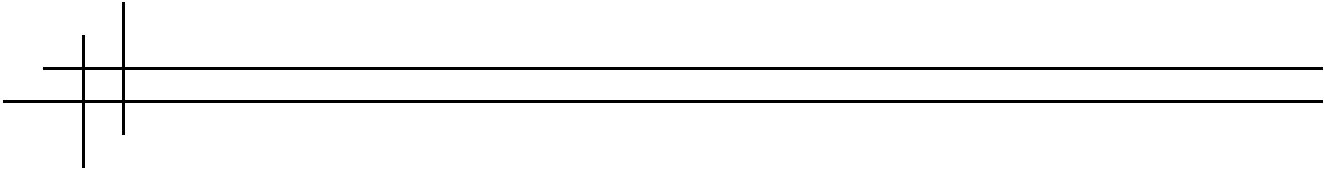




STATE OF NEW MEXICO
ALPINE VILLAGE SANITATION DISTRICT
RUIDOSO, NEW MEXICO

ANNUAL FINANCIAL REPORT
June 30, 2009

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



STATE OF NEW MEXICO
ALPINE VILLAGE SANITATION DISTRICT
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For the Year Ended June 30, 2009

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STATE OF NEW MEXICO
ALPINE VILLAGE SANITATION DISTRICT
Official Roster
June 30, 2009

BOARD OF DIRECTORS

Bill Hanson	President
Don Adams	Vice-President
Cheryl Knobel	Secretary, Treasurer

ADMINISTRATIVE STAFF

Joe Buchanan	Manager
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De'Aun Willoughby CPA, PC

Certified Public Accountant

P.O. Box 223 Melrose, NM 88124

(575) 253-4313

Independent Auditor's Report

Mr. Hector Balderas
State Auditor of the State of New Mexico
Board Members of the ALPINE VILLAGE SANITATION DISTRICT

Mr. Balderas and Members of the Board

We have audited the accompanying basic financial statements of the business-type activities of the ALPINE VILLAGE SANITATION DISTRICT (District), as of and for the year ended June 30, 2009, as listed in the table of contents. We have also audited the budget comparison presented as supplementary information in the accompanying financial statements. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion 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 with standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly in all material respects, the financial position of the business-type activities of the District as of June 30, 2009, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, the financial statements referred to above present fairly in all material respects the budgetary comparison of the District for the year ended June 30, 2009 in conformity with accounting principles generally accepted in the United States of America.

The District has not presented the Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the basic financial statements and budgetary comparisons presented as supplemental information.

In accordance with Government Auditing Standards, we have also issued a report dated November 21, 2009 on our consideration of the District's internal control over financial reporting and 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 Governmental Auditing Standards and should be considered in assessing the results of our audit.

 De'Aun Willoughby CPA PC

November 21, 2009

STATE OF NEW MEXICO
ALPINE VILLAGE SANITATION DISTRICT
Statement of Net Assets-Proprietary Funds
June 30, 2009

ASSETS

Current Assets

Cash in Banks	\$ 165,918
Accounts Receivable (Net of Allowance for Uncollectible Accounts)	5,608
Property Taxes Receivable	1,094
Interest Receivable	1,082
Prepaid Expenses	277
Total Current Assets	<u>173,979</u>

Non-current Assets

Capital Assets

Land	31,799
Buildings & Improvements	33,825
Utility System	388,423
Less Accumulated Depreciation	<u>(164,178)</u>
Total Non-current Assets	<u>289,869</u>

Total Assets	<u>463,848</u>
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LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable	2,596
Gross Receipts Tax Payable	26
Accrued Interest	2,966
Current Portion of Long-term Debt	8,624
Total Current Liabilities	<u>14,212</u>

Non-current Liabilities

Loan Payable	<u>51,655</u>
Total Non-current Liabilities	<u>51,655</u>

Total Liabilities	<u>65,867</u>
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Net Assets

Invested in Capital Assets, Net of Related Debt	229,590
Unrestricted	<u>168,391</u>

Total Net Assets	<u>\$ 397,981</u>
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The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
ALPINE VILLAGE SANITATION DISTRICT
Statement of Revenues, Expenses, and Changes in Net Assets Proprietary Funds
For the Year Ended June 30, 2009

Operating Revenues	
Sales and Services	\$ <u>43,485</u>
Operating Expenses	
Bad Debts	1,243
Chemicals	301
Conservation Fees	118
Depreciation	16,736
Dues and Subscriptions	111
Fees	54
Insurance	2,522
Meter Installation	2,416
Miscellaneous	462
Office & Postage	456
Professional Fees	29,210
Repairs & Maintenance	1,837
Taxes	452
Travel & Training	313
Utilities	<u>2,001</u>
	<u>58,232</u>
Operating Income	<u>(14,747)</u>
Nonoperating Revenues (Expenses)	
Property Taxes	34,809
Interest Income	2,134
Interest Expense	<u>(2,884)</u>
Total Nonoperating Revenues	<u>34,059</u>
Change in Net Assets	19,312
Net Assets at Beginning of Year	<u>378,669</u>
Net Assets at End of Year	<u>\$ <u>397,981</u></u>

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

STATE OF NEW MEXICO
ALPINE VILLAGE SANITATION DISTRICT
 Proprietary Fund Statement of Cash Flows
 For the Year Ended June 30, 2009

Cash Flows from Operating Activities	
Receipts from Customers and Users	\$ 42,780
Payments to Employees and Suppliers	(38,517)
Net Cash Provided by Operating Activities	<u>4,263</u>
Cash Flows from Non-capital Financing Activities	
Property Taxes	<u>34,809</u>
Net Cash Provided (Used) by Capital & Related Financing Activities	<u>34,809</u>
Cash Flows from Capital & Related Financing Activities	
Acquisition and Construction of Capital Assets	(29,596)
Principal Paid	(8,373)
Interest Expense	(2,884)
Net Cash Provided (Used) by Capital & Related Financing Activities	<u>(40,853)</u>
Cash Flows from Investing Activities	
Interest Income	<u>2,134</u>
Net Cash Provided by Investing Activities	<u>2,134</u>
Net Increase (Decrease) in Cash	353
Cash, Beginning of the Year	<u>165,565</u>
Cash, End of the Year	<u>\$ 165,918</u>
Reconciliation of Net Income to Net Cash Provided by Operating Activities	
Operating Income	(14,747)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities	
Depreciation	16,736
(Increase) Decrease in Accounts Receivable	393
(Increase) Decrease in Property Taxes Receivable	(378)
(Increase) Decrease in Interest Receivable	1,657
(Increase) Decrease in Prepaid Expenses	126
Increase (Decrease) in Accounts Payable	703
Increase (Decrease) in Gross Receipts Tax Payable	22
Increase (Decrease) in Accrued Interest	(249)
Net Cash Provided by Operating Activities	<u>\$ 4,263</u>

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

STATE OF NEW MEXICO
ALPINE VILLAGE SANITATION DISTRICT
Notes to the Financial Statements
June 30, 2009

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Alpine Village Sanitation District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Alpine Village Sanitation District applies all GASB pronouncements as well as the Financial Accounting Standards Board Pronouncements issued after November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements, in which case, GASB prevails. The more significant of the Village's accounting policies are described below.

Financial Reporting Entity

The ALPINE VILLAGE SANITATION DISTRICT (District) was created by Laws of 1941, Chapter 80 (Sections 73-21-1 through 73-21-54, New Mexico Statutes, 1978 Compilation). Under law, the District will serve a public use and will promote the health, safety, prosperity, security and general welfare of the inhabitants of the District.

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the District is considered a primary government, since it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the District may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges and issue bonded debt.

The District has no component units, defined by GASB Statement No. 14 as other legally separate organizations for which the elected District members are financially accountable. There are no other primary governments with which the District Board Members are financially accountable. There are no other primary governments with which the District has a significant relationship.

Basis of Presentation

The District is engaged in business-type activity only. The financial statements (the statement of net assets, statement of revenues, expenses and changes in net assets and the statement of cash flows) report information on all of the activities of the District.

Measurement Focus and Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resource measurement focus means all assets and liabilities (whether current or noncurrent) are included on the statement of net assets and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time the liability is incurred.

STATE OF NEW MEXICO
ALPINE VILLAGE SANITATION DISTRICT
Notes to the Financial Statements
June 30, 2009

The revenues susceptible to accrual are charges for services and interest income. The specific revenue recognition policy for property taxes are recognized when levied.

Budgetary Control

Procedures followed in establishing the budgetary data reflected in the financial statements are:

Prior to each June 1, District administration submits, to the Board of Directors, a proposed budget for the fiscal year commencing the following July 1. This operating budget includes proposed expenditures and the means of financing them.

Prior to each July 1, the budget is submitted for approval and legally enacted through passage of an ordinance by the Local Government Division of the State Department of Finance and Administration.

The District Board is authorized to transfer budgeted amounts between types of expenditures; however, any revisions that alter the total expenditures must be approved by the State Department of Finance and Administration.

Formal Budgetary integration is employed as a management control device during the year.

Legal budget control for expenditures is by fund.

Cash and Cash Equivalents

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

The District is authorized under the provisions of Chapter 6, Article 10, paragraph 10, NMSA 1978, to deposit its money in banks, savings and loan associations and/or credit unions whose accounts are insured by an agency of the United States.

Investments

All money not immediately necessary for the public uses of the District may be invested in :

(a) bonds or negotiable securities of the United States, the state or any county, municipality or Village which has a taxable valuation of real property for the last preceding year of at least one million dollars (1,000,000) and has not defaulted in the payment of any interest or sinking fund obligation or failed to meet any bonds at maturity at any time within five years last preceding; or

(b) securities that are issued by the United States government or by its agencies or instrumentalities and that are either direct obligations of the United States or are backed by the full faith and credit of the United States government or agencies guaranteed by the United States government.

STATE OF NEW MEXICO
ALPINE VILLAGE SANITATION DISTRICT
Notes to the Financial Statements
June 30, 2009

(c) in contracts with banks, savings and loan associations or credit unions for the present purchase and resale at a specified time in the future of specific securities at specified prices at a price differential representing the interest income to be earned by the investor. The contract shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with the investment. The contract shall be fully secured by obligations of the United States having a market value of at least one hundred two percent of the contract. The collateral required for investment in the contracts provided for in this subsection shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with investment.

Receivables and Payables

Receivables include amounts due from customers for sales and service. Payables represent routine monthly bills for services rendered and products purchased and accrued salaries and benefits.

Capital Assets

Capital assets, which includes property, plant, equipment, and infrastructure assets are reported in the financial statements. Capital assets are recorded at historical costs and depreciated over their estimated useful lives (with no salvage value). Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 per Section 12-6-10 NMSA 1978, (SAO Rule 2.2.2.10.Y(1)), and an estimated useful life in excess of one year. Donated capital assets are recorded at their estimated fair market value on the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight line depreciation is used based on the following estimated useful lives:

Buildings & Improvements	20-50 Years
Equipment	3-15 Years

Compensated Absences

Fringe benefits (sick and vacation leave) for those eligible are earned based on length of service. Regular employees who terminate or retire shall be paid for unused vacation leave. Sick leave accrual can be carried over to the next year up to a maximum of 240 hours. Compensation for sick leave is limited to time-off and, therefore, unused sick leave can not be paid upon termination or retirement and is not included in the liability for compensated absences on the balance sheet.

Revenue

Ad valorem taxes are susceptible to full accrual on the government wide financial statements. Property Tax revenues recognize revenues net of estimated refunds and uncollectible accounts in the period for which the taxes are levied. See note for property taxes for additional information. Information for property taxes receivable at year end was not provided to the District by the County. Management was not able to determine a reasonable estimate of the property taxes receivable at year end as required by GASB 36, paragraph 14.

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

STATE OF NEW MEXICO
ALPINE VILLAGE SANITATION DISTRICT
Notes to the Financial Statements
June 30, 2009

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

Property Taxes

The District receives property taxes from the Lincoln County Treasurer for operational purposes. Property taxes are assessed on all property, except on livestock, on January 1st of each year, and are payable in two equal installments, on November 10th of the year in which the tax bill is prepared and April 10th of the following year. Property taxes are considered delinquent thirty days after their due date and are a lien against the property on January 1. Property taxes are collected by the County Treasurer and remitted to the District in the month following collection.

During the fiscal year ended June 30, 2009, property taxes were imposed upon the net taxable value of property contained within the District (except property excluded or exempted by law) at a rate of 10.629 mills per \$1,000. During the fiscal year ended June 30, 2009, property taxes accruing to the benefit of the District amounted to \$34,809.

Net Assets

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

Restricted Net Assets

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

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

Imposed by law through constitutional provisions or enabling legislation.

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

NOTE B: CASH AND INVESTMENTS

The District is required by New Mexico State Statute (Section 6-10-17) to be 50% collateralized. Following is a schedule calculating the requirement and disclosing the pledged securities.

City Bank

<u>Name of Account</u>	<u>Balance Per Bank 6/30/09</u>	<u>Reconciled Balance</u>	<u>Type</u>
Alpine Village Sanitation District	\$ 252	\$ 252	Checking
Alpine Village Sanitation District-MMDA	37,859	37,884	Checking
Alpine Village Sanitation District	81,090	81,090	Savings
TOTAL Deposited	<u>119,201</u>	<u>\$ 119,226</u>	
Less: FDIC Coverage	<u>(119,201)</u>		
Uninsured Amount	0		

STATE OF NEW MEXICO
ALPINE VILLAGE SANITATION DISTRICT
Notes to the Financial Statements
June 30, 2009

50% collateral requirement	0
Pledged securities	0
Over (Under) requirement	<u>\$ 0</u>

First National

Name of Account	Balance Per Bank 6/30/09	Reconciled Balance	Type
Alpine Village Sanitation District	\$ 46,692	\$ 46,692	Savings
TOTAL Deposited	46,692	<u>\$ 46,692</u>	
Less: FDIC Coverage	<u>(46,692)</u>		
Uninsured Amount	0		
50% collateral requirement	0		
Pledged securities	0		
Over (Under) requirement	<u>\$ 0</u>		

Custodial Credit Risk-Deposits

Depository Account	Bank Balance
Insured	\$ 165,893
Collateralized:	
Collateral held by the pledging bank in District's name	0
Uninsured and uncollateralized	0
Total Deposits	<u>\$ 165,893</u>

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2009, none of the District's bank balance of \$165,893 was exposed to custodial credit risk.

NOTE C: ACCOUNTS RECEIVABLE

The accounts receivable are shown net of the allowance for bad debts. The reserve for uncollectible accounts for June 30, 2009 is \$701. The bad debt expense is based on the 2% of total water sales.

NOTE D: RECEIVABLES

Receivables as of June 30, 2009, were as follows:

Receivables	Total
Accounts Receivable (Net of Allowance for Uncollectible Accounts)	\$ 5,608
Taxes	1,094
Interest	1,082
	<u>\$ 7,784</u>

NOTE E: CAPITAL ASSETS

Capital Assets Balances and Activity for the Year Ended June 30, 2009, is as follows:

	Balance 6/30/08	Additions	Deletions	Balance 6/30/09
Business-type Activity				
Capital Assets not being Depreciated				

STATE OF NEW MEXICO
ALPINE VILLAGE SANITATION DISTRICT
Notes to the Financial Statements
June 30, 2009

Land	\$ 31,799	\$ 0	\$ 0	\$ 31,799
Other Capital Assets				
Buildings & Improvements	10,777	23,048	0	33,825
Utility System	381,876	6,547	0	388,423
Total Capital Assets at Historical Cost	<u>424,452</u>	<u>29,595</u>	<u>0</u>	<u>454,047</u>
Accumulated Depreciation				
Buildings	4,454	1,199	0	5,653
System	142,898	15,627	0	158,525
	<u>147,352</u>	<u>16,826</u>	<u>0</u>	<u>164,178</u>
Capital Assets, net	<u>\$ 277,100</u>	<u>\$ 45,222</u>	<u>\$ 0</u>	<u>\$ 289,869</u>

The current period depreciation expense is \$15,706.

NOTE F: LONG TERM DEBT

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

	Balance 6/30/08	Reductions	Balance 6/30/09	Due Within One Year
Business-type Activities				
Notes Payable	\$ 68,652	\$ 8,373	\$ 60,279	\$ 8,624
Total Notes Payable	<u>\$ 68,652</u>	<u>\$ 8,373</u>	<u>\$ 60,279</u>	<u>\$ 8,624</u>

The District borrowed \$170,000 which was used to expand and replace the water lines during the fiscal years ending June 30, 1998 and 1999. The District has been paying additional principal on the note. The annual payment was \$13,641 but has been reduced because of the additional principal payments. The maturity date has also been shortened to 2017 because of the additional principal payments. The interest rate is 4%. The following schedule shows the payments due to maturity:

	Principal	Interest	Total
2010	\$ 8,624	\$ 2,966	\$ 11,590
2011	7,596	2,070	9,666
2012	7,976	1,766	9,742
2013	8,375	1,447	9,822
2014	8,793	1,112	9,905
2015-2017	18,997	1,152	20,149
	<u>\$ 60,361</u>	<u>\$ 10,513</u>	<u>\$ 70,874</u>

NOTE G: PREPAID EXPENSE

Prepaid expenses are insurance premiums.

NOTE H: RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS STATEMENTS

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

STATE OF NEW MEXICO
ALPINE VILLAGE SANITATION DISTRICT
Notes to the Financial Statements
June 30, 2009

A. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

B. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

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

STATE OF NEW MEXICO
ALPINE VILLAGE SANITATION DISTRICT
Notes to the Financial Statements
June 30, 2009

NOTE I: RISK MANAGEMENT

Commercial insurance covers all losses. There have been no significant reductions in insurance coverage. Settlement amount have not exceeded insurance coverage for the current year of the three prior years. There are no claim liabilities at year end.

NOTE J: SURETY BONDS

The Directors and certain employees of the District are covered by a surety bond as required by Section 12 6-7, NMSA, 1978 Compliance and State Auditor's Rule 89-1.

NOTE K: RELATED PARTY TRANSACTIONS

Directors on the Board of the District are recipients of water sales and services. These transactions are correctly considered arm's-length transactions since these related parties are subject to the same installation, invoicing, payment expectations, and late payment procedures as all the District customers.

ALPINE VILLAGE SANITATION DISTRICTStatement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2009

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative) Final to Actual
	Original	Final		
Revenues				
Property Taxes	\$ 27,275	\$ 27,275	\$ 34,430	\$ 7,155
Water Sales	24,625	24,625	24,861	236
Fees	9,275	9,275	17,919	8,644
Interest Income	3,000	3,000	3,790	790
Total Revenues	<u>64,175</u>	<u>64,175</u>	<u>81,000</u>	<u>16,825</u>
Expenditures				
Chemicals	500	500	129	371
Dues & Subscriptions	115	115	111	4
Filing Fees	110	110	64	46
Insurance	2,750	2,750	2,522	228
Miscellaneous	1,300	1,300	372	928
Office & Postage	836	836	456	380
Professional Fees	25,545	25,545	29,021	(3,476)
Repairs & Replacement	3,900	3,900	1,472	2,428
Taxes	486	486	452	34
Travel & Training	3,000	3,000	313	2,687
Utilities	2,800	2,800	2,011	789
Water Conservation Fees	110	110	122	(12)
Water Meter Installation	2,000	2,000	2,416	(416)
Capital Outlay	35,000	35,000	29,596	5,404
Principal Payment	0	0	8,373	(8,373)
Interest Payment	3,698	3,698	3,217	481
Total Expenditures	<u>82,150</u>	<u>82,150</u>	<u>80,647</u>	<u>1,503</u>
Excess (Deficiency) of Revenues Over Expenditures	(17,975)	(17,975)	353	18,328
Cash Balance Beginning of Year	165,565	165,565	165,565	0
Cash Balance End of Year	<u>\$ 147,590</u>	<u>\$ 147,590</u>	<u>\$ 165,918</u>	<u>\$ 18,328</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 353	
Net Change in Accounts Receivable			(393)	
Net Change in Taxes Receivable			378	
Net Change in Interest Income			(1,657)	
Net Change in Prepaid Insurance			(126)	
Net Change in Accounts Payables			(703)	
Net Change in Gross Receipts Tax			(22)	
Net Change in Interest Payable			249	
Depreciation			(16,736)	
Capital Outlay			29,596	
Debt Service			8,373	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 19,312</u>	

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



De'Aun Willoughby CPA, PC

Certified Public Accountant

P.O. Box 223 Melrose, NM 88124

(505) 253-4313

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

Mr. Hector Balderas
State Auditor of the State of New Mexico
Board Members of the Alpine Village Sanitation District

Mr. Balderas and Members of the Board

We have audited the basic financial statements of the business-type activities of the ALPINE VILLAGE SANITATION DISTRICT (District) as of and for the year ended June 30, 2009 and have issued our report thereon dated November 21, 2009. We have also audited the budget comparisons presented as supplementary information. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing the auditing procedures for the purpose of expressing opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, a combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of 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 the audit, and that, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the administration, the board members, the Office of the State Auditor, the New Mexico State Legislature and its committees, and the New Mexico Department of Finance and Administration and is not intended to be and should not be used by anyone other than these specified parties.

De'Ann Willoughby CPA PC

November 21, 2009

STATE OF NEW MEXICO
ALPINE VILLAGE SANITATION DISTRICT
Schedule of Findings and Responses
June 30, 2009

Prior Year Audit Findings

07-3 Lack of Pledged Securities

Status
Resolved

Current Year Audit Findings

There are no current year audit findings.

Financial Statement Preparation

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

Exit Conference

An exit conference was held on November 21, 2009. Those present were Cheryl Knobel-Secretary/Treasurer, Joe Buchanon-Manager, and De'Aun Willoughby, CPA.