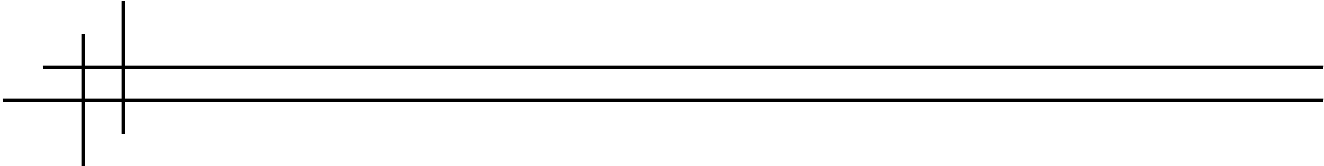




STATE OF NEW MEXICO
CITY OF ELEPHANT BUTTE

ANNUAL FINANCIAL REPORT
June 30, 2013

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



STATE OF NEW MEXICO
CITY OF ELEPHANT BUTTE
 Table of Contents
 For the Year Ended June 30, 2013

	<u>Page</u>
Official Roster.....	4
Independent Auditor's Report.....	5-6

FINANCIAL SECTION

Basic Financial Statements

Government Wide Financial Statements	
Statement of Net Position.....	8
Statement of Activities.....	9
Fund Financial Statements	
Government Funds - Balance Sheet.....	10-11
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	12
Statement of Revenues, Expenditures, and Changes in Fund Balances.....	13-14
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities.....	15

MAJOR FUND

General Fund

Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Budgetary Basis).....	16-18
--	-------

Major Special Revenue Fund

Municipal Streets Fund

Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Budgetary Basis).....	19
--	----

Proprietary Funds

Statement of Net Position.....	20
Statement of Revenues, Expenses and Changes in Net Position.....	21
Statement of Cash Flows.....	22

Notes to Financial Statements.....	23-35
------------------------------------	-------

SUPPLEMENTARY INFORMATION RELATED TO MAJOR FUNDS

Capital Project Fund

Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Budgetary Basis).....	37
--	----

SUPPLEMENTARY INFORMATION RELATED TO NON MAJOR FUNDS

Combining Non-Major Governmental Funds	
Combining Balance Sheet - by Fund Type.....	40-42
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - by Fund Type.....	43-45
Fire Fund	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Budgetary Basis).....	46
Emergency Medical Services	
Statement of Revenues, Expenditures, and Changes in Cash Balance- Budget and Actual (Budgetary Basis).....	47
Law Enforcement Protection Fund	
Statement of Revenues, Expenditures, and Changes in Cash Balance- Budget and Actual (Budgetary Basis).....	48
Correction Fund	
Statement of Revenues, Expenditures, and Changes in Cash Balance- Budget and Actual (Budgetary Basis).....	49
Lodger Tax Fund	
Statement of Revenues, Expenditures, and Changes in Cash Balance- Budget and Actual (Budgetary Basis).....	50
Recreation Fund	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Budgetary Basis).....	51

OTHER SUPPLEMENTARY INFORMATION

Utility Fund	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Budgetary Basis).....	53-54
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	55-56
Schedule of Findings and Responses.....	57

STATE OF NEW MEXICO
CITY OF ELEPHANT BUTTE
Official Roster
June 30, 2013

CITY COUNCIL

Eunice Kent	Mayor
Kim Skinner	Mayor Pro Tem
Dee Rogers	Councilor
Gerald LaFont	Councilor
Sarah Stagner	Councilor

ADMINISTRATIVE OFFICIAL

Alan Briley	City Manager
Rosemary Garretson	Clerk/Treasurer

De'Aun Willoughby CPA, PC

Certified Public Accountant

225 Innsdale Terrace Clovis, NM 88101
(855) 253-4313

Independent Auditor's Report

Mr. Hector Balderas
State Auditor of the State of New Mexico
Board Members of the City of Elephant Butte

Mr. Balderas and Members of the Board

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue fund of City of Elephant Butte (City), as of and for the year ended June 30, 2013, and the related notes to the financial statements which collectively comprise the City's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the City's nonmajor governmental funds, and the budgetary comparisons for the major capital projects fund 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, 2013, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 1, 2013, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.

 De'Ann Willoughby CPA PC

Clovis, New Mexico
November 1, 2013

FINANCIAL SECTION

STATE OF NEW MEXICO
CITY OF ELEPHANT BUTTE
 Government-Wide Statement of Net Position
 June 30, 2013

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 1,293,803	\$ 516,030	\$ 1,809,833
Investments	970	0	970
Receivables	79,805	43,088	122,893
Total Current Assets	<u>1,374,578</u>	<u>559,118</u>	<u>1,933,696</u>
Noncurrent Assets			
Restricted Cash	0	101,892	101,892
Capital Assets	4,992,829	13,457,697	18,450,526
Less: Accumulated Depreciation	(926,796)	(1,708,348)	(2,635,144)
Total Noncurrent Assets	<u>4,066,033</u>	<u>11,851,241</u>	<u>15,917,274</u>
Total Assets	<u>5,440,611</u>	<u>12,410,359</u>	<u>17,850,970</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	20,796	8,612	29,408
Accrued Salaries and Benefits	4,541	2,670	7,211
Accrued Interest	358	1,426	1,784
Current Portion of Long-Term Debt	16,269	64,740	81,009
Total Current Liabilities	<u>41,964</u>	<u>77,448</u>	<u>119,412</u>
Noncurrent Liabilities			
Compensated Absences	4,541	0	4,541
Customer Deposits	0	40,401	40,401
Long-Term Debt	258,279	1,705,329	1,963,608
Total Noncurrent Liabilities	<u>262,820</u>	<u>1,745,730</u>	<u>2,008,550</u>
Total Liabilities	<u>304,784</u>	<u>1,823,178</u>	<u>2,127,962</u>
NET POSITION			
Invested in Net Capital Assets	4,066,033	9,979,280	14,045,313
Restricted for Special Revenues	269,262	0	269,262
Restricted for Capital Projects	333,096	0	333,096
Unrestricted	467,436	607,901	1,075,337
Total Net Position	<u>\$ 5,135,827</u>	<u>\$ 10,587,181</u>	<u>\$ 15,723,008</u>

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

STATE OF NEW MEXICO
CITY OF ELEPHANT BUTTE
Government-Wide Statement of Activities
For the Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues		Net(Expenses) Revenue and Changes in Net Position			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental Activities							
General Government	\$ 283,296	\$ 13,054	\$ 171,074	\$ 0	\$ (99,168)	\$ 0	\$ (99,168)
Public Safety	124,022	0	103,642	0	(20,380)	0	(20,380)
Public Works	249,291	0	0	210,020	(39,271)	0	(39,271)
Public Health	32,216	0	0	0	(32,216)	0	(32,216)
Culture & Recreation	104,113	11,289	0	446	(92,378)	0	(92,378)
Interest on Obligations	7,874	0	0	0	(7,874)	0	(7,874)
Total Governmental Activities	<u>\$ 800,812</u>	<u>\$ 24,343</u>	<u>\$ 274,716</u>	<u>\$ 210,466</u>	<u>(291,287)</u>	<u>0</u>	<u>(291,287)</u>
Business-type Activities							
Water	225,195	212,740	0	0	0	(12,455)	(12,455)
Waste Water	497,983	269,984	0	0	0	(227,999)	(227,999)
Total Business-type Activities	<u>\$ 723,178</u>	<u>\$ 482,724</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>	<u>(240,454)</u>	<u>(240,454)</u>
General Revenues							
Property Taxes					246,372	0	246,372
Gross Receipts Taxes					430,757	0	430,757
Gasoline Taxes					18,542	0	18,542
Franchise Taxes					30,732	0	30,732
Motor Vehicle Taxes					16,749	0	16,749
Lodgers Taxes					28,799	0	28,799
Interest Income					895	414	1,309
Miscellaneous					8,875	0	8,875
Total General Revenues					<u>781,721</u>	<u>414</u>	<u>782,135</u>
Other Items							
Transfers					(110,000)	110,000	0
Change in Net Position					380,434	(130,040)	250,394
Net Position - Beginning					4,755,393	10,717,221	15,472,614
Net Position - Ending					<u>\$ 5,135,827</u>	<u>\$ 10,587,181</u>	<u>\$ 15,723,008</u>

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

STATE OF NEW MEXICO
CITY OF ELEPHANT BUTTE
 GOVERNMENTAL FUNDS
 Balance Sheet
 June 30, 2013

	<u>General</u>	<u>Special Revenue Streets</u>	<u>Capital Projects</u>
ASSETS			
Cash and Cash Equivalents	\$ 686,737	\$ 86,211	\$ 333,096
Investments	970	0	0
Receivables (Net of Allowance for Uncollectable if Applicable)			
Taxes	75,136	3,986	0
Total Assets	<u>\$ 762,843</u>	<u>\$ 90,197</u>	<u>\$ 333,096</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Current Liabilities			
Accounts Payable	\$ 11,419	\$ 0	\$ 0
Accrued Salaries & Benefits	4,541	0	0
Deferred Revenue	29,297	0	0
Total Liabilities	<u>45,257</u>	<u>0</u>	<u>0</u>
Fund Balances			
Restricted for, reported in			
Special Revenue Funds	0	90,197	0
Capital Projects	0	0	333,096
Unassigned- General Fund	717,586	0	0
Total Fund Balances	<u>717,586</u>	<u>90,197</u>	<u>333,096</u>
Total Liabilities and Fund Balances	<u>\$ 762,843</u>	<u>\$ 90,197</u>	<u>\$ 333,096</u>

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

STATE OF NEW MEXICO
CITY OF ELEPHANT BUTTE
 GOVERNMENTAL FUNDS
 Balance Sheet
 June 30, 2013

	<u>Non-Major Governmental</u>	<u>Total Governmental</u>
ASSETS		
Cash and Cash Equivalents	\$ 187,759	\$ 1,293,803
Investments	0	970
Receivables (Net of Allowance for Uncollectable if Applicable)		
Taxes	683	79,805
Total Assets	<u>\$ 188,442</u>	<u>\$ 1,374,578</u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Current Liabilities		
Accounts Payable	\$ 9,377	\$ 20,796
Accrued Salaries & Benefits	0	4,541
Deferred Revenue	0	29,297
Total Liabilities	<u>9,377</u>	<u>54,634</u>
Fund Balances		
Restricted for, reported in		
Special Revenue Funds	179,065	269,262
Capital Projects	0	333,096
Unassigned- General Fund	0	717,586
Total Fund Balances	<u>179,065</u>	<u>1,319,944</u>
Total Liabilities and Fund Balances	<u>\$ 188,442</u>	<u>\$ 1,374,578</u>

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

STATE OF NEW MEXICO
CITY OF ELEPHANT BUTTE
 Reconciliation of the Governmental Funds
 Balance Sheet to the Statement of Net Position
 June 30, 2013

Total Fund Balance - Governmental Funds \$ 1,319,944

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. 29,297

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

	\$	4,992,829	
The cost of capital assets		4,992,829	
Accumulated depreciation		<u>(926,796)</u>	4,066,033

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 :

		(278,188)	
Notes Payable		(278,188)	
Issue Costs		4,200	
Accumulated Amortization		(560)	
Accrued interest on Notes Payable		(358)	
Compensated Absences		<u>(4,541)</u>	<u>(279,447)</u>

Total Net Position - Governmental Activities \$ 5,135,827

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

STATE OF NEW MEXICO
CITY OF ELEPHANT BUTTE
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures and Changes
in Fund Balance
For the Year Ended June 30, 2013

	<u>General</u>	<u>Special Revenue Streets</u>	<u>Capital Projects</u>
Revenues			
Taxes			
Gross Receipts Taxes	\$ 430,757	\$ 0	\$ 0
Property Taxes	243,154	0	0
Franchise Taxes	30,732	0	0
Lodgers Taxes	0	0	0
Gasoline Taxes	0	18,542	0
Motor Vehicle Taxes	0	16,749	0
Charge for Services	76	0	0
State Grants	171,074	210,020	0
License, Fees and Fines	12,918	0	0
Interest Income	895	0	0
Other	8,347	126	336
Total Revenues	<u>897,953</u>	<u>245,437</u>	<u>336</u>
Expenditures			
Current			
General Government	269,590	0	0
Public Safety	26,837	0	0
Public Works	173,512	0	0
Public Health	32,216	0	0
Culture and Recreation	20,500	0	0
Capital Outlay	30,618	243,330	0
Debt Service			
Principal	0	0	0
Interest	0	0	0
Total Expenditures	<u>553,273</u>	<u>243,330</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>344,680</u>	<u>2,107</u>	<u>336</u>
Other Financing Sources (Uses)			
Loan Proceeds	0	0	0
Transfers In (Out)	(330,000)	45,000	100,000
Total Other Financing Sources (Uses)	<u>(330,000)</u>	<u>45,000</u>	<u>100,000</u>
Net Change in Fund Balance	14,680	47,107	100,336
Fund Balances at Beginning of Year	<u>702,906</u>	<u>43,090</u>	<u>232,760</u>
Fund Balance End of Year	<u>\$ 717,586</u>	<u>\$ 90,197</u>	<u>\$ 333,096</u>

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

STATE OF NEW MEXICO
CITY OF ELEPHANT BUTTE
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures and Changes
in Fund Balance
For the Year Ended June 30, 2013

	<u>Non-Major Governmental</u>	<u>Total Governmental</u>
Revenues		
Taxes		
Gross Receipts Taxes	\$ 0	\$ 430,757
Property Taxes	0	243,154
Franchise Taxes	0	30,732
Lodgers Taxes	28,799	28,799
Gasoline Taxes	0	18,542
Motor Vehicle Taxes	0	16,749
Charge for Services	11,289	11,365
State Grants	104,088	485,182
License, Fees and Fines	60	12,978
Interest Income	0	895
Other	66	8,875
Total Revenues	<u>144,302</u>	<u>1,288,028</u>
Expenditures		
Current		
General Government	0	269,590
Public Safety	69,892	96,729
Public Works	0	173,512
Public Health	0	32,216
Culture and Recreation	79,025	99,525
Capital Outlay	19,119	293,067
Debt Service		
Principal	6,012	6,012
Interest	15,994	15,994
Total Expenditures	<u>190,042</u>	<u>986,645</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(45,740)</u>	<u>301,383</u>
Other Financing Sources (Uses)		
Loan Proceeds	0	0
Transfers In (Out)	75,000	(110,000)
Total Other Financing Sources (Uses)	<u>75,000</u>	<u>(110,000)</u>
Net Change in Fund Balance	29,260	191,383
Fund Balances at Beginning of Year	<u>149,805</u>	<u>1,128,561</u>
Fund Balance End of Year	<u>\$ 179,065</u>	<u>\$ 1,319,944</u>

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

STATE OF NEW MEXICO
CITY OF ELEPHANT BUTTE
 Reconciliation of the Governmental Funds
 Statement of Revenues, Expenditures and Changes in Fund Balance
 To the Statement of Activities
 June 30, 2013

Net Change in Fund Balance \$ 191,383

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 City'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, 2012	\$ (26,079)	
Property Taxes Receivable, June 30, 2013	<u>29,297</u>	3,218

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.

Depreciation expense	(119,295)	
Capital Outlays	<u>293,067</u>	173,772

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

6,012

Bond issue costs are amortized in the Statement of Activities but are an expenditure in the governmental funds.

(280)

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.

Accrued Interest, June 30, 2012	8,758	
Accrued Interest, June 30, 2013	<u>(358)</u>	8,400

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

Compensated Absences, June 30, 2012	2,470	
Compensated Absences, June 30, 2013	<u>(4,541)</u>	<u>(2,071)</u>

Changes in Net Position of Governmental Activities	\$	<u><u>380,434</u></u>
--	----	-----------------------

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

STATE OF NEW MEXICO
CITY OF ELEPHANT BUTTE
GENERAL FUND

Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Taxes				
Gross Receipts	\$ 407,160	\$ 407,160	\$ 423,668	\$ 16,508
Property	225,752	225,752	247,470	21,718
Franchise	30,000	30,000	30,693	693
License & Permits	10,800	10,800	11,800	1,000
Charge for Services	100	100	76	(24)
Fines & Forfeitures	1,090	1,090	1,118	28
State Grants	150,000	150,000	171,074	21,074
Interest Income	1,200	1,200	895	(305)
Miscellaneous	4,550	4,550	8,346	3,796
Total Revenues	<u>830,652</u>	<u>830,652</u>	<u>895,140</u>	<u>64,488</u>
Expenditures				
Executive				
Personnel Services	9,771	9,771	9,770	1
Benefits	749	749	748	1
Operating Costs	43,222	43,222	14,518	28,704
Total Executive	<u>53,742</u>	<u>53,742</u>	<u>25,036</u>	<u>28,706</u>
Judicial				
Personnel Services	5,782	5,782	5,607	175
Benefits	485	485	427	58
Operating Costs	10,575	10,575	3,663	6,912
Capital Outlay	11,757	11,757	11,757	0
Total Judicial	<u>28,599</u>	<u>28,599</u>	<u>21,454</u>	<u>7,145</u>
Election				
Operating Costs	600	600	43	557
Total Election	<u>600</u>	<u>600</u>	<u>43</u>	<u>557</u>
Financial				
Personnel Services	151,949	151,949	146,369	5,580
Benefits	44,226	44,226	46,540	(2,314)
Operating Costs	195,444	195,444	47,529	147,915
Capital Outlay	19,580	19,580	18,862	718
Total Financial	<u>411,199</u>	<u>411,199</u>	<u>259,300</u>	<u>151,899</u>
Health & Welfare				
Hospital	29,364	29,364	32,216	(2,852)
Total Health & Welfare	<u>\$ 29,364</u>	<u>\$ 29,364</u>	<u>\$ 32,216</u>	<u>\$ (2,852)</u>

STATE OF NEW MEXICO
CITY OF ELEPHANT BUTTE
GENERAL FUND

Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Planning and Zoning				
Personnel Services	\$ 30,454	\$ 30,454	\$ 24,184	\$ 6,270
Benefits	11,739	11,739	8,601	3,138
Operating Costs	28,855	28,855	25,231	3,624
Total Planning and Zoning	<u>71,048</u>	<u>71,048</u>	<u>58,016</u>	<u>13,032</u>
Public Safety				
Dispatch	30,000	30,000	22,500	7,500
Animal Shelter	4,285	4,285	4,285	0
Total Public Safety	<u>34,285</u>	<u>34,285</u>	<u>26,785</u>	<u>7,500</u>
Streets				
Personnel Services	44,023	44,023	43,061	962
Benefits	11,376	11,376	11,387	(11)
Operating Costs	149,144	149,144	44,163	104,981
Capital Outlay	10,810	10,810	0	10,810
Total Streets	<u>215,353</u>	<u>215,353</u>	<u>98,611</u>	<u>116,742</u>
Economic Development				
Operating Expenses	10,000	10,000	10,000	0
Total Economic Development	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>0</u>
Culture & Recreation				
Fireworks	7,500	7,500	7,500	0
Tourism	5,000	5,000	5,000	0
Library	2,000	2,000	2,000	0
Area on Aging	6,000	6,000	6,000	0
Total Culture & Recreation	<u>20,500</u>	<u>20,500</u>	<u>20,500</u>	<u>0</u>
Total Expenditures	<u>874,690</u>	<u>874,690</u>	<u>551,961</u>	<u>322,729</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(44,038)</u>	<u>(44,038)</u>	<u>343,179</u>	<u>387,217</u>
Other Financing Sources (Uses)				
Transfers In (Out)	<u>(330,000)</u>	<u>(330,000)</u>	<u>(330,000)</u>	<u>0</u>
Total Financing Other Sources (Uses)	<u>(330,000)</u>	<u>(330,000)</u>	<u>(330,000)</u>	<u>0</u>
Net Change in Cash Balance	(374,038)	(374,038)	13,179	387,217
Cash Balance Beginning of Year	\$ <u>674,528</u>	\$ <u>674,528</u>	\$ <u>674,528</u>	\$ <u>0</u>

STATE OF NEW MEXICO
CITY OF ELEPHANT BUTTE
 GENERAL FUND

Statement of Revenues, Expenditures, and Changes in Cash Balance -
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Cash Balance End of Year	\$ <u>300,490</u>	\$ <u>300,490</u>	\$ <u>687,707</u>	\$ <u>387,217</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net Change in Cash Balance			\$ 13,179	
Net change in Taxes Receivable			2,813	
Net change in Outstanding Taxes			3,218	
Net change in Accounts Payable			3,230	
Net change in Accrued Salaries & Benefits			(4,542)	
Net change in Deferred Revenue			<u>(3,218)</u>	
Net Change in Fund Balance			\$ <u>14,680</u>	

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

STATE OF NEW MEXICO
CITY OF ELEPHANT BUTTE
SPECIAL REVENUE FUND-MUNICIPAL STREETS FUND
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Gasoline Taxes	\$ 24,000	\$ 24,000	\$ 19,427	\$ (4,573)
State Grant	475,442	475,442	210,020	(265,422)
Fees & Fines	13,000	13,000	15,341	2,341
Other	30	30	126	96
Total Revenues	<u>512,472</u>	<u>512,472</u>	<u>244,914</u>	<u>(267,558)</u>
Expenditures				
Public Works				
Capital Outlay	560,066	560,066	251,297	308,769
Total Expenditures	<u>560,066</u>	<u>560,066</u>	<u>251,297</u>	<u>308,769</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(47,594)</u>	<u>(47,594)</u>	<u>(6,383)</u>	<u>41,211</u>
Other Financing Sources (Uses)				
Transfers In (Out)	0	0	45,000	(45,000)
Total Financing Other Sources (Uses)	<u>0</u>	<u>0</u>	<u>45,000</u>	<u>(45,000)</u>
Net Change in Cash Balance	(47,594)	(47,594)	38,617	86,211
Cash Balance Beginning of Year	<u>47,594</u>	<u>47,594</u>	<u>47,594</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 86,211</u>	<u>\$ 86,211</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net Change in Cash Balance			\$ 38,617	
Net Change in Taxes Receivable			523	
Net Change in Accounts Payables			7,967	
Net Change in Fund Balance			<u>\$ 47,107</u>	

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

STATE OF NEW MEXICO
CITY OF ELEPHANT BUTTE
 PROPRIETARY FUND
 Statement of Net Position
 June 30, 2013

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 516,030
Investments	
Receivables (net of allowance for uncollectible accounts)	
Accounts	43,088
Total Current Assets	<u>559,118</u>

Noncurrent Assets

Restricted Cash	101,892
Capital Assets	13,457,697
Less: Accumulated Depreciation	<u>(1,708,348)</u>
Total Noncurrent Assets	<u>11,851,241</u>

Total Assets	<u>12,410,359</u>
--------------	-------------------

LIABILITIES

Current Liabilities

Accounts Payable	8,612
Accrued Salaries and Benefits	2,670
Accrued Interest	1,426
Current Portion of Long-Term Debt	<u>64,740</u>
Total Current Liabilities	<u>77,448</u>

Noncurrent Liabilities

Customer Deposits	40,401
Long-Term Debt	<u>1,705,329</u>
Total Noncurrent Liabilities	<u>1,745,730</u>

Total Liabilities	<u>1,823,178</u>
-------------------	------------------

NET POSITION

Invested in Net Capital Assets	9,979,280
Unrestricted	<u>607,901</u>
Total Net Position	<u>\$ 10,587,181</u>

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

STATE OF NEW MEXICO
CITY OF ELEPHANT BUTTE
 PROPRIETARY FUND
 Statement of Revenue, Expenses and Changes in Net Position
 For the Year Ended June 30, 2013

Operating Revenues	
Sales & Service	\$ 482,724
Total Operating Revenues	<u>482,724</u>
Operating Expenses	
Operating Expenses	414,823
Depreciation	<u>279,230</u>
Total Operating Expenses	<u>694,053</u>
Operating Income	<u>(211,329)</u>
Nonoperating Revenue (Expenses)	
Interest Income	414
Interest Expense	<u>(29,125)</u>
Total Nonoperating Revenue (Expenses)	<u>(28,711)</u>
Other Items	
Transfer in from Governmental Funds	<u>110,000</u>
Total Other Items	<u>110,000</u>
Net Change in Net Position	(130,040)
Total Net Position - Beginning	<u>10,717,221</u>
Total Net Position - Ending	<u>\$ 10,587,181</u>

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

STATE OF NEW MEXICO
CITY OF ELEPHANT BUTTE
 PROPRIETARY FUND
 Statement of Cash Flows
 For the Year Ended June 30, 2013

Cash Flows from Operating Activities	
Cash Received From Customers	\$ 922,778
Cash Paid to Suppliers and Employees	<u>(821,493)</u>
Net Cash Provided by Operating Activities	<u>101,285</u>
Cash Flows from Capital & Related Financing Activities	
Invested in Capital Assets	(376,588)
Loan Proceeds	299,186
Transfer in from Governmental Funds	110,000
Principal Paid	(78,600)
Interest Paid	<u>(29,125)</u>
Net Cash Provided by Capital & Related Financing Activities	<u>(75,127)</u>
Cash Flows from Investing Activities	
Interest Received	<u>414</u>
Net Cash Provided by Investing Activities	<u>414</u>
Net Increase (Decrease) in Cash	26,572
Cash, Beginning of the Year	<u>591,350</u>
Cash, Ending of the Year	<u>\$ 617,922</u>
Reconciliation of Cash	
Cash and Cash Equivalents	\$ 516,030
Restricted Cash	<u>101,892</u>
Total Cash and Cash Equivalents	<u>\$ 617,922</u>
Reconciliation of Net Income to Net Cash Provided by Operating Activities	
Operating Income (Loss)	\$ (211,329)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities	
Depreciation	279,830
Change in Assets and Liabilities	
(Increase) Decrease in Accounts Receivable	28,672
Increase (Decrease) in Accounts Payable	971
Increase (Decrease) in Accrued Salaries	2,670
Increase (Decrease) in Accrued Interest	(12,441)
Increase (Decrease) in Customer Deposits	<u>12,912</u>
Net Cash Provided by Operating Activities	<u>\$ 101,285</u>

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

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Elephant Butte (City) have been prepared in accordance with generally 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 City's accounting policies are described below.

Financial Reporting Entity

The City of Elephant Butte was incorporated under the laws of the State of New Mexico. The City 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 City 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 City 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 City has no component units, defined by GASB Statement No. 14 as other legally separate organizations for which the elected City members are financially accountable. There are no other primary governments with which the City Board Members are financially accountable. There are no other primary governments with which the City has a significant relationship.

The accounts of the City 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 City are classified into two categories: governmental and proprietary. Proprietary includes enterprise and internal service funds. The City does not have internal service funds. In the discussion of this audit, proprietary fund is referring to the enterprise fund. Each category is divided into separate fund types. The fund classification and a description of each existing fund type follows below.

Basis of Presentation

Net Position) report information on all of the activities of the City. 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 City has no Fiduciary Funds. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given program 2) operating grants and contributions that are restricted to meeting the operational requirements of a particular program and 3) capital grants or contributions restricted to meeting capital requirements of a particular program. Taxes and other items not properly included amount program revenues are reported instead as general revenues.

The City 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 City has presented the following major governmental funds:

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

Municipal Streets Fund - To account for the one-cent gasoline tax being allocated to the City for the explicit purpose of street repair. The authority for the allocation and setup of the fund is 7-1-6-27, NMSA, 1978 Compilation, 1989 supplement.

Capital Projects Fund - The Capital Projects Fund is used to account for all resources for the acquisition of capital facilities by the City. Expenditures are restricted to Capital Improvements.

Proprietary Utility Fund - The fund is used to account for the provision of water and waste water services to the residents of the City. Activities of the fund includes administration, operations and maintenance of the sewer system and billing and collection activities. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds.

Additionally, the City 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 Statement of Net Position and the Statement of Activities and statements for the proprietary fund were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, deferred outflows or resources, liabilities and deferred inflows or resources resulting from nonexchange transactions are recognized in accordance with the requirement of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions."

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 City 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 specific revenue recognition policy for property taxes are recognized when levied, derived tax revenue (such as gross receipts tax) are recognized when the underlying transaction takes place, and grants are recognized when all of the eligibility requirements have been met.

The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income and intergovernmental revenues. Gross receipts 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 City'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 City 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 City Councilors 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.

Cash and Cash Equivalents

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

The City 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 City may be invested in :

(a) bonds or negotiable securities of the United States, the state or any county, municipality or City 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 City in the current year to provide services occurring in the subsequent fiscal year, and the reserve for prepaid items has been recorded to signify that a portion of fund balance is not available for other subsequent expenditures.

Receivables and Payables

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

Capital Assets

Capital assets, which includes property, plant, equipment (including software), and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. Capital assets are recorded at historical costs and depreciated over their estimated useful lives (with no salvage value). Capital assets are defined by the City 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:

Infrastructure	50 Years
Buildings, Improvements and	15-30 Years
Equipment & Vehicles	4-30 Years

Use of Restricted Funds

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

Revenue

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Waste Water Fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Compensated Absences

The City calls this PTO. All full-time employees who have worked for the City for five years or less earn a rate of 2.77 hours for each full work week. Employees who have worked for the City between five and ten years earn a rate of 3.539 hours for each full work week. Employees who have worked for the City between ten and fifteen years earn a rate of 3.847 hours for each full work week. Employees who have worked for the City between fifteen and twenty years earn a rate of 4.154 hours for each full work week. Employees who have worked for the City twenty plus years earn a rate of 4.616 hours for each full work week. Each employee will have the ability to sell or cash in or redeem their PTO at their anniversary date, subject to the following:

- a. Employees can sell one-half of any accrued amount of PTO.
- b. Employees can combination - sell one-half and carry over as they feel necessary.

Employees are paid for one-half the PTO they have accrued and carried over at employment end.

Net Position

Net position represent the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed by creditors, grantors or laws or regulations of other governments.

NOTE B: RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS STATEMENTS

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

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

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

NOTE C: DEPOSITS AND INVESTMENTS

The City 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.

First Savings

<u>Name of Account</u>	<u>Bank Balance 6/30/13</u>	<u>Reconciled Balance</u>	<u>Type</u>
Elephant Butte	\$ 201,691	\$ 182,535	Checking-Interest bearing
Elephant Butte	776,685	776,685	Checking-Interest bearing
Elephant Butte	475,468	475,468	Savings
Elephant Butte	475,467	475,467	Savings
TOTAL Deposited	<u>1,929,311</u>	<u>\$ 1,910,155</u>	
Less: FDIC Coverage	<u>(250,000)</u>		
Uninsured Amount	1,679,311		
50% collateral requirement	839,656		
Pledged securities	<u>2,800,612</u>		
Over (Under) requirement	<u>\$ 1,960,957</u>		

The following securities are pledged:

<u>Description</u>	<u>CUSIP #</u>	<u>Market Value</u>	<u>Maturity Date</u>	<u>Location</u>
FHLMC	31282CA98	\$ 93,772	04/01/2020	Federal Reserve, Minneapolis
FNMA	31376KUB0	266,402	09/01/2020	Federal Reserve, Minneapolis
FNMA	36176XE21	173,787	03/15/2027	Federal Reserve, Minneapolis
FHLMC	3128MDNR0	1,773,648	01/01/2028	Federal Reserve, Minneapolis
GNR	38377TBL4	107,871	11/20/2038	Federal Reserve, Minneapolis
GNR	38377NLJ1	140,808	9/20*2039	Federal Reserve, Minneapolis
GNR	38377U5F1	244,324	10/20/2040	Federal Reserve, Minneapolis
		<u>\$ 2,800,612</u>		

Custodial Credit Risk-Deposits

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ 250,000
Collateralized:	
Collateral held by the pledging bank in City's name	728,376
Uninsured and uncollateralized	950,935
Total Deposits	<u>\$ 1,929,311</u>

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

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 the end of the fiscal year \$950,935 of the City's bank balance of \$1,929,311 was exposed to custodial credit risk.

Bank of America

<u>Name of Account</u>	<u>Balance Per Bank 06/30/13</u>	<u>Reconciled Balance</u>	<u>Type</u>
NMFA-SC- PP-2591	\$ 8	\$ 8	Savings
NMFA-ZD DW-2495	1,562	1,562	Savings
TOTAL Deposited	<u>\$ 1,570</u>	<u>\$ 1,570</u>	

New Mexico State Treasurer

<u>Name of Account</u>	<u>Balance 6/30/13</u>	<u>Reconciled Balance</u>	<u>Type</u>
Reserve Fund	\$ 970	\$ 970	Investment
TOTAL Deposited	<u>\$ 970</u>	<u>\$ 970</u>	

GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, relates to how deposits and investments are reported in the annual financial statements of governmental entities. GASB Statement No. 40 disclosures inform financial statement users about deposit and investment risks that could affect a government's ability to provide services and meet its obligations as they become due. GASB Statement No. 40 requires governments to disclose deposit and investment risks related to credit risk (including custodial credit risk), concentration of credit risk, interest rate risk, and foreign currency risk. The State Treasurer's Office provides the following information regarding the LGIP:

1. With respect to credit risk, the LGIP, a government investment pool, is rated AAAM by Standard & Poor's. Therefore, the LGIP reports AAAM for credit risk. Public funds are not required to disclose custodial credit risk for external investment pools. Therefore, the LGIP is exempt from this requirement.
2. GASB Statement No. 40 defines concentration of credit risk as investments of more than 5% in any one issuer. External investment pools, such as the LGIP, are excluded from the requirement of disclosing concentration of credit risk. Therefore, the LGIP is exempt from this disclosure. However, our portfolio is posted on the State Treasurer's website www.stonm.org and available for review by participants at any time.

STATE OF NEW MEXICO
CITY OF ELEPHANT BUTTE
Notes to the Financial Statements
June 30, 2013

3. GASB Statement No. 40 defines interest rate risk as the risk that interest rate variations may adversely affect the fair value of an investment. According to GASB Statement No. 40, an acceptable method for reporting interest rate risk is weighted average maturity (“WAM”). The State Treasurer’s Office uses this method for reporting purposes for the LGIP. The WAM of the LGIP is identified on the monthly LGIP investment report found on the State Treasurer’s Office website at www.stonm.org. As of June 30, 2013, the LGIP WAM(R) is 59 days and WAM(F) is 90 days.

4. Finally, with respect to foreign currency risk, all investments in the LGIP are in U.S. dollar denominated assets. Therefore, the LGIP has no foreign currency risk.

NOTE D: RESTRICTED CASH

The restricted cash is the utility deposits and capacity fees restricted for future expansion.

NOTE E: CAPITAL ASSETS

Capital Assets Balances and Activity for the fiscal year end is as follows:

	Beginning Balance 6/30/12	Increases	Decreases	Ending Balance 6/30/13
Governmental Activities				
Capital Assets, not being Depreciated				
Land	\$ 1,177,627	\$ 0	\$ 0	\$ 1,177,627
Construction in Progress	0	0	0	0
Total Capital Assets, not being Depreciated	<u>1,177,627</u>	<u>0</u>	<u>0</u>	<u>1,177,627</u>
Capital Assets, being Depreciated				
Infrastructure	2,027,111	243,330	0	2,270,441
Buildings & Improvements	552,931	19,119	0	572,050
Equipment	390,773	30,618	0	421,391
Vehicles	551,320	0	0	551,320
Total Capital Assets, being Depreciated	<u>3,522,135</u>	<u>293,067</u>	<u>0</u>	<u>3,815,202</u>
Total Capital Assets	<u>4,699,762</u>	<u>293,067</u>	<u>0</u>	<u>4,992,829</u>
Less Accumulated Depreciation				
Infrastructure	192,602	60,366	0	252,968
Buildings & Improvements	269,126	11,214	0	280,340
Equipment	68,669	24,576	0	93,245
Vehicles	277,104	23,139	0	300,243
Total Accumulated Depreciation	<u>807,501</u>	<u>119,295</u>	<u>0</u>	<u>926,796</u>
Capital Assets, net	<u>\$ 3,892,261</u>	<u>\$ 173,772</u>	<u>\$ 0</u>	<u>\$ 4,066,033</u>

STATE OF NEW MEXICO
CITY OF ELEPHANT BUTTE
Notes to the Financial Statements
June 30, 2013

Depreciation expense was charged to governmental activities as follows:

General	\$	11,635
Public Safety		27,293
Public Works		75,779
Culture & Recreation		4,588
Total depreciation expenses	\$	<u>119,295</u>

	Beginning Balance 6/30/12	Increases	Decreases	Ending Balance 6/30/13
Business-Type Activities				
Capital Assets not being Depreciated				
Land	\$ 50,901	\$ 0	\$ 0	\$ 50,901
Total Capital Assets not being Depreciated	<u>50,901</u>	<u>0</u>	<u>0</u>	<u>50,901</u>
Capital Assets, being Depreciated				
Other Capital Assets				
Lakeshore Water System	1,244,109	328,558	0	1,572,667
Waste Water System	11,705,809	48,030	0	11,753,839
Equipment	7,000	0	0	7,000
Vehicles	73,290	0	0	73,290
Total Capital Assets, being Depreciated	<u>13,030,208</u>	<u>376,588</u>	<u>0</u>	<u>13,406,796</u>
Total Capital Assets at Historical Cost	<u>13,081,109</u>	<u>376,588</u>	<u>0</u>	<u>13,457,697</u>
Less Accumulated Depreciation				
Improvements	1,409,686	274,514	0	1,684,200
Equipment	4,637	583	0	5,220
Vehicles	14,196	4,732	0	18,928
Total Accumulated Depreciation	<u>1,428,519</u>	<u>279,829</u>	<u>0</u>	<u>1,708,348</u>
Capital Assets, net	<u>\$ 11,652,590</u>	<u>\$ 96,759</u>	<u>\$ 0</u>	<u>\$ 11,749,349</u>

NOTE F: LONG TERM DEBT

Governmental Funds

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

	Beginning Balance 6/30/12	Additions	Reductions	Ending Balance 6/30/13	Amounts Due Within One Year
Loans Payable					
NMFA-SC PP-2591	284,200	\$ 0	\$ 6,012	\$ 278,188	\$ 16,269
Total	<u>\$ 284,200</u>	<u>\$ 0</u>	<u>\$ 6,012</u>	<u>\$ 278,188</u>	<u>\$ 16,269</u>

STATE OF NEW MEXICO
CITY OF ELEPHANT BUTTE
Notes to the Financial Statements
June 30, 2013

All activities of bonds and loans payable at June 30, 2013 are comprised of the following individual issues:

Description	Original Amount	Maturity Date	Interest Rate	Annual Payments	Collateral
NMFA-SC PP-2591	284,200	05/01/2027	3.458%	Various	Fire Truck

The annual requirements to above loans as of June 30, 2013, including interest payments are as follows:

	Principal	Interest	Total
2014	\$ 16,269	\$ 8,585	\$ 24,854
2015	16,592	8,399	24,991
2016	16,988	8,149	25,137
2017	17,442	7,845	25,287
2018	17,964	7,470	25,434
2019-2023	99,378	29,270	128,648
2024-2027	93,555	9,842	103,397
	<u>\$ 278,188</u>	<u>\$ 79,560</u>	<u>\$ 357,748</u>

Proprietary Funds

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

	Beginning Balance 6/30/12	Additions	Reductions	Ending Balance 6/30/13	Amounts Due Within One Year
Loans Payable					
NMFA-WTB 59	\$ 90,881	\$ 0	\$ 6,059	\$ 84,822	\$ 6,059
RIP 2006-02	442,485	0	0	442,485	20,333
NMFA-WTB 87	106,481	0	6,531	99,950	6,547
RIP 2007-02	462,225	0	40,074	422,151	0
ARRA	447,410	0	19,588	427,822	19,980
NMFA-5	0	299,186	6,347	292,839	12,821
Total	<u>\$ 1,549,482</u>	<u>\$ 299,186</u>	<u>\$ 78,599</u>	<u>\$ 1,770,069</u>	<u>\$ 65,740</u>

All activities of bonds and loans payable at June 30, 2013 are comprised of the following individual issues:

Description	Original Amount	Maturity Date	Interest Rate	Annual Payments	Collateral
NMFA-WTB 59	\$ 121,175	06/15/2027	0%	\$ 6,059	Utility Revenues
RIP 2006-02	500,000	06/15/2028	3%	33,608	Utility Revenues
NMFA-WTB 87	128,400	06/01/2027	0%	6,547	Utility Revenues
RIP 2007-02	500,000	07/16/2030	3%	33,608	Utility Revenues
ARRA	500,000	06/01/2031	2%	28,536	Utility Revenues
NMFA-EB5	\$ 299,186	06/01/2032	1.75%	\$ 17,946	Revenues

STATE OF NEW MEXICO
CITY OF ELEPHANT BUTTE
Notes to the Financial Statements
June 30, 2013

The annual requirements to above loans as of June 30, 2013, including interest payments are as follows:

	Principal	Interest	Total
2014	\$ 65,740	\$ 26,956	\$ 92,696
2015	87,967	38,386	126,353
2016	89,908	36,493	126,401
2017	91,901	93,947	185,848
2018	93,947	32,554	126,501
2019-2023	502,366	130,927	633,293
2024-2028	556,208	72,405	628,613
2029-2032	282,032	12,272	294,304
	<u>\$ 1,770,069</u>	<u>\$ 443,940</u>	<u>\$ 2,214,009</u>

NOTE G: PROPERTY TAXES

The County collects the City'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 City on a monthly basis. The City accounts for its share of property taxes in the General and Capital Projects Funds. Only those collections received are recorded as revenues for the budget presentation.

NOTE H: RETIREMENT PLAN

Plan Description. Substantially all of the municipality's full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). The Public Employees Retirement Association (PERA) is administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, NM 87504-2123. The report is also available on PERA's website at <http://www.pera.state.nm.us>.

Funding Policy. Plan members are required to contribute 7% of their gross salary. The municipality is required to contribute 7% of the gross covered salary. The contribution requirements of the plan members and the municipality are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The municipality's contributions to PERA for the fiscal years ending June 30, 2013, 2012 and 2011 were \$20,775, \$22,528, and \$21,929, respectively, which equal the amount of the required for each fiscal year.

NOTE I: POST-EMPLOYMENT BENEFITS

The City does not participate in the State of New Mexico Retiree Health Care plan.

NOTE J: INTERFUND TRANSFERS

Interfund transfers at the fiscal year end were as follows:

<u>Transfers Out</u>	<u>Transfers In</u>			
	Streets	Capital Projects	Non-Major Governmental	Utility
General	\$ 45,000	\$ 100,000	\$ 75,000	\$ 110,000

STATE OF NEW MEXICO
CITY OF ELEPHANT BUTTE
Notes to the Financial Statements
June 30, 2013

A transfer from General Fund to Streets was to provide the local match for a grant, Capital Projects to provide local funds for future utility projects and Recreation to cover the shortfall.

NOTE K: RISK MANAGEMENT

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

NOTE L: RECEIVABLES

Receivables at the fiscal year end were as follows:

	General	Streets	Non-Major Governmental	Utility
Accounts Receivable	\$ 0	\$ 0	\$ 0	\$ 53,772
Gross Receipts Taxes	39,862	0	0	0
Property Taxes	32,044	0	0	0
Franchise Taxes	3,230	0	0	0
Gasoline Taxes	0	1,254	0	0
Motor Vehicle	0	2,732	0	0
Lodgers Tax	0	0	683	0
	<u>\$ 75,136</u>	<u>\$ 3,986</u>	<u>\$ 683</u>	<u>\$ 53,772</u>

Taxes receivable for the governmental funds consists primarily of taxes collected by the collection agency in the current year, but not remitted to the City until after year-end. All governmental fund receivables are considered fully collectible.

NOTE M: SURETY BOND

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

NOTE N: JOINT POWERS AGREEMENTS

Law Enforcement Services

Participants: County of Sierra/Sheriff's Office and City of Elephant Butte.

Description: County Sheriff's office is to provide trained and certified personnel, equipment, training, and other law enforcement activities within the City during the period of time in which this Joint Powers Agreement is in force. The City's cost for this is \$26,000, and the audit's responsibility belongs to the County of Sierra. This agreement shall be perpetual, until terminated by one or more of the parties to this Agreement.

Sierra County Regional Dispatch Authority

Participants: County of Sierra, City of Truth or Consequences, City of Williamsburg and City of Elephant Butte.

Description: The Joint Powers Agreement creates a separate legal entity that will provide a communications dispatch center to serve the County Sheriff's Department and various County Volunteer Fire Departments, City Police and Fire Departments, Emergency standby personnel, the City Police and Fire Departments, the State police, State Parks, State Game and Fish, Emergency Medical services and any such other similar agencies as shall later request communications services in Sierra county, New Mexico. The Audit's responsibility belongs to the County of Sierra. This agreement shall be perpetual, until terminated by one or more of the parties to this Agreement.

Animal Control

Participants: City of Elephant Butte and the City of Truth or Consequences.

Description: The City of Elephant Butte and The City of Truth or Consequences have agreed to share resources in order to protect the citizens of City of Elephant Butte and to humanely treat the stray animal in City of Elephant Butte through the joint exercise of the City's Animal Control Officers. This Joint Powers Agreement may be terminated by either party upon ninety days written notice delivered to the other.

**SUPPLEMENTAL INFORMATION RELATED TO
MAJOR FUNDS**

STATE OF NEW MEXICO
CITY OF ELEPHANT BUTTE
 CAPITAL PROJECTS FUND
 Statement of Revenues, Expenditures, and Changes in Cash Balance -
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Miscellaneous	\$ 0	\$ 0	\$ 336	\$ 336
Total Revenues	<u>0</u>	<u>0</u>	<u>336</u>	<u>336</u>
Expenditures				
Capital Outlay	0	0	0	0
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>0</u>	<u>336</u>	<u>336</u>
Other Financing Sources (Uses)				
Transfers In (Out)	0	0	100,000	(100,000)
Total Financing Other Sources (Uses)	<u>0</u>	<u>0</u>	<u>100,000</u>	<u>(100,000)</u>
Net Change in Cash Balance	0	0	100,336	100,336
Cash Balance Beginning of Year	<u>232,760</u>	<u>232,760</u>	<u>232,760</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 232,760</u>	<u>\$ 232,760</u>	<u>\$ 333,096</u>	<u>\$ 100,336</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net Change in Cash Balance			\$ <u>100,336</u>	
Net Change in Fund Balance			\$ <u>100,336</u>	

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

**SUPPLEMENTAL INFORMATION RELATED TO
NON MAJOR FUNDS**

NONMAJOR GOVERNMENTAL FUNDS

Fire Fund - To account for the operation and maintenance of the City 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)

Emergency Medical Services - To account for the operation and maintenance of the City's EMS Department. Financing is primarily from an annual EMS allotment and fees collected for emergency transportation. The fund was created by the authority of state grant provisions. (NMSA 59A-53-1)

Law Enforcement Protection 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 NMSA 1978)

Lodger Tax Fund - To account for lodge's tax, which is to be used for cultural and recreational purposes. Funding is authorized by NMSA 3-38-14.

Recreation Fund - To account for the operation and maintenance of the City's youth recreation program. Financing is provided by the state shared cigarette tax. The fund was created by the authority of state statute. (NMSA 7-12-15)

STATE OF NEW MEXICO
CITY OF ELEPHANT BUTTE
NONMAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2013

	Special Revenue Funds		
	Fire	Emergency Medical Services	Law Enforcement Protection
ASSETS			
Cash and Cash Equivalents	\$ 52,905	\$ 7,533	\$ 13,900
Receivables			
Taxes	0	0	0
Total Assets	<u>\$ 52,905</u>	<u>\$ 7,533</u>	<u>\$ 13,900</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts Payable	\$ 6,434	\$ 0	\$ 0
Total Liabilities	<u>6,434</u>	<u>0</u>	<u>0</u>
Fund Balance			
Restricted for, reported in			
Special Revenue	46,471	7,533	13,900
Total Fund Balance	<u>46,471</u>	<u>7,533</u>	<u>13,900</u>
Total Liabilities and Fund Balance	<u>\$ 52,905</u>	<u>\$ 7,533</u>	<u>\$ 13,900</u>

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

STATE OF NEW MEXICO
CITY OF ELEPHANT BUTTE
NONMAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2013

	<u>Special Revenue Funds</u>		
	<u>Correction</u>	<u>Lodgers Tax</u>	<u>Recreation</u>
ASSETS			
Cash and Cash Equivalents	\$ 16,166	\$ 41,681	\$ 55,574
Receivables			
Taxes	0	683	0
Total Assets	<u>\$ 16,166</u>	<u>\$ 42,364</u>	<u>\$ 55,574</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts Payable	\$ 0	\$ 750	\$ 2,193
Total Liabilities	<u>0</u>	<u>750</u>	<u>2,193</u>
Fund Balance			
Restricted for, reported in			
Special Revenue	<u>16,166</u>	<u>41,614</u>	<u>53,381</u>
Total Fund Balance	<u>16,166</u>	<u>41,614</u>	<u>53,381</u>
 Total Liabilities and Fund Balance	 <u>\$ 16,166</u>	 <u>\$ 42,364</u>	 <u>\$ 55,574</u>

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

STATE OF NEW MEXICO
CITY OF ELEPHANT BUTTE
 NONMAJOR GOVERNMENTAL FUNDS
 Combining Balance Sheet
 June 30, 2013

	<u>Total</u>
ASSETS	
Cash and Cash Equivalents	\$ 187,759
Receivables	
Taxes	<u>683</u>
Total Assets	<u>\$ 188,442</u>
 LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts Payable	\$ <u>9,377</u>
Total Liabilities	<u>9,377</u>
 Fund Balance	
Restricted for, reported in	
Special Revenue	<u>179,065</u>
Total Fund Balance	<u>179,065</u>
 Total Liabilities and Fund Balance	<u>\$ 188,442</u>

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

STATE OF NEW MEXICO
CITY OF ELEPHANT BUTTE
NONMAJOR GOVERNMENTAL FUNDS
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the Year Ended June 30, 2013

	Special Revenue Funds		
	Fire	Emergency Medical Services	Law Enforcement Protection
Revenues			
Lodgers Taxes	\$ 0	\$ 0	\$ 0
Charge for Services	0	0	0
State Grants	68,885	14,157	20,600
Fees & Fines	0	0	0
Other	4	0	0
Total Revenues	<u>68,889</u>	<u>14,157</u>	<u>20,600</u>
Expenditures			
Current			
Public Safety	47,824	6,733	15,335
Culture & Recreation	0	0	0
Capital Outlay	0	0	0
Debt Service			
Principal	6,012	0	0
Interest	15,994	0	0
Total Expenditures	<u>69,830</u>	<u>6,733</u>	<u>15,335</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(941)</u>	<u>7,424</u>	<u>5,265</u>
Other Financing Sources (Uses)			
Transfers In (Out)	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	(941)	7,424	5,265
Fund Balances at Beginning of Year	<u>47,412</u>	<u>109</u>	<u>8,635</u>
Fund Balance End of Year	<u>\$ 46,471</u>	<u>\$ 7,533</u>	<u>\$ 13,900</u>

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

STATE OF NEW MEXICO
CITY OF ELEPHANT BUTTE
NONMAJOR GOVERNMENTAL FUNDS
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the Year Ended June 30, 2013

	<u>Special Revenue Funds</u>		
	<u>Correction</u>	<u>Lodgers Tax</u>	<u>Recreation</u>
Revenues			
Lodgers Taxes	\$ 0	\$ 28,799	\$ 0
Charge for Services	0	0	11,289
State Grants	0	0	446
Fees & Fines	60	0	0
Other	19	6	37
Total Revenues	<u>79</u>	<u>28,805</u>	<u>11,772</u>
Expenditures			
Current			
Public Safety	0	0	0
Culture & Recreation	0	32,958	46,067
Capital Outlay	0	0	19,119
Debt Service			
Principal	0	0	0
Interest	0	0	0
Total Expenditures	<u>0</u>	<u>32,958</u>	<u>65,186</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>79</u>	<u>(4,153)</u>	<u>(53,414)</u>
Other Financing Sources (Uses)			
Transfers In (Out)	0	0	75,000
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>75,000</u>
Net Change in Fund Balance	79	(4,153)	21,586
Fund Balances at Beginning of Year	<u>16,087</u>	<u>45,767</u>	<u>31,795</u>
Fund Balance End of Year	<u>\$ 16,166</u>	<u>\$ 41,614</u>	<u>\$ 53,381</u>

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

STATE OF NEW MEXICO
CITY OF ELEPHANT BUTTE
NONMAJOR GOVERNMENTAL FUNDS
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the Year Ended June 30, 2013

	<u>Total</u>
Revenues	
Lodgers Taxes	\$ 28,799
Charge for Services	11,289
State Grants	104,088
Fees & Fines	60
Other	<u>66</u>
Total Revenues	<u>144,302</u>
Expenditures	
Current	
Public Safety	69,892
Culture & Recreation	79,025
Capital Outlay	19,119
Debt Service	
Principal	6,012
Interest	<u>15,994</u>
Total Expenditures	<u>190,042</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(45,740)</u>
Other Financing Sources (Uses)	
Transfers In (Out)	<u>75,000</u>
Total Other Financing Sources (Uses)	<u>75,000</u>
Net Change in Fund Balance	29,260
Fund Balances at Beginning of Year	<u>149,805</u>
Fund Balance End of Year	<u>\$ 179,065</u>

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

STATE OF NEW MEXICO
CITY OF ELEPHANT BUTTE
SPECIAL REVENUE FUND-FIRE FUND
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grants	\$ 33,495	\$ 33,495	\$ 68,885	\$ 35,390
Other	241	241	3	(238)
Total Revenues	<u>33,736</u>	<u>33,736</u>	<u>68,888</u>	<u>35,152</u>
Expenditures				
Public Safety				
Operating	36,400	36,400	42,248	(5,848)
Capital Outlay	17,000	17,000	0	17,000
Debt Service				
Principal	6,012	6,012	6,012	0
Interest	15,995	15,995	15,994	1
Total Expenditures	<u>75,407</u>	<u>75,407</u>	<u>64,254</u>	<u>11,153</u>
Excess (Deficiency) of Revenues Over Expenditures	(41,671)	(41,671)	4,634	23,999
Cash Balance Beginning of Year	<u>48,271</u>	<u>48,271</u>	<u>48,271</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 6,600</u>	<u>\$ 6,600</u>	<u>\$ 52,905</u>	<u>\$ 23,999</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 4,634	
Net change in Accounts Payable			(5,576)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (942)</u>	

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

STATE OF NEW MEXICO
CITY OF ELEPHANT BUTTE
SPECIAL REVENUE FUND-EMERGENCY MEDICAL SERVICES FUND
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grants	\$ 14,157	\$ 14,157	\$ 14,157	\$ 0
Total Revenues	<u>14,157</u>	<u>14,157</u>	<u>14,157</u>	<u>0</u>
Expenditures				
Public Safety				
Operating Expenses	10,414	10,414	9,681	733
Total Expenditures	<u>10,414</u>	<u>10,414</u>	<u>9,681</u>	<u>733</u>
Excess (Deficiency) of Revenues Over Expenditures	3,743	3,743	4,476	733
Cash Balance Beginning of Year	<u>3,057</u>	<u>3,057</u>	<u>3,057</u>	<u>0</u>
Cash Balance End of Year	\$ <u>6,800</u>	\$ <u>6,800</u>	\$ <u>7,533</u>	\$ <u>733</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 4,476	
Net Change in Accounts Payable			<u>2,948</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>7,424</u>	

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

STATE OF NEW MEXICO
CITY OF ELEPHANT BUTTE
SPECIAL REVENUE FUND-LAW ENFORCEMENT PROTECTION FUND
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grants	\$ 20,600	\$ 20,600	\$ 20,600	\$ 0
Total Revenues	<u>20,600</u>	<u>20,600</u>	<u>20,600</u>	<u>0</u>
Expenditures				
Public Safety				
Operating Expenses	29,541	29,541	15,641	13,900
Total Expenditures	<u>29,541</u>	<u>29,541</u>	<u>15,641</u>	<u>13,900</u>
Excess (Deficiency) of Revenues Over Expenditures	(8,941)	(8,941)	4,959	13,900
Cash Balance Beginning of Year	<u>8,941</u>	<u>8,941</u>	<u>8,941</u>	<u>0</u>
Cash Balance End of Year	\$ <u>0</u>	\$ <u>0</u>	\$ <u>13,900</u>	\$ <u>13,900</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 4,959	
Net Change in Accounts Payable			<u>306</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>5,265</u>	

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

STATE OF NEW MEXICO
CITY OF ELEPHANT BUTTE
SPECIAL REVENUE FUND-CORRECTION FUND
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Correction Fees	\$ 0	\$ 0	\$ 60	\$ 60
Other	0	0	19	19
Total Revenues	<u>0</u>	<u>0</u>	<u>79</u>	<u>79</u>
Expenditures				
Public Safety				
Housing Of Prisoners	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	79	79
Cash Balance Beginning of Year	<u>16,087</u>	<u>16,087</u>	<u>16,087</u>	<u>0</u>
Cash Balance End of Year	\$ <u>16,087</u>	\$ <u>16,087</u>	\$ <u>16,166</u>	\$ <u>79</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ <u>79</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>79</u>	

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

STATE OF NEW MEXICO
CITY OF ELEPHANT BUTTE
SPECIAL REVENUE FUND-LODGERS TAX FUND
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Lodgers Tax	\$ 30,000	\$ 30,000	\$ 35,520	\$ 5,520
Other	30	30	6	(24)
Total Revenues	<u>30,030</u>	<u>30,030</u>	<u>35,526</u>	<u>5,496</u>
Expenditures				
Culture & Recreation				
Operating Expenses	<u>67,181</u>	<u>67,181</u>	<u>33,347</u>	<u>33,834</u>
Total Expenditures	<u>67,181</u>	<u>67,181</u>	<u>33,347</u>	<u>33,834</u>
Excess (Deficiency) of Revenues Over Expenditures	(37,151)	(37,151)	2,179	39,330
Cash Balance Beginning of Year	<u>39,502</u>	<u>39,502</u>	<u>39,502</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 2,351</u>	<u>\$ 2,351</u>	<u>\$ 41,681</u>	<u>\$ 39,330</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 2,179	
Net Change in Taxes Receivable			(6,721)	
Net Change in Accounts Payable			389	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (4,153)</u>	

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

STATE OF NEW MEXICO
CITY OF ELEPHANT BUTTE
SPECIAL REVENUE FUND-RECREATION FUND
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Charge for Services	\$ 19,400	\$ 19,400	\$ 11,288	\$ (8,112)
State Grants	1,000	1,000	446	(554)
Miscellaneous	1,040	1,040	2,230	1,190
Total Revenues	<u>21,440</u>	<u>21,440</u>	<u>13,964</u>	<u>(7,476)</u>
Expenditures				
Culture & Recreation				
Operating Expenses	62,220	62,220	48,870	13,350
Capital Outlay	61,780	61,780	19,119	42,661
Total Expenditures	<u>124,000</u>	<u>124,000</u>	<u>67,989</u>	<u>56,011</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(102,560)</u>	<u>(102,560)</u>	<u>(54,025)</u>	<u>48,535</u>
Other Financing Sources (Uses)				
Transfers In (Out)	75,000	75,000	75,000	0
Total Other Financing Sources (Uses)	<u>75,000</u>	<u>75,000</u>	<u>75,000</u>	<u>0</u>
Net Change in Cash Balance	(27,560)	(27,560)	20,975	48,535
Cash Balance Beginning of Year	<u>34,599</u>	<u>34,599</u>	<u>34,599</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 7,039</u>	<u>\$ 7,039</u>	<u>\$ 55,574</u>	<u>\$ 48,535</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net Change in Cash Balance			\$ 20,975	
Net change in Accounts Payable			611	
Net Change in Fund Balance			<u>\$ 21,586</u>	

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

ENTERPRISE FUNDS

Utility Fund

To account for the provision of water and waste water service to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to administration, operations, maintenance, financing and related debt service, and billing and collections.

STATE OF NEW MEXICO
CITY OF ELEPHANT BUTTE
 PROPRIETARY-UTILITY FUND
 Statement of Revenues, Expenditures, and Changes in Cash Balance -
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Water				
Charge for Services	\$ 208,292	\$ 208,292	\$ 212,740	\$ 4,448
Total Water	<u>208,292</u>	<u>208,292</u>	<u>212,740</u>	<u>4,448</u>
Waste Water				
Charge for Services	263,412	263,412	277,876	14,464
Capacity Fee	14,175	14,175	22,976	8,801
Interest Income	30	30	414	384
Loan Proceeds	300,000	300,000	299,186	(814)
Transfer In	<u>0</u>	<u>0</u>	<u>110,000</u>	<u>110,000</u>
Total Waste Water	<u>577,617</u>	<u>577,617</u>	<u>710,452</u>	<u>132,835</u>
Total Revenues	<u>785,909</u>	<u>785,909</u>	<u>923,192</u>	<u>137,283</u>
Expenditures				
Water				
Operating Expenses				
Personnel	55,074	55,074	46,172	8,902
Employee Benefits	18,420	18,420	14,904	3,516
Operating Expenses	128,250	128,250	82,951	45,299
Capital Outlay	<u>365,680</u>	<u>365,680</u>	<u>328,558</u>	<u>37,122</u>
Total Water	<u>567,424</u>	<u>567,424</u>	<u>472,585</u>	<u>94,839</u>
Waste Water				
Operating Expenses				
Personnel	55,073	55,076	54,977	99
Employee Benefits	18,416	18,416	17,486	930
Operating Expenses	135,612	135,612	183,376	(47,764)
Capital Outlay	49,065	49,065	48,030	1,035
Debt Service				
Principal	78,600	78,600	78,600	0
Interest	<u>50,851</u>	<u>50,851</u>	<u>41,566</u>	<u>9,285</u>
Total Waste Water	<u>387,617</u>	<u>387,620</u>	<u>424,035</u>	<u>(36,415)</u>
Total Expenditures	<u>955,041</u>	<u>955,044</u>	<u>896,620</u>	<u>58,424</u>

STATE OF NEW MEXICO
CITY OF ELEPHANT BUTTE
 PROPRIETARY-UTILITY FUND
 Statement of Revenues, Expenditures, and Changes in Cash Balance -
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2013

Excess (Deficiency) of Revenues Over Expenditures	(169,132)	(169,135)	26,572	195,707
Cash Balance Beginning of Year	<u>591,350</u>	<u>591,350</u>	<u>591,350</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 422,218</u>	<u>\$ 422,215</u>	<u>\$ 617,922</u>	<u>\$ 195,707</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures			\$ 26,572	
Depreciation			(279,830)	
Principal Paid			78,600	
Capital Outlay			376,588	
Loan Proceeds			(299,186)	
Net change in Accounts Receivable			(28,672)	
Net change in Accounts Payables			(971)	
Net change in Accrued Salaries			(2,670)	
Net change in Accrued Interest			12,441	
Net change in Customer Deposits			<u>(12,912)</u>	
Change in Net Assets-GAAP Basis			<u>\$ (130,040)</u>	

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

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. Hector Balderas
State Auditor of the State of New Mexico
Board Members of the City of Elephant Butte

Mr. Balderas and Members of the Board

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue fund, of the City of Elephant Butte (City) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and the combining and individual funds and related budgetary comparisons of the City, presented as supplemental information, and have issued our report thereon dated November 1, 2013.

Internal Control Over Financial Reporting

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

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 City's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that are less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses, that we consider to be significant deficiencies. 11-1

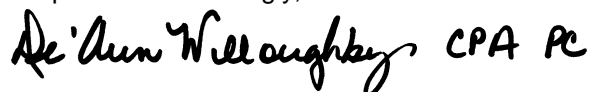
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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; 11-1

The City's Responses to Findings

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

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 1, 2013

Prior Year Audit Findings	<u>Status</u>
09-1 Preparation of Financial Statements	Resolved
11-1 941 Payroll Tax Reports	Repeated & Modified
11-4 Payroll	Resolved
12-1 State Date Transactions	Resolved
12-2 Expenditure Issues	Resolved

Current Year Audit Findings

11-1 Payroll Tax Reports-Compliance and Internal Control-Significant Deficiency Condition

Wages were under reported on the State Unemployment (SUTA 903A) forms for the fiscal year by \$14,062.65. One of the 4 SUTA reports was not submitted timely. Wage's were over stated by \$10,504.07 on the Internal Revenue Service form 941 and one of the four 941s was not submitted timely. PERA wages were also overstated causing the City to over pay retirement benefits by \$1,421.

Criteria

Instructions for completing the 903 A can be found at [www.jobs.state.nm.us/ES903 A](http://www.jobs.state.nm.us/ES903_A). Instructions for completing IRS Form 941 can be found in Employer's Quarterly Federal Tax Return Department of the Treasury, www.irs.gov/form941. Instructions for PERA can be found he Employer Manual-Public Employees Retirement Association of NM.

Cause

The payroll tax forms were completed after the due date. Quarterly reports for state unemployment were not being completed correctly by the employee responsible for preparing the reports. It is not known why the form 941s and PERA wages were overstated. There was a change in software, however the reports should have been reviewed and agreed to the payroll records.

Effect

Inaccurate reporting to state and federal agencies causes amounts due to be incorrect which may result in penalties and interest. Employees will not be paid the correct benefits and the City may overpay or underpay taxes and retirement benefits.

Recommendation

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

Response

We will implement a system to track all reports and the amounts reported on such reports.

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 1, 2013. In attendance were Eunice Kent-Mayor, Alan Briley-City Manager, Rose Garretson-City Clerk and De'Aun Willoughby, CPA.