

Comprehensive Annual Financial Report



City of Aztec New Mexico
July 1, 2012 to June 30, 2013

**CITY OF AZTEC
STATE OF NEW MEXICO
COMPREHENSIVE ANNUAL
FINANCIAL REPORT
Year Ended June 30, 2013**

INTRODUCTORY SECTION

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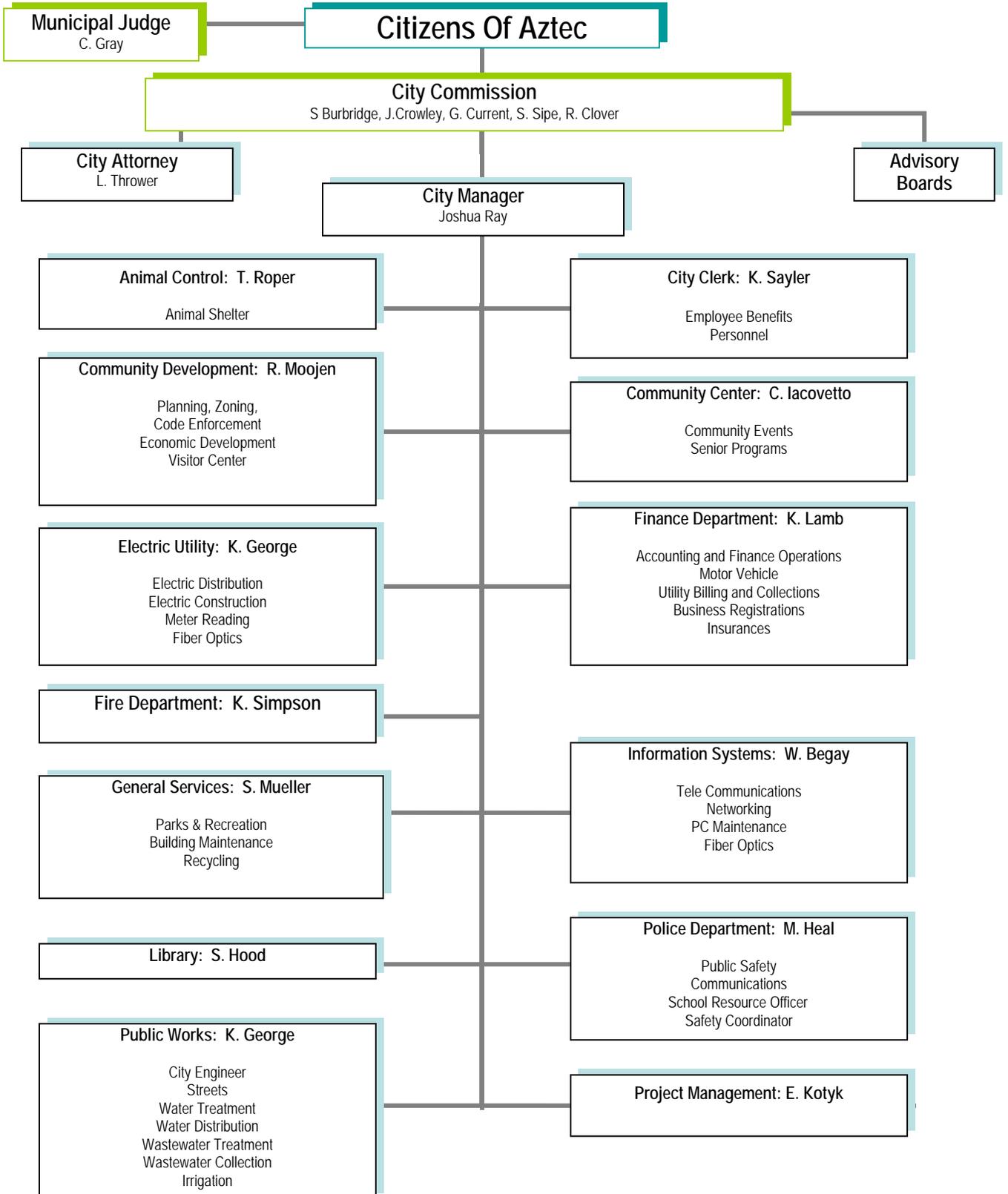
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CITY OF AZTEC, NEW MEXICO

ORGANIZATIONAL CHART

June 30, 2013



CITY OF AZTEC, NEW MEXICO
List of Principal Officials

<u>Title</u>	<u>Name</u>
Mayor	Sally Burbridge
Mayor Pro-Tem	Jim Crowley
City Commissioner	Eugene L. Current
City Commissioner	Sherri A. Sipe
City Commissioner	Roberta Clover
City Manager	Joshua Ray
Finance Director	Kathy Lamb

FINANCIAL SECTION

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Independent Auditor's Report

City of Aztec
Aztec, New Mexico
Honorable Mayor and City Commission, and
Hector H. Balderas, New Mexico State Auditor

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 and the major special revenue funds of the City of Aztec, New Mexico (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's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the City's nonmajor governmental and fiduciary funds, and the budgetary comparisons for the major capital project funds, all nonmajor funds, and all enterprise 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'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's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2013, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the general fund and major special revenue funds 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 and fiduciary funds of the City as of June 30, 2013, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the major capital project funds, all nonmajor governmental funds, and all 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 xi-xxiii 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's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The introductory and statistical sections, and 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 schedules required by 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial 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.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2013 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Kevin Beuy, CPA, PC". The signature is written in a cursive style with a large, sweeping initial "K".

**Farmington, New Mexico
November 18, 2013**

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Management's Discussion and Analysis

As management of the City of Aztec, we offer readers of the City of Aztec's financial statements this narrative overview and analysis of the financial activities of the City of Aztec for the fiscal year ended June 30, 2013.

Financial Highlights

The assets and deferred outflows of resources of the City of Aztec exceeded its liabilities at the close of June 30, 2013 by \$61,520,463 (*net position*). Of this amount, \$15,690,530 (*unrestricted net position*) may be used to meet the City's ongoing obligations to its citizens and creditors.

The City's total Net Position decreased by \$368,303 (0.6%).

As of the June 30, 2013, the City's governmental funds reported combined ending fund balances of \$7,668,408, a decrease of \$1,230,761 in comparison with the prior year. Approximately 48.36% of this total fund balance amount (\$3,708,584) is available for spending at the City's discretion (*unassigned fund balance*).

At the end of the current fiscal year, unrestricted fund balance (the total of the *committed*, *assigned*, and *unassigned* components of fund balance) for the general fund was \$3,708,584, or approximately 50% of total general fund expenditures.

The City of Aztec's total long-term debt was \$8,602,720 at the end of the current fiscal year. This decrease of \$290,134 (3.3%) was due to scheduled debt payments.

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Aztec's basic financial statements. The City of Aztec's basic financial statements consist of 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 the City of Aztec's financial condition, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City of Aztec's assets, liabilities, and deferred inflows/outflows of resources, with the difference 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 Aztec is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net assets 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 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 Aztec 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 Aztec include general government, public safety, public works, culture and recreation, and health and welfare. The business-type activities of the City of Aztec include a joint utility fund comprised of electric, water, and wastewater utilities, solid waste operations and irrigation operations.

The government-wide financial statements can be found on pages 3-4 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 Aztec, 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 Aztec 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 evaluating a government's near-term financing requirements.

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 Aztec maintains thirteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Municipal Road Fund and Capital Projects Fund, which are considered to be major funds. Data from the other ten governmental funds are combined into a single, aggregated presentation. Individual fund data for these nonmajor governmental funds is provided in the form of combining statements following the notes to the financial statements (pages 39-44).

The City of Aztec adopts an annual appropriated budget for all of its governmental funds. Budgetary comparison statements have been provided for the governmental funds to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on pages 5-10 of this report.

Proprietary funds. The City of Aztec maintains one type of proprietary fund. *Enterprise Funds* are used to report the same functions presented as *business-type activities* in the government-wide

financial statements. The City of Aztec uses three enterprise funds to account for its electric, water, wastewater, sanitation and irrigation operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the joint utility fund (electric, water, and wastewater operations), solid waste and irrigation operations.

The basic proprietary fund financial statements can be found on pages 11-13 of this report.

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

The fiduciary fund statements can be found on page 14 of this report.

Notes to the financial statements. The notes provide additional information that is necessary to acquire 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 15-31 of this report.

Government-wide Overall Financial Analysis

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the City of Aztec, assets and deferred outflows of resources exceeded liabilities by \$61,520,463 at the close of the most recent fiscal year.

CITY OF AZTEC Net's Position

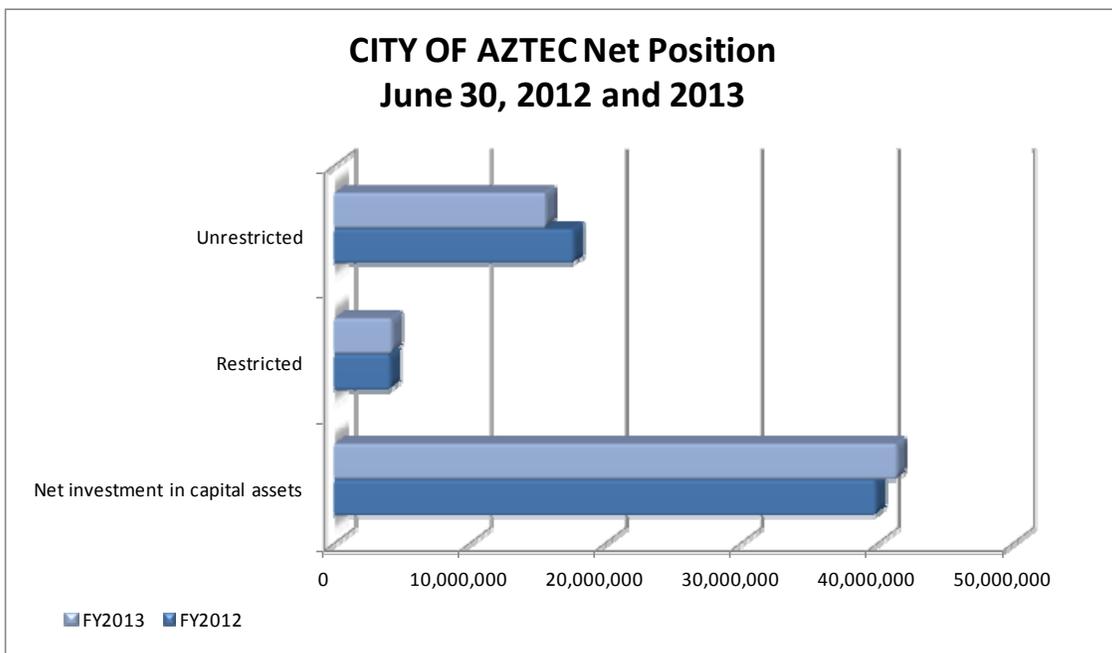
	Governmental Activities		Business-type Activities		Total	
	FY 2013	FY 2012	FY 2013	FY 2012	FY 2013	FY 2012
Current and other assets	\$ 9,465,240	\$10,143,860	\$14,081,281	\$14,260,232	\$23,546,521	\$24,404,092
Capital assets	20,336,152	20,238,944	29,262,555	28,184,585	49,598,707	48,423,529
Total assets	\$29,801,392	\$30,382,804	\$43,343,836	\$42,444,817	\$73,145,228	\$72,827,621
Long-term liabilities outstanding	3,950,862	3,978,514	3,929,094	4,475,915	7,879,956	8,130,355
Other liabilities	1,611,263	1,127,349	2,133,546	1,357,077	3,744,809	2,808,500
Total liabilities	\$5,562,125	\$5,105,863	\$6,062,640	\$5,832,992	\$11,624,765	\$10,938,855
Net position:						
Net investment in capital assets	16,357,638	16,106,487	25,110,714	23,814,365	41,468,352	39,920,852
Restricted	3,806,581	3,983,424	555,000	250,000	4,361,581	4,233,424
Unrestricted	4,075,048	5,187,030	11,615,482	12,547,460	15,690,530	17,734,490
Total net position	\$24,239,267	\$25,276,941	\$37,281,196	\$36,611,825	\$61,520,463	\$61,888,766

The largest portion of the City of Aztec's net position (\$41,468,352 or 67.4%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any related outstanding debt that was used to acquire those assets. The City of Aztec uses these capital assets

to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City of Aztec's investment in its capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Another portion of the City of Aztec's net position (\$4,361,581 or 7.09%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$15,690,530 (25.5%) is unrestricted and may be used to meet government's ongoing obligations to its citizens and creditors.

At the end of the current fiscal year, the City of Aztec is able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate government and business-type activities. The same situation held true for the prior fiscal year.



However, the City of Aztec's net position decreased \$368,303 from the prior fiscal year. The reasons for this overall decrease are discussed in the following sections for governmental activities and business-type activities.

Governmental activities. During the current fiscal year, net position for governmental activities decreased by \$1,037,674 from the prior fiscal year for an ending balance of \$24,239,267. The decrease is the result of a combination of factors:

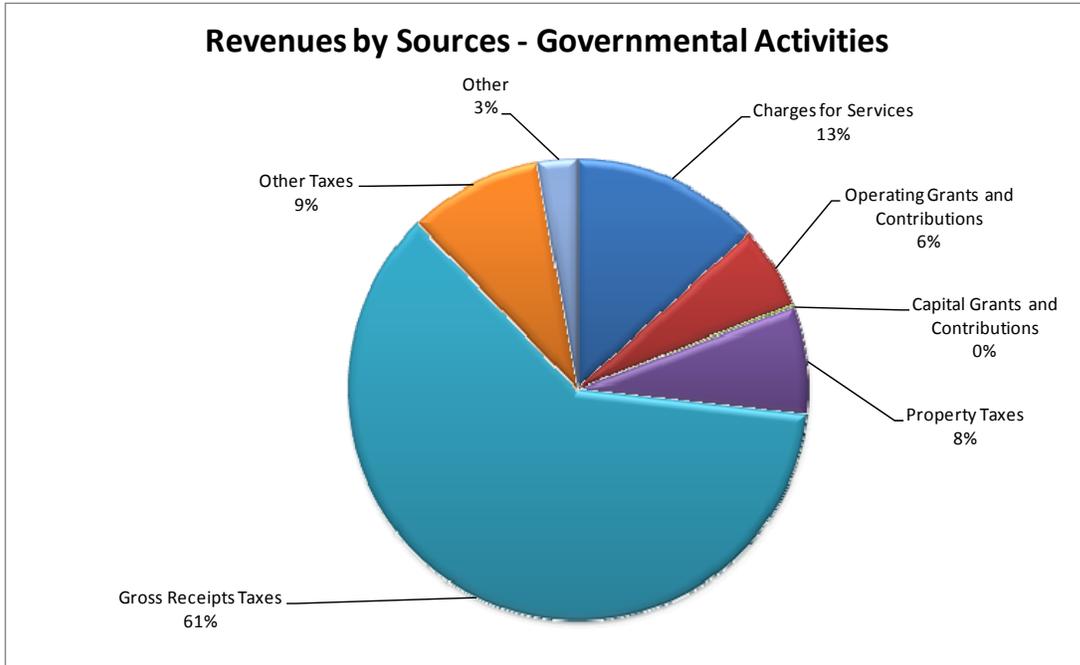
- Combined tax revenue (property, gross receipts, and other) decreased by \$194,067 or 3% from the prior fiscal year.
- Governmental funds capital assets expenditures total \$1,687,313 and were funded through a combination of current and prior period tax revenues. This investment in the community includes park and recreation facilities, a public works facility and infrastructure improvements for economic development.

- A 16th position was authorized in Public Safety in January 2012 by the City Commission, the full impact of the authorization is realized in the current fiscal year.

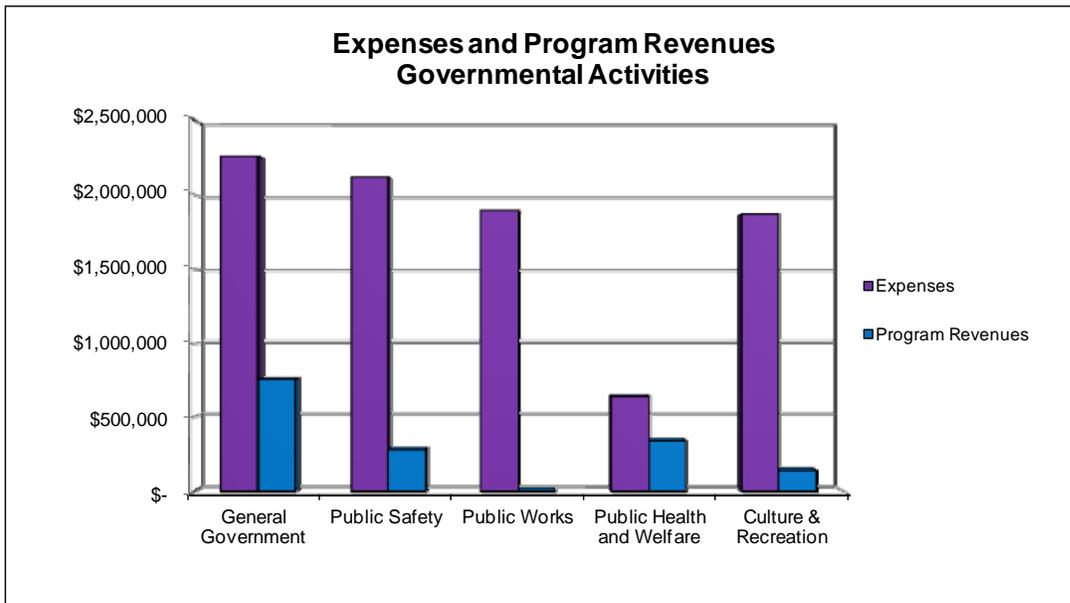
CITY OF AZTEC's Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	FY 2013	FY 2012	FY 2013	FY 2012	FY 2013	FY 2012
Revenues:						
Program Revenues:						
Charges for Services	\$1,053,686	\$780,372	\$10,289,983	\$10,165,945	\$11,343,669	\$10,946,317
Operating Grants and contributions	451,773	756,548			451,773	756,548
Capital Grants and contributions	16,524	943,526	114,652	96,640	131,176	1,040,166
General Revenues:						
Property Taxes	592,685	588,699			592,685	588,699
GRT Taxes	4,816,122	5,029,168	100,623	102,074	4,916,745	5,131,242
Other Taxes	747,948	732,955			747,948	732,955
Other	216,582	389,275	33,580	42,153	250,162	431,428
Total Revenues	7,895,320	9,220,543	10,538,838	10,406,812	18,434,158	19,627,355
Expenses:						
General Government	2,246,743	1,961,789			1,961,789	1,961,789
Public Safety	2,114,730	1,915,374			1,915,374	1,915,374
Public Works	1,888,341	2,196,404			2,196,404	2,196,404
Public Health & Welfare	636,508	675,436			675,436	675,436
Culture & Recreation	1,862,384	1,442,998			1,442,998	1,442,998
Interest, Long Term Debt	184,288	189,666			189,666	189,666
Joint Utility			9,165,391	8,549,579	8,549,579	8,549,579
Solid Waste			691,877	693,121	693,121	693,121
Irrigation			12,199	14,492	14,492	14,492
Total Expenses	8,932,994	8,381,667	9,869,467	9,257,192	17,638,859	17,638,859
Increase (decrease) in net position before transfers	(1,037,674)	838,876	669,371	1,149,620	(368,303)	1,988,496
Transfers					0	0
Increase (decrease) in net position	(1,037,674)	838,876	669,371	1,149,620	(368,303)	1,988,496
Net position – July 1	25,276,941	24,438,065	36,611,825	35,462,205	61,888,766	59,900,270
Net position – June 30	\$24,239,267	\$25,276,941	\$37,281,196	\$36,611,825	\$61,520,463	\$61,888,766

The following chart shows the governmental activities by source. Gross receipts taxes provide 61% of the total revenues of the governmental activities. Program revenues including charges for services and grant and contributions provide 19% of the revenues in governmental revenues. Property taxes provided 8% of the revenues for governmental activities.



The chart below shows the extent to which expenses of the various functions of governmental activities are covered by program revenues.



Note: This chart does not include tax revenues which are the primary source for most governmental activities.

Business-type activities. For the City of Aztec's business-type activities, the results for the current fiscal year were positive in the overall net position increased to reach an ending balance of \$37,281,196. The total increase in net position for business-type activities (joint utility, solid waste and irrigation funds) was \$669,371 or 1.8% from the prior fiscal year. Key financial elements of the past year are as follows:

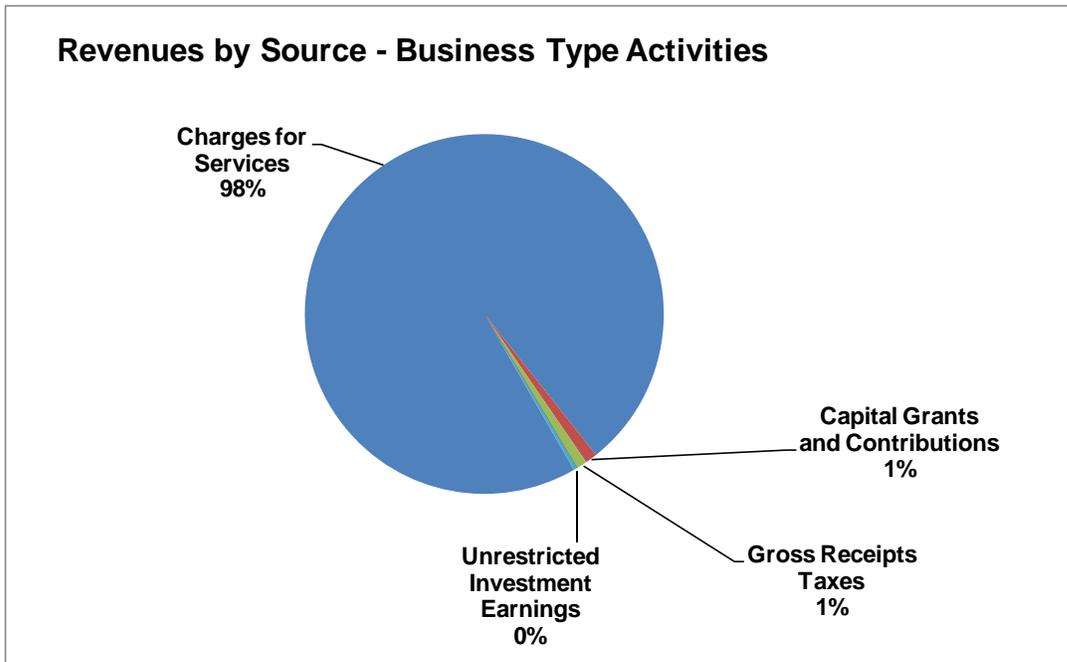
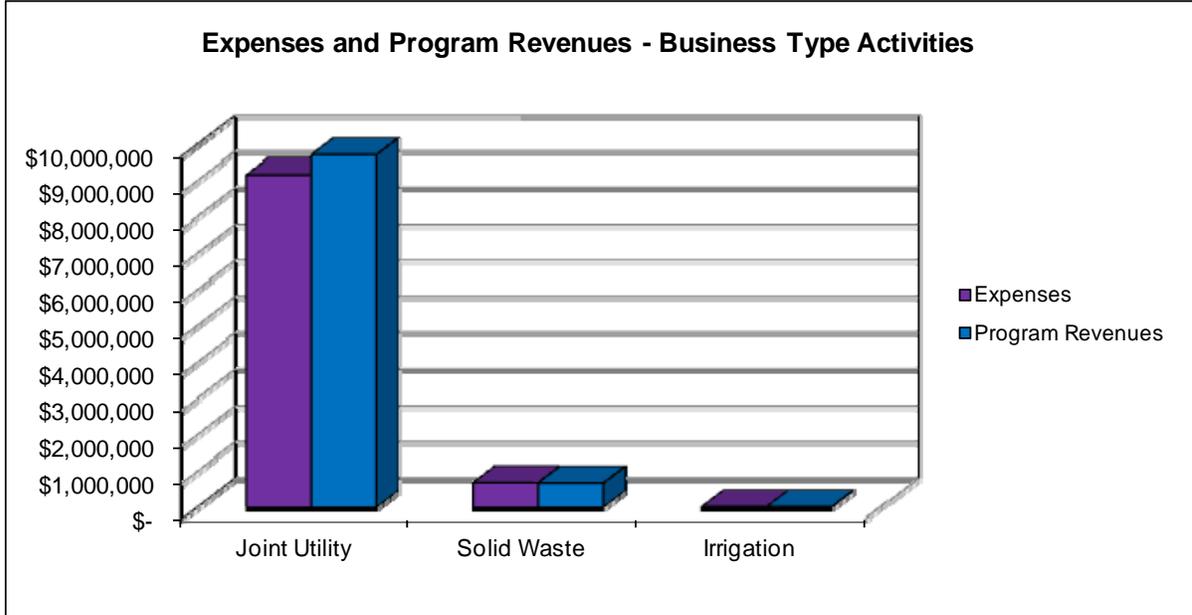
Operating expenses are 95.0 percent of revenues, resulting in \$507,908 in operating income.

Total joint utility fund operating revenues increased by \$130,598 or 0.1%.

Electric revenues increased by \$150,586 or 2.4%, the result of power cost adjustment

Water revenues decreased by \$3,498 or 1.7%

Wastewater revenues decreased by \$16,490 or 1.5%

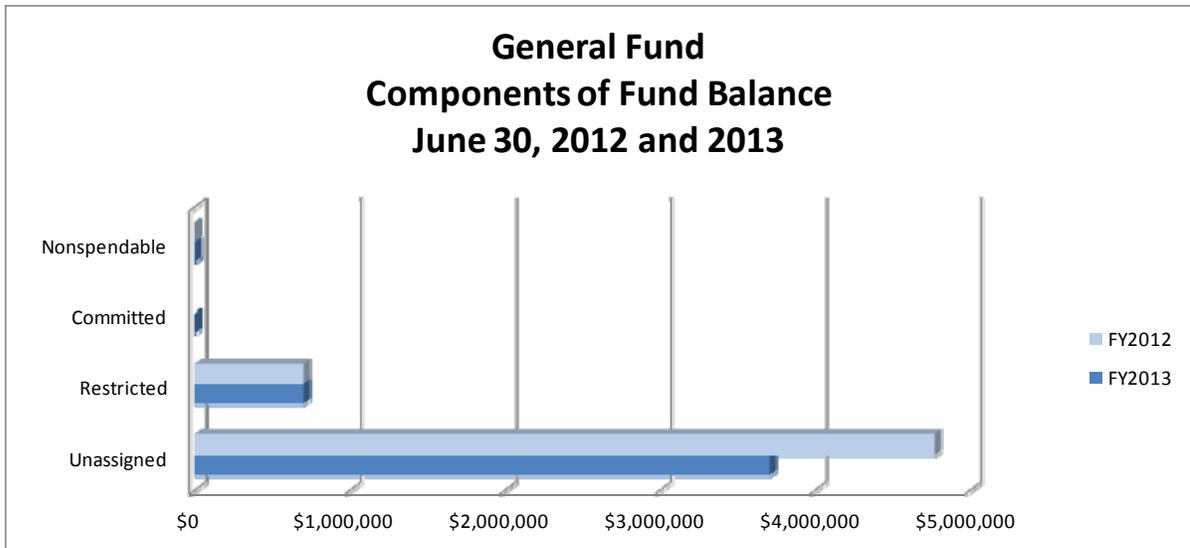


Financial Analysis of the Government's Funds

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

Governmental funds. The focus of the City of Aztec'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 Aztec's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City of Aztec itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City of Aztec's Commission.

As of the June 30, 2013, the City of Aztec's governmental funds reported combined fund balances of \$7,668,408, a decrease of \$1,230,761 in comparison with the prior year. Approximately 48.4 percent of this total amount or \$3,708,584 constitutes *unassigned fund balance* which is available for spending at the government's discretion. The remainder of the fund balance is either *nonspendable*, *restricted*, *committed*, or *assigned* to indicate that it is 1) not in spendable form (\$8,881), 2) restricted for particular purposes (\$3,806,581) or 3) committed for a particular purpose (\$144,362).



General Fund. The general fund is the chief operating fund of the City of Aztec. At the end of the current fiscal year, unassigned fund balance of the general fund was \$3,708,584, while total fund balance decreased to \$4,415,167. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 50% of total fund expenditures, while total fund balance represents 59.5% of the same amount.

The fund balance of the City of Aztec's general fund decreased \$1,061,548 or 19.4% during the current fiscal year.

The total decrease in general fund revenue was \$569,278 or 8%. Revenue categories contributing to the decrease in general fund revenue include gross receipts tax and intergovernmental revenues.

Tax revenues decreased \$153,149 (3%). Gross receipts tax decreased \$177,296 (4.2%), primarily the result of reduced activity in the oil & gas and construction sectors. Property tax increased \$11,780 (2%) due to an increase in assessed property values. Franchise taxes increased 12,367 (2%), a combination of increased revenues in cable tv, natural gas and city operated utilities.

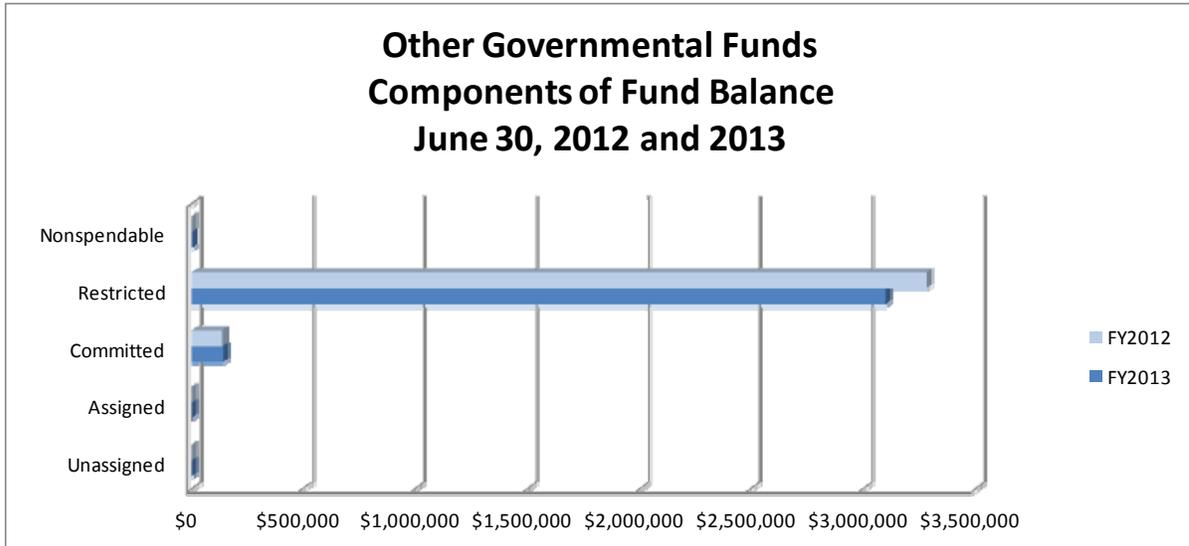
Intergovernmental revenues decreased \$285,117 (37.7%). Participation in animal care costs from regional municipalities decreased by \$55,562 (19%) the result of a decrease in animal intake from the previous fiscal year. Operating and capital grants decreased by \$73,482 (74%) reflecting reduced financial resources through state and federal governments. Small Cities Assistance distribution from the State of New Mexico decreased \$156,073 (78%) the result of a distribution formula based on prior gross receipts tax revenues.

Fine revenue increased \$18,516 (4.8%)

Investment earnings decreased \$2,612, the result of continuing low interest rates and reduced cash reserves.

General Fund expenditures for FY2013 increased \$629,458 (9.3%), compared to FY12. Changes in expenditures contributing to the increase:

- Personnel increased by \$276,549: Cost of living adjustment (3%), merit increases (maximum 1%); statutory increase in NM Retiree Health Insurance benefit; addition of 1.0 FTE.
- Professional service fees increased by \$168,227; the increase is the result of studies and preliminary designs for future projects.
- Capital expenditures increased 229,193 which includes infrastructure improvements for economic development.



The municipal road fund, a major fund, had an increase in fund balance of \$88,410 during the current fiscal year. The capital projects fund, also a major fund, had a decrease in fund balance of \$352,856 caused mainly by the spending of resources obtained through tax revenues in prior periods on capital acquisition and construction.

Major Funds. Other key governmental-type funds, other than the general fund, include the municipal road fund and capital projects fund. The municipal road fund is funded primarily with Gross Receipt Tax (.125%) revenue and Gasoline Tax. Tax revenues in the road fund decreased \$7,323 (2%), the result of decreased gross receipts tax revenue. Intergovernmental revenue in the municipal road fund decreased due to a decrease in federal transportation funds (\$714,467). The capital projects fund is supported by gross receipts tax revenue which decreased by \$26,818 (4%).

Total operating revenues in the key governmental funds (not including the general fund) decreased by \$748,515 or 43.3%, primarily due to a decrease in intergovernmental transportation funds.

Expenditures in the key governmental funds (not including the general fund) decreased \$1,267,229, primarily due to a decrease in capital asset projects.

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

Unrestricted net position of the joint utility fund at the end of the year amounted to \$11,255,381, for solid waste \$238,614, and irrigation \$121,487. The total growth in net position for the joint utility fund was \$678,554 and irrigation fund was \$1,282. The net position for solid waste fund decreased \$10,465, the result of management's decision to absorb rate increases in contractual solid waste services rather than increasing utility rates to its citizens. Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Aztec's business-type activities.

General Fund Budgetary Highlights

Original budget compared to final budget. During the fiscal year, the City Commission approved adjustments to the City's budget. The majority of the adjustments were made during the mid-year budget adjustment process.

Differences between the original budget and the final amended budget were \$496,273 which represents a 5.9 percent increase in appropriations. Major adjustments included \$410,698 for infrastructure improvements for economic development and \$85,000 for professional services related to design of a pedestrian bridge.

Final budget compared to actual results. The most significant differences between estimated revenues and actual revenues were as follows:

<u>Revenue Source</u>	<u>Estimated revenues</u>	<u>Actual revenues</u>	<u>Difference</u>
Taxes	\$4,887,849	\$5,154,789	\$266,940
Licenses & Permits	51,600	59,651	8,051
Intergovernmental	535,236	471,431	(63,805)
Charges for Services	221,291	259,535	38,244
Fines	366,000	408,623	42,623
Investment Earnings	15,000	12,133	(2,867)
Miscellaneous	166,528	196,257	29,729

Intergovernmental revenues were less than estimated the result of the small cities assistance distribution formula (based on gross receipts tax revenues from previous periods) and regional

municipal participation in the city's animal shelter, the result of fewer animals taken in compared to previous years. Investment earnings were less than estimated due to reduced cash reserves and continuing low interest rates.

A review of actual expenditures compared to the appropriations in the final budget yields a positive variance of \$1,497,696, the result of managements continuing efforts in monitoring daily governmental operations.

Capital Asset and Debt Administration

Capital assets. The City of Aztec's investment in capital assets for its governmental and business type activities as of June 30, 2013, amounts to \$49,598,708 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, utility systems, machinery and equipment, park facilities, roads, highways, and bridges. The total increase in capital assets for the current fiscal year was approximately 2.4%.

City of Aztec's Capital Assets

(net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	FY2013	FY2012	FY2013	FY2012	FY2013	FY2012
Land	\$663,435	\$638,435	\$762,302	\$720,752	\$1,425,737	\$1,359,187
Buildings & System	5,631,232	5,663,804	25,734,194	26,295,982	31,365,426	31,959,786
Improvements	2,501,055	2,466,018	0	0	2,501,055	2,466,018
Machinery & Equipment	1,256,542	1,391,106	1,032,120	1,026,018	2,288,662	2,417,124
Infrastructure	9,776,151	10,016,798	0	0	9,776,151	10,016,798
Construction in Progress	507,737	62,783	1,733,940	141,833	2,241,677	204,616
Total	\$20,336,152	\$20,238,944	\$29,262,556	\$28,184,585	\$49,598,708	\$48,423,529

Major capital asset events during this fiscal year including the following:

- Phoenix Court infrastructure
- Ruins Road Gateway
- Hartman Park baseball field improvements
- Construction of Minium Park restroom
- General Services equipment shed
- Public Works building purchase
- Playground facilities for Minium and Riverside parks
- Restroom facility at Riverside Park
- Automation of water treatment plant, phase 1
- Continued regular scheduled replacement of vehicles and heavy equipment.

Additional information on the City of Aztec's capital assets can be found in note C on pages 24-25 of this report.

Long-term debt. At the end of the current fiscal year, the City of Aztec had no bonded debt outstanding.

City of Aztec Outstanding Debt

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>FY2013</u>	<u>FY2012</u>	<u>FY2013</u>	<u>FY2012</u>	<u>FY2013</u>	<u>FY2012</u>
NMFA – Library	\$870,149	\$975,946			\$870,149	\$975,946
NMFA – Capital Projects	3,108,365	3,156,511			3,108,365	3,156,511
NMED – Wastewater Plant			\$4,151,841	\$4,370,220	4,151,841	4,370,220
Total	\$3,978,514	\$4,132,457	\$4,151,841	\$4,370,220	\$8,130,355	\$8,502,677

Additional information on the City of Aztec's long-term debt can be found in note E on pages 26-28 of this report.

Debt limitation. Article IX, Section 13 of the State Constitution limits the powers of the City to incur general obligation debt in an aggregate amount, including existing indebtedness, not to exceed four percent of the value of the taxable property in the City as shown by the last preceding general assessments. The City may, however, contract debt in excess of such limitation for the construction or purchase of a system for supplying water or a sewer system for the City. Based on the 2012 assessed valuation of \$112,353,073, the City's general obligation debt limit is \$4,494,123. The City presently has no general obligation bonds outstanding.

The City of Aztec has been approved for a Clean Water State Revolving Fund loan administered through New Mexico Environment Department. The loan will be secured with Joint Utility Fund net system revenues. The amount of the loan is \$2,550,000, 3% for 20 years, proceeds are for the replacement and enlargement of the wastewater outfall line. It is anticipated construction will occur in the spring of 2014 and the first debt service payment will be due one year after completion of the project.

Economic Factors and Next Year's Budgets and Rates

The following economic factors currently affect the City of Aztec and were considered in developing the 2013-2014 fiscal year budget.

- 29.6% increase in wastewater rates beginning July 1, 2013 anticipating current expenditures
- Continued low activity in the oil & gas sector in the region impacting gross receipts tax and property tax revenues in multiple sectors. This will continue to result in conservative tax revenue estimates government wide.
- Interest rates are expected to remain at low levels throughout fiscal year 2013-2014.
- On the expenditure side, personnel costs increases include 15% increase in group health insurance premiums, 2.1% COLA increase and 1.9% merit increase
- Construction interest on the CWSRF loan for the wastewater outfall included in budget.

During the current fiscal year, the unassigned fund balance in the general fund was \$3,708,584. The City of Aztec has appropriated \$2,859,207 of this amount for spending in the 2013-2014 fiscal year budget. This action was taken as an additional measure to mitigate the impact of the recession on the 2013-2014 fiscal year budget.

Requests for Information

This financial report is designed to provide a general overview of the City of Aztec's finances for all 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 the Finance Director, 201 W Chaco, Aztec, NM 87410.

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Basic Financial Statements

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CITY OF AZTEC, NEW MEXICO
Statement of Net Position
June 30, 2013

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash and cash equivalents	\$ 7,274,460	\$ 11,442,154	\$ 18,716,614
Cash with fiscal agent	505,661	-	505,661
Receivables (net, where applicable, of allowances for uncollectibles)	-	1,201,143	1,201,143
Interest receivable	-	25,770	25,770
Intergovernmental receivable	1,617,304	32,730	1,650,034
Other receivables	58,934	-	58,934
Internal balances	-	-	-
Inventories	-	1,378,417	1,378,417
Prepays	8,881	1,067	9,948
Capital assets:			
Non-depreciable assets	1,171,172	2,496,242	3,667,414
Depreciable assets, net	19,164,980	26,766,313	45,931,293
Total assets	29,801,392	43,343,836	73,145,228
LIABILITIES:			
Accounts payable	1,084,711	1,203,278	2,287,989
Accrued payroll, taxes and benefits	109,240	170,223	279,463
Accrued interest payable	29,947	228	30,175
Unearned revenue	2,739	88,707	91,446
Customer deposits	-	332,972	332,972
Non-current liabilities:			
Due within one year	384,626	338,138	722,764
Due in more than one year	3,950,862	3,929,094	7,879,956
Total liabilities	5,562,125	6,062,640	11,624,765
NET POSITION:			
Net investment in capital assets	16,357,638	25,110,714	41,468,352
Restricted for:			
Public safety	979,920	-	979,920
Lodgers promotion	31,201	-	31,201
Capital projects	1,587,661	-	1,587,661
Debt service	505,661	555,000	1,060,661
Subsequent year's statutory reserve	702,138	-	702,138
Unrestricted	4,075,048	11,615,482	15,690,530
Total net position	\$ 24,239,267	\$ 37,281,196	\$ 61,520,463

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

CITY OF AZTEC, NEW MEXICO
Statement of Activities
For the Year Ended June 30, 2013

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Primary government:							
Governmental activities:							
General government	\$ 2,246,743	\$ 744,822	\$ 9,847	\$ -	\$ (1,492,074)	\$ -	\$ (1,492,074)
Public safety	2,114,730	231,869	49,892	-	(1,832,969)	-	(1,832,969)
Public works	1,888,341	395	-	-	(1,887,946)	-	(1,887,946)
Public health and welfare	636,508	44,568	283,378	16,524	(292,038)	-	(292,038)
Culture and recreation	1,862,384	32,032	108,656	-	(1,721,696)	-	(1,721,696)
Interest on long-term debt	184,288	-	-	-	(184,288)	-	(184,288)
Total governmental activities	<u>8,932,994</u>	<u>1,053,686</u>	<u>451,773</u>	<u>16,524</u>	<u>(7,411,011)</u>	<u>-</u>	<u>(7,411,011)</u>
Business-type activities:							
Joint utility	9,165,391	9,596,002	-	114,652	-	545,263	545,263
Solid waste	691,877	680,822	-	-	-	(11,055)	(11,055)
Irrigation	12,199	13,159	-	-	-	960	960
Total business-type activities	<u>9,869,467</u>	<u>10,289,983</u>	<u>-</u>	<u>114,652</u>	<u>-</u>	<u>535,168</u>	<u>535,168</u>
Total government	<u>18,802,461</u>	<u>11,343,669</u>	<u>451,773</u>	<u>131,176</u>	<u>(7,411,011)</u>	<u>535,168</u>	<u>(6,875,843)</u>
General revenues:							
Property taxes					592,685	-	592,685
Gross receipts tax					4,816,122	100,623	4,916,745
Franchise taxes					564,375	-	564,375
Other taxes					183,573	-	183,573
Miscellaneous					199,082	-	199,082
Unrestricted investment earnings					20,984	33,580	54,564
Loss on disposition of capital assets					(3,484)	-	(3,484)
Transfers					-	-	-
Total general revenues and transfers					<u>6,373,337</u>	<u>134,203</u>	<u>6,507,540</u>
Change in net position					(1,037,674)	669,371	(368,303)
Net position - beginning					25,276,941	36,611,825	61,888,766
Net position - ending					<u>\$ 24,239,267</u>	<u>\$ 37,281,196</u>	<u>\$ 61,520,463</u>

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

CITY OF AZTEC, NEW MEXICO
Balance Sheet
Governmental Funds
June 30, 2013

	General	Municipal Road	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 4,407,177	\$ 1,236,083	\$ 445,516	\$ 1,185,684	\$ 7,274,460
Cash with fiscal agent	-	-	505,661	-	505,661
Intergovernmental receivable	1,452,050	63,748	101,506	-	1,617,304
Other receivables	55,642	-	-	3,292	58,934
Prepaid items	4,445	-	-	4,436	8,881
Due from other funds	-	-	-	-	-
Total Assets	<u>\$ 5,919,314</u>	<u>\$ 1,299,831</u>	<u>\$ 1,052,683</u>	<u>\$ 1,193,412</u>	<u>\$ 9,465,240</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 793,865	\$ 220,888	\$ 61,004	\$ 8,954	\$ 1,084,711
Accrued payroll, taxes and benefits	108,740	-	-	500	109,240
Unearned revenue	1,400	-	-	1,339	2,739
Deferred revenue	600,142	-	-	-	600,142
Due to other funds	-	-	-	-	-
Total Liabilities	<u>1,504,147</u>	<u>220,888</u>	<u>61,004</u>	<u>10,793</u>	<u>1,796,832</u>
Fund Balances:					
Nonspendable:					
Inventories and prepaids	4,445	-	-	4,436	8,881
Restricted to:					
Public safety	-	-	-	979,920	979,920
Lodgers promotion	-	-	-	31,201	31,201
Capital projects	-	1,078,943	486,018	22,700	1,587,661
Debt service	-	-	505,661	-	505,661
Subsequent years expenditures	702,138	-	-	-	702,138
Committed to:					
Economic development	-	-	-	112,575	112,575
Culture and recreation	-	-	-	31,787	31,787
Unassigned	3,708,584	-	-	-	3,708,584
Total Fund Balances	<u>4,415,167</u>	<u>1,078,943</u>	<u>991,679</u>	<u>1,182,619</u>	<u>7,668,408</u>
Total Liabilities and Fund Balances	<u>\$ 5,919,314</u>	<u>\$ 1,299,831</u>	<u>\$ 1,052,683</u>	<u>\$ 1,193,412</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	20,336,152
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	600,142
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
Contracts and loans payable	(3,978,514)
Accrued compensated absences	(356,974)
Accrued interest payable	(29,947)
Net position of governmental activities in the statement of net position	<u>\$ 24,239,267</u>

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

CITY OF AZTEC, NEW MEXICO
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2013

	General	Municipal Road	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES:					
Taxes:					
Property	\$ 579,205	\$ -	\$ -	\$ -	\$ 579,205
Gross Receipts	4,011,209	201,250	603,663	-	4,816,122
Franchise	564,375	-	-	-	564,375
Other	-	171,631	-	11,942	183,573
Licenses and permits	59,651	-	-	5,000	64,651
Intergovernmental	471,431	-	-	217,945	689,376
Charges for services	259,535	-	-	99,798	359,333
Fines	408,623	-	-	-	408,623
Investment earnings	12,133	2,261	3,258	3,332	20,984
Miscellaneous	196,257	-	-	2,825	199,082
Total Revenues	<u>6,562,419</u>	<u>375,142</u>	<u>606,921</u>	<u>340,842</u>	<u>7,885,324</u>
EXPENDITURES:					
Current:					
General government	2,011,902	-	19,619	3,082	2,034,603
Public safety	1,820,634	-	-	157,412	1,978,046
Public works	869,004	336,747	-	-	1,205,751
Public health and welfare	595,731	-	-	-	595,731
Culture and recreation	1,269,478	-	-	5,984	1,275,462
Capital outlay	848,218	149,985	600,979	88,131	1,687,313
Debt service:					
Principal	-	-	153,943	-	153,943
Interest	-	-	185,236	-	185,236
Total Expenditures	<u>7,414,967</u>	<u>486,732</u>	<u>959,777</u>	<u>254,609</u>	<u>9,116,085</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(852,548)</u>	<u>(111,590)</u>	<u>(352,856)</u>	<u>86,233</u>	<u>(1,230,761)</u>
OTHER FINANCING SOURCES (USES):					
Operating transfers, in	-	200,000	-	9,000	209,000
Operating transfers, out	(209,000)	-	-	-	(209,000)
Total other financing sources and uses	<u>(209,000)</u>	<u>200,000</u>	<u>-</u>	<u>9,000</u>	<u>-</u>
Net change in fund balances	<u>(1,061,548)</u>	<u>88,410</u>	<u>(352,856)</u>	<u>95,233</u>	<u>(1,230,761)</u>
Fund balances - beginning	5,476,715	990,533	1,344,535	1,087,386	8,899,169
Fund balances - ending	<u>\$ 4,415,167</u>	<u>\$ 1,078,943</u>	<u>\$ 991,679</u>	<u>\$ 1,182,619</u>	<u>\$ 7,668,408</u>

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

CITY OF AZTEC, NEW MEXICO
Reconciliation of the Statement of Revenues
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2013

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

Net change in fund balances-total governmental funds	<u>\$ (1,230,761)</u>
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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. The detail is as follows:

Capital outlay	1,427,499
Loss on disposition of capital assets	(3,484)
Depreciation expense	<u>(1,326,807)</u>
Total	<u>97,208</u>

Deferred revenues are not available to pay current period expenditures and therefore are not recognized in the fund financial statement. The revenues are not deferred in the governmental activities of the Statement of Net Position.

	<u>13,480</u>
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The issuance of long-term debt (e.g., bonds, 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 position. 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. The detail is as follows:

Issuance of debt	-
Principal repayments	153,943
Accrued interest payable	948
Compensated absences	<u>(72,492)</u>
Total	<u>82,399</u>

Change in net position of governmental activities	<u><u>\$ (1,037,674)</u></u>
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The notes to the financial statements are an integral part of this statement.

CITY OF AZTEC, NEW MEXICO
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES:				
Taxes:				
Property taxes	\$ 563,242	\$ 563,242	\$ 579,205	\$ 15,963
Gross receipts tax	3,335,322	3,785,322	4,011,209	225,887
Franchise taxes	539,285	539,285	564,375	25,090
Licenses and permits	51,600	51,600	59,651	8,051
Intergovernmental	535,236	535,236	471,431	(63,805)
Charges for services	218,750	221,291	259,535	38,244
Fines	366,000	366,000	408,623	42,623
Investment earnings	15,000	15,000	12,133	(2,867)
Miscellaneous	162,873	166,528	196,257	29,729
Total Revenues	5,787,308	6,243,504	6,562,419	318,915
EXPENDITURES:				
Current:				
General government:				
Legislative	86,962	75,962	58,759	17,203
Economic Development	320,480	72,050	66,619	5,431
Visitor center	154,260	154,498	119,984	34,514
Judicial	209,595	211,840	179,765	32,075
City Manager	318,066	332,672	296,802	35,870
Finance	603,252	440,733	387,397	53,336
Legal	45,675	49,875	49,420	455
Motor vehicle	210,380	210,380	170,750	39,630
Planning	285,862	241,820	200,500	41,320
Information systems	89,535	90,800	81,976	8,824
City buildings	302,159	328,137	318,800	9,337
Project management	76,120	90,608	81,130	9,478
Total general government	2,702,346	2,299,375	2,011,902	287,473
Public safety:				
Police	1,891,815	1,929,867	1,765,809	164,058
Fire	81,460	81,460	54,825	26,635
Total public safety	1,973,275	2,011,327	1,820,634	190,693
Public works:				
Streets	947,976	1,045,218	869,004	176,214
Public health and welfare:				
Animal control	651,466	641,690	590,132	51,558
Vector control	8,900	8,900	5,599	3,301
Total public health and welfare	660,366	650,590	595,731	54,859
Culture and recreation:				
Recreation	97,221	103,178	96,151	7,027
Parks	692,281	716,497	615,313	101,184
Library	322,734	326,822	303,865	22,957
Community center	274,754	291,227	254,149	37,078
Community support	-	-	-	-
Total culture and recreation	1,386,990	1,437,724	1,269,478	168,246
Capital outlay:				
General government	81,786	60,786	36,815	23,971
Public safety	29,335	29,335	29,234	101
Public works	172,794	887,569	553,794	333,775
Public health and welfare	7,200	38,267	31,067	7,200
Culture and recreation	454,322	452,472	197,308	255,164
Total capital outlay	745,437	1,468,429	848,218	620,211
Total expenditures	8,416,390	8,912,663	7,414,967	1,497,696
Excess of revenues over expenditures	(2,629,082)	(2,669,159)	(852,548)	1,816,611
OTHER FINANCING SOURCES (USES):				
Transfers out	(269,000)	(269,000)	(209,000)	60,000
Net change in fund balances	(2,898,082)	(2,938,159)	(1,061,548)	1,876,611
Fund balances - beginning	5,476,715	5,476,715	5,476,715	-
Fund balances - ending	\$ 2,578,633	\$ 2,538,556	\$ 4,415,167	\$ 1,876,611

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

CITY OF AZTEC, NEW MEXICO
Municipal Road Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes:				
Gross receipts tax	\$ 167,691	\$ 167,691	\$ 201,250	\$ 33,559
Other taxes	164,400	164,400	171,631	7,231
Intergovernmental	1,326,990	1,326,990	-	(1,326,990)
Investment earnings	3,000	3,000	2,261	(739)
Miscellaneous	-	-	-	-
Total Revenues	1,662,081	1,662,081	375,142	(1,286,939)
EXPENDITURES:				
Current:				
Public works	611,000	491,736	336,747	154,989
Capital outlay	1,948,790	2,068,054	149,985	1,918,069
Total Expenditures	2,559,790	2,559,790	486,732	2,073,058
Excess (Deficiency) of Revenues Over (Under) Expenditures	(897,709)	(897,709)	(111,590)	786,119
OTHER FINANCING SOURCES (USES):				
Transfers in	200,000	200,000	200,000	-
Net change in fund balances	(697,709)	(697,709)	88,410	786,119
Fund balances - beginning	990,533	990,533	990,533	-
Fund balances - ending	\$ 292,824	\$ 292,824	\$ 1,078,943	\$ 786,119

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

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CITY OF AZTEC, NEW MEXICO
Statement of Net Position
Proprietary Funds
June 30, 2013

	Business-type Activities-Enterprise Funds			
	Joint Utility	Solid Waste	Irrigation Assessment	Totals
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 11,104,242	\$ 216,830	\$ 121,082	\$ 11,442,154
Accounts receivable (net of allowance for doubtful accounts)	1,119,100	81,638	405	1,201,143
Interest receivable	25,770	-	-	25,770
Intergovernmental receivable	32,730	-	-	32,730
Inventories	1,378,417	-	-	1,378,417
Prepaid items	1,067	-	-	1,067
Due from other funds	-	-	-	-
Total Current Assets	13,661,326	298,468	121,487	14,081,281
Noncurrent assets:				
Capital assets:				
Land and land rights	762,302	-	-	762,302
Building and system	37,987,406	-	-	37,987,406
Machinery and equipment	3,408,484	52,752	146,341	3,607,577
Construction in progress	1,733,940	-	-	1,733,940
Less accumulated depreciation	(14,710,303)	(44,011)	(74,356)	(14,828,670)
Total noncurrent assets	29,181,829	8,741	71,985	29,262,555
Total Assets	42,843,155	307,209	193,472	43,343,836
LIABILITIES				
Current liabilities:				
Accounts payable	1,147,232	56,046	-	1,203,278
Accrued payroll, taxes and benefits	166,415	3,808	-	170,223
Accrued interest payable	228	-	-	228
Unearned revenue	88,707	-	-	88,707
Customer deposits	332,972	-	-	332,972
Compensated absences, current portion	115,391	-	-	115,391
Bonds, notes and loans payable - current portion	222,747	-	-	222,747
Total Current Liabilities	2,073,692	59,854	-	2,133,546
Noncurrent liabilities:				
Compensated absences	-	-	-	-
Bonds, notes and loans payable, net	3,929,094	-	-	3,929,094
Total noncurrent liabilities	3,929,094	-	-	3,929,094
Total liabilities	6,002,786	59,854	-	6,062,640
NET POSITION				
Net investment in capital assets	25,029,988	8,741	71,985	25,110,714
Restricted for debt service	555,000	-	-	555,000
Unrestricted	11,255,381	238,614	121,487	11,615,482
Total net position	\$ 36,840,369	\$ 247,355	\$ 193,472	\$ 37,281,196

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

CITY OF AZTEC, NEW MEXICO
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2013

	Business-type Activities-Enterprise Funds			
	Joint Utility	Solid Waste	Irrigation Assessment	Totals
Operating revenues:				
Charges for services	\$ 9,517,902	\$ 679,247	\$ 13,159	\$ 10,210,308
Miscellaneous	78,100	1,575	-	79,675
Total Operating Revenues	<u>9,596,002</u>	<u>680,822</u>	<u>13,159</u>	<u>10,289,983</u>
Operating expenses:				
Salaries and fringe benefits	1,550,151	22,211	-	1,572,362
Purchased power, fuel and chemicals	3,594,017	-	-	3,594,017
Other operating expenses	1,944,992	666,495	6,917	2,618,404
Payments in lieu of taxes	463,660	-	-	463,660
Depreciation and amortization	1,525,179	3,171	5,282	1,533,632
Total Operating Expenses	<u>9,077,999</u>	<u>691,877</u>	<u>12,199</u>	<u>9,782,075</u>
Operating income (loss)	<u>518,003</u>	<u>(11,055)</u>	<u>960</u>	<u>507,908</u>
Nonoperating revenues (expenses):				
Investment earnings	32,668	590	322	33,580
Gross receipts tax	100,623	-	-	100,623
Interest expense	(87,392)	-	-	(87,392)
Loss on disposition of capital assets	-	-	-	-
Total Nonoperating Revenues (Expenses)	<u>45,899</u>	<u>590</u>	<u>322</u>	<u>46,811</u>
Income (Loss) Before Operating Transfers	<u>563,902</u>	<u>(10,465)</u>	<u>1,282</u>	<u>554,719</u>
Capital contributions	114,652	-	-	114,652
Operating transfers, in	1,230,198	-	-	1,230,198
Operating transfers, out	(1,230,198)	-	-	(1,230,198)
Change in net position	<u>678,554</u>	<u>(10,465)</u>	<u>1,282</u>	<u>669,371</u>
Total net position - beginning	<u>36,161,815</u>	<u>257,820</u>	<u>192,190</u>	<u>36,611,825</u>
Total net position - ending	<u>\$ 36,840,369</u>	<u>\$ 247,355</u>	<u>\$ 193,472</u>	<u>\$ 37,281,196</u>

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

CITY OF AZTEC, NEW MEXICO
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2013

	Business-type Activities-Enterprise Funds			
	Joint Utility	Solid Waste	Irrigation Assessment	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers/users	\$ 9,660,563	\$ 680,822	\$ 12,825	\$10,354,210
Payments to suppliers	(5,828,855)	(658,815)	(6,917)	(6,494,587)
Payments to employees	(1,544,275)	(21,562)	-	(1,565,837)
Net cash provided by operating activities	<u>2,287,433</u>	<u>445</u>	<u>5,908</u>	<u>2,293,786</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfer to other funds	1,230,198	-	-	1,230,198
Transfer from other funds	(1,230,198)	-	-	(1,230,198)
Advances from / to other funds	-	-	-	-
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital contributions	114,652	-	-	114,652
Gross receipts tax	100,623	-	-	100,623
Purchases of capital assets	(2,611,603)	-	-	(2,611,603)
Principal paid on capital debt	(218,379)	-	-	(218,379)
Interest paid on capital debt	(87,403)	-	-	(87,403)
Net cash provided (used) by capital and related financing activities	<u>(2,702,110)</u>	<u>-</u>	<u>-</u>	<u>(2,702,110)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income received	22,850	590	322	23,762
Net increase in cash and cash equivalents	(391,827)	1,035	6,230	(384,562)
Cash and cash equivalents, July 1, 2012	11,496,069	215,795	114,852	11,826,716
Cash and cash equivalents, June 30, 2013	<u>\$ 11,104,242</u>	<u>\$ 216,830</u>	<u>\$ 121,082</u>	<u>\$ 11,442,154</u>
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	518,003	(11,055)	960	507,908
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	1,525,179	3,171	5,282	1,533,632
(Increase) decrease in:				
Accounts receivable	3,831	8,142	(334)	11,639
Intergovernmental receivable	3,028	-	-	3,028
Inventories	(209,392)	-	-	(209,392)
Prepaid items	(1,067)	-	-	(1,067)
Increase (decrease) in:				
Accounts payable	384,273	(462)	-	383,811
Accrued payroll, taxes and benefits	(3,820)	649	-	(3,171)
Unearned revenue	39,648	-	-	39,648
Customer deposits	18,054	-	-	18,054
Compensated absences	9,696	-	-	9,696
Total adjustments	<u>1,769,430</u>	<u>11,500</u>	<u>4,948</u>	<u>1,785,878</u>
Net cash provided by operating activities	<u>2,287,433</u>	<u>445</u>	<u>5,908</u>	<u>2,293,786</u>

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

CITY OF AZTEC, NEW MEXICO
Statement of Fiduciary Net Position
Agency Funds
June 30, 2013

	<u>Employee Association</u>
ASSETS:	
Cash and cash equivalents	<u>\$ 1,628</u>
Total assets	<u><u>\$ 1,628</u></u>
LIABILITIES:	
Deposits held for others	<u>\$ 1,628</u>
Total liabilities	<u><u>\$ 1,628</u></u>

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

CITY OF AZTEC, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Aztec, (City), New Mexico, which was incorporated in 1890, operates under a Commission / Manager form of government. Five commissioners are elected at large and one of the commissioners serves as Mayor. This reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the City's financial statements to be misleading or incomplete.

The City had no blended or discrete component units during the current fiscal year.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government and its component units. 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 activities demonstrates the degree to which the direct expenses of a given function or segment, are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Indirect costs are not allocated to functions in the statement of activities. *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. 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 financial statements and the fiduciary fund – agency 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. Derived tax revenues (gross receipts taxes, cigarette taxes and gas taxes) are recognized when the underlying transaction takes place. 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 City.

The government reports the following major governmental funds:

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.

The *municipal road special revenue fund* accounts for the municipal share of gas tax proceeds restricted for street-related expenditures.

The *capital projects fund* accounts for the acquisition and construction of major capital facilities other than those projects financed by proprietary funds.

The government reports the following major proprietary funds:

The *joint utility fund* accounts for the activities of the City's utility.

The *solid waste fund* accounts for the activities of the City's solid waste services.

The *irrigation assessment fund* accounts for the activities of the City's irrigation assessment activities.

Additionally, the City reports the following agency fund type:

The *employee association trust fund* is an agency fund that accounts for employee contributions to a fund used for special occasions such as sending flowers, etc.

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 and other charges between the City's utility and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided 2) operating grants and contributions and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds and internal service funds are charges to customers for sales and services. The utilities also recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

D. Assets, liabilities and net position or equity

1. 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 obligations of the U.S. Treasury, repurchase agreements, Certificates of Deposits, and the State Treasurer's Investment Pool. Investments for the City are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations and is not SEC registered. The reported value of the pool is the same as the fair value of the pool shares. Generally, investment income earned as a result of pooling is distributed to the appropriate funds utilizing a formula based on the average daily balance of cash and investments of each fund. All investment in such pool is voluntary.

2. 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" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

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.

The joint utility enterprise fund is responsible for billing and collecting electric, water, and wastewater charges using a cycle billing system. No billing cycles are billed in advance of services. Metered accounts are billed in arrears and have been accrued. The only unearned revenue is customer payments for prepaid electric distribution construction. Customers are required to pay 100% of the estimate prepared by the electric director. When the job is complete the actual costs of the job are prepared and the customer is either refunded the overpayment or billed for the shortage. These payments for construction are then reported as increases in net assets at the end of the fiscal year. All trade receivables are shown net of an allowance for uncollectible accounts. The City is required to provide service and grant credit to a diverse customer base within its service territory. The City may require security deposits prior to

providing service to customers depending upon an assessment of credit worthiness. The City reviews customer accounts receivable on a regular basis and has an accounts receivable collection policy.

The City has reviewed its customer base for concentrations of credit risk and has determined that no individual customer or group of customers engaged in similar activities represent a material concentration of credit risk to the City.

Property taxes are levied and collected by San Juan County. The County remits to the City amounts collected for the applicable portion of the property taxes in the month following the date of receipt. The City recognizes property taxes as revenue on the modified accrual basis. Oil and gas taxes received from the County are recognized as revenue when received by the City.

Property taxes are levied as of January 1st on property values assessed on the same date. The tax levy is payable in two installments, November 10th and May 10th. The property taxes are considered delinquent and subject to lien, penalty, and interest, 30 days after the date on which they are due.

3. Inventories and prepaid items

Inventories are only held by the joint utility fund and are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are considered immaterial and recorded as expenditures when purchased.

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

4. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are, reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. 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. 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. Such assets, including infrastructure, have higher limits that must be met before they are capitalized. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Computer software costs, whether externally purchased or developed in-house, shall be capitalized if the total cost of the software equals or exceeds \$5,000 and has a life of at least two years. Library books are not capitalized.

Property, plant, and equipment of the primary government have the following threshold levels to be capitalized and are depreciated using the straight line method over the following estimated useful lives:

	<u>Threshold</u>	<u>Estimated Useful Life</u>
Buildings and structures	\$10,000	10 - 45 years
Improvements other than buildings	\$10,000	10 - 50 years
Infrastructure	\$50,000	5 - 50 years
Machinery and equipment	\$ 5,000	5 - 30 years
Furniture and fixtures	\$ 5,000	5 - 30 years

5. *Compensated absences*

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service with the City. All vacation pay is accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. A compensated absence is expensed in the related fund of the employee that earned the compensated absences.

6. *Deferred 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 deferred revenues. Amounts receivable from the property taxes levied for the current year that are not considered to be "available" under the current financial resources measurement focus are reported as deferred revenues in the governmental fund financial statements. GASB 63 amended previous guidance on deferred revenues in the Government-Wide Financial Statements to include deferred outflow of resources, which is the consumption of net assets by the government that is applicable to a future reporting period and deferred inflow of resources, which is acquisition of net assets by the government that is applicable to a future reporting period.

7. *Long-term obligations*

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. 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. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Bond premium and discounts are reported as other financing uses. Issuance costs, even if withheld from actual net proceeds received, are reported as debt service expenditures.

8. *Net position flow assumptions*

In the government-wide financial statements, restricted net position is legally restricted by outside parties for a specific purpose. None of the City's net assets are restricted as a result of enabling legislation adopted by the City. Net investment in capital assets represents the City's investment in the book value of capital assets, less any outstanding debt that was issued to construct or acquire the capital asset. Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources.

In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position.

9. Fund equity flow assumptions

In the fund financial statements, governmental funds report restricted and unassigned fund balances. Restricted fund balances represent amounts that are constrained externally by creditors (such as debt covenants), grantors, contributors, or laws of other governments. Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

10. Fund balances

In the fund financial statements, fund balances of the governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of the City Commission. City Commission is the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the City Commission.

Assigned – amounts that are constrained by the City's intent to use them for a specific purpose, but are neither restricted or committed. The City has not established a policy regarding the assignment of funds, so this category of fund balance represents the residual amounts not otherwise reported as unspendable, restricted, or committed in governmental funds outside of the general fund.

Unassigned – all other spendable amounts.

As of June 30, 2013, fund balances are composed of the following:

	<u>General</u>	<u>Municipal Road</u>	<u>Capital Projects</u>	<u>Other Governmental</u>	<u>Total Governmental</u>
Nonspendable:					
Inventories/prepays	\$ 4,445	\$ -	\$ -	\$ 4,436	\$ 8,881
Restricted to:					
Public safety	-	-	-	979,920	979,920
Lodgers promotion	-	-	-	31,201	31,201
Capital projects	-	1,078,943	486,018	22,700	1,587,661
Debt service	-	-	505,661	-	505,661
Subsequent years expendi	702,138	-	-	-	702,138
Committed:					
Economic development	-	-	-	112,575	112,575
Culture and recreation	-	-	-	31,787	31,787
Unassigned	3,708,584	-	-	-	3,708,584
Total	<u>\$ 4,415,167</u>	<u>\$ 1,078,943</u>	<u>\$ 991,679</u>	<u>\$ 1,182,619</u>	<u>\$ 7,668,408</u>

11. Net Position

In the government-wide financial statements, restricted net position is legally restricted by outside parties (such as creditors, grantors, contributors, laws and regulations of other governments) for a specific purpose. Net investment in capital assets represents the City's investment in the book value of capital assets, less any outstanding debt that was issued to construct or acquire the capital asset. The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

12. Use of 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.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary information

Annual budgets are adopted for all funds. All budgets are consistent with generally accepted accounting principles (GAAP). All annual appropriations lapse at fiscal year end. Carryover funds must be appropriated in the budget of the subsequent fiscal year. Because the budget process in the State of New Mexico requires that the beginning cash balance be appropriated in the budget of the subsequent fiscal year, such appropriated balance is legally restricted and is therefore presented as a reserved portion of fund balance.

Actual expenditures may not exceed the budget on a fund basis. Budgets may be amended by City Commission resolution with approval by the State Department of Finance and Administration. City department heads may make transfers of appropriations within a fund. The legal level of budgetary control is the fund level. Increases or decreases of appropriations between funds require the approval of the governing Commission.

The City follows the following procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to June 1, the City Manager submits to the City Commission a proposed preliminary operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them. The budget is prepared by fund, department, and function.
2. In late July, after there has been an opportunity for public comment, the City Commission adopts the budget as finalized.
3. Prior to September 1, the budget is legally enacted through passage of a resolution and the Local Government Division of the State Department of Finance and Administration approves the final budget.
4. After the budget is adopted any supplemental appropriations must be approved by the City Commission.

The budgetary basis and GAAP basis are the same for all governmental fund types. Budgets for proprietary enterprise funds are adopted on a non-GAAP basis, using the spending measurement focus as in governmental fund types.

Encumbrance accounting is employed by the City. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are carried forward to the new fiscal year and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year. The fund balances are reserved for outstanding encumbrances because the resources are not available for new spending. The City had the following encumbrances outstanding at June 30, 2013:

General fund	\$	418,551
Law Enforcement Protection		9,703
State Fire Fund		741,627
Airport		95,994
Capital Projects Fund		9,064
Joint Utility Fund		514,347
		<hr/>
Total	\$	<u>1,789,286</u>

B. Excess of Expenditures over Appropriations

As of June 30, 2013, there were no funds reported with excess expenditures over appropriations.

C. Deficit Fund Equity

As of June 30, 2013, there were no funds reported with a deficit fund balance.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

As of June 30, 2013, the City had the following deposits and investments:

Demand deposits	\$	3,191,340
Certificates of deposit		5,750,000.00
State Treasurer's LGIP		9,774,302.00
Cash on hand		2,600
		<hr/>
Total	\$	<u>18,718,242</u>
		<hr/>
Governmental funds	\$	7,274,460
Proprietary funds		11,442,154
Fiduciary - Agency fund		1,628
		<hr/>
Total	\$	<u>18,718,242</u>

The City has investments in the State Treasurer external investment pool (the Local Government Investment Pool). The investments are valued at fair value based on quoted market prices as of June 30, 2013. The State Treasurer Local Government Investment Pool (LGIP) is not SEC registered. Section 6-10-10 I, NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment fund in securities that are issued by the United States government or by its departments or agencies and are either direct obligations of the United States or are backed by the full faith and credit of the United States government or are agencies sponsored by the United States government. The Local Government Investment Pool investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments. The pool does not have unit shares. Per Section 6-10-10.1F, NMSA 1978, at 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 amounts were invested. Participation in the local government investment pool is voluntary. The LGIP has been rated by Standard & Poor's and has received an AAAm rating.

The State Treasurer is participating in a lawsuit against the Reserve on behalf of the State Treasurer's portfolios and LGIP participants. Additionally, the Securities and Exchange Commission (SEC) filed a civil lawsuit in federal court against the operators of the Reserve seeking to expedite the distribution of the Reserve's remaining assets to investors. For more information on the Reserve Contingency fund see the State Treasurer's website at http://www.stonm.org/files_uploads/1835.pdf.

Interest rate risk. The risk that interest rate variations may adversely affect the fair value of an investment. An acceptable method for reporting interest rate risk is weighted average maturity (WAM). The State Treasurer's Office uses this method for reporting purposes for the Local Government Investment Pool. The WAM(R) was 59 days and WAM(F) was 90 days, at June 30, 2013.

As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits no more than 40% of City funds invested for a period greater than two years and no funds shall be invested for a period greater than three years. The City's policy is to invest in securities with an average maturity of less than 182 days (0.5 yearly average term).

Credit risk. As directed by State Statute 6-10-36, E. and F., excess funds may be invested in securities backed by the full faith and credit of the United States Government, such as treasury notes, bills and bonds; in securities of Agencies that are guaranteed by the United States Government; bonds or negotiable securities of the State of New Mexico or of any county, municipality or school district in the State of New Mexico which has a taxable valuation of real property for the last preceding year of at least one million dollars (\$1,000,000) and has not defaulted in the payment of any interest or sinking fund obligation or failed to meet any bonds at maturity at any time within five years last preceding. The LGIP is exempt from this reporting requirement.

Custodial credit risk – deposits. This is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statute requires that the bank deposits be 50% collateralized and repurchase agreements be 102% collateralized. As of June 30, 2013, the City was not in compliance with state statute due to a Texas bond (federal or New Mexico required) pledged as collateral. The City's carrying amount of deposits as of June 30, 2013 was \$8,941,340 and the bank balance was \$9,200,079. Of the bank balance, \$750,574 was covered by federal depository insurance, \$5,922,990 was collateralized with securities held by the pledging financial institution's trust department or agent in the City's name, and \$2,526,515 was uncollateralized, and subject to custodial credit risk.

Custodial credit risk – investments. In the case of investments, this is the risk that in the event of the failure of the 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 LGIP is exempt from this reporting requirement.

Collateral. Only securities backed by the full faith and credit of the United States Government will be accepted as collateral. The City may make an exception and accept as collateral securities from a governmental entity within the State of New Mexico as described by State Statute 6-10-16-A. All securities pledged as collateral shall be held by a third-party financial institution. Any change in the institution holding the collateral must have prior approval of management.

B. Receivables

Receivables as of June 30, 2013 are as follows:

	<u>General</u>	<u>Municipal Road</u>	<u>Capital Projects</u>	<u>Other Governmental</u>	<u>Total Governmental</u>
Receivable, net					
Intergovernmental	\$ 1,452,050	\$ 63,748	\$ 101,506	\$ -	\$ 1,617,304
Other receivables	55,642	-	-	3,292	58,934
Total	<u>\$ 1,507,692</u>	<u>\$ 63,748</u>	<u>\$ 101,506</u>	<u>\$ 3,292</u>	<u>\$ 1,676,238</u>

	<u>Joint Utility</u>	<u>Solid Waste</u>	<u>Irrigation Assessment</u>	<u>Total Enterprise Funds</u>
Receivable, net				
Accounts receivable	\$ 1,011,686	\$ 81,638	\$ 7,040	\$ 1,100,364
Unbilled receivable	429,932	-	-	429,932
Less allowance for doubtful accounts	<u>(322,518)</u>	<u>-</u>	<u>(6,635)</u>	<u>(329,153)</u>
Accounts receivable, net	1,119,100	81,638	405	1,201,143
Interest receivable	25,770	-	-	25,770
Intergovernmental	32,730	-	-	32,730
Total	<u>\$ 1,177,600</u>	<u>\$ 81,638</u>	<u>\$ 405</u>	<u>\$ 1,259,643</u>

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* and *unearned revenue* reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes	\$ 600,142	\$ -
Grant proceeds not yet earned	<u>-</u>	<u>2,739</u>
Total deferred revenue for governmental funds	<u>\$ 600,142</u>	<u>\$ 2,739</u>

C. Capital assets

Capital asset activity for the year ended June 30, 2013 was as follows:

Governmental activities	Balance July 1, 2012	Reclassification	Additions	Deletions	Balance June 30, 2013
Non-Depreciable Assets:					
Land	\$ 638,435	\$ -	\$ 25,000	\$ -	\$ 663,435
Construction in progress	62,783	35,535	409,419	-	507,737
Total non-depreciable assets	<u>701,218</u>	<u>35,535</u>	<u>434,419</u>	<u>-</u>	<u>1,171,172</u>
Depreciable Assets					
Buildings	7,955,491	(117,193)	333,008	-	8,171,306
Improvements other than buildings	3,160,423	38,682	222,571	-	3,421,676
Machinery and equipment	5,097,117	-	196,460	(11,678)	5,281,899
Infrastructure	15,846,580	(32,763)	316,780	-	16,130,597
Total depreciable assets	<u>32,059,611</u>	<u>(111,274)</u>	<u>1,068,819</u>	<u>(11,678)</u>	<u>33,005,478</u>
Accumulated Depreciation					
Buildings	(2,291,687)	2,686	(251,073)	-	(2,540,074)
Improvements other than buildings	(694,405)	-	(226,216)	-	(920,621)
Equipment	(3,706,011)	-	(327,540)	8,194	(4,025,357)
Infrastructure	(5,829,782)	(2,686)	(521,978)	-	(6,354,446)
Total accumulated depreciation	<u>(12,521,885)</u>	<u>-</u>	<u>(1,326,807)</u>	<u>8,194</u>	<u>(13,840,498)</u>
Total capital assets being depreciated, net	<u>19,537,726</u>	<u>(111,274)</u>	<u>(257,988)</u>	<u>(3,484)</u>	<u>19,164,980</u>
Governmental activities capital assets, net	<u>\$ 20,238,944</u>	<u>\$ (75,739)</u>	<u>\$ 176,431</u>	<u>\$ (3,484)</u>	<u>\$ 20,336,152</u>

Business-type activities	Balance July 1, 2012	Reclassification	Additions	Deletions	Balance June 30, 2013
Non-Depreciable Assets:					
Land	\$ 720,752	\$ -	\$ 41,550	\$ -	\$ 762,302
Construction in progress	141,833	(22,443)	1,614,550	-	1,733,940
Total non-depreciable assets	<u>862,585</u>	<u>(22,443)</u>	<u>1,656,100</u>	<u>-</u>	<u>2,496,242</u>
Depreciable Assets					
Building and systems	37,227,639	93,254	666,514	-	37,987,407
Equipment	3,390,698	4,928	213,250	(1,299)	3,607,577
Total depreciable assets	<u>40,618,337</u>	<u>98,182</u>	<u>879,764</u>	<u>(1,299)</u>	<u>41,594,984</u>
Accumulated Depreciation					
Buildings and systems	(10,931,657)	-	(1,321,556)	-	(12,253,213)
Equipment	(2,364,680)	-	(212,076)	1,299	(2,575,457)
Total accumulated depreciation	<u>(13,296,337)</u>	<u>-</u>	<u>(1,533,632)</u>	<u>1,299</u>	<u>(14,828,670)</u>
Total capital assets being depreciated, net	<u>27,322,000</u>	<u>98,182</u>	<u>(653,868)</u>	<u>-</u>	<u>26,766,314</u>
Business-type activities capital assets, net	<u>\$ 28,184,585</u>	<u>\$ 75,739</u>	<u>\$ 1,002,232</u>	<u>\$ -</u>	<u>\$ 29,262,556</u>

Depreciation expense was charged to functions / programs of the government as follows:

Governmental activities:	
General government	\$ 63,908
Public safety	136,684
Public works	498,516
Public health and welfare	40,777
Culture and recreation	586,922
Total depreciation expense - governmental activities	<u>\$ 1,326,807</u>
Business-type activities:	
Joint utility	\$ 1,525,179
Solid waste	3,171
Irrigation assessment	5,282
Total depreciation expense - business-type activities	<u>\$ 1,533,632</u>

Construction commitments

The City has active construction projects as of June 30, 2013. At June 30, 2013, the City's commitments with contractors were as follows:

	<u>Expended to-date</u>	<u>Remaining Commitment</u>
Pepsi Way Infrastructure	\$ 401,630	\$ 31,519
Highway 550 Turn Lane	19,400	150,267
General Services Equipment Shelter	69,499	12,930
Senior Center Exterior Rehabilitation	4,074	60,565
West Water Tank Exterior Rehabilitation	-	36,886
Airport Water Tank	569,542	249,609
Total	<u>\$ 1,064,145</u>	<u>\$ 541,776</u>

D. Interfund receivables, payables and transfers

Interfund transfers and advances consisted of the following as of June 30, 2013:

TRANSFERS		
	<u>In</u>	<u>Out</u>
Governmental Funds		
General fund - operating transfers	\$ -	\$ 209,000
Municipal Road - operating transfers	200,000	-
Airport fund - operating transfer	9,000	-
Total governmental funds transfers	<u>\$ 209,000</u>	<u>\$ 209,000</u>
Net governmental funds transfers		<u>\$ -</u>
Business-type funds		
Joint Utility Fund - operating transfer	<u>\$ 1,230,198</u>	<u>\$ 1,230,198</u>

Transfers are used to 1) move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due, 2) move restricted amounts from borrowings to the debt service fund to establish mandatory reserve accounts, 3) move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

E. Long-term debt

General Obligation Bonds

The City has the capacity to issue general obligation bonds to provide funds for the acquisition and/or construction of major capital projects, but as of June 30, 2013 no general obligation bonds had been issued.

Revenue Bonds

The City has the capacity to issue bonds where the City pledges gross receipts tax revenue and revenues derived from the acquired or constructed assets to pay debt service, but as of June 30, 2013 no revenue bonds had been issued.

Contracts and Loans Payable

Governmental Activities

The City has entered into a long-term loan agreement with the State of New Mexico Finance Authority to construct, purchase, furnish and equip a public library totalling \$1,679,942 dated September 2004. The loan is payable in semi-annual payments averaging \$146,461 per year, including interest at 3.966%, through May 2020. The General Governmental Fund on the government-wide statement of net assets reports the outstanding principal due as of June 30, 2013 of \$870,149, with a current portion of \$109,849.

The City has entered into a long-term loan agreement with the State of New Mexico Finance Authority for capital improvements (including a raw water reservoir) totalling \$3,367,380 dated October 24, 2008. The loan is payable in variable annual principal payments, and semi-annual interest payments with interest rate ranging from 2.03% to 4.89%, through May 2031. The General Governmental Fund on the government-wide statement of net assets reports the outstanding principal due as of June 30, 2013 of \$3,108,365, with a current portion of \$48,977.

Business-Type Activities

The City has entered into a long-term loan agreement with the New Mexico Environmental Department (CWRF 2009) in the original amount of \$5,000,000 dated December 5, 2008. The loan is payable in annual payments of \$305,784, including interest at 2%, through December 2028. The Joint Utilities Enterprise Fund reports the outstanding principal as of June 30, 2013 of \$4,151,841, with a current portion of \$222,747.

Long-term debt service requirements to maturity are as follows:

Governmental activities

Fiscal year ended:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
June 30, 2014	\$ 158,826	\$ 179,684	\$ 338,510
June 30, 2015	165,939	173,644	339,583
June 30, 2016	173,520	167,142	340,662
June 30, 2017	179,555	160,190	339,745
June 30, 2018	185,948	152,833	338,781
June 30, 2019-2023	983,837	640,845	1,624,682
June 30, 2024-2028	1,218,461	401,908	1,620,369
June 30, 2029-2031	912,428	90,136	1,002,564
Debt service requirements	3,978,514	<u>\$ 1,966,382</u>	<u>\$ 5,944,896</u>
Less current portion	(158,826)		
Long-term debt, net of current portion	<u>\$ 3,819,688</u>		

Business-type activities

Fiscal year ended:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
June 30, 2014	\$ 222,747	\$ 83,037	\$ 305,784
June 30, 2015	227,202	78,582	305,784
June 30, 2016	231,746	74,038	305,784
June 30, 2017	236,381	69,403	305,784
June 30, 2018	241,108	64,675	305,783
June 30, 2019-2023	1,279,832	249,086	1,528,918
June 30, 2024-2028	1,413,038	115,880	1,528,918
June 30, 2029	299,787	5,996	305,783
Debt service requirements	4,151,841	<u>\$ 740,697</u>	<u>\$ 4,892,538</u>
Less current portion	(222,747)		
Long-term debt, net of current portion	<u>\$ 3,929,094</u>		

Changes in Long-term Liabilities

During the year ended June 30, 2013, the following changes occurred in long-term liabilities:

	Balance			Balance	
	June 30, 2012	Additions	Reductions	June 30, 2013	Due Within One Year
<u>Governmental activities</u>					
Contracts and loans payable:					
NM Finance Authority	\$ 975,946	\$ -	\$ (105,797)	\$ 870,149	\$ 109,849
NM Finance Authority - Capital Projects	3,156,511	-	(48,146)	3,108,365	48,977
Total contracts and loans payable	4,132,457	-	(153,943)	3,978,514	158,826
Compensated absences	284,482	298,312	(225,820)	356,974	225,800
Total Governmental Activities	<u>\$ 4,416,939</u>	<u>\$ 298,312</u>	<u>\$ (379,763)</u>	<u>\$ 4,335,488</u>	<u>\$ 384,626</u>
<u>Business-type Activities</u>					
Contracts and loans payable:					
NM Environmental Department	\$ 4,370,220	\$ -	\$ (218,379)	\$ 4,151,841	\$ 222,747
Total contracts and loans payable	4,370,220	-	(218,379)	4,151,841	222,747
Compensated absences	105,695	118,760	(109,064)	115,391	115,391
Total Business-type Activities	<u>\$ 4,475,915</u>	<u>\$ 118,760</u>	<u>\$ (327,443)</u>	<u>\$ 4,267,232</u>	<u>\$ 338,138</u>

F. Restricted fund balances

Fund balances were restricted for the following purposes:

Subsequent years expenditures: The New Mexico Department of Finance and Administration (DFA) requires that 1/12th of the general fund budgeted expenditures (\$702,138) be restricted as subsequent year expenditures to maintain an adequate cash flow until the next significant property tax collection.

V. OTHER INFORMATION

A. Risk management

The City is also exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omission; and natural disasters. In addition, the City is party to numerous pending or threatened lawsuits, under which it may be required to pay certain amounts upon final disposition of these matters. The City has historically retained these risks, except where it has determined that commercial insurance is more cost beneficial or legally required. The City has covered all claim settlements and judgments out of its General Fund resources, except where specifically identifiable to an enterprise fund. The City currently reports substantially all of its risk management activities, except worker's compensation, in its General Fund. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Current liabilities are reported when the liability has matured. These losses include an estimate of claims that have been incurred but not reported.

B. Contingent liabilities

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

C. Jointly governed organizations

Joint Powers Agreement for Consolidated Communications Authority. The City is a participant with San Juan County, the City of Farmington and the City of Bloomfield in a joint powers agreement to build, maintain, and operate a centralized communications system for dispatch and emergency response. The City was obligated to contribute \$7,500 per year until the Capital Equipment Fund reached a balance of \$250,000. Thereafter, the City is obligated to contribute 6% of an amount necessary to maintain that balance. During the year ended June 30, 2013, the City contributed \$0 to the Authority. Complete financial statements for the Consolidated Communications Authority can be obtained from San Juan County, New Mexico.

Joint Powers Agreement for the San Juan Water Commission. The City is a participant with the cities of Farmington and Bloomfield, the County of San Juan, and the San Juan Rural Waters Users Association in a joint powers agreement to create a countywide entity responsible for water planning and use. Much of the impetus to form the Commission came from the Animas La Plata water project and the subsequent need to develop methods to equitably share the related costs and benefits. In addition to this specific project the Commission is also authorized to acquire additional water rights and provide for the equitable distribution of such water. The Commission is financed by a San Juan County mill levy on real and personal property of approximately 3 mills. During the year ended June 30, 2013 the City did not make any financial contribution to the Commission. Complete financial statements may be obtained by contacting the San Juan Water Commission.

D. Employee Retirement Systems and Plans

Pension Plan – Public Employees Retirement Association

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 from 3.83% to 16.65%, depending upon the plan (i.e., state general, state hazardous duty, state police and adult correctional officers, municipal general, municipal police, municipal fire, municipal detention officer) of their gross salary. The City is required to contribute from 9.15% to 18.5% (depending upon the plan) 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 \$420,638, \$389,041, and \$388,773, respectively, which equal the amount of the required contributions for each fiscal year.

E. Post-Employment Benefits – State Retiree Health Care Plan

Plan Description. The City contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment 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 RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which the event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; 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 RHCA 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 RHCA or viewed on their website at www.nmrhca.state.nm.us.

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

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 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 RCHA for the years ended June 30, 2013, 2012 and 2011 were \$79,579, \$68,061, and \$63,916, respectively, which equal the required employer contributions for each year.

F. 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 is reviewing the effects of the implementation of this statement.

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 is reviewing the effects of the implementation of this statement.

G. Subsequent Events Review

The District has evaluated subsequent events through November 18, 2013, which is the date the financial statements were available to be issued.

Combining and Individual Fund Statements and Schedules

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MAJOR GOVERNMENTAL FUNDS

Capital Projects Fund

Capital Projects Fund - This fund was created by City management to account for the acquisition and construction of major capital facilities other than those projects financed by proprietary funds.

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CITY OF AZTEC, NEW MEXICO
Capital Projects Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes:				
Gross receipts tax	\$ 502,699	\$ 502,699	\$ 603,663	\$ 100,964
Investment earnings	6,400	6,400	3,258	(3,142)
Total Revenues	509,099	509,099	606,921	97,822
EXPENDITURES:				
Current:				
General government	118,000	73,000	19,619	53,381
Capital outlay	593,000	794,500	600,979	193,521
Debt service:				
Principal payments	154,097	154,097	153,943	154
Interest payments	185,158	185,158	185,236	(78)
Total Expenditures	1,050,255	1,206,755	959,777	246,978
Net change in fund balances	(541,156)	(697,656)	(352,856)	344,800
Fund balances - beginning	1,344,535	1,344,535	1,344,535	-
Fund balances - ending	\$ 803,379	\$ 646,879	\$ 991,679	\$ 344,800

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

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NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Law Enforcement Protection Fund - This fund was established by City management to account for law enforcement protection monies received from the State to be disbursed for law enforcement related expenditures pursuant to NMSA 29-13-7.

Local Government Correction Fund - City management established this fund to account for correction fees assessed to City trustees sentenced to serve time in the County detention center and subsequently paid to the County, pursuant to NMSA 33-3-25.

Economic Development Fund – This fund was established pursuant to NMSA 1978 Sec 5-10-1, as adopted by City Ordinance 99-235, to allow public support of economic development to foster, promote, and enhance local economic development efforts while continuing to protect against the unauthorized use of public money and other public resources. The statute also allows the City to enter into joint power agreements to plan and support regional economic development projects.

Development Fees Fund – This fund was established by the City management to account for impact fees collected as provided by NMSA 5-8-1 through 5-8-42 and City Ordinance 2004-310. Impact fees may be used for a variety of expenditures except maintenance or operation costs.

Lodgers Tax Fund – This fund was established pursuant to NMSA 3-38-15 to account for the City's occupancy tax imposed on lodging establishments and restricted to tourism and promotion uses.

State Fire Fund - City management established this fund to account for state grants restricted for the purchase of fire fighting equipment and other approved fire department needs pursuant to NMSA 59A-53-8.

Recreation Fund – NMSA 7-12-15.B authorizes the establishment of the fund to account for the City's share of a state cigarette tax legally restricted for the operation of recreation facilities.

Emergency Medical Services Fund - City management established this fund to account for State grants restricted to expenditures for the purchase of emergency medical equipment as provided by NMSA 24-10A-7.

Airport Fund – City management established this fund to account for the activities of the City's airport operations and account for operating and capital grants.

Capital Projects Funds

Community Development Block Grant Fund – City management established this fund to account for federal grant monies received for water, sewer, and street capital expenditures.

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CITY OF AZTEC, NEW MEXICO
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013

	Special Revenue Funds						
	Law Enforcement Protection	Local Government Correction	Economic Development	Development Fees	Lodgers Tax	State Fire	Recreation
ASSETS:							
Cash and cash equivalents	\$ 10,561	\$ 11,191	\$ 112,575	\$ 28,476	\$ 30,611	\$ 965,833	\$ 3,311
Other receivables	-	360	-	-	1,519	-	-
Prepaid and other assets	-	-	-	-	350	2,747	-
Total Assets	\$ 10,561	\$ 11,551	\$ 112,575	\$ 28,476	\$ 32,480	\$ 968,580	\$ 3,311
LIABILITIES:							
Accounts payable	\$ 677	\$ 7,186	\$ -	\$ -	\$ 929	\$ 162	\$ -
Other current liabilities	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-
Total Liabilities	677	7,186	-	-	929	162	-
FUND BALANCES:							
Nonspendable:							
Inventories and prepaids	-	-	-	-	350	2,747	-
Restricted to:							
Public safety	9,884	4,365	-	-	-	965,671	-
Lodgers promotion	-	-	-	-	31,201	-	-
Capital projects	-	-	-	-	-	-	-
Committed to:							
Economic development	-	-	112,575	-	-	-	-
Culture and recreation	-	-	-	28,476	-	-	3,311
Total Fund Balances	9,884	4,365	112,575	28,476	31,551	968,418	3,311
Total Liabilities and Fund Balances	\$ 10,561	\$ 11,551	\$ 112,575	\$ 28,476	\$ 32,480	\$ 968,580	\$ 3,311

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

CITY OF AZTEC, NEW MEXICO
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013

				Capital Projects Funds		Total Nonmajor Governmental Funds
	Emergency Medical Services	Airport	Total Special Revenue	Community Development Block Grant	Total Capital Projects	
ASSETS:						
Cash and cash equivalents	\$ -	\$ 18,781	1,181,339	\$ 4,345	\$ 4,345	\$ 1,185,684
Other receivables	-	1,413	3,292	-	-	3,292
Prepaid and other assets	-	1,339	4,436	-	-	4,436
Total Assets	<u>\$ -</u>	<u>\$ 21,533</u>	<u>\$ 1,189,067</u>	<u>\$ 4,345</u>	<u>\$ 4,345</u>	<u>\$ 1,193,412</u>
LIABILITIES:						
Accounts payable	\$ -	\$ -	\$ 8,954	\$ -	\$ -	\$ 8,954
Other current liabilities	-	500	500	-	-	500
Unearned revenue	-	1,339	1,339	-	-	1,339
Total Liabilities	<u>-</u>	<u>1,839</u>	<u>10,793</u>	<u>-</u>	<u>-</u>	<u>10,793</u>
FUND BALANCES:						
Nonspendable:						
Inventories and prepaids	-	1,339	4,436	-	-	4,436
Restricted to:						
Public safety	-	-	979,920	-	-	979,920
Lodgers promotion	-	-	31,201	-	-	31,201
Capital projects	-	18,355	18,355	4,345	4,345	22,700
Committed to:						
Economic development	-	-	112,575	-	-	112,575
Culture and recreation	-	-	31,787	-	-	31,787
Total Fund Balances	<u>-</u>	<u>19,694</u>	<u>1,178,274</u>	<u>4,345</u>	<u>4,345</u>	<u>1,182,619</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 21,533</u>	<u>\$ 1,189,067</u>	<u>\$ 4,345</u>	<u>\$ 4,345</u>	<u>\$ 1,193,412</u>

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

CITY OF AZTEC, NEW MEXICO
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2013

	Special Revenue Funds						
	Law Enforcement Protection	Local Government Correction	Economic Development	Development Fees	Lodgers Tax	State Fire	Recreation
REVENUES:							
Taxes:							
Gross receipts tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-	11,942	-	-
Licenses and permits	-	-	-	5,000	-	-	-
Intergovernmental	26,600	-	-	-	-	191,345	-
Charges for services	-	99,798	-	-	-	-	-
Investment earnings	53	-	308	71	77	2,791	-
Miscellaneous	-	-	-	-	-	-	-
Total Revenues	<u>26,653</u>	<u>99,798</u>	<u>308</u>	<u>5,071</u>	<u>12,019</u>	<u>194,136</u>	<u>-</u>
EXPENDITURES:							
Current:							
General government	-	-	-	-	-	-	-
Public safety	16,972	95,923	-	-	-	44,073	-
Public works	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	5,984	-	-
Capital outlay	-	-	-	-	-	88,131	-
Total Expenditures	<u>16,972</u>	<u>95,923</u>	<u>-</u>	<u>-</u>	<u>5,984</u>	<u>132,204</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>9,681</u>	<u>3,875</u>	<u>308</u>	<u>5,071</u>	<u>6,035</u>	<u>61,932</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	9,681	3,875	308	5,071	6,035	61,932	-
Fund balances - beginning	203	490	112,267	23,405	25,516	906,486	3,311
Fund balances - ending	<u>\$ 9,884</u>	<u>\$ 4,365</u>	<u>\$ 112,575</u>	<u>\$ 28,476</u>	<u>\$ 31,551</u>	<u>\$ 968,418</u>	<u>\$ 3,311</u>

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

CITY OF AZTEC, NEW MEXICO
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2013

	<u>Emergency Medical Services</u>		<u>Total Special Revenue</u>	<u>Capital Projects Funds</u>		<u>Total Nonmajor Governmental Funds</u>
		<u>Airport</u>		<u>Community Development Block Grant</u>	<u>Total Capital Projects</u>	
REVENUES:						
Taxes:						
Gross receipts tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	11,942	-	-	11,942
Licenses and permits	-	-	5,000	-	-	5,000
Intergovernmental	-	-	217,945	-	-	217,945
Charges for services	-	-	99,798	-	-	99,798
Investment earnings	-	32	3,332	-	-	3,332
Miscellaneous	-	2,825	2,825	-	-	2,825
Total Revenues	-	2,857	340,842	-	-	340,842
EXPENDITURES:						
Current:						
General government	-	3,082	3,082	-	-	3,082
Public safety	444	-	157,412	-	-	157,412
Public works	-	-	-	-	-	-
Culture and recreation	-	-	5,984	-	-	5,984
Capital outlay	-	-	88,131	-	-	88,131
Total Expenditures	444	3,082	254,609	-	-	254,609
Excess (Deficiency) of Revenues Over (Under) Expenditures	(444)	(225)	86,233	-	-	86,233
OTHER FINANCING SOURCES (USES)						
Transfers in	-	9,000	9,000	-	-	9,000
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	9,000	9,000	-	-	9,000
Net change in fund balances	(444)	8,775	95,233	-	-	95,233
Fund balances - beginning	444	10,919	1,083,041	4,345	4,345	1,087,386
Fund balances - ending	\$ -	\$ 19,694	\$ 1,178,274	\$ 4,345	\$ 4,345	\$ 1,182,619

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

Governmental Funds

**Statement of Revenues, Expenditure and Changes in
Fund Balances – Budget and Actual**

CITY OF AZTEC, NEW MEXICO
Law Enforcement Protection Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes:				
Intergovernmental	26,600	26,600	26,600	-
Investment earnings	75	75	53	(22)
Total Revenues	26,675	26,675	26,653	(22)
EXPENDITURES:				
Current:				
Public safety	26,600	26,600	16,972	9,628
Total Expenditures	26,600	26,600	16,972	9,628
Net change in fund balances	75	75	9,681	9,606
Fund balances - beginning	203	203	203	-
Fund balances - ending	\$ 278	\$ 278	\$ 9,884	\$ 9,606

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

CITY OF AZTEC, NEW MEXICO
Local Government Correction Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes:				
Gross receipts tax	\$ -	\$ -	\$ -	\$ -
Charges for services	85,000	85,000	99,798	14,798
Total Revenues	85,000	85,000	99,798	14,798
EXPENDITURES:				
Current:				
Public safety	145,000	145,000	95,923	49,077
Capital outlay	-	-	-	-
Total Expenditures	145,000	145,000	95,923	49,077
Excess (Deficiency) of Revenues Over (Under) Expenditures	(60,000)	(60,000)	3,875	63,875
OTHER FINANCING SOURCES (USES):				
Transfers in	60,000	60,000	-	(60,000)
Transfers out	-	-	-	-
Total other financing sources (uses)	60,000	60,000	-	(60,000)
Net change in fund balances	-	-	3,875	3,875
Fund balances - beginning	490	490	490	-
Fund balances - ending	\$ 490	\$ 490	\$ 4,365	\$ 3,875

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

CITY OF AZTEC, NEW MEXICO
Economic Development Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes:				
Gross receipts tax	\$ -	\$ -	\$ -	\$ -
Investment earnings	400	400	308	(92)
Total Revenues	400	400	308	(92)
EXPENDITURES:				
Current:				
General government	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	-	-	-	-
Net change in fund balances	400	400	308	(92)
Fund balances - beginning	112,267	112,267	112,267	-
Fund balances - ending	\$ 112,667	\$ 112,667	\$ 112,575	\$ (92)

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

CITY OF AZTEC, NEW MEXICO
Development Fees Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes:				
Gross receipts tax	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	5,000	5,000
Investment earnings	150	150	71	(79)
Total Revenues	150	150	5,071	4,921
EXPENDITURES:				
Current:				
Public works	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	-	-	-	-
Net change in fund balances	150	150	5,071	4,921
Fund balances - beginning	23,405	23,405	23,405	-
Fund balances - ending	\$ 23,555	\$ 23,555	\$ 28,476	\$ 4,921

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

CITY OF AZTEC, NEW MEXICO
Lodgers Tax Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes:				
Gross receipts tax	\$ -	\$ -	\$ -	\$ -
Other taxes	11,000	11,000	11,942	942
Investment earnings	75	75	77	2
Total Revenues	11,075	11,075	12,019	944
EXPENDITURES:				
Current:				
Culture and recreation	21,026	21,026	5,984	15,042
Capital outlay	-	-	-	-
Total Expenditures	21,026	21,026	5,984	15,042
Net change in fund balances	(9,951)	(9,951)	6,035	15,986
Fund balances - beginning	25,516	25,516	25,516	-
Fund balances - ending	\$ 15,565	\$ 15,565	\$ 31,551	\$ 15,986

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

CITY OF AZTEC, NEW MEXICO
State Fire Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes:				
Gross receipts tax	\$ -	\$ -	\$ -	\$ -
Intergovernmental	154,169	191,345	191,345	-
Investment earnings	3,500	3,500	2,791	(709)
Miscellaneous	-	-	-	-
Total Revenues	157,669	194,845	194,136	(709)
EXPENDITURES:				
Current:				
Public safety	97,700	97,700	44,073	53,627
Capital outlay	730,059	820,709	88,131	732,578
Total Expenditures	827,759	918,409	132,204	786,205
Net change in fund balances	(670,090)	(723,564)	61,932	785,496
Fund balances - beginning	906,486	906,486	906,486	-
Fund balances - ending	\$ 236,396	\$ 182,922	\$ 968,418	\$ 785,496

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

CITY OF AZTEC, NEW MEXICO
Recreation Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes:				
Gross receipts tax	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	-	-	-	-
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balances - beginning	3,311	3,311	3,311	-
Fund balances - ending	\$ 3,311	\$ 3,311	\$ 3,311	\$ -

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

CITY OF AZTEC, NEW MEXICO
Emergency Medical Services Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes:				
Gross receipts tax	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Investment earnings	-	-	-	-
Total Revenues	-	-	-	-
EXPENDITURES:				
Current:				
Public safety	-	444	444	-
Capital outlay	-	-	-	-
Total Expenditures	-	444	444	-
Net change in fund balances	-	(444)	(444)	-
Fund balances - beginning	444	444	444	-
Fund balances - ending	\$ 444	\$ -	\$ -	\$ -

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

CITY OF AZTEC, NEW MEXICO
Airport Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes:				
Gross receipts tax	\$ -	\$ -	\$ -	\$ -
Intergovernmental	156,000	156,000	-	(156,000)
Investment earnings	50	50	32	(18)
Miscellaneous	3,700	3,700	2,825	(875)
Total Revenues	159,750	159,750	2,857	(156,893)
EXPENDITURES:				
Current:				
General government	18,200	18,200	3,082	15,118
Capital outlay	150,000	150,000	-	150,000
Total Expenditures	168,200	168,200	3,082	165,118
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,450)	(8,450)	(225)	8,225
OTHER FINANCING SOURCES (USES):				
Transfers in	9,000	9,000	9,000	-
Total other financing sources (uses)	9,000	9,000	9,000	-
Net change in fund balances	550	550	8,775	8,225
Fund balances - beginning	10,919	10,919	10,919	-
Fund balances - ending	\$ 11,469	\$ 11,469	\$ 19,694	\$ 8,225

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

CITY OF AZTEC, NEW MEXICO
Community Development Block Grant Capital Projects Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes:				
Gross receipts tax	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Total Revenues	-	-	-	-
EXPENDITURES:				
Capital outlay	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balances - beginning	4,345	4,345	4,345	-
Fund balances - ending	<u>\$ 4,345</u>	<u>\$ 4,345</u>	<u>\$ 4,345</u>	<u>\$ -</u>

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

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Enterprise Funds

Statement of Revenues, Expenses and Changes in Fund Net Assets Budget and Actual (Non-GAAP Budgetary Basis)

Joint Utility Fund - The following funds are used to account for the activities of the City's electric, water and wastewater utility operations.

Solid Waste Fund - This fund is used to account for the City's solid waste services. The operation of the service is performed under a contract with the City by a private enterprise.

Irrigation Assessment Fund - This fund is used to account for the activities of the City's irrigation assessment activities.

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CITY OF AZTEC, NEW MEXICO
Statement of Revenues, Expenses and Changes in Fund Net Position
Budget to Actual (Non-GAAP Budgetary Basis)
Joint Utility Fund
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating revenues:				
Charges for Sales and Services:				
Joint utility	\$ 9,033,273	\$ 9,033,273	\$ 9,517,902	\$ 484,629
Other revenues	50,400	50,400	78,100	27,700
Total Operating Revenues	9,083,673	9,083,673	9,596,002	512,329
Operating expenses:				
Salaries and fringe benefits	1,773,825	1,751,653	1,550,151	201,502
Purchased power	3,624,603	3,624,603	3,594,017	30,586
Other operating expenses	2,814,225	2,680,461	1,944,992	735,469
Payments in lieu of taxes	442,547	461,691	463,660	(1,969)
Capital outlay	5,108,375	5,245,167	2,535,864	2,709,303
Total Operating Expenses	13,763,575	13,763,575	10,088,684	3,674,891
Operating income	(4,679,902)	(4,679,902)	(492,682)	4,187,220
Nonoperating revenues (expenses):				
Investment earnings	40,200	40,200	32,668	(7,532)
Gross receipts tax	83,833	83,833	100,623	16,790
Principal payments	(218,380)	(218,380)	(218,379)	1
Interest expense	(87,537)	(87,537)	(87,392)	145
Loss on disposition of capital assets	-	-	-	-
Total Nonoperating Revenues (Expenses)	(181,884)	(181,884)	(172,480)	9,404
Income (Loss) Before Other Sources (Uses)	(4,861,786)	(4,861,786)	(665,162)	4,196,624
Contributed capital	182,000	182,000	114,652	(67,348)
Operating transfers, in	1,434,336	1,434,336	1,230,198	(204,138)
Operating transfers, out	(1,434,336)	(1,434,336)	(1,230,198)	204,138
Change in net position	(4,679,786)	(4,679,786)	(550,510)	4,129,276
Total net position - beginning	36,161,815	36,161,815	36,161,815	-
Total net position - ending	\$ 31,482,029	\$ 31,482,029	35,611,305	\$ 4,129,276
RECONCILIATION TO GAAP BASIS:				
Add back capital expenditures			2,535,864	
Less depreciation expense			(1,525,179)	
Add back principal payments			218,379	
			\$ 36,840,369	

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

CITY OF AZTEC, NEW MEXICO
Statement of Revenues, Expenses and Changes in Fund Net Position
Budget to Actual (Non-GAAP Budgetary Basis)
Solid Waste Fund
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating revenues:				
Charges for Sales and Services:				
Solid waste	\$ 680,300	\$ 680,300	\$ 679,247	\$ (1,053)
Other revenues	-	-	1,575	1,575
Total Operating Revenues	680,300	680,300	680,822	522
Operating expenses:				
Salaries and fringe benefits	11,700	23,062	22,211	851
Purchased power, fuel and chemicals	-	-	-	-
Other operating expenses	714,844	714,060	666,495	47,565
Capital outlay	-	-	-	-
Total Operating Expenses	726,544	737,122	688,706	48,416
Operating income	(46,244)	(56,822)	(7,884)	48,938
Nonoperating revenues (expenses):				
Investment earnings	700	700	590	(110)
Interest expense	-	-	-	-
Other fiscal charges	-	-	-	-
Total Nonoperating Revenues (Expenses)	700	700	590	(110)
Income (Loss) Before Operating Transfers	(45,544)	(56,122)	(7,294)	48,828
Capital contributions	-	-	-	-
Payments in lieu of taxes	-	-	-	-
Operating transfers, in	-	-	-	-
Operating transfers, out	-	-	-	-
Change in net position	(45,544)	(56,122)	(7,294)	48,828
Total net position - beginning	257,820	257,820	257,820	-
Total net position - ending	\$ 212,276	\$ 201,698	250,526	\$ 48,828
RECONCILIATION TO GAAP BASIS:				
Add back capital expenditures			-	
Less depreciation expense			(3,171)	
			\$ 247,355	

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

CITY OF AZTEC, NEW MEXICO
Statement of Revenues, Expenses and Changes in Fund Net Position
Budget to Actual (Non-GAAP Budgetary Basis)
Irrigation Assessment Fund
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating revenues:				
Charges for Sales and Services:				
Irrigation	\$ 13,159	\$ 13,159	\$ 13,159	\$ -
Other revenues	-	-	-	-
Total Operating Revenues	13,159	13,159	13,159	-
Operating expenses:				
Salaries and fringe benefits	-	-	-	-
Other operating expenses	11,295	11,295	6,917	4,378
Capital outlay	87,318	87,318	-	87,318
Total Operating Expenses	98,613	98,613	6,917	91,696
Operating income (loss)	(85,454)	(85,454)	6,242	91,696
Nonoperating revenues (expenses):				
Investment earnings	400	400	322	(78)
Interest expense	-	-	-	-
Other fiscal charges	-	-	-	-
Total Nonoperating Revenues (Expenses)	400	400	322	(78)
Income (Loss) Before Operating Transfers	(85,054)	(85,054)	6,564	91,618
Capital contributions	-	-	-	-
Operating transfers, in	-	-	-	-
Change in net position	(85,054)	(85,054)	6,564	91,618
Total net position - beginning	192,190	192,190	192,190	-
Total net position - ending	\$ 107,136	\$ 107,136	198,754	\$ 91,618
RECONCILIATION TO GAAP BASIS:				
Add back capital expenditures			-	
Less depreciation expense			(5,282)	
			\$ 193,472	

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

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**Fiduciary Funds
Agency Funds**

**Statement of Changes in Fiduciary Net Position
Agency Funds**

Employee Association Trust Fund – Agency fund that accounts for employee contributions that are used for special occasions such as sending flowers, etc.

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CITY OF AZTEC, NEW MEXICO
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
AGENCY FUNDS
Year Ended June 30, 2013

	<u>Balance</u> <u>June 30,</u> <u>2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30,</u> <u>2013</u>
<u>ASSETS</u>				
<u>Cash:</u>				
Employee Association Trust Fund	\$ 4,529	\$ 3,055	\$ 5,956	\$ 1,628
Total assets	<u>\$ 4,529</u>	<u>\$ 3,055</u>	<u>\$ 5,956</u>	<u>\$ 1,628</u>
<u>LIABILITIES</u>				
Due to other funds	\$ -	\$ -	\$ -	\$ -
Deposits held for others	<u>4,529</u>	<u>3,055</u>	<u>5,956</u>	<u>1,628</u>
Total liabilities	<u>\$ 4,529</u>	<u>\$ 3,055</u>	<u>\$ 5,956</u>	<u>\$ 1,628</u>

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

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**Capital Assets Used in the Operation of
Governmental Funds**

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CITY OF AZTEC, NEW MEXICO
Capital Assets Used in the Operation of Governmental Funds
Schedule by Source
June 30, 2013

	2013
Governmental Funds Capital Assets:	
Land	\$ 663,435
Buildings & Structures	8,171,306
Improvements Other than Buildings	3,421,676
Equipment & Machinery	5,281,899
Infrastructure	16,130,597
Construction (Projects) in Process	507,737
Total Governmental Funds Capital Assets	\$ 34,176,650
 Investment in Governmental Funds Capital Assets by Source:	
General Fund	\$ 13,389,038
Special revenue funds	10,116,224
Capital projects funds	9,616,424
Donations	1,054,964
Total Governmental Funds Capital Assets	\$ 34,176,650

CITY OF AZTEC, NEW MEXICO
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
For the Year Ended June 30, 2013

FUNCTION AND ACTIVITY	Land	Buildings & Improvements	Improvements Other than Buildings	Equipment & Machinery	Infrastructure	Total
General Government:						
Legislative	\$ -	\$ 12,398	\$ 1,865	\$ 2,018	\$ -	\$ 16,281
Judicial	-	-	-	47,200	-	47,200
Executive	63,587	149,933	1,605	85,718	-	300,843
Finance Administration	-	402,118	-	122,376	-	524,494
Motor Vehicle	-	448,102	-	17,460	-	465,562
Community Development	-	-	-	81,349	-	81,349
Information Systems	-	2,412	-	236,373	-	238,785
Municipal Building Maint	-	180,161	20,880	27,589	5,225	233,855
Fleet Maintenance	-	-	-	6,584	-	6,584
Total General Government	<u>63,587</u>	<u>1,195,124</u>	<u>24,350</u>	<u>626,667</u>	<u>5,225</u>	<u>1,914,953</u>
Public Safety:						
Police	-	568,383	8,750	1,055,379	-	1,632,512
Fire	35,051	411,471	31,523	1,648,031	-	2,126,076
Animal Control	-	953,827	39,720	159,251	-	1,152,798
Total Public Safety	<u>35,051</u>	<u>1,933,681</u>	<u>79,993</u>	<u>2,862,661</u>	<u>-</u>	<u>4,911,386</u>
Public Works:						
Streets	128,153	77,149	167,734	914,571	13,840,179	15,127,786
Electric	-	-	-	-	18,646	18,646
Total Public Works	<u>128,153</u>	<u>77,149</u>	<u>167,734</u>	<u>914,571</u>	<u>13,858,825</u>	<u>15,146,432</u>
Culture and Recreation:						
Parks & Recreation	426,644	1,017,237	3,118,300	619,941	175,823	5,357,945
Airport	10,000	42,008	11,239	93,751	2,090,724	2,247,722
Library	-	1,947,936	-	11,676	-	1,959,612
Total Culture and Recreation	<u>436,644</u>	<u>3,007,181</u>	<u>3,129,539</u>	<u>725,368</u>	<u>2,266,547</u>	<u>9,565,279</u>
Health and Welfare:						
Community Center	-	222,872	20,060	152,632	-	395,564
NESJC Family Center	-	1,735,299	-	-	-	1,735,299
Total Health and Welfare	<u>-</u>	<u>1,958,171</u>	<u>20,060</u>	<u>152,632</u>	<u>-</u>	<u>2,130,863</u>
Total Capital Assets	<u>\$ 663,435</u>	<u>\$ 8,171,306</u>	<u>\$ 3,421,676</u>	<u>\$ 5,281,899</u>	<u>\$ 16,130,597</u>	<u>33,668,913</u>
Construction in progress						<u>507,737</u>
						<u>\$ 34,176,650</u>

CITY OF AZTEC, NEW MEXICO
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity
For the Year Ended June 30, 2013

FUNCTION AND ACTIVITY	Capital Assets June 30, 2012	Additions/ Reclassifications	Deductions/ Reclassifications	Capital Assets June 30, 2013
GENERAL GOVERNMENT:				
Legislative	\$ 16,281	\$ -	\$ -	\$ 16,281
Judicial	47,200	-	-	47,200
Executive	323,483	-	(22,640)	300,843
Finance Administration	524,494	-	-	524,494
Motor Vehicle	465,562	-	-	465,562
Community Development	81,349	-	-	81,349
Information Systems	198,247	17,898	22,640	238,785
Municipal Building Maint	233,855	-	-	233,855
Project management	6,584	-	-	6,584
Total General Government	<u>1,897,055</u>	<u>17,898</u>	<u>-</u>	<u>1,914,953</u>
PUBLIC SAFETY:				
Police	1,603,279	29,233	-	1,632,512
Fire	2,126,076	-	-	2,126,076
Animal Control	1,127,231	31,067	(5,500)	1,152,798
Total Public Safety	<u>4,856,586</u>	<u>60,300</u>	<u>(5,500)</u>	<u>4,911,386</u>
PUBLIC WORKS:				
Streets	14,850,444	353,081	(75,739)	15,127,786
Electric	18,646	-	-	18,646
Total Public Works	<u>14,869,090</u>	<u>353,081</u>	<u>(75,739)</u>	<u>15,146,432</u>
CULTURE AND RECREATION:				
Parks & Recreation	4,889,193	474,930	(6,178)	5,357,945
Airport	2,247,722	-	-	2,247,722
Library	1,959,612	-	-	1,959,612
Total Culture and Recreation	<u>9,096,527</u>	<u>474,930</u>	<u>(6,178)</u>	<u>9,565,279</u>
HEALTH AND WELFARE:				
Community Center	306,272	89,292	-	395,564
NESJC Family Center	1,735,299	-	-	1,735,299
Total Health and Welfare	<u>2,041,571</u>	<u>89,292</u>	<u>-</u>	<u>2,130,863</u>
Total Capital Assets	<u>\$ 32,760,829</u>	<u>\$ 995,501</u>	<u>\$ (87,417)</u>	<u>33,668,913</u>
Construction in progress				<u>507,737</u>
				<u>\$ 34,176,650</u>

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**Additional Disclosures Required by the
New Mexico State Auditor**

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CITY OF AZTEC, NEW MEXICO
SCHEDULE OF PLEDGED COLLATERAL
June 30, 2013

	Wells Fargo Bank	Four Corners Community Bank	Vectra Bank	Citizens Bank	Total
Demand deposits	\$ 574	\$ -	\$ -	\$ 3,449,505	\$ 3,450,079
Certificates of deposit	-	3,500,000	2,250,000	-	5,750,000
Deposits, at June 30, 2013	<u>574</u>	<u>3,500,000</u>	<u>2,250,000</u>	<u>3,449,505</u>	<u>9,200,079</u>
FDIC Insurance	574	250,000	250,000	250,000	750,574
Uninsured amount	-	3,250,000	2,000,000	3,199,505	8,449,505
Less 50 percent	-	1,625,000	1,000,000	1,599,753	4,224,753
Amount requiring pledged collateral	-	1,625,000	1,000,000	1,599,753	4,224,753
Pledged collateral at June 30, 2013	<u>505,874</u>	<u>2,315,920</u>	<u>1,334,175</u>	<u>2,272,895</u>	<u>6,428,864</u>
Excess (deficiency) of pledged collatera	\$ 505,874	\$ 690,920	\$ 334,175	\$ 673,143	\$ 2,204,112

Pledged collateral (market value) located at:

	Minneapolis, MN	Dallas, TX	Dallas, TX	Dallas, TX	
FN AL0604 #3138EGU89 8/1/2026	\$ 505,874	\$ -	\$ -	\$ -	\$ 505,874
Fmgtn NM GRT Bonds; #311455EZ8; 06/15/2014	-	200,526	-	-	200,526
Bloomfield NM GRT Bonds; #094072BQ7; 08/01/2014	-	110,439	-	-	110,439
Bernalillo NM Sch; #085279NTO; 08/01/2015	-	159,096	-	-	159,096
San Juan County NM; #798359GD1; 08/15/2016	-	135,826	-	-	135,826
Fmgtn Mun Sch; #311441HM4; 09/01/2016	-	206,308	-	-	206,308
Gallup NM GO UT 4%; #364028EUO; 08/01/2020	-	279,550	-	-	279,550
Fort Bend Cnty TX; #34681QEK9; 09/01/2034	-	1,010,759	-	-	1,010,759
Ruidoso Muni S/D#2; #781338JC3; 08/01/2019	-	213,416	-	-	213,416
SBA Pool #508743; 07/25/2019	-	-	1,334,175	-	1,334,175
FHLB; #31417YBR7; 05/15/2015	-	-	-	744,662	744,662
FHLB; #3137A3Y52; 10/15/2038	-	-	-	1,528,233	1,528,233

Totals

\$ 505,874	\$ 2,315,920	\$ 1,334,175	\$ 2,272,895	\$ 6,428,864
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Reconciliation to Financial Statements:

Total per banks	\$ 574	\$ 3,500,000	\$ 2,250,000	\$ 3,449,505	\$ 9,200,079
Reconciling items:					
Deposits in transit	-	-	-	8,951	8,951
Outstanding checks	(93)	-	-	(267,597)	(267,690)
Total per books	<u>\$ 481</u>	<u>\$ 3,500,000</u>	<u>\$ 2,250,000</u>	<u>\$ 3,190,859</u>	<u>8,941,340</u>
NM Treasurer Investment Pool					9,774,302
Cash with fiscal agent					505,661
Cash on hand					2,600
Total per financial statement:					<u>\$ 19,223,903</u>

Financial Statements:

Cash and cash equivalents:					
Governmental activities					\$ 7,274,460
Business-type activities					11,442,154
Fiduciary activities					1,628
Cash with fiscal agent:					
Governmental activities					505,661
Business-type activities					-
Total per financial statement:					<u>\$ 19,223,903</u>

CITY OF AZTEC, NEW MEXICO
SCHEDULE OF JOINT POWER AGREEMENTS
FOR THE YEAR ENDING JUNE 30, 2013

Participants City of Aztec	(including Responsible Party	Description	Dates of Agreement	Total Project	City Share	FY13 Amount	Audit Responsibility
San Juan County	San Juan County	County jail operations	b. 10/05/04 t. none	variable	\$67.79/day/prisoner through 6/30/13; rate recalculated July 1 in subsequent years	\$ 95,923	San Juan County
Cities of Bloomfield & Farmington, San Juan County, San Juan County Crimestoppers, Inc.	San Juan County Crimestoppers, Inc.	Crime prevention program	b. 9/16/96 t. None	variable	pro-rata share of costs	\$ 5,245	San Juan County Crimestoppers, Inc.
Cities of Bloomfield & Farmington: San Juan County	San Juan County Criminal Justice Training Authority	Police Training	b. 8/07/96 t. none	variable	pro-rata share of costs	\$ 9,000.00	San Juan County Criminal Justice Training Authority
Cities of Bloomfield & Farmington: San Juan County	San Juan County Communications Authority	Communications	b. 5/24/92 t. none	variable	Once maximum Capital Equipment Replacement Fund balance reached, pro-rata share will be assessed to maintain CERF balance; Aztec share 6%	\$ -	San Juan County Communications Authority
Cities of Bloomfield & Farmington; San Juan County; rural water associations	San Juan Water Commission	Water rights protection/acquisition/distribution	b. 3/28/86 t. none	variable	.5% of mill levy assessed on property taxes	\$ -	San Juan Water Commission
Cities of Bloomfield & Farmington and San Juan County	City of Farmington	<u>Municipal Planning Organization</u>	b. 10/12 t. 9/2015	variable	pro-rata share (10%) of costs of MPO (operational and special projects)	\$ 3,822	City of Farmington

MISCELLANEOUS STATISTICS SECTION

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City of Aztec
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

Schedule 1

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Governmental activities										
Net investment in capital assets	\$ 8,351,639	\$ 8,395,200	\$ 10,427,544	\$ 11,583,291	\$ 11,517,852	\$ 15,048,147	\$ 12,817,692	\$ 15,877,838	\$ 16,106,487	\$ 16,357,638
Restricted	2,823,001	1,979,287	765,441	857,582	907,377	857,112	739,306	4,553,662	3,983,424	3,806,581
Unrestricted	4,062,836	6,819,141	7,456,271	7,918,899	9,971,284	8,620,444	7,802,526	4,006,565	5,187,030	4,075,048
Total governmental activities net position	<u>\$ 15,237,476</u>	<u>\$ 17,193,628</u>	<u>\$ 18,649,256</u>	<u>\$ 20,359,772</u>	<u>\$ 22,396,513</u>	<u>\$ 24,525,703</u>	<u>\$ 21,359,524</u>	<u>\$ 24,438,065</u>	<u>\$ 25,276,941</u>	<u>\$ 24,239,267</u>
Business-type activities										
Net investment in capital assets	\$ 12,475,127	\$ 12,467,106	\$ 13,784,572	\$ 14,387,194	\$ 14,951,711	\$ 16,940,492	\$ 21,749,963	\$ 21,481,586	\$ 23,814,365	\$ 25,110,714
Restricted	166,892	66,821	45,918	50,157	54,261	92,465	69,135	443,456	250,000	555,000
Unrestricted	5,318,677	6,114,060	7,080,613	7,992,084	9,442,598	10,533,764	12,369,283	13,537,163	12,547,460	11,615,482
Total business-type activities net position	<u>\$ 17,960,696</u>	<u>\$ 18,647,987</u>	<u>\$ 20,911,103</u>	<u>\$ 22,429,435</u>	<u>\$ 24,448,570</u>	<u>\$ 27,566,721</u>	<u>\$ 34,188,381</u>	<u>\$ 35,462,205</u>	<u>\$ 36,611,825</u>	<u>\$ 37,281,196</u>
Primary government										
Net investment in capital assets	\$ 20,826,766	\$ 20,862,306	\$ 24,212,116	\$ 25,970,485	\$ 26,469,563	\$ 31,988,639	\$ 34,567,655	\$ 37,359,424	\$ 39,920,852	\$ 41,468,352
Restricted	2,989,893	2,046,108	811,359	907,739	961,638	949,577	808,441	4,997,118	4,233,424	4,361,581
Unrestricted	9,381,513	12,933,201	14,536,884	15,910,983	19,413,882	19,154,208	20,171,809	17,543,728	17,734,490	15,690,530
Total primary government net position	<u>\$ 33,198,172</u>	<u>\$ 35,841,615</u>	<u>\$ 39,560,359</u>	<u>\$ 42,789,207</u>	<u>\$ 46,845,083</u>	<u>\$ 52,092,424</u>	<u>\$ 55,547,905</u>	<u>\$ 59,900,270</u>	<u>\$ 61,888,766</u>	<u>\$ 61,520,463</u>

Source: City of Aztec CAFRs

Note: The city began reporting accrual information with the implementation of GASB Statement 34 in fiscal year 2003

City of Aztec
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

Schedule 2

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Expenses										
Governmental Activities										
General Government	\$ 894,271	\$ 1,274,513	\$ 1,381,532	\$ 1,815,671	\$ 2,110,680	\$ 1,983,249	\$ 2,257,458	\$ 2,199,348	\$ 1,961,789	\$ 2,246,743
Public Safety	2,105,029	1,905,168	2,135,358	2,229,695	2,733,897	2,862,497	3,755,435	1,891,687	1,915,374	2,114,730
Public Works	654,237	990,905	1,853,128	3,532,321	2,084,200	1,921,141	3,887,767	1,370,015	2,196,404	1,888,341
Health & Welfare		154,996						620,409	675,436	636,508
Culture and Recreation	840,454	668,126	1,012,513	1,055,677	1,285,597	1,414,843	2,289,542	1,317,231	1,442,998	1,862,384
Interest on Long Term Debt									189,666	184,288
Total Governmental Activities	<u>4,493,991</u>	<u>4,993,708</u>	<u>6,382,531</u>	<u>8,633,364</u>	<u>8,214,374</u>	<u>8,181,730</u>	<u>12,190,202</u>	<u>7,398,690</u>	<u>8,381,667</u>	<u>8,932,994</u>
Business Type Activities										
Joint Utility	5,395,009	5,743,024	5,972,592	7,841,078	8,177,753	7,995,060	9,367,458	8,610,592	8,549,579	9,165,391
Solid Waste	506,412	533,877	566,775	588,533	610,138	649,266	660,642	672,493	693,121	691,877
Irrigation	28,467	24,550	25,108	6,812	7,008	7,159	8,016	9,309	14,492	12,199
Total Business Type Activities	<u>5,929,888</u>	<u>6,301,451</u>	<u>6,564,475</u>	<u>8,436,423</u>	<u>8,794,899</u>	<u>8,651,485</u>	<u>10,036,116</u>	<u>9,292,394</u>	<u>9,257,192</u>	<u>9,869,467</u>
Total Expenses	<u>\$ 10,423,879</u>	<u>\$ 11,295,159</u>	<u>\$ 12,947,006</u>	<u>\$ 17,069,787</u>	<u>\$ 17,009,273</u>	<u>\$ 16,833,215</u>	<u>\$ 22,226,318</u>	<u>\$ 16,691,084</u>	<u>\$ 17,638,859</u>	<u>\$ 18,802,461</u>
Program Revenues										
Governmental activities										
Charges for services										
General Government	\$ 260,505	\$ 765,094	\$ 784,661	\$ 748,151	\$ 887,570	\$ 168,223	\$ 150,871	\$ 234,996	\$ 284,305	\$ 744,822
Public Safety	406,335	46,924	75,947	72,413	85,907	676,813	512,697	444,413	390,107	231,869
Public Works		306	89,532	85,366	101,274	94,643	84,884	28,480	28,919	395
Health & Welfare		6,814						25,531	27,640	44,568
Culture and Recreation	51,725	5,758	17,037	16,244	19,272	82,711	74,042	49,566	49,401	32,032
Operating grants and contributions	1,319,881	388,499	1,035,880	1,296,919	1,063,924	429,943	437,993	269,709	756,548	451,773
Capital grants and contributions	<u>82,379</u>	<u>373,773</u>	<u>518,599</u>	<u>1,893,140</u>	<u>865,010</u>	<u>2,692,365</u>	<u>2,742,777</u>	<u>3,578,843</u>	<u>943,526</u>	<u>16,524</u>
Total Governmental Activities	<u>2,120,825</u>	<u>1,587,168</u>	<u>2,521,656</u>	<u>4,112,233</u>	<u>3,022,957</u>	<u>4,144,698</u>	<u>4,003,264</u>	<u>4,631,538</u>	<u>2,480,446</u>	<u>1,521,983</u>
Business-type activities										
Charges for services										
Joint Utility	5,368,392	6,286,230	7,478,390	8,695,555	9,549,963	9,806,660	9,569,623	9,534,607	9,465,404	9,596,002
Solid Waste	511,115	529,623	559,653	579,151	592,309	659,621	678,640	691,561	687,382	680,822
Irrigation	13,159	13,159	13,159	13,159	13,159	13,159	13,159	13,159	13,159	13,159
Operating grants and contributions	660,016							-	-	-
Capital grants and contributions		107,189	285,169	224,236	266,056	308,650	5,689,497	172,931	96,640	114,652
Total Business-Type Activities	<u>6,552,682</u>	<u>6,936,201</u>	<u>8,336,371</u>	<u>9,512,101</u>	<u>10,421,487</u>	<u>10,788,090</u>	<u>15,950,919</u>	<u>10,412,258</u>	<u>10,262,585</u>	<u>10,404,635</u>
Total Program Revenues	<u>\$ 8,673,507</u>	<u>\$ 8,523,369</u>	<u>\$ 10,858,027</u>	<u>\$ 13,624,334</u>	<u>\$ 13,444,444</u>	<u>\$ 14,932,788</u>	<u>\$ 19,954,183</u>	<u>\$ 15,043,796</u>	<u>\$ 12,743,031</u>	<u>\$ 11,926,618</u>

Source: City of Aztec CAFRs

Note: The city began reporting accrual information with the implementation of GASB Statement 34 in fiscal year 2003

City of Aztec
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

Schedule 2

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Net (Expenses)/Revenues										
Governmental activities	\$ (2,373,166)	\$ (3,406,540)	\$ (3,860,875)	\$ (4,521,131)	\$ (5,191,417)	\$ (4,037,032)	\$ (8,186,938)	\$ (2,767,152)	\$ (5,901,221)	\$ (7,411,011)
Business-type activities	622,794	634,750	1,771,896	1,075,678	1,626,588	2,136,605	5,914,803	1,119,864	1,005,393	535,168
Total Net Expenses	<u>\$ (1,750,372)</u>	<u>\$ (2,771,790)</u>	<u>\$ (2,088,979)</u>	<u>\$ (3,445,453)</u>	<u>\$ (3,564,829)</u>	<u>\$ (1,900,427)</u>	<u>\$ (2,272,135)</u>	<u>\$ (1,647,288)</u>	<u>\$ (4,895,828)</u>	<u>\$ (6,875,843)</u>
General Revenues and Other Changes in Net Assets										
Governmental Activities										
Taxes										
Gross receipts taxes	\$ 2,887,368	\$ 3,736,964	\$ 3,998,584	\$ 4,582,503	\$ 5,478,504	\$ 5,384,771	\$ 4,090,147	\$ 4,255,156	\$ 5,029,168	\$ 4,816,122
Property taxes	334,830	393,056	398,982	424,940	479,294	537,994	522,553	571,668	588,699	592,685
Franchise taxes	114,754		471,109	534,301	523,744	478,811	474,311	544,923	552,008	564,375
Other taxes	207,794	661,208	244,563	224,579	253,673	193,978	237,649	187,401	180,947	183,573
Miscellaneous		100,823	123,171	116,688	107,739	102,597	176,437	247,095	378,685	199,082
Unrestricted investment earnings	104,229	168,848	277,530	343,285	333,053	164,524	58,916	40,310	23,867	20,984
Loss on disposition	613	5,263							(13,277)	(3,484)
Transfers	(375,386)	170,493	(197,436)	5,351	52,151	(696,453)	(539,254)	(860)	-	-
Total general revenues and transfers	<u>3,274,202</u>	<u>5,236,655</u>	<u>5,316,503</u>	<u>6,231,647</u>	<u>7,228,158</u>	<u>6,166,222</u>	<u>5,020,759</u>	<u>5,845,693</u>	<u>6,740,097</u>	<u>6,373,337</u>
Business-type Activities										
Environmental taxes		78,146	83,682	96,021	114,872	112,593	85,308	88,721	102,074	100,623
Unrestricted investment earnings	81,246	113,249	210,102	351,984	329,826	172,500	82,295	64,379	42,153	33,580
Miscellaneous		31,089							-	-
Loss on disposition	(167)	550							-	-
Transfers	375,385	(170,493)	197,436	(5,351)	(52,151)	696,453	539,254	860	-	-
Total Business-type activities	<u>456,464</u>	<u>52,541</u>	<u>491,220</u>	<u>442,654</u>	<u>392,547</u>	<u>981,546</u>	<u>706,857</u>	<u>153,960</u>	<u>144,227</u>	<u>134,203</u>
Total primary government	<u>\$ 3,730,666</u>	<u>\$ 5,289,196</u>	<u>\$ 5,807,723</u>	<u>\$ 6,674,301</u>	<u>\$ 7,620,705</u>	<u>\$ 7,147,768</u>	<u>\$ 5,727,616</u>	<u>\$ 5,999,653</u>	<u>\$ 6,884,324</u>	<u>\$ 6,507,540</u>
Change in Net Position										
Governmental activities	\$ 901,036	\$ 1,830,115	\$ 1,455,628	\$ 1,710,516	\$ 2,036,741	\$ 2,129,190	\$ (3,166,179)	\$ 3,078,541	\$ 838,876	\$ (1,037,674)
Business-type activities	1,079,258	687,291	2,263,116	1,518,332	2,019,135	3,118,151	6,621,660	1,273,824	1,149,620	669,371
Total Change in Net Position	<u>\$ 1,980,294</u>	<u>\$ 2,517,406</u>	<u>\$ 3,718,744</u>	<u>\$ 3,228,848</u>	<u>\$ 4,055,876</u>	<u>\$ 5,247,341</u>	<u>\$ 3,455,481</u>	<u>\$ 4,352,365</u>	<u>\$ 1,988,496</u>	<u>\$ (368,303)</u>

Source: City of Aztec CAFRs

Note: The city began reporting accrual information with the implementation of GASB Statement 34 in fiscal year 2003

City of Aztec
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

Schedule 3

	Fiscal Year									
	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013
General Fund										
Reserved	\$ 443,098	\$ 1,256,352	\$ 606,874	\$ 697,196	\$ 741,181	\$ 706,187	\$ 588,192	\$ 658,710	\$ 701,366	
Unreserved	3,897,506	4,079,992	4,088,709	3,751,236	4,612,717	4,677,120	4,617,847			
Nonspendable								991,707	700	4,445
Restricted										702,138
Committed										
Assigned										
Unassigned								3,660,757	4,774,649	3,708,584
Total general fund	<u>\$ 4,340,604</u>	<u>\$ 5,336,344</u>	<u>\$ 4,695,583</u>	<u>\$ 4,448,432</u>	<u>\$ 5,353,898</u>	<u>\$ 5,383,307</u>	<u>\$ 5,206,039</u>	<u>\$ 5,311,174</u>	<u>\$ 5,476,715</u>	<u>\$ 4,415,167</u>
All other governmental funds										
Reserved	\$ 304,520	\$ 570,703	\$ 158,567	\$ 160,386	\$ 166,196	\$ 150,925	\$ 151,114	\$ 3,280		
Unreserved	2,075,383	2,687,396	3,208,869	4,058,982	5,235,656	7,113,428	4,545,704			
Nonspendable									1,413	4,436
Restricted								3,894,952	3,282,058	3,104,443
Committed								159,155	138,983	144,362
Assigned										
Unassigned										
Total all other governmental funds	<u>\$ 2,379,903</u>	<u>\$ 3,258,099</u>	<u>\$ 3,367,436</u>	<u>\$ 4,219,368</u>	<u>\$ 5,401,852</u>	<u>\$ 7,264,353</u>	<u>\$ 4,696,818</u>	<u>\$ 4,057,387</u>	<u>\$ 3,422,454</u>	<u>\$ 3,253,241</u>

Source: City of Aztec CAFRs

Note: The city began reporting accrual information with the implementation of GASB Statement 34 in fiscal year 2003

City of Aztec
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

Schedule 4

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Taxes	\$ 3,528,837	\$ 4,432,986	\$ 5,073,253	\$ 5,726,747	\$ 6,690,398	\$ 6,532,742	\$ 5,311,666	\$ 5,523,540	\$ 6,329,548	\$ 6,143,275
Licenses and permits	51,725	57,564	143,461	109,720	162,575	57,827	62,683	63,336	62,258	64,651
Intergovernmental	1,329,107	904,050	1,696,330	3,190,059	1,928,934	3,122,308	3,180,770	3,848,552	1,700,074	689,376
Charges for services	260,505	300,250	331,608	336,988	380,726	398,851	324,776	356,739	328,007	359,333
Fines	406,335	523,400	492,108	475,466	550,722	565,712	435,035	362,911	390,107	408,623
Investment earnings	104,229	168,847	277,530	343,285	333,053	164,524	58,916	40,310	23,867	20,984
Miscellaneous	60,051	76,636	123,171	116,688	107,739	102,597	176,437	247,095	378,685	199,082
Total Revenues	5,740,789	6,463,733	8,137,461	10,298,953	10,154,147	10,944,561	9,550,283	10,442,483	9,212,546	7,885,324
Expenditures										
Current										
General Government	732,116	1,169,293	1,169,572	1,632,016	1,665,357	1,833,036	1,763,356	1,804,289	1,886,575	2,034,603
Public Safety	1,672,449	1,693,441	1,908,208	1,967,451	2,421,134	2,651,381	2,409,157	1,728,707	1,783,255	1,978,046
Public Works	556,468	542,743	1,499,247	3,123,766	1,651,035	1,625,807	1,413,715	970,391	1,531,750	1,205,751
Health & Welfare		153,691						553,191	633,678	595,731
Culture and Recreation	714,856	566,252	887,098	910,885	1,068,047	1,205,663	1,143,772	1,087,033	1,081,789	1,275,462
Debt										
Principal		59,801	104,416	107,571	111,177	196,093	156,847	144,353	149,400	153,943
Interest		42,887	67,844	64,694	61,092	159,915	201,088	195,574	190,551	185,236
Capital Outlay	1,339,183	2,333,417	2,835,064	1,893,140	1,140,506	4,051,683	4,667,897	4,492,381	2,424,940	1,687,313
Total expenditures	5,015,072	6,561,525	8,471,449	9,699,523	8,118,348	11,723,578	11,755,832	10,975,919	9,681,938	9,116,085
Excess of revenues over (under) expenditures	725,717	(97,792)	(333,988)	599,430	2,035,799	(779,017)	(2,205,549)	(533,436)	(469,392)	(1,230,761)
Other Financing Sources (Uses)										
Operating transfers in	813,236	725,018	1,505,000	1,556,488	719,713	866,218	680,999	189,763	233,975	209,000
Operating transfers out	(1,188,622)	(554,525)	(1,702,436)	(1,551,137)	(667,562)	(1,562,671)	(1,220,253)	(190,623)	(233,975)	(209,000)
Proceeds from long-term debt, net		1,794,735								
Proceeds from sale of capital assets	613	6,500								
Bonds Issued						3,367,380				
Total other financing sources and uses	(374,773)	1,971,728	(197,436)	5,351	52,151	2,670,927	(539,254)	(860)	-	-
Net change in fund balances	\$ 350,944	\$ 1,873,936	\$ (531,424)	\$ 604,781	\$ 2,087,950	\$ 1,891,910	\$ (2,744,803)	\$ (534,296)	\$ (469,392)	\$ (1,230,761)
Debt service as a percentage of noncapital expenditures	0%	2%	2%	2%	2%	4%	4%	5%	5%	4%

Source: City of Aztec CAFRs

Note: The city began reporting accrual information with the implementation of GASB Statement 34 in fiscal year 2003

**City of Aztec
Tax Revenues by Source, Governmental Funds
Last Ten Fiscal Years**

Schedule 5

Fiscal Year	Gross Receipts Tax	Property Tax	Franchise Tax	Other Taxes	Total Taxes
2013	\$ 4,816,122	\$ 579,205	\$ 564,375	\$ 183,573	\$ 6,143,275
2012	5,029,168	588,699	552,008	180,947	6,350,822
2011	4,255,156	571,668	544,923	187,401	5,559,148
2010	4,090,147	522,553	474,311	237,649	5,324,660
2009	5,384,771	537,994	478,811	193,978	6,595,554
2008	5,478,504	479,294	523,744	253,673	6,735,215
2007	4,582,503	424,940	534,301	224,579	5,766,323
2006	3,998,584	398,982	471,109	244,563	5,113,238
2005	3,736,964	393,056	661,208		4,791,228
2004	2,887,368	334,830	114,754	207,794	3,544,746

**City of Aztec
Taxable Gross Receipts by Industry
Last Ten Fiscal Years**

Schedule 6

Ending 6/30	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Agriculture	\$ 388,243	\$ 21,517	\$ 32,828	\$ 14,510	\$ 66,648	\$ 32,000	\$ 34,759	\$ 13,186	\$ 386	\$ 825
Mining	\$ 18,082,017	\$ 22,874,869	\$ 27,129,379	\$ 47,421,297	\$ 40,943,503	\$ 47,218,262	\$ 26,321,710	\$ 17,689,324	\$ 21,172,800	\$ 10,828,065
Utilities	\$ 445,357	\$ 2,547,807	\$ 4,417,821	\$ 4,073,931	\$ 6,154,097	\$ 3,621,352	\$ 3,370,924	\$ 3,233,545	\$ 3,103,283	\$ 1,908,868
Construction	\$ 19,736,139	\$ 18,028,359	\$ 17,320,883	\$ 19,573,186	\$ 26,635,255	\$ 49,389,628	\$ 35,834,152	\$ 26,175,393	\$ 31,681,821	\$ 8,432,778
Manufacturing	\$ 6,312,000	\$ 8,829,076	\$ 6,509,903	\$ 6,998,952	\$ 8,128,772	\$ 11,806,566	\$ 8,157,517	\$ 9,220,855	\$ 9,480,883	\$ 10,075,173
Wholesale Trade	\$ 6,365,148	\$ 5,701,628	\$ 5,428,966	\$ 6,704,276	\$ 38,967,614	\$ 24,848,993	\$ 13,832,221	\$ 18,843,145	\$ 23,766,014	\$ 11,408,477
Retail Trade	\$ 60,940,452	\$ 42,777,986	\$ 36,764,303	\$ 40,674,759	\$ 42,089,379	\$ 38,004,248	\$ 35,622,179	\$ 34,872,717	\$ 35,412,028	\$ 21,171,334
Transportation	\$ 14,400	\$ -	\$ 230,731	\$ 583,779	\$ 138,152	\$ 338,041	\$ 451,200	\$ 583,062	\$ 3,274,041	\$ 809,966
Information and Cultural	\$ 4,906,783	\$ 7,097,214	\$ 6,995,807	\$ 7,101,186	\$ 8,407,172	\$ 9,492,745	\$ 12,584,386	\$ 14,493,738	\$ 16,325,683	\$ 10,299,198
Finance and Insurance	\$ 435,061	\$ 563,200	\$ 421,352	\$ 720,166	\$ 995,476	\$ 808,828	\$ 704,552	\$ 462,510	\$ 526,014	\$ 652,334
Real Estate	\$ -	\$ 5,258,207	\$ 7,295,172	\$ 10,999,724	\$ 8,102,786	\$ 9,713,103	\$ 5,212,524	\$ 4,508,303	\$ 5,615,172	\$ 4,428,177
Professional, Scientific, Technical Services	\$ 3,067,896	\$ 4,291,531	\$ 6,103,503	\$ 7,376,772	\$ 6,075,255	\$ 8,177,986	\$ 5,464,276	\$ 5,990,621	\$ 11,916,579	\$ 4,582,503
Management	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,159	\$ -
Administrative & Support	\$ 432,209	\$ 465,048	\$ 230,069	\$ 655,834	\$ 492,193	\$ 801,766	\$ 1,258,041	\$ 666,814	\$ 1,224,552	\$ 653,712
Educational Services	\$ 35,757	\$ 14,510	\$ 8,883	\$ 2,428	\$ 14,786	\$ 54,731	\$ 30,014	\$ 166,731	\$ 72,607	\$ 74,225
Health Care	\$ 2,206,122	\$ 2,483,310	\$ 2,047,503	\$ 3,592,717	\$ 3,684,910	\$ 4,070,566	\$ 5,158,455	\$ 5,332,469	\$ 6,295,117	\$ 8,824,816
Arts	\$ 43,130	\$ 39,669	\$ 78,510	\$ 107,807	\$ 42,869	\$ 343,503	\$ 340,469	\$ 422,510	\$ 668,414	\$ 453,583
Accommodation and Food Services	\$ 11,682,643	\$ 18,304,166	\$ 18,788,138	\$ 19,887,503	\$ 21,466,593	\$ 22,760,552	\$ 21,165,241	\$ 19,218,703	\$ 20,716,855	\$ 12,326,102
Other Services	\$ 17,661,148	\$ 31,522,869	\$ 35,097,655	\$ 36,618,593	\$ 37,903,945	\$ 40,499,807	\$ 26,511,890	\$ 24,334,400	\$ 25,814,290	\$ 23,655,674
Public Administration	\$ -	\$ -	\$ 1,612,690	\$ 1,513,710	\$ 2,546,538	\$ 552,166	\$ 1,288,441	\$ 3,301,903	\$ 1,815,007	\$ 1,776,927
Food Distribution (d)	\$ -	\$ 6,998,234	\$ 24,771,972	\$ 25,078,400	\$ 31,883,476	\$ 27,880,221	\$ 25,456,717	\$ 30,064,276	\$ 47,914,152	\$ 23,312,658
Medical Distribution (d)	\$ -	\$ 365,517	\$ 1,394,538	\$ 1,861,241	\$ 2,144,497	\$ 2,333,903	\$ 2,657,490	\$ 2,972,524	\$ 3,575,834	\$ 2,651,687
Unclassified/Undisclosed (a)	\$ 25,742,678	\$ 25,948,414	\$ 22,002,538	\$ 5,816,276	\$ 11,683,310	\$ 7,223,669	\$ 6,620,966	\$ 6,907,697	\$ 5,281,766	\$ 259,659
Trans. Comm. Util (c)	\$ 914,435	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Services (c)	\$ 16,300,522	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Finance, Insurance, Real Estate (c)	\$ 1,414,470	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 197,126,609	\$ 204,133,131	\$ 224,683,145	\$ 247,377,048	\$ 298,567,228	\$ 309,972,634	\$ 238,078,124	\$ 229,474,428	\$ 275,662,455	\$ 158,586,742
City Direct Sales Tax Rate	1.4375%	1.8125%	1.8125%	1.8125%	1.8125%	1.8125%	1.8125%	1.8125%	1.8125%	1.8125%

Source: State of New Mexico Department of Taxation & Revenue monthly distribution reports

(a) Data has been suppressed for purposes of taxpayer confidentiality. Information is suppressed when too few taxpayers are included in a category.

(b) Although the figures in the table have been derived from "NM_FR003-500 Local Gov't Distribution Summary" issued monthly by the State, the State suppresses revenue information in certain categories, if release of the information would compromise the confidentiality of an individual taxpayer. Accordingly, the "Taxable Gross Receipts Tax" totals in this table will differ from those in other tables.

(c) Beginning with the 1st Quarter of FY 2004, the State changed the gross receipts tax classification system in the report NM_FR003-500 Local Gov't Distribution Summary, from the Standard Industrial Classification format to the North American Industrial Classification format.

(d) Effective January 2005, state legislation removed the state and local options gross receipts tax (GRT) from the sales of food and most health care services, by allowing retail food outlets and medical service providers to deduct qualifying food and health services from gross receipts reported to the NM Taxation and Revenue Department. However, municipalities and counties are "held harmless" and are reimbursed the local option GRT on these nontaxable items from the State of New Mexico. The financing of this reimbursement is provided by an increase State GRT of .5%.

**City of Aztec
Direct and Overlapping Gross Receipts Tax Rates
Last Ten Fiscal Years**

Schedule 7

Fiscal Year	State GRT Rate	City Share of State GRT Rate	City Direct Rate	San Juan County Rate	Total City GRT Rate
2013	3.9000%	1.2250%	1.8125%	0.8125%	7.7500%
2012	3.9000%	1.2250%	1.8125%	0.8125%	7.7500%
2011	3.9000%	1.2250%	1.8125%	0.8125%	7.7500%
2010	3.7750%	1.2250%	1.8125%	0.8125%	7.6250%
2009	3.7750%	1.2250%	1.8125%	0.8125%	7.6250%
2008	3.7750%	1.2250%	1.8125%	0.8125%	7.6250%
2007	3.7750%	1.2250%	1.8125%	0.8125%	7.6250%
2006	3.7750%	1.2250%	1.8125%	0.8125%	7.6250%
2005 (a) (b)	3.7750%	1.2250%	1.8125%	0.6875%	7.5000%
2004	3.2750%	1.2250%	1.4375%	0.6875%	6.6250%

Source: State of New Mexico Taxation and Revenue Department

(a) City Ordinance 2003-305 imposed 1/4% capital project gross receipts tax rate, adopted by governing body November 4, 2003, approved by voters during special municipal election January 13, 2004, enacted July 1, 2004

(b) City Ordinance 2003-304 imposed 1/8% infrastructure project gross receipts tax rate, adopted by governing body November 4, 2003, approved by voters during special municipal election January 13, 2004, enacted July 1, 2004

City of Aztec
Taxable Gross Receipts Payers by Industry
Current Year and One Year Ago

Schedule 8

Schedule 8

	Fiscal Year 2013				Fiscal Year 2012				Fiscal Year 2011			
	Number of Filers (12 Mo. Avg.)	Percentage of Total Filers	Taxable Gross Receipts	Percentage of Total Gross Receipts	Number of Filers (12 Mo. Avg.)	Percentage of Total Filers	Taxable Gross Receipts	Percentage of Total Gross Receipts	Number of Filers (12 Mo. Avg.)	Percentage of Total Filers	Taxable Gross Receipts	Percentage of Total Gross Receipts
Ending 6/30												
Agriculture	1	0.16%	\$ 825	0.00%	1	0.17%	\$ 386	0.00%	7	1.26%	\$ 13,186	0.01%
Mining	10	1.62%	\$ 10,828,065	6.83%	8	1.34%	\$ 21,172,800	7.68%	5	0.90%	\$ 17,689,324	7.71%
Utilities	5	0.81%	\$ 1,908,868	1.20%	5	0.83%	\$ 3,103,283	1.13%	4	0.72%	\$ 3,233,545	1.41%
Construction	54	8.74%	\$ 8,432,778	5.32%	61	10.18%	\$ 31,681,821	11.49%	57	10.23%	\$ 26,175,393	11.41%
Manufacturing	25	4.05%	\$ 10,075,173	6.35%	21	3.51%	\$ 9,480,883	3.44%	22	3.95%	\$ 9,220,855	4.02%
Wholesale Trade	41	6.63%	\$ 11,408,477	7.19%	44	7.35%	\$ 23,766,014	8.62%	37	6.64%	\$ 18,843,145	8.21%
Retail Trade	152	24.60%	\$ 21,171,334	13.35%	137	22.87%	\$ 35,412,028	12.85%	127	22.80%	\$ 34,872,717	15.20%
Transportation	3	0.49%	\$ 809,966	0.51%	4	0.67%	\$ 3,274,041	1.19%	2	0.36%	\$ 583,062	0.25%
Information and Cultural	54	8.74%	\$ 10,299,198	6.49%	53	8.85%	\$ 16,325,683	5.92%	52	9.34%	\$ 14,493,738	6.32%
Finance and Insurance	7	1.13%	\$ 652,334	0.41%	8	1.34%	\$ 526,014	0.19%	9	1.62%	\$ 462,510	0.20%
Real Estate	24	3.88%	\$ 4,428,177	2.79%	27	4.51%	\$ 5,615,172	2.04%	24	4.31%	\$ 4,508,303	1.96%
Professional, Scientific, Technical Services	46	7.44%	\$ 4,582,503	2.89%	47	7.85%	\$ 11,916,579	4.32%	44	7.90%	\$ 5,990,621	2.61%
Management		0.00%	\$ -	0.00%	-	0.00%	\$ 9,159	0.00%	-	0.00%	\$ -	0.00%
Administrative & Support	17	2.75%	\$ 653,712	0.41%	17	2.84%	\$ 1,224,552	0.44%	11	1.97%	\$ 666,814	0.29%
Educational Services	2	0.32%	\$ 74,225	0.05%	2	0.33%	\$ 72,607	0.03%	2	0.36%	\$ 166,731	0.07%
Health Care	37	5.99%	\$ 8,824,816	5.56%	28	4.67%	\$ 6,295,117	2.28%	24	4.31%	\$ 5,332,469	2.32%
Arts	5	0.81%	\$ 453,583	0.29%	5	0.83%	\$ 668,414	0.24%	3	0.54%	\$ 422,510	0.18%
Accommodation and Food Services	25	4.05%	\$ 12,326,102	7.77%	25	4.17%	\$ 20,716,855	7.52%	22	3.95%	\$ 19,218,703	8.38%
Other Services	109	17.64%	\$ 23,655,674	14.92%	105	17.53%	\$ 25,814,290	9.36%	104	18.67%	\$ 24,334,400	10.60%
Public Administration	1	0.16%	\$ 1,776,927	1.12%	1	0.17%	\$ 1,815,007	0.66%	1	0.18%	\$ 3,301,903	1.44%
Food Distribution (a) (c)		0.00%	\$ 23,312,658	14.70%		0.00%	\$ 47,914,152	17.38%		0.00%	\$ 30,064,276	13.10%
Medical Distribution (a) (c)		0.00%	\$ 2,651,687	1.67%		0.00%	\$ 3,575,834	1.30%		0.00%	\$ 2,972,524	1.30%
Unclassified/Undisclosed (a)		0.00%	\$ 259,659	0.16%		0.00%	\$ 5,281,766	1.92%		0.00%	\$ 6,907,697	3.01%
Total	618	100.00%	\$158,586,742	100.00%	599	100.00%	\$275,662,455	100.00%	557	\$ 1.00	\$ 229,474,428	100.00%

Source: State of New Mexico Department of Taxation & Revenue monthly distribution reports

(a) Data has been suppressed for purposes of taxpayer confidentiality. Information is suppressed when too few taxpayers are included in a category.

(b) Although the figures in the table have been derived from "NM_FR003-500 Local Gov't Distribution Summary" issued monthly by the State, the State suppresses revenue information in certain categories, if release of the information would compromise the confidentiality of an individual taxpayer. Accordingly, the "Taxable Gross Receipts Tax" totals in this table will differ from those in other tables.

(c) Effective January 2005, state legislation removed the state and local options gross receipts tax (GRT) from the sales of food and most health care services, by allowing retail food outlets and medical service providers to deduct qualifying food and health services from gross receipts reported to the NM Taxation and Revenue Department. However, municipalities and counties are "held harmless" and are reimbursed the local option GRT on these nontaxable items from the State of New Mexico. The financing of this reimbursement is provided by an increase State GRT of .5%.

City of Aztec
 Assessed Value and Estimated Actual Value of Taxable Property
 Last Ten Fiscal Years

Schedule 9

Fiscal Year	Residential Property	Nonresidential Property	Oil & Gas (Prod & Equip)	Total Taxable Assessed Value	Total Direct Residential Tax Rate	Total Direct Non Residential Tax Rate	Total Direct Oil & Gas Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
2013	78,283,196	33,790,179	1,465,076	113,538,451	4.5710%	6.8730%	6.8730%	340,956,309	33.3%
2012	75,666,954	34,518,953	2,167,166	112,353,073	4.5870%	6.5090%	6.8730%	337,396,616	33.3%
2011	72,851,328	36,302,117	2,289,210	111,442,655	4.5550%	5.9410%	6.8730%	334,662,628	33.3%
2010	68,396,249	33,286,746	5,050,153	106,733,148	4.5700%	5.8730%	6.8730%	320,519,964	33.3%
2009	59,593,553	24,888,226	4,736,814	89,218,593	4.8600%	6.3240%	6.8730%	267,923,703	33.3%
2008	55,126,388	23,414,222	4,325,928	82,866,538	4.8020%	6.0090%	6.8730%	248,848,462	33.3%
2007	47,114,418	19,811,144	3,710,377	70,635,939	5.0880%	6.3120%	6.8730%	212,119,937	33.3%
2006	44,411,394	17,999,290	2,167,203	64,577,887	5.0310%	6.2560%	6.8730%	193,927,589	33.3%
2005	40,914,355	16,785,437	1,190,400	58,890,192	5.0750%	6.2950%	6.8730%	176,847,423	33.3%
2004	39,530,630	16,424,925	643,457	56,599,012	4.9630%	6.0510%	6.8730%	169,967,003	33.3%

Source: San Juan County Assessor

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**

City of Aztec
Aztec, New Mexico
Honorable Mayor and City Commission, and
Hector H. Balderas, New Mexico State Auditor

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 Aztec (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's basic financial statements, and the combining and individual and related budgetary comparisons of the City, presented as supplemental information, and have issued our report thereon dated November 18, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the 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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs as items FS 2013-1, FS 2013-2 and FS 2013-3.

City's Response to Findings

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



Farmington, New Mexico
November 18, 2013

**CITY OF AZTEC
SCHEDULE OF FINDINGS AND
RESPONSES
Year Ended June 30, 2013**

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unmodified opinion on the basic financial statements of the City of Aztec.
2. No material weaknesses relating to the audit of the financial statements are reported in the Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the City were disclosed during the audit.
4. A single audit was not required for the year ended June 30, 2013.

**CITY OF AZTEC
SCHEDULE OF FINDINGS AND
RESPONSES
Year Ended June 30, 2013**

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

Prior Year Findings

Status

FS 2004-1 Failure to File Audit Report by Due Date

Resolved and not repeated

Current Year Findings

FS 2013-1 Pledged Collateral (Compliance and Other Matters)

Condition

One of the securities pledged by Four Corners Community Bank as collateral for deposits at the bank was not valid as defined in New Mexico State Statute 6-10-16, B.

Criteria

Only securities backed by the full faith and credit of the United States Government will be accepted as collateral. The City may make an exception and accept as collateral securities from a governmental entity within the State of New Mexico as described by State Statute 6-10-16-A.

Cause

The list of collateral pledged was not reviewed on a timely basis by management.

Effect

The City was not in compliance with its policy and with New Mexico State Statutes.

Recommendation

The City should review the list of collateral pledged on a timely basis to comply with City policy and with New Mexico state statutes.

Management Response

Four Corners Community Bank has replaced the invalid pledged collateral with collateral which meets NM State Statute 6-10-16-A. The City will review monthly the list of collateral pledged by all financial institutions for compliance with state statute.

FS 2013-2 Stale Checks (Compliance and Other Matters)

Condition

Seventeen outstanding checks older than one year totaling \$92.92 were included in the outstanding check listing for the MVD Wells Fargo checking account.

Criteria

New Mexico state statute Section 6-10-57(A) requires the City to cancel unpaid checks outstanding over one year.

Cause

The City has not followed the State Statute for the MVD Wells Fargo checking account.

Effect

The City is not in compliance with New Mexico state statute 6-10-57(A).

Recommendation

We recommend that checks outstanding for more than a year be voided.

Response

The specific stale checks on the MVD Wells Fargo checking account have been voided. The City reviews outstanding checks on all city accounts 90 days after issuance to determine the status of the checks. This review may result in stop payment and reissuance of the check or voiding of the payment if unable to make contact with payee.

FS 2013-3 Audit Contract and Recommendation Submission (Compliance and Other Matters)

Condition

The City mailed the documents for the submission of the audit contract and recommendation by the deadline for the fiscal year ending 2013. The State Auditor's Office did not receive the mailed documents on a timely basis and the City was deemed as not being in compliance.

Criteria

Per section 2.2.2.8(G)(6)(c) NMAC Audit Rule, a finding must be included in the audit report for noncompliance of submission of the audit contract and recommendation by the deadline for fiscal year ending 2013.

Cause

The City did not use certified mail to document the compliance with submission of the audit contract and recommendation by the deadline for the fiscal year ending 2013.

Effect

The City was not in compliance section 2.2.2.8(G)(6)(c) NMAC Audit Rule.

Recommendation

We recommend that the City use certified mail to document the compliance with submission of the audit contract and recommendation by the deadline for the future audits.

Response

The contract in question was not mailed in a manner that allowed the City to confirm date of delivery. In the future, the City will use a delivery service that will provide confirmation of delivery.

C. FINDINGS – MAJOR FEDERAL AWARD PROGRAM

No single audit required in the current year.

**CITY OF AZTEC
SCHEDULE OF FINDINGS AND
RESPONSES
Year Ended June 30, 2013**

A. Financial Statement Presentation

The City's financial statements were prepared by David Berry, CPA, PC. Management has reviewed and approved these financial statements. Management is responsible for ensuring that the books and records from which the financial statements were prepared adequately support the financial assertions contained therein, in conformity with generally accepted accounting principles and that the records are current and in balance.

B. Exit Conference

The contents of this report were discussed on November 25, 2013. The following individuals were in attendance:

For the City of Aztec:

Jim Crowley	Mayor Pro-Tem
Joshua Ray	City Manager
Kathy Lamb	Finance Director

For David Berry, CPA, PC (auditors):

David Berry, CPA