

STATE OF NEW MEXICO
CITY OF MORIARTY
ANNUAL FINANCIAL
REPORT JUNE 30, 2013

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INTRODUCTORY SECTION

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**STATE OF NEW MEXICO
CITY OF MORIARTY
Notes to the Financial Statements
June 30, 2013**

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OFFICIAL ROSTER
June 30, 2013

Name

City Council

Title

Ted Hart

Mayor

Steve Anaya

Council Member

Larry Irvin

Council Member

Robert Ortiz

Council Member

Dennis Shanfeldt

Council Member

City Officials

Sheila Larranaga-Murphy

City Clerk

Linda Fischer

City Treasurer

Steve Spann

Fire Chief

Bobby Garcia

Police Chief

Daniel Tenorio

Public Works Director

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Hector H. Balderas
New Mexico State Auditor
The Office of Management and Budget and
The Governing Board
City of Moriarty
Moriarty, New Mexico

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 of the general fund of the City of Moriarty (the "City") as of and for the year ended June 30, 2013, and the related notes to the financial statements which collectively comprise the City of Moriarty's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the City of Moriarty's nonmajor governmental, nonmajor enterprise funds, and the budgetary comparisons for the major capital project funds, debt service funds, 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 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 City of Moriarty'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 City of Moriarty'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.

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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 of Moriarty, as of June 30, 2013, and the respective changes in financial position where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the City of Moriarty 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 project funds, debt service funds, all nonmajor funds, and enterprise funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 13-20 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 the 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

Our audit was conducted for the purpose of forming opinions on the City of Moriarty's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The other schedules as required by 2.2.2 NMAC are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The other schedules required by 2.2.2 NMAC are the responsibility of management and was derived from and relates 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 statement 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 auditing standards generally accepted in the United States of America. In our opinion, the other schedules as required by 2.2.2 NMAC are 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 October 4, 2013 on our consideration of the City of Moriarty'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 of Moriarty's internal control over financial reporting and compliance.



Precision Accounting, LLC
Albuquerque, New Mexico
October 4, 2013

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STATE OF NEW MEXICO
City of Moriarty
Management's Discussion and Analysis
for the Year Ended June 30, 2013
Unaudited

As management of the City of Moriarty, we offer readers of the City of Moriarty financial statements this narrative overview and analysis of the financial activities of the City of Moriarty for the fiscal year ended June 30, 2013. We encourage readers to consider the information presented here in conjunction with the financial statements of the City of Moriarty and additional information provided.

FINANCIAL HIGHLIGHTS

- The assets of the City of Moriarty exceeded its liabilities at the close of the most recent fiscal year by \$24,680,809 (*net position*). Of this amount, \$69,917 (*unrestricted*) is obligated to citizens and creditors.
- The government's total net position increased by \$2,375,482 during the fiscal year. The majority of this increase is due to an increase in revenue from franchise taxes.
- As of June 30, 2013, the City's governmental funds reported combined ending fund balances of \$1,004,164. Of this total, \$249,895 is restricted for capital projects and \$213,632 is restricted for special revenue funds.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Moriarty's basic financial statements. The City of Moriarty's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of City of Moriarty's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City of Moriarty's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Moriarty is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Moriarty that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Moriarty include general government, public safety, public works, culture and recreation, and health and welfare. The business-type activities of the City include Sewer/AWWT, Solid Waste, Water, Heritage Arena, Airport, and Cemetery.

The government-wide financial statements can be found at Exhibits A-1 and A-2 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Moriarty, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Moriarty can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in determining what financial resources are available in the near future to finance the City's programs.

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Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Moriarty maintains fourteen individual governmental funds organized according to their type (special revenue, debt service and capital projects). Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances for the General Fund and Airport Improvement Capital Project Fund, all of which are considered to be major funds. Data from the other twelve governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City of Moriarty adopts an annual appropriated budget for its general fund and all other funds. A budgetary comparison statement has been provided for the General Fund and Airport Improvement Capital Project Fund to demonstrate compliance with this budget. In addition, the individual financial statements of the non-major governmental fund types include budgetary comparison data.

The basic governmental fund financial statements can be found at exhibits B-1 through D-3 of this report.

Proprietary funds. Proprietary funds are generally used to account for services for which the City charges customers either outside customers or internal units or departments of the City. Proprietary funds provide the same type of information as shown in the government-wide financial statements, only in more detail. The City maintains six types of proprietary funds.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support City of Moriarty's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 39-57 of this report.

Combining statements. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 66-73 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City has presented its financial statements under the new reporting model required by the Governmental Accounting Standards Board Statement No. 34 (GASB #34), *Basic Financial Statements –and Management's Discussion and Analysis (MD&A) -for State and Local Governments*.

Analysis of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Moriarty, assets exceeded liabilities by \$24,680,809 at the close of the current fiscal year.

The largest portion of the City of Moriarty's net position represents the City's investment of \$23,526,365 in capital assets (e.g., land improvements, buildings, infrastructure and machinery & equipment); less any related outstanding

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debt used to acquire those assets. The City of Moriarty uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Moriarty's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Statement of Net Position
For the Year Ended June 30, 2013**

	June 30, 2013			June 30, 2012		
	Governmental	Business Type	Total	Governmental	Business Type	Total
Assets						
Current and other assets	\$ 1,134,402	\$ 783,106	\$ 1,917,508	\$ 1,648,184	\$ 461,879	\$ 2,110,063
Capital assets, net of accumulated depreciation	11,062,900	16,455,810	27,518,710	17,052,710	8,771,696	25,824,406
Total Assets	12,197,302	17,238,916	29,436,218	18,700,894	9,233,575	27,934,469
Liabilities						
Long-term liabilities outstanding	903,174	2,903,930	3,807,104	1,085,162	2,922,959	4,008,121
Other Liabilities	321,175	627,130	948,305	390,821	248,084	638,905
Total Liabilities	1,224,349	3,531,060	4,755,409	1,475,983	3,171,043	4,647,026
Net Position						
Net investment in capital assets	10,031,161	13,495,204	23,526,365	15,857,578	5,746,218	21,603,796
Restricted	463,527	-	463,527	259,340	216,518	475,858
Unrestricted	478,265	212,652	690,917	1,107,993	99,796	1,207,789
Total Net Position	10,972,953	13,707,856	24,680,809	17,224,911	6,062,532	23,287,443
Total Liabilities and Net Position	\$ 12,197,302	\$ 17,238,916	\$ 29,436,218	\$ 18,700,894	\$ 9,233,575	\$ 27,934,469

A portion of the City of Moriarty's net position represents resources that are subject to restrictions. The restrictions relate to capital projects and debt service.

At the end of the current fiscal year, the City of Moriarty is able to report positive balances in all of the categories of net position, for the government as a whole as well as for the business-type activities.

The City of Moriarty's net position increased by \$2,375,482 during the current fiscal year. This increase is explained in the government and business-type activities discussion below and is primarily a result of the airport improvement grant and the WWTP grant and the related expenditures and capital assets.

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Management's Discussion and Analysis
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Unaudited

**Changes in Net Position
For the Year Ended June 30, 2013**

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
<u>Revenue</u>			
Program revenue			
Charges for Service	\$ 129,918	\$ 1,012,506	\$ 1,142,424
Operating grants and contributions	443,661	-	443,661
Capital Grants	3,040,113	-	3,040,113
General Revenue			
Property Tax	85,209	-	85,209
Franchise Tax	9,079	-	9,079
Gross Receipts Tax	1,816,976	-	1,816,976
Public Service Tax	468,571	-	468,571
Misc revenues	9,426	-	9,426
Unrestricted Investments earnings	730	37	767
Total Revenue	\$ 6,003,683	\$ 1,012,543	\$ 7,016,226
<u>Expenses</u>			
General Government	1,154,503	-	1,154,503
Public Safety	1,072,478	-	1,072,478
Culture and Recreation	36,493	-	36,493
Health and Welfare	210,226	-	210,226
Public Works	418,755	-	418,755
Interest on Long-term debt	62,442	-	62,442
Business-type activities	-	1,685,847	1,685,847
Total Expenses	\$ 2,954,897	\$ 1,685,847	\$ 4,640,744
(Decrease) Increase in Assets before transfer	3,048,786	(673,304)	2,375,482
Transfers	(8,475,772)	8,475,772	-
(Decrease) Increase in Net Position	(5,426,986)	7,802,468	2,375,482
Net Position, Beginning of year	17,224,911	6,062,532	23,287,443
Restatement	(824,972)	(157,144)	(982,116)
Net Position, Beginning of Year -restated	<u>\$ 16,399,939</u>	<u>\$ 5,905,388</u>	<u>\$ 22,305,327</u>
Ending Net Position	<u>\$ 10,972,953</u>	<u>\$ 13,707,856</u>	<u>\$ 24,680,809</u>

Governmental activities: Governmental activities decreased the City of Moriarty's net position by \$5,426,986. The key element of this decrease was due to the reclassification of funds previously classified as governmental that should have been proprietary funds and also the completion of the airport and WWTP capital expenditures.

Business-type activities: Business-type activities increased the City's net position by \$7,802,468. The key element of this increase was the due to the reclassification of funds previously classified as governmental that should have been proprietary funds and also the completion of the airport and WWTP capital expenditures.

STATE OF NEW MEXICO
City of Moriarty
Management's Discussion and Analysis
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**Changes in Net Position
For the Year Ended June 30, 2012**

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
Revenue			
Program revenue			
Charges for Service	\$ 232,398	\$ 924,635	\$ 1,157,033
Operating grants and contributions	304,625	-	304,625
Capital Grants	419,887	62,182	482,069
General Revenue			
Property Tax	61,422	-	61,422
Franchise Tax	8,346	-	8,346
Gross Receipts Tax	1,984,349	-	1,984,349
State Shared Tax	258,963	-	258,963
Lodgers Tax	156,256	-	156,256
Unrestricted Investments earnings	2,507	107	2,614
Total Revenue	\$ 3,428,753	\$ 986,924	\$ 4,415,677
Expenses			
General Government	1,041,454	-	1,041,454
Public Safety	1,285,155	-	1,285,155
Culture and Recreation	629,198	-	629,198
Health and Welfare	166,727	-	166,727
Public Works	477,390	-	477,390
Interest on Long-term debt	67,684	-	67,684
Business-type activities		1,132,935	1,132,935
Total Expenses	\$ 3,667,608	\$ 1,132,935	\$ 4,800,543
(Decrease) Increase in Assets before transfer	(238,855)	(146,011)	(384,866)
Transfers	(10,000)	10,000	-
(Decrease) Increase in Net Position	(248,855)	(136,011)	(384,866)
Net Position, Beginning of Year	<u>\$ 17,473,766</u>	<u>\$ 6,198,543</u>	<u>\$ 23,672,309</u>
Ending Net Position	<u>\$ 17,224,911</u>	<u>\$ 6,062,532</u>	<u>\$ 23,287,443</u>

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City of Moriarty uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City of Moriarty's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City of Moriarty's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Types of Governmental funds reported by the City include the General Fund, Special Revenue Funds, Debt Service Funds and Capital Project Funds.

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As of the end of the current fiscal year, the City of Moriarty's governmental funds reported combined ending fund balances of \$1,004,416, a decrease of \$359,415 in comparison with the prior year. \$540,637 constitutes *unreserved fund balance*, which is available for spending at the government's discretion.

Revenues for governmental activities overall totaled \$6,049,035 in the fiscal year ended June 30, 2013, which represents an increase of \$2,677,207 from the fiscal year ended June 30, 2012. Expenditures for governmental activities, totaling \$3,168,523, decreased by \$348,426 from the fiscal year ended June 30, 2012. In the fiscal year ended June 30, 2013, revenues exceeded expenditures by \$2,880,512.

The General Fund is the chief operating fund of the City of Moriarty. At the end of the current fiscal year, *unreserved* fund balance of the general fund was \$540,637, which is the total fund balance.

The fund balance of the City of Moriarty's general fund decreased by \$347,490 during the current fiscal year due to expenditures in excess of revenues. Overall, the general fund's performance in the fiscal year ended June 30, 2013 is due to the decrease in property tax revenues of \$44,734 and an increase in expenses of \$28,541.

Airport Improvement Capital Project Fund. The Airport Improvement Capital Project Fund has a fund balance of \$1,247. The net decrease in fund balance for the year was \$(3,047). The decrease was primarily due to transfers from the capital projects fund to the airport proprietary fund.

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

At the end of the fiscal year, the unrestricted net position for Sewer, Solid Waste, Water, Heritage Arena, Airport and Cemetery funds were \$(13,568), \$48,297, \$7,348, \$7,318, \$22,200, and \$11,377, respectively. The total increase in net position for the proprietary funds was \$142,918. Factors concerning the finances of this fund have been addressed previously in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

The City budgets reflect the same pattern as seen in the revenue and expenditures of the City. The State of New Mexico budget process is defined under state law and regulation. To enhance the process of developing a budget at the City level, the City of Moriarty utilizes goals and objectives defined by the City Councilors, community input meetings, long-term plans and input from various staff groups to develop the City budget. The City priorities are well defined through this process.

GASB Statement No. 34 does not require a statement presenting the overall result of the budget for each year; however, all major budgetary funds are required to be reported as a separate statement.

General Fund Expenditure Budget Performance

Final Budget	Actual non-GAAP Cash Basis	Favorable (Unfavorable) Variance
\$2,290,685	\$2,253,430	\$37,255

The City's final budget differs from the original budget due to budget increases and decreases that were made during the fiscal year.

The Capital Project Funds (non-major) are not included in the original budget which is submitted to the Department of Finance and Administration (DFA). These funds are spent on a project-by-project basis so the budgets are constantly changing. Instead, the budgets for these funds are created during the year through budget adjustment requests (BARs).

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Management's Discussion and Analysis
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Capital Asset and Debt Administration

Capital assets. The City of Moriarty's capital assets for its governmental and business-type activities as of June 30, 2013 amount to \$27,518,710 (net of accumulated depreciation). Capital assets include land, infrastructure, buildings, and machinery & equipment and vehicles. The total decrease in the City's capital assets (excluding accumulated depreciation) for the current fiscal year was \$620,173 for governmental activities (excluding adjustments due to misclassification of capital assets) due primarily to increases in land, infrastructure, and equipment. There was a decrease (excluding accumulated depreciation) in business-type capital assets in the amount of \$3,032,696 during the current fiscal year (excluding adjustments due to misclassification).

**Capital Assets, Net of Depreciation
June 30, 2013**

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
Land	\$ 324,307	\$ 945,808	\$ 1,270,115
Construction in Progress	256,851	153,214	410,065
Land Improvements	3,365,543	9,293,265	12,658,808
Buildings & Improvements	4,511,180	221,136	4,732,316
Equipment and Machinery	2,207,231	425,642	2,632,873
Vehicles	-	-	-
Water Rights	-	147,201	147,201
Plant & distributing system	-	11,839,080	11,839,080
Infrastructure	6,657,198	-	6,657,198
Total capital assets	17,322,310	23,025,346	40,347,656
Accumulated depreciation	<u>(6,259,410)</u>	<u>(6,569,536)</u>	<u>(12,828,946)</u>
Capital assets, net of accumulated depreciation	<u>\$ 11,062,900</u>	<u>\$ 16,455,810</u>	<u>\$ 27,518,710</u>

For government-wide financial statement presentation, all depreciable capital assets were depreciated from acquisition date to the end of the current fiscal year. Fund financial statements record capital asset purchases as expenditures. See Note 7 in the accompanying Notes to the Financial Statements for further information regarding capital assets.

Debt Administration. At the end of the current fiscal year, the City of Moriarty had total long-term obligations outstanding of \$4,018,022.

**Outstanding Debt
As of June 30, 2013**

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
Revenue Bonds	\$ -	\$ 2,719,200	\$ 2,719,200
NMFA notes	966,878	193,706	1,160,584
Other loans	64,861	-	64,861
Accrued compensated absences	66,491	6,886	73,377
Total long-term liabilities	<u>\$ 1,098,230</u>	<u>\$ 2,919,792</u>	<u>\$ 4,018,022</u>

STATE OF NEW MEXICO
City of Moriarty
Management's Discussion and Analysis
for the Year Ended June 30, 2013
Unaudited

Long-term debt additions and retirements related to revenue bonds and loans for governmental activities for the current year were \$0 and \$206,483 respectively. Accrued compensated absences additions and retirements were \$41,814 and \$28,746, respectively, for governmental activities. Business type activities accrued compensated absences additions and retirements were \$2,084 and \$5,251, respectively.

See Note 8 in the accompanying Notes to the Financial Statements for further information regarding City of Moriarty's long-term debt.

Economic Factors and Next Year's Budgets and Rates

Inflationary trends in the region compare favorably to national indices.

The above factors were considered in preparing the City of Moriarty's budget for the 2013 fiscal year. There are no currently known facts, decisions, or conditions that are expected to have a significant effect or impact on the City's financial position or results of operations.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Moriarty's finances for all of those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: City of Moriarty Administration, City of Moriarty, P.O. Box 130, Moriarty, New Mexico, 87035.

**BASIC
FINANCIAL STATEMENTS**

STATE OF NEW MEXICO
CITY OF MORIARTY
STATEMENT OF NET POSITION
June 30, 2013

Exhibit A-1

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets			
Current Assets			
Cash and cash equivalents	\$ 821,662	\$ 628,105	\$ 1,449,767
Taxes receivable	31,154	-	31,154
Accounts receivable	58,219	88,234	146,453
Due from other funds	223,367	66,767	290,134
Inventory	-	-	-
	<u>1,134,402</u>	<u>783,106</u>	<u>1,917,508</u>
Total Current Assets			
Noncurrent Assets			
Capital assets	17,322,310	23,025,346	40,347,656
Less: accumulated depreciation	<u>(6,259,410)</u>	<u>(6,569,536)</u>	<u>(12,828,946)</u>
	<u>11,062,900</u>	<u>16,455,810</u>	<u>27,518,710</u>
Total Noncurrent Assets			
Total Assets	<u>\$ 12,197,302</u>	<u>\$ 17,238,916</u>	<u>\$ 29,436,218</u>

STATE OF NEW MEXICO
CITY OF MORIARTY
STATEMENT OF NET POSITION
June 30, 2013

Exhibit A-1

	Governmental Activities	Business-type Activities	Total
Liabilities			
Current Liabilities			
Accounts payable	\$ 71,146	\$ 31,298	\$ 102,444
Accrued salaries and wages	30,404	52,530	82,934
Accrued interest	8,991	33,209	42,200
Deposits payable	15,577	156,396	171,973
Due to other funds	-	290,134	290,134
Accrued compensated absences	13,111	1,055	14,166
Current portion of bonds and loans payable	181,946	62,508	244,454
Total Current Liabilities	321,175	627,130	948,305
Noncurrent Liabilities			
Bonds payable	-	2,719,200	2,719,200
Accrued Compensated Absences	53,381	5,832	59,213
Loans and notes payable	849,793	178,898	1,028,691
Total Noncurrent Liabilities	903,174	2,903,930	3,807,104
Total Liabilities	1,224,349	3,531,060	4,755,409
Net Position			
Net Investment in Capital Assets	10,031,161	13,495,204	23,526,365
Restricted for:			
Debt Service	249,895	-	249,895
Capital Project Funds	(2,316)	-	(2,316)
Special Revenue Funds	215,948	-	215,948
Unrestricted	478,265	212,652	690,917
Total Net Position	10,972,953	13,707,856	24,680,809
Total Net Position and Liabilities	\$ 12,197,302	\$ 17,238,916	\$ 29,436,218

STATE OF NEW MEXICO
CITY OF MORIARTY
STATEMENT OF ACTIVITIES
For the Year Ending June 30, 2013

Exhibit A-2

<u>Functions/Programs</u>	<u>Program Revenues</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Primary Government			
General government	\$ 1,154,503	\$ 100,452	\$ 137,231
Public safety	1,072,478	24,862	210,256
Public works	418,755	-	57
Culture and recreation	36,493	4,604	96,117
Health and welfare	210,226	-	-
Interest on long-term debt	62,442	-	-
	<hr/>	<hr/>	<hr/>
<i>Total governmental activities</i>	2,954,897	129,918	443,661
Business-type Activities:			
Sewer/AWWT	424,529	322,180	-
Solid Waste	280,806	295,220	-
Water	599,067	325,656	-
Airport	363,712	60,923	-
Cemetary	13,069	8,527	-
Heritage Arena	4,664	-	-
	<hr/>	<hr/>	<hr/>
<i>Total business type activities</i>	1,685,847	1,012,506	-
	<hr/>	<hr/>	<hr/>
<i>Total</i>	\$ 4,640,744	\$ 1,142,424	\$ 443,661
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
General Revenues:			
Taxes			
Property taxes, levied for general purposes			
Franchise taxes			
Gross receipts taxes			
Public service taxes			
Interest income			
Transfers			
Miscellaneous income			
Total General Revenues and Transfers			
Excess (deficiency) of revenues over expenses			
Change in net position			
Net position, beginning			
Restatement-Note 18			
Net position-beginning as restated			
Net position, ending			

STATE OF NEW MEXICO
CITY OF MORIARTY
STATEMENT OF ACTIVITIES
For the Year Ending June 30, 2013

Exhibit A-2

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Capital Grants and Contributions	Government Activities	Business Type Activities	Total
\$ -	\$ (916,820)	\$ -	\$ (916,820)
2,493,737	1,656,377	-	1,656,377
546,376	127,678	-	127,678
-	64,228	-	64,228
-	(210,226)	-	(210,226)
-	(62,442)	-	(62,442)
<u>3,040,113</u>	<u>658,795</u>	<u>-</u>	<u>658,795</u>
-	-	(102,349)	(102,349)
-	-	14,414	14,414
-	-	(273,411)	(273,411)
-	-	(302,789)	(302,789)
-	-	(4,542)	(4,542)
-	-	(4,664)	(4,664)
<u>-</u>	<u>-</u>	<u>(673,341)</u>	<u>(673,341)</u>
<u>\$ 3,040,113</u>	<u>\$ 658,795</u>	<u>\$ (673,341)</u>	<u>\$ (14,546)</u>
	85,209	-	85,209
	9,079	-	9,079
	1,816,976	-	1,816,976
	468,571	-	468,571
	730	37	767
	(8,475,772)	8,475,772	-
	9,426	-	9,426
	<u>(6,085,781)</u>	<u>8,475,809</u>	<u>2,390,028</u>
	(5,426,986)	7,802,468	2,375,482
	<u>(5,426,986)</u>	<u>7,802,468</u>	<u>2,375,482</u>
	17,224,911	6,062,532	23,287,443
	(824,972)	(157,144)	(982,116)
	<u>16,399,939</u>	<u>5,905,388</u>	<u>22,305,327</u>
	<u>\$ 10,972,953</u>	<u>\$ 13,707,856</u>	<u>\$ 24,680,809</u>

STATE OF NEW MEXICO
CITY OF MORIARTY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2013

	General Fund	Airport Improvements Capital Project	Other Governmental Funds	Total
<i>Assets</i>				
Cash and cash equivalents	\$ 523,853	\$ -	\$ 91,401	\$ 615,254
Investments	-	-	206,408	206,408
Accounts and taxes receivable	26,642	-	47,154	73,796
Other receivables	-	-	-	-
Due from other funds	65,021	1,247	167,513	233,781
Inventory	-	-	-	-
<i>Total assets</i>	<u>\$ 615,516</u>	<u>\$ 1,247</u>	<u>\$ 512,476</u>	<u>\$ 1,129,239</u>
<i>Liabilities and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ 35,185	\$ -	\$ 35,961	\$ 71,146
Accrued salaries and benefits	28,758	-	1,646	30,404
Accrued compensated absences	10,936	-	2,175	13,111
Unearned revenue	-	-	-	-
Due to other funds	-	-	10,414	10,414
<i>Total liabilities</i>	<u>74,879</u>	<u>-</u>	<u>\$ 50,196</u>	<u>125,075</u>
<i>Fund Balances</i>				
Fund Balance				
Restricted for:				
General Fund	-	-	-	-
Special Revenue Funds	-	1,247	212,385	213,632
Capital Projects Funds	-	-	249,895	249,895
Debt Service Funds	-	-	-	-
Committed for:				
General Fund	-	-	-	-
Special Revenue Funds	-	-	-	-
Capital Projects Funds	-	-	-	-
Assigned for:				
General Fund	-	-	-	-
Special Revenue Funds	-	-	-	-
Capital Projects Funds	-	-	-	-
Unassigned for:				
General Fund	540,637	-	-	540,637
<i>Total fund balances</i>	<u>540,637</u>	<u>1,247</u>	<u>462,280</u>	<u>1,004,164</u>
<i>Total liabilities and fund balances</i>	<u>\$ 615,516</u>	<u>\$ 1,247</u>	<u>\$ 512,476</u>	<u>\$ 1,129,239</u>

STATE OF NEW MEXICO
CITY OF MORIARTY
GOVERNMENTAL FUNDS

RECONCILIATION OF BALANCE SHEET TO THE STATEMENT OF NET POSITION

June 30, 2013

Amounts reported for governmental activities in the statements of net position are different because:

Fund balances - total governmental funds	\$ 1,004,164
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	11,062,900
Accrued interest on long-term debt is not recognized in the governmental funds until paid:	
Accrued interest	(8,991)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds	<u>(1,085,120)</u>
Net position of governmental activities	<u>\$ 10,972,953</u>

STATE OF NEW MEXICO
CITY OF MORIARTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ending June 30, 2013

	General Fund	Airport Improvement Capital Project	Other Governmental Funds	Total
<i>Revenues:</i>				
Taxes	\$ 1,933,148	\$ -	\$ 446,687	\$ 2,379,835
State Grants	230,348	-	210,256	440,604
Federal Grants	-	2,493,737	546,433	3,040,170
Charges for Services	64,945	-	38,714	103,659
Licenses and Fees	26,111	-	16,408	42,519
Investment Income (Loss)	1,410	-	730	2,140
Miscellaneous	21,044	-	19,064	40,108
	<u>2,277,006</u>	<u>2,493,737</u>	<u>1,278,292</u>	<u>6,049,035</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	857,879	-	-	857,879
Public Safety	1,030,670	-	189,019	1,219,689
Public Works	-	137,566	233,524	371,090
Culture and Recreation	430,649	-	73,956	504,605
Health and Welfare	-	-	-	-
Capital Outlay	-	-	49,900	49,900
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	165,360	165,360
	<u>2,319,198</u>	<u>137,566</u>	<u>711,759</u>	<u>3,168,523</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(42,192)</u>	<u>2,356,171</u>	<u>566,533</u>	<u>2,880,512</u>
<i>Other financing sources (uses)</i>				
Transfers In	-	121,126	171,360	292,486
Transfers (Out)	<u>(305,298)</u>	<u>(2,480,344)</u>	<u>(672,352)</u>	<u>(3,457,994)</u>
<i>Total other financing sources (uses)</i>	<u>(305,298)</u>	<u>(2,359,218)</u>	<u>(500,992)</u>	<u>(3,165,508)</u>
<i>Net change in fund balance</i>	(347,490)	(3,047)	65,541	(284,996)
<i>Fund balance - beginning of year</i>	888,127	4,294	340,609	1,233,030
<i>Adjustment to fund balances</i>	<u>-</u>	<u>-</u>	<u>56,130</u>	<u>56,130</u>
<i>Fund balances as restated</i>	888,127	4,294	396,739	1,289,160
<i>Fund balance - end of year</i>	<u>\$ 540,637</u>	<u>\$ 1,247</u>	<u>\$ 462,280</u>	<u>\$ 1,004,164</u>

STATE OF NEW MEXICO
CITY OF MORIARTY
RECONCILIATION OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ending June 30, 2013

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

Net change in fund balances - total governmental funds	\$	(284,996)
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Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital expenditures		428,874
Depreciation expense		(594,090)
Assets transferred out of governmental into enterprise funds		(5,181,342)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds:

Property taxes		15,577
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The issuance of long-term debt (e.g. bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:

Increase in accrued compensated absences		(13,111)
Decrease in accrued interest		(4,381)
Principal payments on notes payable		158,783
Principal payments on Bonds payable		47,700
		47,700

Change in net position of governmental activities	\$	(5,426,986)
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STATE OF NEW MEXICO
CITY OF MORIARTY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ 2,023,775	\$ 2,023,775	\$ 1,911,726	\$ 112,049
State Grants	236,010	250,856	227,867	22,989
Charges For Services	54,225	61,394	69,958	(8,564)
Licenses and Fees	20,204	20,354	26,111	(5,757)
Interest Income	-	-	-	-
Investment Income(Loss)	1,600	1,600	1,410	190
Miscellaneous	15,000	24,516	19,305	5,211
<i>Total revenues</i>	<u>2,350,814</u>	<u>2,382,495</u>	<u>2,256,377</u>	<u>126,118</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	835,763	840,061	836,638	3,423
Public Safety	956,723	1,010,705	1,004,759	5,946
Public Works	-	-	-	-
Culture and Recreation	439,919	439,919	412,033	27,886
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>2,232,405</u>	<u>2,290,685</u>	<u>2,253,430</u>	<u>37,255</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>118,409</u>	<u>91,810</u>	<u>2,947</u>	<u>163,373</u>
<i>Other financing sources (uses)</i>				
Designated Cash	(118,409)	(84,810)	-	84,810
Transfers In	(235,321)	(242,321)	(305,298)	(62,977)
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(353,730)</u>	<u>(327,131)</u>	<u>(305,298)</u>	<u>21,833</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	<u>(235,321)</u>	<u>(235,321)</u>	<u>(302,351)</u>	<u>185,206</u>
<i>Cash Balance - Beginning of Year</i>	<u>235,321</u>	<u>235,321</u>	<u>826,204</u>	<u>590,883</u>
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 523,853</u>	<u>\$ 776,089</u>
Excess (deficiency) of revenues over expenditures (Non-GAAP basis)			\$ 2,947	
Adjustment expenditures for payables, payroll taxes, prepaid expenses and other accruals			5,052	
Adjustment for revenues for tax accruals, earnings on investments, and other deferrals and accruals			(50,191)	
Excess (deficiency) of revenues over expenditures (GAAP basis)			<u>\$ (42,192)</u>	

STATE OF NEW MEXICO
CITY OF MORIARTY
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
June 30, 2013

	Sewer/AWWT Fund	Solid Waste Fund	Water Fund	Heritage Arena Fund
<i>Assets</i>				
<i>Current assets</i>				
Cash	\$ -	\$ -	\$ 3,597	\$ -
Investments	94,637	8,252	225,182	-
Accounts receivable	23,589	23,807	40,838	-
Due from other funds	-	22,510	-	7,474
Prepaid expenses	19,897	-	-	-
<i>Total current assets</i>	<u>138,123</u>	<u>54,569</u>	<u>269,617</u>	<u>7,474</u>
<i>Capital assets</i>				
Capital assets	7,765,472	3,357	4,747,630	-
Accumulated depreciation	(1,664,370)	(2,557)	(2,233,931)	-
<i>Total Capital assets</i>	<u>6,101,102</u>	<u>800</u>	<u>2,513,699</u>	<u>-</u>
<i>Total Assets</i>	<u>\$ 6,239,225</u>	<u>\$ 55,369</u>	<u>\$ 2,783,316</u>	<u>\$ 7,474</u>
<i>Liabilities and Net Position</i>				
<i>Liabilities:</i>				
<i>Current liabilities</i>				
Accounts payable	\$ 39,099	\$ 6,272	\$ 49,055	\$ 156
Accrued salaries and benefits	26,971	-	1,814	-
Accrued compensated absences	774	-	281	-
Due to other funds	83,182	-	206,952	-
Current maturity of note payable	-	-	14,808	-
<i>Total current liabilities</i>	<u>150,026</u>	<u>6,272</u>	<u>272,910</u>	<u>156</u>
<i>Noncurrent liabilities</i>				
Notes payable	-	-	178,898	-
Accrued compensated absences payable	1,665	-	4,167	-
<i>Total noncurrent liabilities</i>	<u>1,665</u>	<u>-</u>	<u>183,065</u>	<u>-</u>
<i>Total liabilities</i>	<u>151,691</u>	<u>6,272</u>	<u>455,975</u>	<u>156</u>
<i>Net Position:</i>				
Net investment in capital assets	6,101,102	800	2,319,993	-
Unreserved				
Unreserved, undesignated	(13,568)	48,297	7,348	7,318
<i>Total net position</i>	<u>6,087,534</u>	<u>49,097</u>	<u>2,327,341</u>	<u>7,318</u>
<i>Total Liabilities and Net Position</i>	<u>\$ 6,239,225</u>	<u>\$ 55,369</u>	<u>\$ 2,783,316</u>	<u>\$ 7,474</u>

<u>Airport Fund</u>	<u>Cemetery Fund</u>	<u>Total</u>
\$ -	\$ -	\$ 3,597
-	-	328,071
-	-	88,234
24,745	12,038	66,767
-	-	19,897
<u>24,745</u>	<u>12,038</u>	<u>506,566</u>
10,348,845	137,455	23,002,759
(2,598,142)	(67,846)	(6,566,846)
<u>7,750,703</u>	<u>69,609</u>	<u>16,435,913</u>
<u>\$ 7,775,448</u>	<u>\$ 81,647</u>	<u>\$ 16,942,479</u>
\$ 2,259	\$ 661	\$ 97,502
286	-	29,071
-	-	1,055
-	-	290,134
-	-	14,808
<u>2,545</u>	<u>661</u>	<u>432,570</u>
-	-	178,898
-	-	5,832
<u>-</u>	<u>-</u>	<u>184,730</u>
<u>2,545</u>	<u>661</u>	<u>617,300</u>
7,750,703	69,609	16,242,207
<u>22,200</u>	<u>11,377</u>	<u>82,972</u>
<u>7,772,903</u>	<u>80,986</u>	<u>16,325,179</u>
<u>\$ 7,775,448</u>	<u>\$ 81,647</u>	<u>\$ 16,942,479</u>

STATE OF NEW MEXICO
CITY OF MORIARTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2013

	Sewer/AWWT Fund	Solid Waste Fund	Water Fund	Heritage Arena Fund
<i>Operating revenues:</i>				
Charges for services	\$ 322,180	\$ 295,220	\$ 325,656	\$ 1,552
<i>Total operating revenues</i>	<u>322,180</u>	<u>295,220</u>	<u>325,656</u>	<u>1,552</u>
<i>Operating expenses:</i>				
Operating Expenses	183,429	-	99,678	1,650
Travel	5,401	-	7,741	-
Gross Receipts Tax	-	-	-	-
Depreciation	102,429	-	248,634	-
Purchases for Resale	-	-	-	-
Contract Services	5,653	279,586	7,452	-
Salaries	47,678	-	132,592	-
Supplies	26,032	1,220	16,558	3,014
<i>Total operating expenses</i>	<u>370,622</u>	<u>280,806</u>	<u>512,655</u>	<u>4,664</u>
<i>Operating income (loss)</i>	<u>(48,442)</u>	<u>14,414</u>	<u>(186,999)</u>	<u>(3,112)</u>
<i>Non-operating revenues (expenses):</i>				
Interest Income	-	-	-	-
Interest expense	(14,351)	-	(2,882)	-
Transfers	539,616	-	(329,972)	-
<i>Total non-operating revenues (expenses)</i>	<u>525,265</u>	<u>-</u>	<u>(332,854)</u>	<u>-</u>
<i>Change in net position</i>	476,823	14,414	(519,853)	(3,112)
<i>Total net position, beginning of year</i>	5,610,711	34,683	2,847,194	-
<i>Adjustment to net position</i>	-	-	-	10,430
<i>Total net position, beginning of year- restated</i>	<u>5,610,711</u>	<u>34,683</u>	<u>2,847,194</u>	<u>10,430</u>
<i>Total net position, end of year</i>	<u>\$ 6,087,534</u>	<u>\$ 49,097</u>	<u>\$ 2,327,341</u>	<u>\$ 7,318</u>

<u>Airport Fund</u>	<u>Cemetery Fund</u>	<u>Total</u>
\$ 60,923	\$ 6,975	\$ 1,012,506
<u>60,923</u>	<u>6,975</u>	<u>1,012,506</u>
12,052	2,604	299,413
123	-	13,265
-	-	-
320,445	7,774	679,282
-	-	-
-	-	292,691
16,497	-	196,767
<u>14,595</u>	<u>2,691</u>	<u>64,110</u>
<u>363,712</u>	<u>13,069</u>	<u>1,545,528</u>
<u>(302,789)</u>	<u>(6,094)</u>	<u>(533,022)</u>
-	-	-
-	-	(17,233)
<u>8,021,148</u>	<u>77,383</u>	<u>8,308,175</u>
<u>8,021,148</u>	<u>77,383</u>	<u>8,290,942</u>
7,718,359	71,289	7,757,920
-	-	8,492,588
54,544	9,697	74,671
<u>54,544</u>	<u>9,697</u>	<u>8,567,259</u>
<u>\$ 7,772,903</u>	<u>\$ 80,986</u>	<u>\$ 16,325,179</u>

STATE OF NEW MEXICO
CITY OF MORIARTY
STATEMENT OF CASH FLOWS-PROPRIETARY FUNDS
For the Year Ended June 30, 2013

	Sewer/AWWT Fund	Solid Waste Fund	Water Fund
<i>Cash flows from operating activities:</i>			
Cash received from user charges	\$ 331,223	\$ 301,447	\$ 317,815
Cash payments to employees for services	(47,678)	-	-
Cash payments to suppliers for goods and services	(234,319)	(299,618)	(312,358)
<i>Net cash provided for operating activities</i>	<u>49,226</u>	<u>1,829</u>	<u>5,457</u>
<i>Cash flows from noncapital financing activities:</i>			
Change in long term accrued compensated absences	-	-	-
Principal payments on notes payable	(27,700)	-	(968,538)
Interest paid	(14,351)	-	(2,882)
Loans from other funds	83,182	-	206,952
Transfers	(122,620)	-	(329,972)
<i>Net cash provided (used) by noncapital financing activities</i>	<u>(81,489)</u>	<u>-</u>	<u>(1,094,440)</u>
<i>Cash flows from investing activities:</i>			
Loans to other funds	-	(22,510)	-
Adjustment to Capital Assets	-	-	1,128,352
Interest on investments	-	-	-
<i>Net cash used by investing activities:</i>	<u>-</u>	<u>(22,510)</u>	<u>1,128,352</u>
<i>Net increase (decrease) in cash and cash equivalents</i>	(32,263)	(20,681)	39,369
<i>Cash and cash equivalents - beginning of year</i>	<u>126,900</u>	<u>28,933</u>	<u>189,410</u>
<i>Cash and cash equivalents - end of year</i>	<u>\$ 94,637</u>	<u>\$ 8,252</u>	<u>\$ 228,779</u>
<i>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</i>			
Operating income (loss)	\$ (48,442)	\$ 14,414	\$ (186,999)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:			
Depreciation	102,429	-	248,634
Changes in assets and liabilities			
Receivables	9,581	6,227	(7,841)
Accrued expenses	13,586	-	(51,252)
Bond issue costs	20,435	-	-
Prepaid expenses	(19,897)	-	-
Accounts payable	(29,240)	(18,812)	40,587
Deposits payable	-	-	(37,953)
Accrued compensation absences	774	-	281
<i>Net cash (used) by operating activities</i>	<u>\$ 49,226</u>	<u>\$ 1,829</u>	<u>\$ 5,457</u>

Heritage Arena Fund	Airport Fund	Cemetery Fund	Total
\$ 1,552	\$ 62,223	\$ 6,975	\$ 1,021,235
-	-	-	(47,678)
(4,771)	(41,638)	(12,949)	(905,653)
(3,219)	20,585	(5,974)	67,904
-	-	-	-
-	-	-	(996,238)
-	-	-	(17,233)
-	-	-	290,134
-	8,021,148	77,383	7,645,939
-	8,021,148	77,383	6,922,602
(7,474)	(24,745)	(12,038)	(66,767)
-	(8,071,148)	(69,609)	(7,012,405)
-	-	-	-
(7,474)	(8,095,893)	(81,647)	(7,079,172)
(10,693)	(54,160)	(10,238)	(88,666)
10,693	54,160	10,238	420,334
\$ -	\$ -	\$ -	\$ 331,668
\$ (3,112)	\$ (302,789)	\$ (6,094)	\$ (533,022)
-	320,445	-	671,508
-	-	-	7,967
-	1,300	-	(36,366)
-	286	-	20,721
-	-	-	(19,897)
(107)	1,343	120	(6,109)
-	-	-	(37,953)
-	-	-	1,055
\$ (3,219)	\$ 20,585	\$ (5,974)	\$ 67,904

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NOTE 1. Summary of Significant Accounting Policies

The City of Moriarty (“City”) was incorporated under the provisions of the Municipal Code of the state of New Mexico (Sec. 14-2-1 et-Seq. 1953 Comp.). The City operates under a mayor council form of government. There are four council members plus the mayor, all of whom are elected at large. The basic criterion for including a component unit within the reporting entity of the City is the exercise of oversight responsibility by the City Council.

This summary of significant accounting policies of the City is presented to assist in the understanding of the City’s financial statements. The financial statements and notes are the representation of the City’s management who is responsible for their integrity and objectivity. The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements have incorporated all applicable GASB pronouncements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on accounting procedures. The more significant of the City’s accounting policies are described below.

A. Financial Reporting Entity

In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB statements No. 61. Blended component units, although legally separate entities, are in substance part of the government’s operations. Each discreetly presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body’s ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters.

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity. Based upon the application of these criteria, the City has no component units, and is not a component unit of another governmental agency.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities and changes in net position) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity 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, and liabilities resulting from exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement no. 33, *Accounting and Financial Reporting for Non-exchange Transactions*.

B. Government-wide and fund financial statements (continued)

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and the susceptible to accrual criteria have been met.

Governmental funds are used to account for the City's general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets and the servicing of general long-term debt. Governmental funds include:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are provided through property and other taxes, federal sources, state sources, charges for services, licenses and fees, and other miscellaneous recoveries and revenue. Expenditures include all costs associated with the daily operation of the City except for items included in other funds.

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

The *Debt Service Funds* account for the services of general long-term debt not being financed by proprietary or nonexpendable trust funds.

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

The *Capital Projects Funds* account for the acquisition of fixed assets or construction of major capital projects not being financed by the proprietary or nonexpendable trust funds. The *Capital Projects Funds* account for the acquisition of fixed assets or construction of major capital projects not being financed by the proprietary or nonexpendable trust funds.

Under the requirements of GASB No. 34, the City is required to present certain of its governmental funds as major based upon certain criteria. The major funds presented in the fund financial statements include only the General Fund and the Capital Project Airport Improvement Fund. No other funds were required to be presented as major at the discretion of management.

General Fund - the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are provided primarily through property, gross receipts and other miscellaneous taxes.

Major Capital Project Funds:

Capital Project Airport Improvement Fund - It accounts for all revenue and expenditures associated with the Airport Improvements approved by the State of New Mexico and funded by federal and state grants.

The City reports its proprietary funds as a major business-type fund.

Major Enterprise Funds:

Sewer/AWWT Fund - to account for the provision of sewer services to the residents of the City.

Solid Waste Disposal Fund - to account for the provision of solid waste services to the residents of the City.

Water Fund - to account for the provision of water services to the residents of the City.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes, because elimination of these charges would distort the direct costs and program revenues reported in the Statement of Activities.

Program revenues reduce the cost of the function to be financed from the City's general revenues. Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

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

The City reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. The City does not currently employ indirect cost allocation systems. Depreciation expense is specifically identified function and is included in the direct expense of each function. Interest on general and long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing service in connection with the fund's principal ongoing operations. The principal operating revenue of the City's enterprise fund is charges for services for the City's various utilities. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Assets, Liabilities, and Net Position or Equity

Deposits and Investments: 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.

State statutes authorize the City to invest in Certificates of Deposit, obligations of the U.S. Government, and the State Treasurer's Investment Pool.

Investments for the City are reported at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. The State Treasurer's Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Receivables and Payables: Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds or internal balances" (i.e., the current portion of interfund loans) or "advances to/from other funds or internal balances" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. In the government-wide and governmental fund financial statements, delinquent property taxes are recorded when levied.

Property taxes are levied on November 1 based on the assessed value of property as listed on the previous January 1 and are due in two payments by November 10th and April 10th. Property taxes uncollected after November 10th and April 10th are considered delinquent and the County may assess penalties and interest. The taxes attach as an enforceable lien on property thirty (30) days thereafter, at which time they become delinquent.

Prepaid Items: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and proprietary financial statements.

Capital Assets: Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Information Technology Equipment including software is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.20.1.9 C (5). Library books are expensed as purchased. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction.

Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Computer Equipment & Software	3
Vehicles	5-7
Equipment & Machinery	5-20
Buildings & Building Improvements	40
Plant & Distributing System	40

D. Assets, Liabilities, and Net Position or Equity (continued)

Inventory: Inventory is reflected at historical cost.

Unearned Revenues: Accounting principles generally accepted in the United States of America require that grant revenue be recognized at the time the related expense is made if the expenditure of funds is the prime factor for determining eligibility for reimbursement; therefore, amounts received and not expended in the Special Revenue Funds are shown as unearned revenues. In addition, property taxes receivable but uncollected within sixty (60) days of year-end are classified as unearned revenue.

Compensated Absences: Qualified employees are entitled to accumulate compensated absences earned. Upon termination, employees will be paid for all days of current year accrued annual leave not yet taken.

Qualified employees are entitled to accumulate sick leave. Sick leave can be carried over from year to year. Upon termination employees receive no pay for sick time accumulated.

All vacation pay and applicable accumulated sick leave is accrued when incurred in the governmental-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements

Long-term Obligations: In the government-wide fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

Net Position or Fund Equity:

Committed fund balance represents amounts that are useable only for specified purposes by formal action of the governments' highest level of decision-making authority.

Assigned fund balance represents amounts that are intended to be used for specific purpose, but are neither restricted nor committed. Intent is expressed by the governing body or a subordinate high level body or official whom the governing body has delegated.

Restricted fund balance represents amounts with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation.

Unassigned fund balance is the residual classification for the general fund and represents the amount that have not been assigned to other funds, and that have not been restricted, committed or assigned to specific purposes.

Net Investment in capital assets, net of related debt consists of net position including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of these assets.

Interfund Transactions: Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund from expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

D. Assets, Liabilities, and Net Position or Equity (continued)

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Tax Revenues: The City receives mill levy and ad-valorem tax revenues. Property taxes are assessed on January 1st of each year and are payable in two equal installments, on November 10th of the year in which the tax bill is prepared and April 10th of the following year with the levies becoming delinquent 30 days (one month) thereafter. The City recognizes tax revenues in the period for which they are levied in the government-wide financial statements. The City records only the portion of the taxes considered 'measurable' and 'available' in the governmental fund financial statements.

Descriptions of the individual debt service and capital outlay funds contained in these financial statements include information regarding the authority for the collection and use of these taxes.

NOTE 2. Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets of the City are prepared prior to June 1 and must be approved by resolution of the City Councilors, and submitted to the Department of Finance and Administration for State approval. Once the budget has been formally approved, any amendments must also be approved by the City Councilors and the Department of Finance and Administration. The legal level of budgetary control is at the fund level. A separate budget is prepared for each fund. Line items within each budget may be over-expended; however, it is not legally permissible to over-expend any budget in total.

These budgets are prepared on the Non-GAAP cash basis, excluding encumbrances, and secure appropriation of the funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year.

The budgetary information presented in these financial statements has been amended in accordance with the above procedures.

Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds, where applicable.

The City is required to balance its budgets each year. Accordingly, amounts that are in excess or deficient are presented as changes in cash designated for expenditures, not as an excess or deficiency of revenues over expenditures.

The City Council may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance.

The accompanying Statements of Revenues, Expenditures, and Changes in Fund Balance - Budget (non-GAAP Budgetary Basis) and Actual presents comparisons of the legally adopted budget with actual data on a budgetary basis.

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with Generally Accepted Accounting Principles, a reconciliation of resultant basis, perspective, equity, and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended June 30, 2013 is presented.

The reconciliations between the Non-GAAP budgetary basis amounts and the financial statements on the GAAP basis by fund are shown on each budgetary statement.

Note 3. Deposits and Investments

State statutes authorize the investment of City funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States government obligations. All invested funds of the City properly followed State investment requirements as of June 30, 2013.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the City. Deposits may be made to the extent that they are insured by an agency of the United States or by collateral deposited as security or by bond given by the financial institution.

The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of deposit.

Excess of funds may be temporarily invested in securities which are issued by the State or by the United States government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments.

According to the Federal Deposit Insurance Corporation, public unit deposits are funds owned by the public unit. Time deposits, savings deposits, and interest bearing NOW accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution. The Dodd Frank Act of 2010 required that all funds in a non-interest bearing bank account be fully insured by the FDIC through December 31, 2012.

NM State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the City for at least one half the amount in excess of FDIC coverage on deposit with the institution.

The schedule listed below discloses the State of New Mexico, Office of the State Auditor's requirements on reporting the insured portion of the City's deposits. NMFA reserves are not required to have pledged collateral.

	Wells Fargo Bank Checking	US Bank Checking	NMFA Reserves
Operating	\$ 519,084	\$ 673,071	\$ -
NMFA reserves	-	-	285,801
Total Deposits	519,084	673,071	285,801
Less: FDIC Coverage	(250,000)	(250,000)	(250,000)
Total uninsured public funds	269,084	423,071	35,801
50% Collateral requirement	134,542	211,536	17,901
Pledged Securities	211,982	497,013	-
(Over)Under collateralized	<u>\$ (77,440)</u>	<u>\$ (285,478)</u>	<u>\$ 17,901</u>
 Custodial Credit Risk-Deposits			
Account Balance	\$ 1,477,956		
FDIC Insured	750,000		
Collateral:			
Collateral held by the pledging bank, not in the City's name	727,957		
Uninsured and uncollateralized	-		
Total Deposits	<u>\$ 1,477,957</u>		

Note 3. Deposits and Investments (continued)

The collateral pledged is listed on Schedule I of this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by an agency, district or political subdivision of the State of New Mexico.

Reconciliation of Cash and Temporary Investments

Carrying amounts by fund per financial statement at June 30, 2013 is:

Governmental Funds- Balance Sheet	
Cash and cash equivalents per Exhibit A-1	\$ 1,449,767
Less Petty Cash	(300)
Add Reconciling items	28,490
	<u>\$ 1,477,957</u>

Custodial Credit Risk - Investments

For an investment, custodial credit risk is the risk that in the event of counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have an investment policy for custodial credit risk. New Mexico State Statutes require collateral pledged for bank accounts in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the City for at least 50% of the amount on deposit with the institution.

The New MexiGrow Local Governmental Investment Pool's (LGIP) investments are valued at fair value based on quoted market prices as of the valuation date. The LGIP is not SEC registered. The New Mexico State Treasurer is authorized to invest the short-term investment funds, with the advice and consent of the State Board of Finance. In accordance with Sections 6-10-10 I through 6-10-10-P and Section 6-10-10.1 A and E, NMSA 1978. The pool does not have unit shares. Per Section 6-10-10.1F, NMSA 19078, as the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the fund amounts were invested. Participation in the LGIP is voluntary.

As of June 30, 2013, the City's investment balances were exposed to custodial credit risk as follows:

Investment in the State Treasurer Local Government Investment Pool	\$ 91,175
NMFA reserves	\$ 194,627

Interest Rate Risk and Credit Rating

The City does not have a formal policy limiting investment maturities to manage its exposure to fair value losses from increasing interest rates. The City's investments at June 30, 2013 include the following:

State Treasurer LGIP, AAAM, 58-day WAM	\$ 91,175
NMFA reserves	\$ 194,627

NOTE 4. Receivables

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

	<u>General Fund</u>	<u>Lodgers' Tax Fund</u>	<u>Special-Lodgers' Tax Promotion Fund</u>	<u>Street Fund</u>
Property Taxes Receivables:	\$ 15,577	\$ -	\$ -	\$ -
Due from other governments:	-	-	-	-
Other accounts receivable	<u>11,065</u>	<u>26,982</u>	<u>6,401</u>	<u>13,771</u>
	\$ 26,642	\$ 26,982	\$ 6,401	\$ 13,771

Proprietary Funds:

	<u>Sewer/AWWT Fund</u>	<u>Solid Waste Fund</u>	<u>Water Fund</u>
Accounts Receivable	\$ 23,589	\$ 23,807	\$ 40,838

The above governmental receivables are deemed 100% collectible. The utility accounts receivable are net of an estimated allowance for uncollectible accounts of \$0 due to the city's ordinance permitting liens on the property for any past due accounts.

NOTE 5. Accounts Payables

Accounts payable as of June 30, 2013, are as follows:

	<u>Governmental activities</u>	<u>Business-like activities</u>
Payable to suppliers	\$ 71,146	\$ 31,298
Payables to employees	30,404	52,530
Total	\$ 101,550	\$ 83,828

NOTE 6. Interfund Receivables, Payables, and Transfers

“Due to” and “Due from” balances have primarily been recorded when funds overdraw their share of pooled cash. The composition of interfund balances as of June 30, 2013 is as follows:

	Interfund Receivables	Interfund Payables
General Fund	\$ 65,021	\$ -
Corrections Fund	1,704	-
Emergency (EMS)	845	-
Law Enforcement (LEPA)	25,400	-
Lodgers' Tax	13,393	-
Special-Lodgers' Tax		
Promotion	-	4,495
Street Fund	51,756	-
Capital Project-WWTP	-	5,919
Capital Project Road		
Improvements	2,356	-
Airport Improvements -		
Capital Project	1,247	-
Heritage Arena Fund	7,474	-
Enterprise-Sewer	-	83,182
Enterprise-Solid Waste	22,510	-
Enterprise-Water	-	206,952
Enterprise-Airport	24,745	-
Enterprise-Cemetery	12,038	-
Police Activities Fund	649	-
Industrial Park Fund	71,410	-
Total	\$ 300,548	\$ 300,548

Transfers

This schedule is reported on the government-wide basis of accounting due to the transfers of capital assets between governmental funds and business-type funds.

	Transfers In	Transfers Out
General Fund	\$ 2,264,502	\$ 7,880,065
Airport Improvement Capital Projects	121,126	2,480,344
Corrections Fund	6,000	-
EMS Fund	-	15,000
Lodgers' Tax Fund	-	105,000
WWTP Capital Project Fund	-	552,352
Civic Center Debt Service Fund	165,360	-
Sewer/AWWT Fund- business type fund	726,204	93,294
Water Fund-business type fund	(181,364)	74,304
Airport Fund- business-type fund	8,071,148	50,000
Cemetery Fund- business-type fund	77,383	-
Total	\$ 11,250,359	\$ 11,250,359

NOTE 7. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2013 follows.

Governmental Activities	June 30, 2012	Additions	Adjustments	Deletions	June 30, 2013
Capital assets not depreciated:					
Land	\$ 1,792,451	\$ 420,000	\$ (1,884,424)	\$ 3,720	\$ 324,307
Capital assets being depreciated:					
Construction in Progress	331,774	-	(74,923)	-	256,851
Land Improvements	9,129,742	-	(5,764,199)	-	3,365,543
Buildings & Improvements	4,919,894	-	(221,136)	187,579	4,511,179
Equipment	2,422,641	102,628	(318,037)	-	2,207,232
Vehicles	-	-	-	-	-
Infrastructure	6,559,652	97,546	-	-	6,657,198
Total capital assets being depreciated	23,363,703	200,174	(6,378,295)	187,579	16,998,003
Total Capital Assets	25,156,154	620,174	(8,262,719)	191,299	17,322,310
Less accumulated depreciation:					
Land Improvements	1,667,454	540,289	(1,667,454)	-	540,289
Construction in Progress	1,494,652	-	-	-	1,494,652
Building & Improvements	1,788,671	4,537	(579,640)	100,355	1,113,212
Equipment	3,152,667	49,265	(90,675)	-	3,111,257
Vehicles	-	-	-	-	-
Infrastructure	-	-	-	-	-
Total Accumulated Depreciation	8,103,444	594,090	(2,337,769)	100,355	6,259,410
Total capital assets net of depreciation	\$ 17,052,710	\$ 26,084	\$ (5,924,950)	\$ 90,944	\$ 11,062,900
Business-Like Activities	June 30, 2012	Additions	Adjustments	Deletions	June 30, 2013
Land, Building & Improvements	\$ 945,808	\$ 2,472,487	\$ 7,041,913	\$ -	\$ 10,460,208
Water Rights	-	-	147,201	-	147,201
Equipment and Machinery	116,343	7,858	301,442	-	425,643
Construction in Progress	3,381,696	552,352	153,214	3,934,048	153,214
Plant and distributing system	7,900,771	-	4,261	(3,934,048)	11,839,080
Vehicles	-	-	-	-	-
Total Capital Assets	12,344,618	3,032,697	7,648,031	-	23,025,346
Less accumulated depreciation:					
Land Improvements & Building	-	308,468	2,247,094	-	2,555,562
Water Rights	-	3,680	-	-	3,680
Plant and distributing system	3,438,481	352,026	-	-	3,763,507
Equipment and Machinery	134,441	21,670	90,675	-	246,786
Total Accumulated Depreciation	3,572,922	658,845	2,337,769	-	6,569,536
Total capital assets net of depreciation	8,771,696	2,373,853	5,310,262	-	16,455,810

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

NOTE 7. Capital Assets (continued)

Depreciation expense for the year ended June 30, 2013 was charged to the following functions and funds:

General Government	\$ 310,255
Public Safety	28,477
Public Works	246,895
Culture and Recreation	690
Health and Welfare	<u>7,774</u>
 Total depreciation expense governmental funds	 <u><u>\$ 594,090</u></u>

Depreciation expense relating to business-like activities for the year ended June 30, 2013 totaled \$658,845.

NOTE 8. Long-term Debt

During the year ended June 30, 2013, the following changes occurred in the liabilities reported in the government-wide statement of net position:

Governmental Activities	Balance June 30, 2012	Additions	Retirements	Balance June 30, 2013	Due Within One Year
NMFA Loan – Civic Center	\$ 1,042,652	\$ -	\$ 107,299	\$ 935,353	\$ 113,075
NMFA Loan – Ambulance	46,947	-	15,422	31,525	31,525
US Bancorp	54,995	-	13,740	41,255	13,740
Kansas State Bank of Manhattan	45,928	-	22,322	23,606	23,606
 Accrued Compensated Absences	 53,423	 41,814	 28,746	 66,491	 13,110
Total	<u>\$ 1,243,945</u>	<u>\$ 41,814</u>	<u>\$ 187,529</u>	<u>\$ 1,098,230</u>	<u>\$ 195,056</u>
 Business-type Activities	 Balance June 30, 2012	 Additions	 Retirements	 Balance June 30, 2013	 Due Within One Year
NMFA Loan – Water	\$ 208,322	\$ -	\$ 14,616	\$ 193,706	\$ 14,808
Revenue Bonds – 1999 Water & Sewer	950,000	-	20,000	930,000	20,000
Revenue Bonds – Wastewater Treatment Plant	1,816,900	-	27,700	1,789,200	28,400
 Accrued Compensated Absences	 10,053	 2,084	 5,251	 6,886	 1,055
Total Long Term Debt	<u>\$ 2,985,275</u>	<u>\$ 2,084</u>	<u>\$ 67,567</u>	<u>\$ 2,919,792</u>	<u>\$ 64,263</u>

The annual requirements to amortize the NMFA loan (Civic Center) payable as of June 30, 2013, including interest payments are as follows:

Fiscal Year	Principal	Interest	Total
2014	\$ 113,075	\$ 49,830	\$ 162,905
2015	119,220	43,984	163,204
2016	125,757	37,762	163,519
2017	132,716	31,134	163,850
2018	140,127	24,074	164,201
2019-2023	304,458	25,074	329,532
Total	<u>\$ 935,353</u>	<u>\$ 211,858</u>	<u>\$ 1,147,211</u>

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

NOTE 8. Long-term Debt (continued)

The annual requirements to amortize the NMFA loan (Ambulance) payable as of June 30, 2013, including interest payments are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 31,525	\$ 720	\$ 32,245
2015	-	-	-
Total	<u>\$ 31,525</u>	<u>\$ 720</u>	<u>\$ 32,245</u>

The annual requirements to amortize the US Bancorp loan payable as of June 30, 2013, including interest payments are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 13,740	\$ -	\$ 13,740
2015	13,740	-	13,740
2016	13,775	-	13,775
Total	<u>\$ 1,789,200</u>	<u>\$ 1,100,450</u>	<u>\$ 2,889,650</u>

The annual requirements to amortize the Kansas State Bank of Manhattan loan payable as of June 30, 2013, including interest payments are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 23,606	\$ 1,357	\$ 24,963
Total	<u>\$ 23,606</u>	<u>\$ 1,357</u>	<u>\$ 24,963</u>

Proprietary Fund debt amortization schedules as follows:

The annual requirements to amortize the Revenue Bonds – 1999 Water & Sewer payable as of June 30, 2013, including interest payments are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 20,000	\$ 44,175	\$ 64,175
2015	20,000	43,225	63,225
2016	20,000	42,275	62,275
2017	20,000	41,325	61,325
2018	20,000	40,375	60,375
2019-2023	130,000	185,250	315,250
2024-2028	160,000	149,150	309,150
2029-2033	200,000	104,500	304,500
2034-2038	260,000	49,400	309,400
2039-2043	80,000	2,850	82,850
Total	<u>\$ 930,000</u>	<u>\$ 702,525</u>	<u>\$ 1,632,525</u>

The annual requirements to amortize the Revenue Bonds – Wastewater Treatment Plant payable as of June 30, 2013, including interest payments are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 28,400	\$ 49,842	\$ 78,242
2015	29,200	49,055	78,255
2016	30,000	48,245	78,245
2017	30,900	47,414	78,314
2018	31,700	46,560	78,260
2019-2023	172,100	219,112	391,212
2024-2028	197,100	193,871	390,971
2029-2033	225,700	164,915	390,615
2034-2038	258,500	131,695	390,195
2039-2043	296,100	93,585	389,685
Thereafter	489,500	56,156	545,656
Total	<u>\$ 1,789,200</u>	<u>\$ 1,100,450</u>	<u>\$ 2,889,650</u>

NOTE 8. Long-term Debt (continued)

Proprietary Fund debt amortization schedules as follows:

The annual requirements to amortize the NMFA Loan - Water payable as of June 30, 2013, including interest payments are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 14,808	\$ 2,762	\$ 17,570
2015	15,012	2,596	17,608
2016	15,226	2,420	17,646
2017	15,451	2,232	17,683
2018	15,688	2,034	17,722
2019-2023	82,430	6,796	89,226
2024-2028	35,091	900	35,991
Total	<u>\$ 193,706</u>	<u>\$ 19,740</u>	<u>\$ 213,446</u>

Short-term Debt: The City had no short-term debt activity during the year.

NOTE 9. Risk Management

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries and natural disasters. The City of Moriarty participates in the New Mexico Self-Insurer's Fund risk pool. The City pays an annual premium to the pool based on claim experience and the status of the pool. The City is not liable for more than the premium paid.

The City has not filed any claims for which the settlement amount exceeded the insurance coverage during the past three years. However, should a claim be filed against the City which exceeds the insurance coverage, the City would be responsible for a loss in excess of the coverage amounts. As claims are filed, the New Mexico Self-Insurers' Fund assesses and estimates the potential for loss and handles all aspects of the claim. Insurance coverage's have not changed significantly from prior years and coverage's are expected to be continued.

At June 30, 2013, no unpaid claims have been filed which exceed the policy limits and to the best of management's knowledge and belief all known and unknown claims will be covered by insurance. No major lawsuits have been filed against the City of Moriarty.

New Mexico Self-Insurers' Fund has not provided information or an entity by entity basis that would allow for a reconciliation of changes in the aggregate liabilities for claims for the current fiscal year and the prior fiscal year.

NOTE 10. Other Required Individual Fund Disclosures

Generally accepted accounting principles require disclosures as part of the Combining Statements - Overview of certain information concerning individual funds including:

- A. Deficit fund balance of individual funds.

Fire Protection Fund	\$(2,559)
WWTP Capital Project Fund	(5,919)

Fund deficits will be funded by general fund transfers or by grant revenues.

- B. No expenditures exceeded appropriations by fund.

NOTE 11. PERA Pension Plans

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

Funding Policy. Plan members are required to contribute 8.0%, 9.15%, and 12.35% of their gross salary, and the City is required to contribute 9.15% to 18.5% depending upon the plan and the employee status of the gross covered salary. The contribution requirements of plan members and the City are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The City's contributions to PERA for the fiscal years ending June 30, 2013, 2012 and 2011 were \$223,181, \$126,194 and \$127,083, respectively, which equal the required contributions for each year.

Deferred Compensation Plan. The City has executed salary reduction agreements with certain employees on a voluntary basis. Amounts withheld per these agreements are used to purchase insurance contracts on behalf of and are owned by the employee. This plan is in accordance with Internal Revenue Code. The City of Moriarty does not make contributions to this plan and has no liability to the plan except to remit withheld amounts.

NOTE 12. Post-Employment Benefits

Plan description: The City of Moriarty contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple employer defined benefit post-employment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

Eligible retirees are: (1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the Retiree Health Care Act on the person's behalf, unless that person retires before the employer's NMRHCA effective date, in which event the time period required for the employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; or (2) retirees defined by the Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years.

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

Funding Policy. The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RCHA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RCHA or viewed on their website at www.nmrhca.stat.nm.us.

The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirement for the contributions can be changed by the New Mexico State Legislature. Employers that chose to become participating employers after January 1, 1998 are required to make contributions to the RHCA fund in the amount determined to be appropriate by the Board.

NOTE 12. Post-Employment Benefits (continued)

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plan 3, 4 or 5; municipal fire member coverage plan 3, 4, or 5; municipal detention office member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.0% of each employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15 (G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The City's contributions to the RHCA for the years ended June 30, 2013, 2012 and 2011 were \$24,386, \$20,360 and \$17,750, respectively, which equal the required contributions for each year.

NOTE 13. Contingent Liabilities

The City is party to various claims and lawsuits arising in the normal course of business. Management and the City's attorney are unaware of any material pending or threatened litigation, claims or assessments against the City which are not covered by the City's insurance as described in Note 9.

NOTE 14. Federal and State Grants

In the normal course of operations, the City receives grant funds from various federal and state agencies. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as a result of these audits is not believed to be material.

NOTE 15. Memorandum of Understanding/Joint Powers Agreements

Operation of the Regional Solid Waste Authority System

Purpose: To operate the regional solid waste system.

Participants: The City of Moriarty, the County of Torrance, the Village of Willard, the Town of Mountainair, the Town of Estancia, and the Village of Encino (based on the agreement update on December 16, 1993).

Responsible Party for Operation and Audit: Estancia Valley Solid Waste Authority (EVSWA)

Term: Started August 2, 1983 and has no expiration date.

Total Estimated Amount of Project and Actual Amount Contributed: \$40,812.

Establishment and Operation of Housing Assistance Programs

Purpose: To provide Housing Assistance to low income families in the Torrance County, by authorizing the Town of Mountainair Housing Authority to operate public assistance programs within the geographical boundaries of Torrance County.

Participants: The County of Torrance, the Town of Mountainair, the City of Moriarty, the Town of Estancia, the Village of Encino, and the Village of Willard

Responsible Party for Operation and Audit: The Town of Mountainair Housing Authority

Term: No expiration date

Total Estimated Amount of Project and Actual Amount Contributed: None

NOTE 15. Memorandum of Understanding/Joint Powers Agreements (continued)

E911 Services

Purpose: To form the Torrance County Emergency Communication 911 District.

Participants: The City of Moriarty, the County of Torrance, the Village of Willard, the Town of Mountainair, and the Town of Estancia

Responsible Party for Operation and Audit: The Torrance County E911 District

Term: The agreement is valid for the fiscal year.

Total Estimated Amount of Project and Actual Amount Contributed: \$62,385.

Wildland Fire Protection and Suppression

Purpose: To provide mutual wildland fire suppression and management assistance and cooperation between the City of Moriarty and the Energy, Mineral and Nature Resources Department, Forestry Division (EMNRD)

Participants: The City of Moriarty and the Energy, Mineral and Nature Resources Department, Forestry Division

Responsible Party for Operation and Audit: The City of Moriarty and EMNRD

Term: The agreement is for a term of five years but may be terminated at any time.

Total Estimated Amount of Project and Actual Amount Contributed: None

Roads and Streets Repair and Maintenance

Purpose: To provide a basis where by the Torrance County can assist the City of Moriarty in repairing roads and streets within the boundaries of the City of Moriarty. The County will provide and operate county equipment and provide personnel necessary to repair existing street and road surfaces within the City.

Participants: The City of Moriarty (agrees to purchase or provide materials, including costs of transportation necessary to do repair or maintenance, and reimburse Torrance County for labor costs, fuel and the use of county equipment) and the County of Torrance

Responsible Party for Operation and Audit: The City of Moriarty and the County of Torrance; Each party will maintain their own records

Term: Expires on December 31, 2014

Total Estimated Amount of Project and Actual Amount Contributed: None

DWI Program

Purpose: A memorandum of understanding between the City of Moriarty Police Department and the Torrance County DWI Program was entered to conduct DWI enforcement activities (e.g. sobriety checkpoints and saturation patrols) at locations within the City of Moriarty where alcohol-involved crashes are prevalent.

Participants: The City of Moriarty, Police Department and The County of Torrance, DWI Program

Responsible Party for Operation and Audit: The County of Torrance DWI Program

Term: June 30, 2013 or terminated in writing by either party within thirty days' notice of said termination. *Total*

Estimated Amount of Project and Actual Amount Contributed: None

NOTE 15. Memorandum of Understanding/Joint Powers Agreements (continued)

Water and Sewer Line Extensions

Purpose: A memorandum of understanding between the City of Moriarty and Pilot Travel Centers LLC was entered to provide water and sewer line extensions in accordance with policies and standards of the City. The design and installed extension will also serve to accommodate future growth and connections by other property owners. Customers who connect in the future to the Pilot installed extension may be required to pay their pro rata share of the costs of the extension. The City will collect the pro rata share and reimburse collected amounts to Pilot.

Participants: The City of Moriarty and Pilot Travel Centers LLC

Responsible Party for Operation and Audit: The City of Moriarty

Term: Effective April 12, 2013 and remain in effect indefinitely

Total Estimated Amount of Project and Actual Amount Contributed: None

Read “Write” Adult Literacy Program

Purpose: A memorandum of understanding between the City of Moriarty and Read “Write” Adult Literacy Program was entered to provide adult literacy programs and related education services in the City of Moriarty.

Participants: The City of Moriarty and the Read “Write” Adult Literacy Program

Responsible Party for Operation and Audit: The Read “Write” Adult Literacy Program

Term: June 1, 2013 - June 30, 2014

Total Estimated Amount of Project and Actual Amount Contributed: None

NOTE 16. Related Party Transactions

The City of Moriarty paid \$23,492 for supplies to Hart’s Homecenter which is owned by Mayor Ted Hart, and \$985 for supplies to Moriarty Pipe and Iron which is owned by Councilman Larry Irvin.

NOTE 17. Subsequent Review

The City of Moriarty has evaluated subsequent events through September 20, 2013, which is the date the financial statements were dated.

The City received a new FAA airport grant in July 2013 for the renovations of the Crosswinds Airport. The City also entered into a new three-year contract with New Mexico Base.

NOTE 18. Subsequent Accounting Standard Pronouncements

The GASB issued Statement No. 65, *Financial reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and net Position* which is effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged. The objective of this statement is to provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. Concepts Statement 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The City has reviewed the effects of the implementation of this statement.

NOTE 18. Subsequent Accounting Standard Pronouncements (continued)

The GASB issued Statement No. 66, which is effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged. The objective of this statement is to amend Statement No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, by removing the provision that limits fund-based reporting of a state and local government's risk financing activities to the general fund and the internal service fund type. As a result, government would base their decisions about governmental fund type usage for risk financing activities on the definitions in State No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. This statement also amends Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and that principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee. These changes would eliminate any uncertainty regarding the application of Statement No. 13, Accounting for Operating Leases with Schedule Rent Increases, and result in guidance that is consistent with the requirements in Statement No. 48, Sales of Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues, respectively. The City has reviewed the effects of the implementation of this statement.

NOTE 19. Restatement of Proprietary Funds and Non Major Governmental Funds

In the 2013 Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds, the following funds were restated due to incorrect classification of proprietary funds in the governmental funds: Heritage Arena fund, Airport fund, and Cemetery fund.

	Heritage Arena fund	Airport fund	Cemetery fund
Beginning Net Position	\$ -	\$ -	\$ -
Restatement	10,430	54,544	9,697
Net Position, restated	\$ 10,430	\$ 54,544	\$ 9,697

In the 2013 Combining Statement of Revenues, Expenses and Changes in Fund Balances - Non Major Governmental Funds, the following funds were restated due to incorrect reporting of the non-major special revenue funds: Industrial Park fund and Police Activities fund.

	Industrial Park fund	Police Activities fund
Beginning Net Position	\$ -	\$ -
Restatement	51,493	4,637
Net Position, restated	\$ 51,493	\$ 4,637

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SUPPLEMENTARY INFORMATION

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NON-MAJOR GOVERNMENTAL FUNDS

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STATE OF NEW MEXICO

CITY OF MORIARTY

June 30, 2013

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

The Special Revenue Funds are used to account for Federal, State and Local funded grants. These grants are awarded to the City with the purpose of accomplishing specific educational tasks. Grants accounted for in the Special Revenue Funds include:

Corrections Fund

To account for the operation and maintenance of funds restricted for the judicial corrections. Authority NMSA 1978 59A-53-1 to 17.

Emergency Medical Services Fund

To account for the operation and maintenance of medical services (i.e. rescue operations), and equipment within the fire department in the City of Moriarty. Authority NMSA 1978 24-10A-1 to 10

Fire Protection Fund

To account for the operation and maintenance of the fire department authorized by the State Statute Chapter 48, Section 2, Laws of 1963. Financing is provided by the State Fire Allotment, emergency medical services, interest on investments and miscellaneous revenues.

Law Enforcement Protection Fund

To account for the operation and maintenance of the police department authorized by the State Statute Chapter 289, Laws of 1983. Financing is provided by a grant from the State of New Mexico.

Lodgers' Tax Fund

To account for revenues and expenditures per the Lodger's Tax Ordinance 500 of the City. Funds are restricted to the economic development of the City.

Lodgers' Tax Promotion Fund

To account for revenues and expenditures per the Lodger's Tax Ordinance 500 of the City. Funds are restricted for promotion and advertising of the City.

Street Fund

To account for revenue from the levy of a tax per gallon of gasoline purchased within the City boundaries, pursuant to the County and Municipal Gasoline Tax Act, NMSA 7-21-1.

Industrial Park Fund

To account for monies earned and used for the Industrial Park.

Police Activities Fund

To account for the monies seized from illegal operations.

WWTP Capital Project Fund

To account for reserve monies related to WWTP Grant from the Department of Agriculture.

Roads Improvement Capital Project Fund

To account for reserve monies related to local road maintenance.

Civic Center Debt Service Fund

To account for the payments of principal and interest on the debt for the Civic Center.

Airport Improvement Capital Project Fund

To account for grant monies from the FAA related to the Airport improvements.

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STATE OF NEW MEXICO

CITY OF MORIARTY

June 30, 2013

PROPRIETARY FUNDS

Sewer Fund

To account for the activities of the City's sewer operation.

Solid Waste Fund

To account for the activities of the City's solid waste operation.

Water Fund

To account for the activities of the City's water operation.

Heritage Arena Fund

To account for the activities of the City's Heritage Rodeo Arena and Event Facility per City Ordinance Number O-2011-08.

Airport Fund

To account for the activities for airport improvements authorized by the State Statute, Chapter 3, Section 39.

Cemetery Fund

To account for the activities of the City's Cemetery operations and maintenance authorized by the State Statute, Chapter 3, Section 40-1.

STATE OF NEW MEXICO
CITY OF MORIARTY
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2013

Schedule A-1

	<u>Corrections Fund</u>	<u>Emergency Medical Services Fund</u>	<u>Fire Protection Fund</u>
<i>Assets</i>			
Cash and cash equivalents	\$ -	\$ -	\$ -
Investments	-	-	-
Accounts and taxes receivable	-	-	-
Other receivables	-	-	-
Due from other governments	-	-	-
Inventory	-	-	-
Due from other funds	1,704	845	-
<i>Total assets</i>	<u>1,704</u>	<u>845</u>	<u>-</u>
<i>Liabilities</i>			
Accounts payable	1,590	317	2,559
Accrued salaries and benefits	-	-	-
Accrued compensated absences	-	-	-
Unearned revenue	-	-	-
Due to other funds	-	-	-
<i>Total liabilities</i>	<u>1,590</u>	<u>317</u>	<u>2,559</u>
<i>Fund Balances</i>			
Fund Balance			
Restricted for:			
General Fund	-	-	-
Special Revenue Funds	114	528	(2,559)
Capital Projects Funds	-	-	-
Debt Service Funds	-	-	-
Committed for:			
General Fund	-	-	-
Special Revenue Funds	-	-	-
Capital Projects Funds	-	-	-
Assigned for:			
General Fund	-	-	-
Special Revenue Funds	-	-	-
Capital Projects Funds	-	-	-
Unassigned for:			
General Fund	-	-	-
<i>Total fund balances</i>	<u>114</u>	<u>528</u>	<u>(2,559)</u>
<i>Total liabilities and fund balances</i>	<u>\$ 1,704</u>	<u>\$ 845</u>	<u>\$ -</u>

STATE OF NEW MEXICO
CITY OF MORIARTY
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2013

Schedule A-1

Law Enforcement Protection Fund	Lodgers' Tax Fund	Special Lodgers' Tax Promotions	Street Fund
\$ -	\$ -	\$ -	\$ -
-	-	41,012	-
-	-	-	-
-	-	-	-
-	26,982	6,401	13,771
-	-	-	-
25,400	13,393	-	51,756
<u>25,400</u>	<u>40,375</u>	<u>47,413</u>	<u>65,527</u>
24,500	-	-	6,611
-	-	-	1,646
-	-	-	2,175
-	-	-	-
-	-	4,495	-
<u>24,500</u>	<u>-</u>	<u>4,495</u>	<u>10,432</u>
-	-	-	-
900	40,375	42,918	55,095
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>900</u>	<u>40,375</u>	<u>42,918</u>	<u>55,095</u>
<u>\$ 25,400</u>	<u>\$ 40,375</u>	<u>\$ 47,413</u>	<u>\$ 65,527</u>

STATE OF NEW MEXICO
CITY OF MORIARTY
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2013

Schedule A-1

	<u>Industrial Park Fund</u>	<u>Police Activities Fund</u>	<u>WWTP Capital Project Fund</u>
<i>Assets</i>			
Cash and cash equivalents	\$ -	\$ 6,902	\$ -
Investments	-	-	-
Accounts and taxes receivable	-	-	-
Other receivables	-	-	-
Due from other governments	-	-	-
Inventory	-	-	-
Due from other funds	71,410	649	-
<i>Total assets</i>	<u>71,410</u>	<u>7,551</u>	<u>-</u>
<i>Liabilities</i>			
Accounts payable	384	-	-
Accrued salaries and benefits	-	-	-
Accrued compensated absences	-	-	-
Deferred revenue	-	-	-
Due to other funds	-	-	5,919
<i>Total liabilities</i>	<u>384</u>	<u>-</u>	<u>5,919</u>
<i>Fund Balances</i>			
Fund Balance			
Restricted for:			
General Fund	-	-	-
Special Revenue Funds	71,026	7,551	(5,919)
Capital Projects Funds	-	-	-
Debt Service Funds	-	-	-
Committed for:			
General Fund	-	-	-
Special Revenue Funds	-	-	-
Capital Projects Funds	-	-	-
Assigned for:			
General Fund	-	-	-
Special Revenue Funds	-	-	-
Capital Projects Funds	-	-	-
Unassigned for:			
General Fund	-	-	-
<i>Total fund balances</i>	<u>71,026</u>	<u>7,551</u>	<u>(5,919)</u>
<i>Total liabilities and fund balances</i>	<u>\$ 71,410</u>	<u>\$ 7,551</u>	<u>\$ -</u>

STATE OF NEW MEXICO
CITY OF MORIARTY
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
 June 30, 2013

Schedule A-1

<u>Roads Improvement Capital Project Fund</u>	<u>Civic Center Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ 84,499	\$ 91,401
-	165,396	206,408
-	-	-
-	-	-
-	-	47,154
-	-	-
2,356	-	167,513
<u>2,356</u>	<u>249,895</u>	<u>512,476</u>
-	-	35,961
-	-	1,646
-	-	2,175
-	-	-
-	-	10,414
<u>-</u>	<u>-</u>	<u>50,196</u>
-	-	-
2,356	-	212,385
-	249,895	249,895
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
<u>2,356</u>	<u>249,895</u>	<u>462,280</u>
<u>\$ 2,356</u>	<u>\$ 249,895</u>	<u>\$ 512,476</u>

STATE OF NEW MEXICO
CITY OF MORIARTY
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2013

	<u>Corrections Fund</u>	<u>Emergency Medical Services Fund</u>	<u>Fire Protection Fund</u>
<i>Revenues:</i>			
Taxes	\$ -	\$ -	\$ -
State Grants	-	14,034	145,422
Federal Grants	-	-	-
Charges for Services	-	-	-
Licenses and Fees	16,408	-	-
Investment Income (Loss)	-	-	-
Miscellaneous	-	-	-
<i>Total revenues</i>	<u>16,408</u>	<u>14,034</u>	<u>145,422</u>
<i>Expenditures:</i>			
Current:			
General Government	-	-	-
Public Safety	27,532	13,506	147,981
Public Works	-	-	-
Culture and Recreation	-	-	-
Health and Welfare	-	-	-
Capital Outlay	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
<i>Total expenditures</i>	<u>27,532</u>	<u>13,506</u>	<u>147,981</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(11,124)</u>	<u>528</u>	<u>(2,559)</u>
<i>Other financing sources (uses)</i>			
Bond Proceeds	-	-	-
Transfers In	6,000	-	-
Transfers Out	-	(15,000)	-
<i>Total other financing sources (uses)</i>	<u>6,000</u>	<u>(15,000)</u>	<u>-</u>
<i>Net change in fund balances</i>	(5,124)	(14,472)	(2,559)
<i>Fund balances - beginning of year</i>	5,238	15,000	-
<i>Adjustment to fund balances</i>	-	-	-
<i>Fund balances as restated</i>	<u>5,238</u>	<u>15,000</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ 114</u>	<u>\$ 528</u>	<u>\$ (2,559)</u>

Law Enforcement Protection Fund	Lodgers' Tax Fund	Special Lodgers' Tax Promotion Fund	Street Fund
\$ -	\$ 112,668	79,684	\$ 254,335
50,800	-	-	-
-	-	-	-
-	-	9,426	-
-	-	-	-
-	-	-	-
-	-	3,000	-
<u>50,800</u>	<u>112,668</u>	<u>92,110</u>	<u>254,335</u>
-	-	-	-
-	-	-	-
-	-	-	210,109
-	-	73,956	-
-	-	-	-
49,900	-	-	-
-	-	-	-
-	-	-	-
<u>49,900</u>	<u>-</u>	<u>73,956</u>	<u>210,109</u>
900	112,668	18,154	44,226
-	-	-	-
-	-	-	-
-	(105,000)	-	-
-	(105,000)	-	-
900	7,668	18,154	44,226
-	32,707	24,764	10,869
-	-	-	-
-	32,707	24,764	10,869
<u>\$ 900</u>	<u>\$ 40,375</u>	<u>\$ 42,918</u>	<u>\$ 55,095</u>

STATE OF NEW MEXICO
CITY OF MORIARTY
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2013

	Industrial Park Fund	Police Activities Fund	WWTP Capital Project Fund
<i>Revenues:</i>			
Taxes	\$ -	\$ -	\$ -
State Grants	-	-	-
Federal Grants	-	-	546,433
Charges for Services	29,288	-	-
Licenses and Fees	-	-	-
Investment Income (Loss)	-	-	-
Miscellaneous	-	16,064	-
<i>Total revenues</i>	<u>29,288</u>	<u>16,064</u>	<u>546,433</u>
<i>Expenditures:</i>			
Current:			
General Government	-	-	-
Public Safety	-	-	-
Public Works	9,755	13,150	-
Culture and Recreation	-	-	-
Health and Welfare	-	-	-
Capital Outlay	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
<i>Total expenditures</i>	<u>9,755</u>	<u>13,150</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>19,533</u>	<u>2,914</u>	<u>546,433</u>
<i>Other financing sources (uses)</i>			
Bond Proceeds	-	-	-
Transfers In	-	-	-
Transfers Out	-	-	(552,352)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>(552,352)</u>
<i>Net change in fund balances</i>	19,533	2,914	(5,919)
<i>Fund balances - beginning of year</i>	-	-	-
<i>Adjustment to fund balances</i>	51,493	4,637	-
<i>Fund balances as restated</i>	<u>51,493</u>	<u>4,637</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ 71,026</u>	<u>\$ 7,551</u>	<u>\$ (5,919)</u>

<u>Roads Improvement Capital Project Fund</u>	<u>Civic Center Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ 446,687
-	-	210,256
-	-	546,433
-	-	38,714
-	-	16,408
-	730	730
-	-	19,064
<u>-</u>	<u>730</u>	<u>1,278,292</u>
-	-	-
-	-	189,019
510	-	233,524
-	-	73,956
-	-	-
-	-	49,900
-	-	-
-	165,360	165,360
<u>510</u>	<u>165,360</u>	<u>711,759</u>
<u>(510)</u>	<u>(164,630)</u>	<u>566,533</u>
-	-	-
-	165,360	171,360
-	-	(672,352)
<u>-</u>	<u>165,360</u>	<u>(500,992)</u>
(510)	730	65,541
2,866	249,165	340,609
-	-	56,130
<u>2,866</u>	<u>249,165</u>	<u>396,739</u>
<u>\$ 2,356</u>	<u>\$ 249,895</u>	<u>\$ 462,280</u>

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STATE OF NEW MEXICO
CITY OF MORIARTY
CORRECTION SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
State Grants	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	10,000	15,126	16,408	1,282
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>10,000</u>	<u>15,126</u>	<u>16,408</u>	<u>1,282</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	16,000	25,126	24,942	184
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>16,000</u>	<u>25,126</u>	<u>24,942</u>	<u>184</u>
<i>Excess (deficiency) of revenues over expenditures Non-GAAP basis)</i>	<u>(6,000)</u>	<u>(10,000)</u>	<u>(8,534)</u>	<u>1,466</u>
<i>Other financing sources (uses)</i>				
Designated Cash	-	-	-	-
Transfers In	6,000	6,000	6,000	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	(4,000)	(2,534)	1,466
<i>Cash Balance - Beginning of Year</i>	<u>-</u>	<u>4,000</u>	<u>4,238</u>	<u>238</u>
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,704</u>	<u>\$ 1,704</u>
Excess (deficiency) of revenues over expenditures (Non-GAAP basis)			\$ (8,534)	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			<u>(2,590)</u>	
Excess (deficiency) of revenues over expenditures (GAAP basis)			<u>\$ (11,124)</u>	

STATE OF NEW MEXICO
CITY OF MORIARTY
EMERGENCY MEDICAL SERVICES SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
State Grants	14,034	14,034	14,034	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	14,034	14,034	14,034	-
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	29,034	14,034	13,189	845
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	29,034	14,034	13,189	845
<i>Excess (deficiency) of revenues over expenditures</i>	(15,000)	-	845	845
<i>Other financing sources (uses)</i>				
Designated Cash	15,000	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	(15,000)	(15,000)	-
<i>Total other financing sources (uses)</i>	15,000	(15,000)	(15,000)	-
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	(15,000)	(14,155)	845
<i>Cash Balance - Beginning of Year</i>	-	15,000	15,000	-
<i>Cash Balance - End of Year</i>	\$ -	\$ -	\$ 845	\$ 845
Excess (deficiency) of revenues over expenditures (Non-GAAP basis)			\$ 845	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			(317)	
Excess (deficiency) of revenues over expenditures (GAAP basis)			\$ 528	

STATE OF NEW MEXICO
CITY OF MORIARTY
FIRE PROTECTION SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
State Grants	145,422	145,422	145,422	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>145,422</u>	<u>145,422</u>	<u>145,422</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	143,422	147,422	145,422	2,000
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>143,422</u>	<u>147,422</u>	<u>145,422</u>	<u>2,000</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>2,000</u>	<u>(2,000)</u>	<u>-</u>	<u>2,000</u>
<i>Other financing sources (uses)</i>				
Designated Cash	(2,000)	2,000	-	(2,000)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(2,000)</u>	<u>2,000</u>	<u>-</u>	<u>(2,000)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	-	-
<i>Cash Balance - Beginning of Year</i>	-	-	-	-
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Excess (deficiency) of revenues over expenditures (Non-GAAP basis)			\$ -	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			<u>(2,559)</u>	
Excess (deficiency) of revenues over expenditures (GAAP basis)			<u>\$ (2,559)</u>	

STATE OF NEW MEXICO
CITY OF MORIARTY
LAW ENFORCEMENT PROTECTION SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
State Grants	25,400	39,145	50,800	11,655
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	25,400	39,145	50,800	11,655
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	25,400	25,400	25,400	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	25,400	25,400	25,400	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	13,745	25,400	11,655
<i>Other financing sources (uses)</i>				
Designated Cash	-	(13,745)	-	13,745
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	-	(13,745)	-	13,745
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	25,400	25,400
<i>Cash Balance - Beginning of Year</i>	-	-	-	-
<i>Cash Balance - End of Year</i>	\$ -	\$ -	\$ 25,400	\$ 25,400
<i>Excess (deficiency) of revenues over expenditures (Non-GAAP basis)</i>			\$ 25,400	
<i>Adjustment to revenue for accruals and other deferrals</i>			-	
<i>Adjustment to expenditures for payables, prepaids and other accruals</i>			(24,500)	
<i>Excess (deficiency) of revenues over expenditures (GAAP basis)</i>			\$ 900	

STATE OF NEW MEXICO
CITY OF MORIARTY
LODGERS' TAX SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ 99,000	\$ 99,000	\$ 95,771	\$ (3,229)
State Grants	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>99,000</u>	<u>99,000</u>	<u>95,771</u>	<u>(3,229)</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>99,000</u>	<u>99,000</u>	<u>95,771</u>	<u>(3,229)</u>
<i>Other financing sources (uses)</i>				
Designated Cash	6,000	6,000	-	(6,000)
Transfers In	(105,000)	(105,000)	(105,000)	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(99,000)</u>	<u>(99,000)</u>	<u>(105,000)</u>	<u>(6,000)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	(9,229)	(9,229)
<i>Cash Balance - Beginning of Year</i>	-	-	22,622	22,622
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,393</u>	<u>\$ 13,393</u>
Excess (deficiency) of revenues over expenditures (Non-GAAP basis)			\$ 95,771	
Adjustment to revenue for accruals and other deferrals			16,897	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Excess (deficiency) of revenues over expenditures (GAAP basis)			<u>\$ 112,668</u>	

STATE OF NEW MEXICO
CITY OF MORIARTY
SPECIAL LODGERS' TAX SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ 66,000	\$ 66,000	\$ 63,964	\$ (2,036)
State Grants	-	-	-	-
Charges For Services	9,500	9,500	9,132	(368)
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	3,000	3,000
<i>Total revenues</i>	<u>75,500</u>	<u>75,500</u>	<u>76,096</u>	<u>596</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	75,500	75,500	61,859	13,641
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>75,500</u>	<u>75,500</u>	<u>61,859</u>	<u>13,641</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>14,237</u>	<u>14,237</u>
<i>Other financing sources (uses)</i>				
Designated Cash	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	<u>-</u>	<u>-</u>	<u>14,237</u>	<u>14,237</u>
<i>Cash Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>26,775</u>	<u>26,775</u>
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,012</u>	<u>\$ 41,012</u>
Excess (deficiency) of revenues over expenditures (Non-GAAP basis)			\$ 14,237	
Adjustment to revenue for accruals and other deferrals			16,014	
Adjustment to expenditures for payables, prepaids and other accruals			<u>(12,097)</u>	
Excess (deficiency) of revenues over expenditures (GAAP basis)			<u>\$ 18,154</u>	

STATE OF NEW MEXICO
CITY OF MORIARTY
STREET SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ 200,000	\$ 213,500	\$ 240,564	\$ 27,064
State Grants	55,318	55,318	-	(55,318)
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>255,318</u>	<u>268,818</u>	<u>240,564</u>	<u>(28,254)</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	193,671	207,171	202,864	4,307
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>193,671</u>	<u>207,171</u>	<u>202,864</u>	<u>4,307</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>61,647</u>	<u>61,647</u>	<u>37,700</u>	<u>(23,947)</u>
<i>Other financing sources (uses)</i>				
Designated Cash	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	(14,539)	-	14,539
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>(14,539)</u>	<u>-</u>	<u>14,539</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	<u>61,647</u>	<u>47,108</u>	<u>37,700</u>	<u>(9,408)</u>
<i>Cash Balance - Beginning of Year</i>	<u>(61,647)</u>	<u>(47,108)</u>	<u>14,056</u>	<u>61,164</u>
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,756</u>	<u>\$ 51,756</u>
Excess (deficiency) of revenues over expenditures (Non-GAAP basis)			\$ 37,700	
Adjustment to revenue for accruals and other deferrals			(57,015)	
Adjustment to expenditures for payables, prepaids and other accruals			<u>63,541</u>	
Excess (deficiency) of revenues over expenditures (GAAP basis)			<u>\$ 44,226</u>	

STATE OF NEW MEXICO
CITY OF MORIARTY
INDUSTRIAL PARK SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
State Grants	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	16,992	16,992	29,288	12,296
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>16,992</u>	<u>16,992</u>	<u>29,288</u>	<u>12,296</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	13,500	13,500	9,371	4,129
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>13,500</u>	<u>13,500</u>	<u>9,371</u>	<u>4,129</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>3,492</u>	<u>3,492</u>	<u>19,917</u>	<u>16,425</u>
<i>Other financing sources (uses)</i>				
Designated Cash	(3,492)	(3,492)	-	3,492
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(3,492)</u>	<u>(3,492)</u>	<u>-</u>	<u>3,492</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	19,917	19,917
<i>Cash Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>51,493</u>	<u>51,493</u>
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 71,410</u>	<u>\$ 71,410</u>
Excess (deficiency) of revenues over expenditures (Non-GAAP basis)			\$ 19,917	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			(384)	
Excess (deficiency) of revenues over expenditures (GAAP basis)			<u>\$ 19,533</u>	

STATE OF NEW MEXICO
CITY OF MORIARTY
POLICE ACTIVITIES SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
State Grants	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	5,000	16,307	-	(16,307)
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	16,064	16,064
<i>Total revenues</i>	<u>5,000</u>	<u>16,307</u>	<u>16,064</u>	<u>(243)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	5,000	16,307	13,150	3,157
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>5,000</u>	<u>16,307</u>	<u>13,150</u>	<u>3,157</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>2,914</u>	<u>2,914</u>
<i>Other financing sources (uses)</i>				
Designated Cash	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	<u>-</u>	<u>-</u>	<u>2,914</u>	<u>2,914</u>
<i>Cash Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>4,637</u>	<u>4,637</u>
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,551</u>	<u>\$ 7,551</u>
Excess (deficiency) of revenues over expenditures (Non-GAAP basis)			\$ 2,914	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Excess (deficiency) of revenues over expenditures (GAAP basis)			<u>\$ 2,914</u>	

STATE OF NEW MEXICO
CITY OF MORIARTY
WWTP CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Federal Grants	700,000	700,000	546,376	(153,624)
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>700,000</u>	<u>700,000</u>	<u>546,376</u>	<u>(153,624)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	700,000	700,000	-	700,000
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>700,000</u>	<u>700,000</u>	<u>-</u>	<u>700,000</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>546,376</u>	<u>546,376</u>
<i>Other financing sources (uses)</i>				
Designated Cash	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	(552,352)	(552,352)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>(552,352)</u>	<u>(552,352)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	<u>-</u>	<u>-</u>	<u>(5,976)</u>	<u>(5,976)</u>
<i>Cash Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>57</u>	<u>57</u>
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,919)</u>	<u>\$ (5,919)</u>
Excess (deficiency) of revenues over expenditures (Non-GAAP basis)			\$ 546,376	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			57	
Excess (deficiency) of revenues over expenditures (GAAP basis)			<u>\$ 546,433</u>	

STATE OF NEW MEXICO
CITY OF MORIARTY
ROADS IMPROVEMENT CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances</u>
	<u>Original</u>	<u>Final</u>	<u>(Non-GAAP Basis)</u>	<u>Favorable (Unfavorable)</u>
				<u>Final to Actual</u>
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
State Grants	380,897	380,897	-	(380,897)
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>380,897</u>	<u>380,897</u>	<u>-</u>	<u>(380,897)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	486,271	486,271	-	486,271
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>486,271</u>	<u>486,271</u>	<u>-</u>	<u>486,271</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(105,374)</u>	<u>(105,374)</u>	<u>-</u>	<u>105,374</u>
<i>Other financing sources (uses)</i>				
Designated Cash	-	-	-	-
Transfers In	105,374	105,374	-	(105,374)
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>105,374</u>	<u>105,374</u>	<u>-</u>	<u>(105,374)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	-	-
<i>Cash Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>2,356</u>	<u>2,356</u>
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,356</u>	<u>\$ 2,356</u>
Excess (deficiency) of revenues over expenditures (Non-GAAP basis)			\$ -	
Adjustment to revenue for accruals and other deferrals			(510)	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Excess (deficiency) of revenues over expenditures (GAAP basis)			<u>\$ (510)</u>	

STATE OF NEW MEXICO
CITY OF MORIARTY
CIVIC CENTER DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
State Grants	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	730	730
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	-	730	730
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	3,005	3,005	3,005	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	101,866	101,866	101,866	-
Interest	60,489	60,489	60,489	-
<i>Total expenditures</i>	165,360	165,360	165,360	-
<i>Excess (deficiency) of revenues over expenditures</i>	(165,360)	(165,360)	(164,630)	730
<i>Other financing sources (uses)</i>				
Designated Cash	-	-	-	-
Transfers In	165,360	165,360	165,360	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	165,360	165,360	165,360	-
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	730	730
<i>Cash Balance - Beginning of Year</i>	-	-	249,165	249,165
<i>Cash Balance - End of Year</i>	\$ -	\$ -	\$ 249,895	\$ 249,895
Excess (deficiency) of revenues over expenditures (Non-GAAP basis)			\$ (164,630)	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Excess (deficiency) of revenues over expenditures (GAAP basis)			\$ (164,630)	

STATE OF NEW MEXICO
CITY OF MORIARTY
AIRPORT IMPROVEMENT CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Federal Grants	2,502,484	2,502,484	2,339,778	(162,706)
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>2,502,484</u>	<u>2,502,484</u>	<u>2,339,778</u>	<u>(162,706)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	2,630,669	2,630,669	2,480,344	150,325
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>2,630,669</u>	<u>2,630,669</u>	<u>2,480,344</u>	<u>150,325</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(128,185)</u>	<u>(128,185)</u>	<u>(140,566)</u>	<u>(12,381)</u>
<i>Other financing sources (uses)</i>				
Designated Cash	-	-	-	-
Transfers In	121,126	121,126	121,126	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>121,126</u>	<u>121,126</u>	<u>121,126</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	<u>(7,059)</u>	<u>(7,059)</u>	<u>(19,440)</u>	<u>(12,381)</u>
<i>Cash Balance - Beginning of Year</i>	<u>7,059</u>	<u>7,059</u>	<u>20,687</u>	<u>13,628</u>
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,247</u>	<u>\$ 1,247</u>
Excess (deficiency) of revenues over expenditures (Non-GAAP basis)			\$ (140,566)	
Adjustment to revenue for accruals and other deferrals			153,959	
Adjustment to expenditures for payables, prepaids and other accruals			<u>2,342,778</u>	
Excess (deficiency) of revenues over expenditures (GAAP basis)			<u>\$ 2,356,171</u>	

STATE OF NEW MEXICO
CITY OF MORIARTY
SEWER/AWWT PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
State Grants	-	-	-	-
Charges For Services	295,500	320,500	320,794	294
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>295,500</u>	<u>320,500</u>	<u>320,794</u>	<u>294</u>
<i>Expenditures:</i>				
Current:				
Operating Expenses	126,725	145,820	145,320	500
Travel	9,450	5,402	5,401	1
Gross Receipts Tax	-	-	-	-
Depreciation	-	-	-	-
Purchases for Resale	-	-	-	-
Contract Services	6,500	5,654	5,653	1
Salaries	46,781	49,781	48,857	924
Supplies	7,750	25,549	25,557	(8)
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>197,206</u>	<u>232,206</u>	<u>230,788</u>	<u>1,418</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>98,294</u>	<u>88,294</u>	<u>90,006</u>	<u>1,712</u>
<i>Other financing sources (uses)</i>				
Designated Cash	-	-	-	-
Transfers In	(98,294)	(88,294)	-	88,294
Transfers Out	-	-	386,817	386,817
<i>Total other financing sources (uses)</i>	<u>(98,294)</u>	<u>(88,294)</u>	<u>386,817</u>	<u>475,111</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	476,823	476,823
<i>Net position, beginning of year</i>	<u>-</u>	<u>-</u>	<u>5,610,711</u>	<u>5,610,711</u>
<i>Net position, end of year</i>	<u>-</u>	<u>-</u>	<u>6,087,534</u>	<u>6,087,534</u>

STATE OF NEW MEXICO
CITY OF MORIARTY
SOLID WASTE PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
State Grants	-	-	-	-
Charges For Services	351,500	351,500	295,220	(56,280)
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	351,500	351,500	295,220	(56,280)
<i>Expenditures:</i>				
Current:				
Operating Expenses	-	-	-	-
Travel	-	-	-	-
Gross Receipts Tax	-	-	-	-
Depreciation	-	-	-	-
Purchases for Resale	-	-	-	-
Contract Services	350,000	350,000	279,586	70,414
Salaries	-	-	-	-
Supplies	13,500	13,500	1,220	12,280
Debt Service:				
Principal	-	-	-	-
Interest	-	82,275	-	82,275
<i>Total expenditures</i>	363,500	445,775	280,806	164,969
<i>Excess (deficiency) of revenues over expenditures</i>	(12,000)	(94,275)	14,414	108,689
<i>Other financing sources (uses)</i>				
Designated Cash	-	82,275	-	(82,275)
Transfers In	12,000	12,000	-	(12,000)
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	12,000	94,275	-	(94,275)
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	14,414	14,414
<i>Net position-beginning of year</i>	-	-	34,683	34,683
<i>Net position-end of year</i>	-	-	49,097	49,097

STATE OF NEW MEXICO
CITY OF MORIARTY
WATER PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
State Grants	-	-	-	-
Charges For Services	361,652	361,652	341,602	(20,050)
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>361,652</u>	<u>361,652</u>	<u>341,602</u>	<u>(20,050)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Operating Expenses	107,538	115,436	112,023	3,413
Travel	4,850	7,742	7,741	1
Gross Receipts Tax	-	-	-	-
Depreciation	-	127,284	-	127,284
Purchases for Resale	-	-	-	-
Contract Services	4,450	7,453	7,452	1
Salaries	147,083	141,296	139,152	2,144
Supplies	24,829	16,823	16,517	306
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	2,882	2,430	452
<i>Total expenditures</i>	<u>288,750</u>	<u>418,916</u>	<u>285,315</u>	<u>133,601</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>72,902</u>	<u>(57,264)</u>	<u>56,287</u>	<u>113,551</u>
<i>Other financing sources (uses)</i>				
Designated Cash	1,402	(10,598)	-	10,598
Transfers In	-	12,000	-	(12,000)
Transfers Out	(74,304)	(74,304)	(576,140)	(501,836)
<i>Total other financing sources (uses)</i>	<u>(72,902)</u>	<u>(72,902)</u>	<u>(576,140)</u>	<u>(503,238)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	(130,166)	(519,853)	(389,687)
<i>Net position-beginning of year</i>	<u>-</u>	<u>-</u>	<u>2,847,194</u>	<u>2,847,194</u>
<i>Net position-end of year</i>	<u>\$ -</u>	<u>\$ (130,166)</u>	<u>\$ 2,327,341</u>	<u>\$ 2,457,507</u>

STATE OF NEW MEXICO
CITY OF MORIARTY
HERITAGE ARENA PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
State Grants	-	-	-	-
Charges For Services	20,000	20,000	1,552	(18,448)
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>20,000</u>	<u>20,000</u>	<u>1,552</u>	<u>(18,448)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Operating Expenses	11,998	11,998	1,650	10,348
Travel	-	-	-	-
Gross Receipts Tax	-	-	-	-
Depreciation	-	-	-	-
Purchases for Resale	-	-	-	-
Contract Services	-	-	-	-
Salaries	-	-	-	-
Supplies	8,002	8,002	3,014	4,988
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>20,000</u>	<u>20,000</u>	<u>4,664</u>	<u>15,336</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(3,112)</u>	<u>(3,112)</u>
<i>Other financing sources (uses)</i>				
Designated Cash	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	<u>-</u>	<u>-</u>	<u>(3,112)</u>	<u>(3,112)</u>
<i>Net Position - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>10,430</u>	<u>10,430</u>
<i>Net Position - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,318</u>	<u>\$ 7,318</u>

STATE OF NEW MEXICO
CITY OF MORIARTY
AIRPORT PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
State Grants	-	-	-	-
Charges For Services	56,000	61,000	60,923	(77)
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	56,000	61,000	60,923	(77)
<i>Expenditures:</i>				
<i>Current:</i>				
Operating Expenses	13,158	13,158	12,052	1,106
Travel	125	125	123	2
Gross Receipts Tax	-	-	-	-
Depreciation	-	-	-	-
Purchases for Resale	-	-	-	-
Contract Services	-	-	-	-
Salaries	17,750	17,750	16,497	1,253
Supplies	14,316	14,316	14,595	(279)
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	45,349	45,349	43,267	2,082
<i>Excess (deficiency) of revenues over expenditures</i>	10,651	15,651	17,656	2,005
<i>Other financing sources (uses)</i>				
Designated Cash	(10,651)	90,349	-	(90,349)
Transfers In	-	-	7,700,703	7,700,703
Transfers Out	-	(50,000)	-	50,000
<i>Total other financing sources (uses)</i>	(10,651)	40,349	7,700,703	7,660,354
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	56,000	7,718,359	7,662,359
<i>Net position-beginning of year</i>	-	-	54,544	54,544
<i>Net position-end of year</i>	\$ -	\$ 56,000	\$ 7,772,903	\$ 7,716,903

STATE OF NEW MEXICO
CITY OF MORIARTY
CEMETERY PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
State Grants	-	-	-	-
Charges For Services	10,000	-	6,975	6,975
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	10,000	-	6,975	6,975
<i>Expenditures:</i>				
<i>Current:</i>				
Operating Expenses	5,000	5,000	2,604	2,396
Travel	-	-	-	-
Gross Receipts Tax	-	-	-	-
Depreciation	-	-	-	-
Purchases for Resale	-	-	-	-
Contract Services	-	-	-	-
Salaries	-	-	-	-
Supplies	5,000	5,000	2,691	2,309
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	10,000	10,000	5,295	4,705
<i>Excess (deficiency) of revenues over expenditures</i>	-	(10,000)	1,680	11,680
<i>Other financing sources (uses)</i>				
Designated Cash	-	10,000	-	(10,000)
Transfers In	-	-	69,609	69,609
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	-	10,000	69,609	59,609
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	71,289	71,289
<i>Net position-beginning of year</i>	-	-	9,697	9,697
<i>Net position-end of year</i>	\$ -	\$ -	\$ 80,986	\$ 80,986

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STATE OF NEW MEXICO
CITY OF MORIARTY
SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY
FOR PUBLIC FUNDS
JUNE 30, 2013

Schedule I

Name of Depository	Description of Pledged Collateral	Fair Market Value June 30, 2013	Name and Location of Safekeeper
Wells Fargo	FN AH8825, 4.5%, 3/1/41 3138AA7X3	26,019	Wells Fargo Bank Northwest, NA
Wells Fargo	FN AL0604, 3.0%, 8/1/26 3138EGU69	103,947	Wells Fargo Bank Northwest, NA
Wells Fargo	FN AR9199, 3.0%, 3/1/43 3138W7GH1	63,176	Wells Fargo Bank Northwest, NA
Wells Fargo	FN AE0385, 4.0%, 9/1/40 31419ANB9	18,841	Wells Fargo Bank Northwest, NA
US Bank	FNMA Pool AB4480 25DD 1.01% , 2/1/27 31417A6S3	416,599	US Bank, Cincinnati, OH
US Bank	FNMA Pool AE9299 1.05%, 11/1/25 31419LKM4	80,414	US Bank, Cincinnati, OH
		<u>708,996</u>	

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STATE OF NEW MEXICO
CITY OF MORIARTY
SCHEDULE OF CASH AND TEMPORARY INVESTMENT ACCOUNTS
JUNE 30, 2013

Schedule II

Bank Account Type/Name	Wells Fargo	US Bank	Total
Operating Cash	\$ 240,371	\$ -	\$ 240,371
Revenue Bond & Interest	62,079	-	62,079
Water & Sewer Trust	51,815	-	51,815
WWTP Construction	34	-	34
Sewer Revenue Bond	50,235	-	50,235
Sewer Asset Management	26,106	-	26,106
Sewer Bond & Interest Reserves	25,885	-	25,885
Water Bond & Interest Reserves	54,016	-	54,016
Court Cash Account	6,142	-	6,142
Court bond account	2,400	-	2,400
Agency Fund- Police Dept	-	6,902	6,902
Preferred Business Money Market	-	666,170	666,170
Total On Deposit	519,084	673,071	1,192,156
Reconciling Items	28,492	-	28,492
Reconciled Balance	\$ 673,071	\$ 673,071	\$ 1,163,664
Petty Cash			300
Amount Held in Reserve by Bank of NY Mellon			194,627
Amount Held in Reserve by NMFA			91,176
Total June 30, 2013			\$ 1,449,767

This amount is reflected in the financial statements as follows:

Cash and cash equivalents-Exhibit A-1	\$ 1,449,767
	<u>\$ 1,449,767</u>

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COMPLIANCE SECTION

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
INDEPENDENT AUDITORS REPORT**

Hector H. Balderas
New Mexico State Auditor
The Office of Management and Budget and
The Governing Board
City of Moriarty
Moriarty, NM

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, and the aggregate remaining fund information and the budgetary comparisons of the General fund and Special Revenue funds, of the City of Moriarty as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise City of Moriarty's basic financial statements, and the combining and individual and related budgetary comparisons of the City of Moriarty, presented as supplemental information, and have issued our report thereon dated October 4, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Moriarty's internal control over financial reporting to determine the auditing 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 of Moriarty's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Moriarty'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 function, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting 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 deficiencies in internal control, described in the accompanying schedule of findings and questioned costs, that we consider to be significant deficiencies as items FS 2013-01, and FS 2013-02.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Moriarty's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs as items FS 2013-01, and FS 2013-02.

City of Moriarty's Response to Findings

City of Moriarty's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. City of Moriarty's responses were not subjected to 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 result of that testing, and not to provide an opinion on the effectiveness of City of Moriarty's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering City of Moriarty's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Precision Accounting LLC
Albuquerque, New Mexico
October 4, 2013

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FEDERAL FINANCIAL ASSISTANCE

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**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
INDEPENDENT AUDITORS REPORT**

Hector H. Balderas
New Mexico State Auditor
The Office of Management and Budget and
The Governing Board
City of Moriarty
Moriarty, New Mexico

Report on Compliance for Each Major Federal Program

We have audited the City of Moriarty's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Moriarty's major federal programs for the year ended June 30, 2013. The City of Moriarty's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to each of its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Moriarty's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about The City of Moriarty's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Moriarty's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Moriarty complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

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Report on Internal Control Over Compliance

The management of the City of Moriarty is responsible for establishing and maintaining effective internal control over compliance with the types of compliance referred to above. In planning and performing our audit of compliance, we considered the City of Moriarty's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance on each major program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Moriarty's internal control over compliance.

A deficiency in internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Precision Accounting LLC
Albuquerque, New Mexico
October 4, 2013

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STATE OF NEW MEXICO
CITY OF MORIARTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

Schedule III

Federal Grantor/ Pass-through Grantor/ Program Title	Grant Number	Federal CFDA Number	Program or Award Amount	Federal Expenditures
U.S. Department of Justice				
Cops Hiring Grant	2010 UMWX0232	16.710	\$ 146,188	\$ 52,274
Total U.S. Department of Justice			146,188	52,274
U.S. Department of Agriculture				
Rural Development Water and Waste Disposal System		10,760	1,507,000	552,351
Total U.S.Environmental Protection Agency			1,507,000	552,351
U.S. Department Transportation				
Airport Improvement Program	3-35-0029-012-2012	20.106	2,068,164	2,068,164
Total U.S.Environmental Protection Agency			2,068,164	2,068,164
Total Federal Financial Assistance			\$ 3,721,352	\$ 2,672,789

Notes to Schedule of Expenditures of Federal Awards

1 Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the City of Moriarty, New Mexico (City) and is presented on the modified accrual basis of accounting, which is the same basis as was used to prepare the fund financial statements. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

2 Subrecipients

The City did not provide any federal awards to subrecipients during the year.

3 Loans

The City received no loans during the year.

4 Non-Cash Assistance

The City received no non-cash assistance during the year.

Reconciliation of Schedule of Expenditures of Federal Awards to Financial Statements:

Total federal awards expended per Schedule of Expenditures of Federal Awards	\$ 2,672,789
Total expenditures funded by other sources	2,880,764
Total expenditures	207,975

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STATE OF NEW MEXICO
CITY OF MORIARTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2013

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the basic financial statements of the City of Moriarty.
2. Two significant deficiencies were disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of the City of Moriarty were disclosed during the audit.
4. There were no audit findings required to be reported under A-133.510(a).
5. The auditor's report on compliance for major federal award programs for the City of Moriarty expresses an unqualified opinion.
6. The program tested as major was the Airport Improvement Program, CFDA# 20.106
7. The threshold for distinguishing Types A and B programs was \$300,000.
8. The City of Moriarty **did not** qualify as a **low** risk auditee.

Note: The Rural Development Water and Waste Disposal System was audited in prior years with no findings and was deemed to be low risk for the current fiscal year, therefore it was not audited in this fiscal year due to adequate coverage and no Type B programs exceeded the small program floor threshold.

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STATE OF NEW MEXICO
CITY OF MORIARTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2013

A. FINDINGS-FINANCIAL STATEMENT AUDIT

FS 2013-01 Non-Compliance on Travel & Per Diem (Significant Deficiency)

CONDITION: In our Travel and Per Diem testwork, we noted six (6) instances where supporting documents were not attached for reimbursements on lodging, and four (4) instances where supporting documents provided on meal reimbursements were not itemized to determine reasonableness. This yields a variance of less than 0.5%. Additionally, one (1) instance where an employee had an advance pay on travel (80%) and was reimbursed for the full amount without supporting documentation, which resulted in an overpayment of \$68. This projected error to the sample population results in a variance of 0.01%.

CRITERIA: The travel and per diem policy as per NMAC 2.42.2. NMAC 6.20.2.17 Purchasing, Section A. requires that an organization shall be in compliance with the Procurement Code, Section 13-1-21 NMSA 197 which includes the verification of invoices supporting the amounts paid. DFA 95-1 Section 7, Reimbursement for other expenses, Part 2c states that the registration fee includes lodging or meals, then no per diem rates shall be paid and only actual expenses paid by the officer or employee and not included in the fee shall be reimbursed within limits of Sec. 4.

CAUSE OF CONDITION: The City's procedures on travel reimbursements relate to both actuals and per diem. It appears there is inconsistency over processing reimbursements.

EFFECT OF CONDITION: The City appears to be non-compliant with NMAC 2.42.2, NMAC 6.20.2.17 and NMSA 13-1, State Purchasing Act, and one individual was reimbursed \$68 more than the policy allows.

RECOMMENDATION: We recommend that city personnel review the travel and per diem policy, and implement a policy/procedure for required support to ensure consistency.

CLIENT RESPONSE: The condition is understood and measures will be implemented, as recommended to review the travel and per diem policy to ensure compliance with statutory requirements.

FS 2013-02 Noncompliance in Payroll (Significant Deficiency)

CONDITION: The following issues were observed on internal controls in the payroll testwork. (1) I9 forms were not on file for one employee as required by INS, Homeland Security policy, and DOL. The employee no longer works for the City. This yields a variance of 2% out of an average of 51 employees. (2) Supplemental insurance was calculated incorrectly for an employee by approximately \$12 (projected in total over 26 pay periods). (3) Insurance deductions for an employee in pay period #15 (pay date 7/25/12) did not coincide with insurance enrollment information on file for an employee. The employee overpaid insurance withholdings by approximately \$156 projected over 26 pay periods. The latter two exceptions were found in three pay periods tested, which resulted in a variance of less than .01% (compared to gross wages within the three pay periods).

CRITERIA: INS, Homeland Security and DOL policies require employers to obtain an I-9 for all employees hired after November 1986. Also, the organization was not in compliance with internal controls over insurance withholdings in payroll.

CAUSE: (1) The Organization did not obtain I-9 forms for the two employees during the hiring process. (2)-(3) The Organization has had staffing changes that may have contributed to the oversight in insurance changes for payroll.

EFFECT: Insurance was not deducted correctly which resulted in a net overpayment of \$144 by employee(s) in payroll. If audited by INS, Homeland Security or DOL, the organization could be penalized up to \$10,000 for non-compliance.

RECOMMENDATION: The Organization should review and implement procedures to ensure payroll changes such as insurance enrollments, and relevant affected deductions and/or withholdings are adjusted appropriately and accurately. Adding a supervisory oversight or secondary reviewer may assist with these issues. Additionally, the organization may consider reviewing I9 requirements and all employees' personal files to ensure that each is compliant.

CLIENT RESPONSE: I understand the conditions, as stated, for payroll. The recommendations are in line with discussed plans to improve and prevent the occurrences for the future.

STATE OF NEW MEXICO
CITY OF MORIARTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2013

B. PRIOR YEAR AUDIT FINDINGS

2012-A Budget Adjustment Request - Resolved

2012-B Reporting Unclaimed Property - Resolved

STATE OF NEW MEXICO
CITY OF MORIARTY
OTHER DISCLOSURES
Year Ended June 30, 2013

A. AUDITOR PREPARED FINANCIAL STATEMENTS

The City has the capability of understanding and accepting responsibility for its own GAAP-basis financial statements, however, the City's personnel do not have the time to prepare them. Therefore, the outside auditor prepared the GAAP-basis financial statements and footnotes for inclusion in the annual audit report.

B. EXIT CONFERENCE

The contents of this report were discussed on September 20, 2013. The following individuals were in attendance.

City of Moriarty

Ted Hart, Mayor

Sheila Larranaga-Murphy, Clerk

Linda Fischer, Treasurer

Precision Accounting LLC

Melissa R. Santistevan, CPA, CFE, CGMA