ 2,190</u>
Total Liabilities	<u>1,939</u>	<u>0</u>	<u>2,190</u>
Fund Balance			
Restricted for:			
Special Revenue	<u>38,386</u>	<u>85,970</u>	<u>143,561</u>
Total Fund Balance	<u>38,386</u>	<u>85,970</u>	<u>143,561</u>
Total Liabilities and Fund Balance	<u>\$ 40,325</u>	<u>\$ 85,970</u>	<u>\$ 145,751</u>

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

STATE OF NEW MEXICO
TOWN OF CARRIZOZO
NONMAJOR SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the Year Ended June 30, 2015

	Law Enforcement	Corrections	Lodgers Tax
Revenues			
Taxes			
Gasoline	\$ 0	\$ 0	\$ 0
Gross Receipts	0	0	0
Other	0	0	6,873
State Grant	23,602	0	0
Federal Grant	0	0	0
Assessments	0	0	0
Total Revenues	<u>23,602</u>	<u>0</u>	<u>6,873</u>
Expenditures			
Current			
Public Safety	27,913	0	0
Public Works	0	0	0
Culture & Recreation	0	0	7,291
Capital Outlay	0	0	0
Total Expenditures	<u>27,913</u>	<u>0</u>	<u>7,291</u>
Excess (Deficiency) of Revenues Over Expenditures	(4,311)	0	(418)
Fund Balances at Beginning of Year	<u>4,794</u>	<u>9,226</u>	<u>9,914</u>
Fund Balance End of Year	<u>\$ 483</u>	<u>\$ 9,226</u>	<u>\$ 9,496</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, 2015

	Municipal Streets	Valle Del Sol	Total
Revenues			
Taxes			
Gasoline	\$ 28,687	\$ 0	\$ 28,687
Gross Receipts	8,315	0	8,315
Other	0	0	6,873
State Grant	0	0	23,602
Federal Grant	0	0	0
Assessments	0	20,900	20,900
Total Revenues	<u>37,002</u>	<u>20,900</u>	<u>88,377</u>
Expenditures			
Current			
Public Safety	0	0	27,913
Public Works	21,782	17,421	39,203
Culture & Recreation	0	0	7,291
Capital Outlay	0	0	0
Total Expenditures	<u>21,782</u>	<u>17,421</u>	<u>74,407</u>
Excess (Deficiency) of Revenues Over Expenditures	15,220	3,479	13,970
Fund Balances at Beginning of Year	<u>23,166</u>	<u>82,491</u>	<u>129,591</u>
Fund Balance End of Year	<u>\$ 38,386</u>	<u>\$ 85,970</u>	<u>\$ 143,561</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, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
State Grant	\$ 23,600	\$ 23,600	\$ 23,602	\$ 2
Total Revenues	<u>23,600</u>	<u>23,600</u>	<u>23,602</u>	<u>2</u>
Expenditures				
Public Safety				
Operating	28,005	28,005	27,913	92
Total Expenditures	<u>28,005</u>	<u>28,005</u>	<u>27,913</u>	<u>92</u>
Excess (Deficiency) of Revenues Over Expenditures	(4,405)	(4,405)	(4,311)	94
Cash Balance Beginning of Year	<u>4,794</u>	<u>4,794</u>	<u>4,794</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 389</u>	<u>\$ 389</u>	<u>\$ 483</u>	<u>\$ 94</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (4,311)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (4,311)</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, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Correction Fees	\$ 0	\$ 0	\$ 0	\$ 0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures				
Public Safety				
Fees	0	0	0	0
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year	<u>9,226</u>	<u>9,226</u>	<u>9,226</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 9,226</u>	<u>\$ 9,226</u>	<u>\$ 9,226</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 0	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</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, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Lodgers Tax	\$ 5,700	\$ 5,700	\$ 7,263	\$ 1,563
Total Revenues	<u>5,700</u>	<u>5,700</u>	<u>7,263</u>	<u>1,563</u>
Expenditures				
Culture & Recreation				
Operating Expense	<u>8,050</u>	<u>8,050</u>	<u>7,178</u>	<u>872</u>
Total Expenditures	<u>8,050</u>	<u>8,050</u>	<u>7,178</u>	<u>872</u>
Excess (Deficiency) of Revenues Over Expenditures	(2,350)	(2,350)	85	2,435
Cash Balance Beginning of Year	<u>9,434</u>	<u>9,434</u>	<u>9,434</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 7,084</u>	<u>\$ 7,084</u>	<u>\$ 9,519</u>	<u>\$ 2,435</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 85	
Net Change in Taxes Receivable			(390)	
Net Change in Accounts Payable			<u>(113)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (418)</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, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Gross Receipts Tax	\$ 28,000	\$ 28,000	\$ 8,315	\$ (19,685)
Gas Tax	7,000	7,000	31,238	24,238
Total Revenues	<u>35,000</u>	<u>35,000</u>	<u>39,553</u>	<u>4,553</u>
Expenditures				
Public Works				
Operating Expense	23,000	23,000	21,472	1,528
Capital Outlay	10,750	10,750	0	10,750
Total Expenditures	<u>33,750</u>	<u>33,750</u>	<u>21,472</u>	<u>12,278</u>
Excess (Deficiency) of Revenues Over Expenditures	1,250	1,250	18,081	16,831
Cash Balance Beginning of Year	<u>17,985</u>	<u>17,985</u>	<u>17,985</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 19,235</u>	<u>\$ 19,235</u>	<u>\$ 36,066</u>	<u>\$ 16,831</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 18,081	
Net Change in Taxes Receivable			1,779	
Net Change in Due from Grantor			(4,330)	
Net Change in Accounts Payable			(310)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 15,220</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, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Assessments	\$ 20,000	\$ 20,000	\$ 20,900	\$ 900
Total Revenues	<u>20,000</u>	<u>20,000</u>	<u>20,900</u>	<u>900</u>
Expenditures				
Public Works				
Operating Expense	<u>36,500</u>	<u>36,500</u>	<u>17,421</u>	<u>19,079</u>
Total Expenditures	<u>36,500</u>	<u>36,500</u>	<u>17,421</u>	<u>19,079</u>
Excess (Deficiency) of Revenues Over Expenditures	(16,500)	(16,500)	3,479	19,979
Cash Balance Beginning of Year	<u>82,491</u>	<u>82,491</u>	<u>82,491</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 65,991</u>	<u>\$ 65,991</u>	<u>\$ 85,970</u>	<u>\$ 19,979</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			<u>\$ 3,479</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 3,479</u>	

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

REQUIRED SUPPLEMENTAL INFORMATION

STATE OF NEW MEXICO
TOWN OF CARRIZOZO
Schedules of Required Supplementary Information for Pension Plan
For the Year Ended June 30, 2015

Schedule of the Town's Proportionate Share of the Net Pension Liability

Last 10 Fiscal Years*

	<u>2015</u>
Town's proportion of the net pension liability	0.06270%
Town's proportionate share of the net pension liability	\$ 168,531
Town's covered-employee payroll	\$ 216,246
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	77.93%
Plan fiduciary net position as a percentage of the total pension liability	81.29%

*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town will present information for those years for which information is available.

Schedule of Town's Contributions

Last 10 Fiscal Years*

	<u>2015</u>
Contractually required contribution	\$ 32,911
Contributions in relation to the contractually required contribution	<u>32,911</u>
Contribution deficiency (excess)	\$ <u><u>0</u></u>
Town's covered-employee payroll	\$ 216,246
Contributions as a percentage of covered-employee payroll	15.22%

* These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town will present information for those years for which information is available.

STATE OF NEW MEXICO

TOWN OF CARRIZOZO

Notes to Required Supplementary Information

For the Year Ended June 30, 2015

Changes of benefit terms. The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY14 audit available at [http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement Association 2014.pdf](http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2014.pdf).

Changes of assumptions. The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2014 report is available at http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2014%20PERA%20Valuation%20Report_FINAL.pdf. The summary of Key Findings for the PERA Fund (on page 2 of the report) states “based on a recent experience study for the five-year period ending June 30, 2013, the economic and demographic assumptions were updated for this valuation. The changes in assumptions resulted in a decrease of \$30.8 million to Fund liabilities and an increase of 0.13% to the funded ratio. For details about changes in the actuarial assumptions, see Appendix B on page 60 of the report.

OTHER SUPPLEMENTAL INFORMATION

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, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Sales & Service				
Water & Sewer	\$ 390,100	\$ 410,000	\$ 432,958	\$ 22,958
Sanitation	108,000	130,000	132,300	2,300
Environmental Gross Receipt Tax	0	0	10,219	10,219
State Grant	0	150,000	149,530	(470)
NMFA Loan	0	86,596	86,596	0
Total Revenues	<u>498,100</u>	<u>776,596</u>	<u>811,603</u>	<u>35,007</u>
Expenditures				
Water & Sewer				
Personal Services	162,108	162,108	156,642	5,466
Benefits	64,857	64,857	61,110	3,747
Operating Expenses	106,000	128,000	126,365	1,635
Capital Outlay	0	240,000	231,796	8,204
Debt Service				
Principal	24,000	30,950	14,350	16,600
Interest	0	0	16,582	(16,582)
Sanitation				
Contract Services	112,000	150,000	149,553	447
Total Expenditures	<u>468,965</u>	<u>775,915</u>	<u>756,398</u>	<u>19,517</u>
Excess (Deficiency) of Revenues Over Expenditures	29,135	681	55,205	54,524
Cash Balance Beginning of Year	<u>52,161</u>	<u>52,161</u>	<u>52,161</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 81,296</u>	<u>\$ 52,842</u>	<u>\$ 107,366</u>	<u>\$ 54,524</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 55,205	
Loan Proceeds			(86,596)	
Principal Paid			14,350	
Depreciation			(93,078)	
Capital Outlay			231,796	
Net Change in Accounts Receivable			(13,777)	
Net Change in Taxes Receivable			(215)	
Net Change in Accounts Payable			(2,072)	
Net Change in Accrued Salaries			7,793	
Net Change in Compensated Absences			(2,384)	
Net Change in Accrued Interest			127	
Net Change in Customer Deposits			(4,890)	
Net Change in Net Position			<u>\$ 106,259</u>	

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

STATE OF NEW MEXICO
TOWN OF CARRIZOZO
Vendor Schedule
For the Year Ended June 30, 2015

Bid or Quote Number: 2809-CIF
Contract Amount: \$ 599,553.28
Contracting Vendor: Roper Const.
PO Box 969
Alto, NM 88312
Preference: No
Scope of the work: Replacement of water lines, paving, curb, and sidewalks

Other Vendors responding to the bid or quote:

HO Const.
PO Box 9468
Albuquerque, NM

Sierra Valley Cont.
PO Box 3831
T or C, NM

Abrahams Const.
7605 Morrow Rd NE
Albuquerque, NM

Spartan Const.
240 Thunderbird Ste E
El Paso, TX

Renegade Const.
PO Box 830
Fairacres, NM

Mesa Verde Enterprises
PO Box 907
Alamogordo, NM

Star Paving Co.
3109 Love Rd SW
Albuquerque, NM

De'Aun Willoughby CPA, PC

Certified Public Accountant

225 Innsdale Terrace Clovis, NM 88101

(855) 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*

Independent Auditor's Report

Mr. Tim Keller
State Auditor of the State of New Mexico
Board Members of the Town of Carrizozo

Mr. Keller 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 funds, of the Town of Carrizozo (Town) as of and for the year ended June 30, 2015, 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 25, 2015.

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. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses, that we consider to be significant deficiencies. 2015-001, 2015-002, 2015-003, 2015-004

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; 2015-001, 2015-002, 2015-003, 2015-004

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. Responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

 De'Ann Willoughby CPA PC

Clovis, New Mexico

November 25, 2015

Prior Year Audit Findings
None

Current Year Audit Findings

2015-001 Expenditure Issues -Compliance and Internal Control-Significant Deficiency

Condition

Of a sample size of 109 revealed the following:

-The Town is cutting two checks for per diem. One for 80% and the other for the remaining 20%. However both checks are being given and cashed by the employees before the travel is taken.

Criteria

2.42.2.10(A) NMAC-Authorizations: Upon written request accompanied by a travel voucher, agency heads and governing boards of local public bodies or their authorized designees may approve a public officer's or employee's request to be advanced up to 80 percent of per diem rates and mileage cost or for the actual cost of lodging and meals pursuant to 2.42.2.8 NMAC and 2.42.2.9 NMAC and for other travel expenses that may be reimbursed under 2.42.2.12 NMAC. Requests for travel advances shall not be submitted to the financial control division of the department of finance and administration more than two weeks prior to travel unless, by processing the request earlier, significant savings can be realized for travel by common carrier or for registration fees for seminars and conferences.

Cause

It was explained that it was easier to issue both checks at the same time rather than to try to remember to issue the second check for the 20%.

Effect

There is a violation of state law.

Recommendation

Don't give the 20% check to the employee until after the travel has occurred.

Response

We will not issue the 20% check until after the travel has occurred. The Accounts Payable Clerk is responsible for this issue and expects the issue to be resolved immediately.

2015-002 Personnel & Individual Employee Files-Compliance and Internal Control-Significant Deficiency Condition

Out of six personnel files reviewed we noted the following:

- a) 6-I-9's were incomplete
- b) 4-had no applications on file (NMML Chapter 24-Individual Employee File)
- c) 4-did not have the rate of pay documented (NMML Chapter 24-Individual Employee File)
- d) 1-last rate of pay in personnel file was from July 1, 2002 Salary at \$34,133.00, currant salary is \$48,000.00. (NMML Chapter 24-Individual Employee File)
- e) 1-increase for a new police officer from \$16.50 to \$17.00 after probation period was not signed by mayor or police chief (NMML Chapter 24-Individual Employee File)
- f) 6-No direct deposit authorization form in personnel file. The clerk did have copies of voided checks but no signature giving the town permission to direct deposit. (NMML Chapter 15-Personnel Files)
- g) 1-had no documentation on garnishment deduction

Criteria

a) According to the United State Citizenship and Immigration Services all U.S. employers must ensure proper completion of Form I-9 for each individual they hire for employment in the United States. This includes citizens and noncitizens. Both employees and employers (or authorized representatives of the employer) must complete the form. On the form, an employee must attest to his or her employment authorization. The employee must also present his or her employer with acceptable documents evidencing identity and employment authorization. The employer must examine the employment eligibility and identity document(s) an employee presents to determine whether the document(s) reasonably appear to be genuine and to relate to the employee and record the document information on the Form I-9.

b) NMML Chapter 24 requires that individual employee files obtain an application.

c, d & e) Section 10-11-3(B) NMSA 1978 and NMML Chapter 24 requires that individual employee files obtain an wage/salary agreement.

f & g) NMML Chapter 15-Personnel Files should include Social Security, Medicare, Tax withholding forms, Benefit Deductions, Retirement, Insurance Application and certificate, Cafeteria Benefit Plans, Voluntary Deductions, Garnishment, Personnel Actions, Time and Attendance Records

Cause

Although management agrees the personnel files need work, it just hasn't been a priority.

Effect

The Town could be held liable for pay, deductions, etc. without proper documentation in the personnel files.

Recommendation

The documentation should be obtained and keep in accordance to state and federal laws require.

Response

The documentation will be obtained and keep in the personnel files. The Clerk is responsible for this issue and expects the finding to be resoved by the end of the fiscal year.

2015-003 Municipal Employment Files-Compliance and Internal Control-Significant Deficiency

Condition

The Town does not keep or maintain Municipal Employment Files.

Criteria

NMML Chapter 24 requires municipalities to keep and maintain a Equal Employment Opportunity (EEO) File.

This is a confidential file showing the age, sex, race, job title, department, pay rate and length-of-service of employees on the work force. This is essential for making required reports on Equal Employment and Affirmative Action. Names of employees are not listed on the official reports, so if you can identify and track employees without naming them, so much the better.

NMML Chapter 24 requires municipalities to keep and maintain Application File.

Applications which do not result in employment may be filed by individual, job type or title, or even by time period, depending upon volume and your own desires. By law, they must be retained for two years after receipt or disposition, whichever is later.

Cause

Although management agrees the personnel files need work, it just hasn't been a priority.

Effect

The Town could be sued by employees or fined by governmental officials.

Recommendation

Personnel files should be compiled, completed and kept in a safe place.

Response

We will work on the personnel files. The Clerk is responsible for this issue and expects the finding to be resolved by the end of the fiscal year.

2015-004 Time Sheets-Compliance and Internal Control-Significant Deficiency

Condition

Of a sample of 6 employee's the following was revealed:

2 of the 6 had no supervisor signature.

4 are non-exempt employees, their timesheets were hand written with just one entry showing that total time for the day (no in or out). We were unable to determine if non-exempt employees were paid for actual time worked.

Criteria

Under the Fair Labor Standards Act ("FLSA"), employers are required to track and record time for non-exempt employees. The FLSA does not mandate what type of timekeeping device should be utilized for nonexempt employees as long as accurate records of time are kept. Employers can use a variety of methods, such as time clocks, time cards, or timesheets. The employer is ultimately responsible for the accuracy of the time records, even though it is possible for employees to track or record their own time. As long as the employer is able to correctly pay the employee for all time worked, including overtime, then the employer is in compliance with the statute.

Cause

Management felt that the Town was small enough that formal signed time records were not necessary.

Effect

Nonexempt employees could dispute the time worked and recover unpaid wages at time and a half. The Town would have to pay back wages, payroll taxes and penalties and interest.

Recommendation

A formal time keeping system should be installed to document time worked.

Response

We will consider our options. The Clerk is responsible for this issue and expects the finding to be resolved by the end of the fiscal year.

Financial Statement Preparation

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

Exit Conference

An exit conference was held on November 25, 2015 in attendance was Yovanne Lucero-Mayor, Leann Weihbrecht-Town Clerk, and De'Aun Willoughby, CPA.