

PORCH & ASSOCIATES LLC

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

VILLAGE OF CAPITAN, NEW MEXICO

Financial Statements, Supplementary Information
and
Independent Auditors' Report

June 30, 2011

VILLAGE OF CAPITAN, NEW MEXICO

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VILLAGE OF CAPITAN, NEW MEXICO

List of Principal Officials

June 30, 2011

Village Trustees

Sammy L. Hammons	Mayor
Diane Riska	Mayor Pro-Tem
Lilly Bradley	Trustee
Dennis Haskell	Trustee
Ricky LaMay	Trustee

Administrative Officials

Kay Strickland	Village Clerk
Shirley Pavlovic	Deputy Clerk/Finance Officer

Independent Auditors' Report

Mr. Hector H. Balderas, State Auditor and
Sammy L. Hammons, Mayor and
the Board of Trustees
Village of Capitan, New Mexico

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, and the budgetary comparison of the general fund and fire protection fund, of the Village of Capitan (Village), as of and for the year ended June 30, 2011, which collectively comprise the Village's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Village's nonmajor governmental funds presented as supplementary information in the accompanying combining and individual fund financial statements and schedules, and budgetary comparison statements as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of the Village's management. 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 with 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 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 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 Village, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund and fire protection fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental and nonmajor enterprise funds of the Village, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the nonmajor governmental funds and enterprise funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Mr. Hector H. Balderas, State Auditor and
Sammy L. Hammons, Mayor and
The Board of Trustees
Village of Capitan, New Mexico

In accordance with *Government Auditing Standards*, we have also issued a report dated November 9, 2011 on our consideration of the Village'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 *Governmental Auditing Standards* and should be read in conjunction with this report in assessing the results of our audit.

For the year ended June 30, 2011, the Village 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 part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the basic financial statements and the combining and individual fund financial statements and budgetary comparisons of the Village. The supplemental schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Porch & Associates LLC

Albuquerque, New Mexico
November 9, 2011

VILLAGE OF CAPITAN, NEW MEXICO
STATEMENT OF NET ASSETS
June 30, 2011

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 1,500,713	970,209	2,470,922
Receivables			
Accounts receivable, net of allowance	-	72,367	72,367
Taxes	95,554	-	95,554
Grants	47,506	22,328	69,834
Inventory	-	11,016	11,016
Note receivable, due in one year	-	54,005	54,005
Note receivable, due in more than one year	-	466,299	466,299
Capital assets, not depreciated	87,675	4,025,632	4,113,307
Capital assets, net of accumulated depreciation	5,032,537	2,986,195	8,018,732
	<hr/>		
Total assets	6,763,985	8,608,051	15,372,036
<hr/>			
LIABILITIES			
Royalties payable	-	31	31
Sales tax payable	-	7,287	7,287
Fees payable	-	277	277
Accrued compensation and benefits	21,087	5,953	27,040
Court bonds payable	801	-	801
Interest payable	-	12,267	12,267
Deposits payable	-	34,905	34,905
Compensated absences, due in one year	3,000	5,567	8,567
Compensated absences, due in more than one year	12,872	10,996	23,868
Long-term liabilities, due in one year	14,361	10,000	24,361
Long-term liabilities, due in more than one year	6,822	621,086	627,908
	<hr/>		
Total liabilities	58,943	708,369	767,312
<hr/>			
NET ASSETS			
Invested in capital assets, net of related debt	5,099,029	6,380,741	11,479,770
Restricted for:			
Inventory	-	11,016	11,016
Unrestricted	1,606,013	1,507,925	3,113,938
	<hr/>		
Total net assets	\$ 6,705,042	7,899,682	14,604,724
	<hr/>		

The accompanying notes are an integral part of these financial statements.

VILLAGE OF CAPTAN, NEW MEXICO
STATEMENT OF ACTIVITIES
Year Ended June 30, 2011

Primary government		Business-type activities		Total governmental activities		Total primary government	
Operating	Capital	Operating	Capital	Operating	Capital	Operating	Capital
Grants and	Grants and	Grants and	Grants and	Grants and	Grants and	Grants and	Grants and
Contributions	Contributions	Contributions	Contributions	Contributions	Contributions	Contributions	Contributions
Charges for	Services	Charges for	Services	Charges for	Services	Charges for	Services
Expenses	Expenses	Expenses	Expenses	Expenses	Expenses	Expenses	Expenses
334,548	29,671	178,676	364,703	334,548	29,671	178,676	364,703
General government				General government			
Public safety				Public safety			
497,174	38,931	150,746	-	497,174	38,931	150,746	-
Highways and streets				Highways and streets			
415,559	-	-	33,439	415,559	-	-	33,439
Total governmental activities				Total governmental activities			
1,247,281	68,602	329,422	398,142	1,247,281	68,602	329,422	398,142
Business-type activities				Business-type activities			
Utility Water and Sewer				Utility Water and Sewer			
596,791	587,359	-	-	596,791	587,359	-	-
Solid Waste				Solid Waste			
160,908	165,316	-	-	160,908	165,316	-	-
Smokey Bear Enterprise				Smokey Bear Enterprise			
64,441	57,904	-	-	64,441	57,904	-	-
Total business-type activities				Total business-type activities			
822,140	810,579	-	-	822,140	810,579	-	-
\$ 2,069,421	879,181	329,422	398,142	\$ 2,069,421	879,181	329,422	398,142
General Revenues				General Revenues			
Franchise taxes				Franchise taxes			
41,512	41,512	-	-	41,512	41,512	-	-
Gasoline taxes				Gasoline taxes			
25,874	25,874	-	-	25,874	25,874	-	-
Gross receipts taxes				Gross receipts taxes			
459,985	459,985	-	-	459,985	459,985	-	-
Property taxes				Property taxes			
55,286	55,286	-	-	55,286	55,286	-	-
Cigarette taxes				Cigarette taxes			
392	392	-	-	392	392	-	-
Lodgers taxes				Lodgers taxes			
6,200	6,200	-	-	6,200	6,200	-	-
Interest and investment earnings				Interest and investment earnings			
29,668	29,668	-	-	29,668	29,668	-	-
Lease of water rights				Lease of water rights			
-	-	90,000	90,000	-	-	90,000	90,000
Transfers in: Severance tax appropriation				Transfers in: Severance tax appropriation			
11,204	11,204	38,587	49,791	11,204	38,587	49,791	55,239
Other				Other			
51,085	51,085	4,154	55,239	51,085	4,154	55,239	112,319
Operating transfers in				Operating transfers in			
108,634	108,634	3,685	112,319	108,634	3,685	112,319	(112,319)
Operating transfers out				Operating transfers out			
(3,685)	(3,685)	(108,634)	(112,319)	(3,685)	(108,634)	(112,319)	890,381
Total general revenues				Total general revenues			
786,155	786,155	104,226	890,381	786,155	104,226	890,381	427,705
Change in net assets				Change in net assets			
335,040	335,040	92,665	427,705	335,040	92,665	427,705	14,177,019
Net assets, beginning				Net assets, beginning			
6,370,002	6,370,002	7,807,017	14,177,019	6,370,002	7,807,017	14,177,019	14,604,724
Net assets, ending				Net assets, ending			
6,705,042	6,705,042	7,899,682	14,604,724	6,705,042	7,899,682	14,604,724	

Net Revenue (Expense) and Changes in Net Assets

Primary Government

Governmental

Business-Type

Activities

Activities

Contributions

Charges for

Services

Contributions

Expenses

Capital

Grants and

Contributions

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Contributions

VILLAGE OF CAPITAN, NEW MEXICO
BALANCE SHEET -
GOVERNMENTAL FUNDS
JUNE 30, 2011

	General	Fire Protection	CDBG Senior Center	Nonmajor Governmental Funds	Total
ASSETS					
Cash and investments	\$ 1,143,738	112,816	862	243,297	1,500,713
Receivables					
Taxes					
Property	550	-	-	-	550
Gross receipts	77,308	-	-	6,002	83,310
Gas	1,196	-	-	3,665	4,861
Franchise	6,833	-	-	-	6,833
Grants	47,506	-	-	-	47,506
Total assets	\$ 1,277,131	112,816	862	252,964	1,643,773
LIABILITIES					
Accrued compensation and benefits	\$ 21,087	-	-	-	21,087
Court bonds payable	-	-	-	801	801
Deferred revenue	38,138	-	-	-	38,138
Total liabilities	59,225	-	-	801	60,026
FUND BALANCES					
Restricted for:					
Special revenue funds	-	112,816	862	220,485	334,163
Capital projects funds	-	-	-	276	276
Committed to:					
Special revenue funds	-	-	-	29,410	29,410
Assigned to:					
Special revenue funds	-	-	-	1,992	1,992
Unassigned:					
General fund	1,217,906	-	-	-	1,217,906
Total fund balances	1,217,906	112,816	862	252,163	1,583,747
Total liabilities and fund balances	\$ 1,277,131	112,816	862	252,964	1,643,773

The accompanying notes are an integral part of these financial statements.

VILLAGE OF CAPITAN, NEW MEXICO
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
June 30, 2011

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

Total fund balance - governmental funds	\$ 1,583,747
Deferred revenue is recorded as income under the accrual method, and not the modified accrual method	38,138
Accrued compensated absences not payable from current revenues	(15,872)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	5,120,212
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds	<u>(21,183)</u>
Net assets - governmental activities	<u><u>\$ 6,705,042</u></u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF CAPITAN, NEW MEXICO
STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND
BALANCES - GOVERNMENTAL FUNDS
Year Ended June 30, 2011

	General	Fire Protection	CDBG Senior Center	Nonmajor Governmental Funds	Total
Revenues					
Taxes	\$ 526,434	-	-	62,814	589,248
Licenses, permits, fees, fines	39,749	-	-	28,428	68,177
Federal sources:					
Grant	120,705	-	243,998	-	364,703
Non-federal sources:					
Intergovernmental	177,197	147,672	-	24,830	349,699
Grant	33,439	-	-	-	33,439
Interest and investment income	21,364	4,783	112	3,409	29,668
Sales	-	-	-	425	425
Other	46,805	100	-	4,180	51,085
Total revenues	965,693	152,555	244,110	124,086	1,486,444
Expenditures					
Current					
General government	272,259	-	-	17,645	289,904
Public safety	270,195	49,890	-	32,829	352,914
Highways and streets	257,668	-	-	-	257,668
Debt service	-	12,576	-	8,167	20,743
Capital outlay	193,063	-	243,248	19,812	456,123
Total expenditures	993,185	62,466	243,248	78,453	1,377,352
(Deficiency) excess of revenues over expenditures before other financings sources	(27,492)	90,089	862	45,633	109,092
Other Financing Sources					
Proceeds from the sale of capital assets	11,204	-	-	-	11,204
Operating transfers in	108,635	-	-	-	108,635
Operating transfers out	-	-	-	(3,685)	(3,685)
Total other financing sources	119,839	-	-	(3,685)	116,154
Net change in fund balances	92,347	90,089	862	41,948	225,246
Fund balance, beginning of year	1,125,559	22,727	-	210,215	1,358,501
Fund balance, end of year	\$ 1,217,906	112,816	862	252,163	1,583,747

The accompanying notes are an integral part of these financial statements.

VILLAGE OF CAPITAN, NEW MEXICO
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2011

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

Net changes in fund balances - governmental funds **\$ 225,246**

Governmental funds report capital outlay 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 following is the amount by which capital outlay exceeded depreciation in the current period

Depreciation expense	(369,513)	
Capital outlay	475,295	
Excess of capital outlay over depreciation expense		105,782

Deferred revenue is recorded as income under the accrual method, and not the modified accrual method	(20,277)
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Accrued compensated absences are expensed under the accrual method, and not the modified accrual method.	(2,380)
--	---------

The repayment of the principal of long-term debt consumes the current financial resources of governmental funds.	26,669

Change in net assets - governmental activities **\$ 335,040**

The accompanying notes are an integral part of these financial statements.

VILLAGE OF CAPITAN, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget- Positive (Negative)
Revenues				
Taxes	\$ 501,570	501,570	531,823	30,253
Licenses and permits and fees	43,306	43,306	39,749	(3,557)
Intergovernmental	144,011	144,011	177,197	33,186
Interest and investment income	6,445	6,445	21,364	14,919
Grants	369,746	369,746	154,144	(215,602)
Other	24,884	24,884	46,805	21,921
Total revenues	1,089,962	1,089,962	971,082	(118,880)
Expenditures				
General government	281,654	319,391	275,267	44,124
Public safety	275,906	246,762	270,195	(23,433)
Highways and streets	266,674	278,998	257,668	21,330
Capital outlay	415,781	415,814	193,063	222,751
Total expenditures	1,240,015	1,260,965	996,193	264,772
(Deficiency) excess of revenues over expenditures	(150,053)	(171,003)	(25,111)	145,892
Other financing sources				
Proceeds from the sale of capital assets	-	-	11,204	11,204
Operating transfers in	108,000	108,000	108,635	635
Total other financing sources	108,000	108,000	119,839	635
Net change in fund balance	(42,053)	(63,003)	94,728	146,527
Prior year cash appropriated	42,053	63,003		
	<u>\$ -</u>	<u>-</u>		
Non-GAAP change in fund balance			\$ 94,728	
Change in:				
Accounts receivable			(5,389)	
Accrued compensation and benefits			3,008	
GAAP change in fund balance			<u>\$ 92,347</u>	

The accompanying notes are an integral part of these financial statements.

VILLAGE OF CAPITAN, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
FIRE PROTECTION
Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget- Positive (Negative)
Revenues				
Intergovernmental	\$ 154,067	154,067	147,672	(6,395)
Interest and investment income	1,250	1,250	4,783	3,533
Other	-	-	100	100
Total revenues	155,317	155,317	152,555	(2,762)
Expenditures				
Public safety	134,478	134,478	49,890	84,588
Capital outlay	20,000	20,000	-	20,000
Debt service	20,839	20,839	12,576	8,263
Total expenditures	175,317	175,317	62,466	112,851
Net change in fund balance	(20,000)	(20,000)	90,089	110,089
Prior year cash appropriated	20,000	20,000		
	<u>\$ -</u>	<u>-</u>		

The accompanying notes are an integral part of these financial statements.

VILLAGE OF CAPITAN, NEW MEXICO
BALANCE SHEET -
PROPRIETARY FUNDS
June 30, 2011

	Utility Water & Sewer	Solid Waste	Smokey Bear Enterprise	Total
ASSETS				
Current Assets				
Cash and investments	\$ 891,325	30,669	48,215	970,209
Accounts receivable, net of allowance	57,544	14,823	-	72,367
Grants receivable	22,328	-	-	22,328
Inventory	-	-	11,016	11,016
Note receivable, current portion	54,005	-	-	54,005
Total current assets	1,025,202	45,492	59,231	1,129,925
Capital Assets				
Land and water rights	4,025,632	-	-	4,025,632
Plant and equipment	6,278,472	-	1,691	6,280,163
Buildings and improvements	-	-	34,875	34,875
Accumulated depreciation	(3,296,287)	-	(32,556)	(3,328,843)
Total capital assets, net	7,007,817	-	4,010	7,011,827
Other Assets				
Note receivable, long-term portion	466,299	-	-	466,299
Total assets	\$ 8,499,318	45,492	63,241	8,608,051
LIABILITIES AND NET ASSETS				
Current Liabilities				
Royalties payable	\$ -	-	31	31
Sales tax payable	3,644	-	3,643	7,287
Fees payable	277	-	-	277
Accrued compensation and benefits	5,446	-	507	5,953
Interest payable	12,267	-	-	12,267
Deposits payable	34,905	-	-	34,905
Compensated absences, current portion	3,500	-	2,067	5,567
Bonds payable, current portion	10,000	-	-	10,000
Total current liabilities	70,039	-	6,248	76,287
Long-Term Liabilities				
Compensated absences	10,996	-	-	10,996
Bonds payable	621,086	-	-	621,086
Total long-term liabilities	632,082	-	-	632,082
Total liabilities	702,121	-	6,248	708,369
Net Assets:				
Invested in capital assets, net of related debt	6,376,731	-	4,010	6,380,741
Restricted for inventory	-	-	11,016	11,016
Unrestricted	1,420,466	45,492	41,967	1,507,925
Total net assets	7,797,197	45,492	56,993	7,899,682
Total liabilities and net assets	\$ 8,499,318	45,492	63,241	8,608,051

The accompanying notes are an integral part of these financial statements.

VILLAGE OF CAPITAN, NEW MEXICO
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET
ASSETS - PROPRIETARY FUNDS
Year Ended June 30, 2011

	Utility Water & Sewer	Solid Waste	Smokey Bear Enterprise	Total
Operating Revenues				
Sales and services	\$ 587,359	165,316	57,904	810,579
Operating Expenses				
Operating expenses	432,582	160,908	64,290	657,780
Depreciation	135,621	-	151	135,772
Total operating expenses	568,203	160,908	64,441	793,552
Operating Income (Loss)	19,156	4,408	(6,537)	17,027
Nonoperating Revenues (Expenses)				
Other	1,641	-	2,513	4,154
Lease of water rights	90,000	-	-	90,000
Interest income	75,244	614	576	76,434
Interest expense	(28,588)	-	-	(28,588)
Transfers in - severance tax appropriation	38,587	-	-	38,587
Transfers in	-	-	3,685	3,685
Transfers out	(108,634)	-	-	(108,634)
Total nonoperating revenues (expenses)	68,250	614	6,774	75,638
Change in net assets	87,406	5,022	237	92,665
Net assets, beginning of year	7,709,791	40,470	56,756	7,807,017
Net assets, end of year	\$ 7,797,197	45,492	56,993	7,899,682

The accompanying notes are an integral part of these financial statements.

VILLAGE OF CAPITAN, NEW MEXICO
STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS
Year Ended June 30, 2011

	Utility Water & Sewer	Solid Waste	Smokey Bear Enterprise	Total
Cash Flows From Operating Activities				
Cash received from customers	\$ 580,051	167,842	57,904	805,797
Cash payments to vendors and employees	(453,841)	(160,908)	(63,952)	(678,701)
Net cash provided (used) by operating activities	<u>126,210</u>	<u>6,934</u>	<u>(6,048)</u>	<u>127,096</u>
Cash Flows From Noncapital and Related Financing Activities				
Other income	1,641	-	2,513	4,154
Operating transfers, net	(108,634)	-	-	(108,634)
Net cash (used) provided by noncapital financing activities	<u>(106,993)</u>	<u>-</u>	<u>2,513</u>	<u>(104,480)</u>
Cash Flows From Capital and Related Financing Activities				
Principal payment on bonds	(7,304)	-	-	(7,304)
Interest payment on bonds	(28,588)	-	-	(28,588)
Tsf in - severance tax appropriation	38,587	-	-	38,587
Operating transfers, net	-	-	3,685	3,685
Purchase of capital assets	(43,129)	-	(3,685)	(46,814)
Net cash used by capital and related financing activities	<u>(40,434)</u>	<u>-</u>	<u>-</u>	<u>(40,434)</u>
Cash Flows From Investing Activities				
Interest received on investments	80,517	614	576	81,707
Sale of water rights	90,000	-	-	90,000
Principal received on notes	48,873	-	-	48,873
Net cash provided by investing activities	<u>219,390</u>	<u>614</u>	<u>576</u>	<u>220,580</u>
Net change in cash	198,173	7,548	(2,959)	202,762
Cash, beginning of year	693,152	23,121	51,174	767,447
Cash, end of year	<u>\$ 891,325</u>	<u>30,669</u>	<u>48,215</u>	<u>970,209</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF CAPITAN, NEW MEXICO
STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS (CONTINUED)
Year Ended June 30, 2011

	Utility Water & Sewer	Solid Waste	Smokey Bear Enterprise	Total
Operating income (loss)	\$ 19,156	4,408	(6,537)	17,027
Adjustments to reconcile operating income to net cash flows				
Depreciation expense	135,621	-	151	135,772
Changes in assets and liabilities				
Accounts receivable	(7,308)	2,526	-	(4,782)
Grants receivable	(22,328)	-	-	(22,328)
Inventory	-	-	1,956	1,956
Accrued expenses	1,069	-	(1,618)	(549)
Net cash provided (used) by operating activities	<u>\$ 126,210</u>	<u>6,934</u>	<u>(6,048)</u>	<u>127,096</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF CAPITAN, NEW MEXICO
STATEMENT OF FIDUCIARY NET ASSETS -
AGENCY FUNDS
June 30, 2011

ASSETS

Cash	\$ 87
Total assets	\$ 87

LIABILITIES

Due to Motor Vehicle Division	\$ 87
Total liabilities	\$ 87

The accompanying notes are an integral part of these financial statements.

VILLAGE OF CAPITAN, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Entity. The Village of Capitan (Village) was incorporated in 1937 under the laws of the State of New Mexico. The Village operates under a Mayor-Trustee form of government and provides the following services as authorized by its charter: public safety (police and fire), streets, sanitation, health and social services, culture and recreation, education, public improvements, and general administrative services.

The financial statements of the Village have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental entities.

A. Financial Reporting Entity

As required by GAAP, the financial statements present the Village and entities for which the Village is considered to be financially accountable. There are no component units for the fiscal year ended June 30, 2011.

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the Village. 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. *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 and enterprise funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

VILLAGE OF CAPITAN, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

A. Financial Reporting Entity (Continued)

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

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.

Enterprise funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with proprietary fund's principle ongoing operations.

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

Governmental 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. For this purpose, the Village 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 made.

The Village follows the following revenue recognition principles applied to nonexchange transactions which are in accordance with GASB *Statement 33, Accounting and Reporting for Nonexchange Transactions*:

Derived tax revenues are recognized as revenue in the period when the underlying exchange transaction has occurred and the resources are available. Derived tax revenues include gross receipts tax, gasoline taxes, and cigarette taxes.

VILLAGE OF CAPITAN, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

A. Financial Reporting Entity (Continued)

Imposed nonexchange revenues – property taxes are levied and collected by the Lincoln County treasurer on behalf of the Village. The taxes are levied in November and payable in two installments, November 10th and May 10th. The County remits to the Village a percentage of the collections made during the month. Taxes are considered delinquent and subject to lien, penalty, and interest 30 days after the date on which they are due.

Imposed nonexchange revenue other than property taxes are recognized in the period when an enforceable legal claim has arisen and the resources are available.

Government-mandated nonexchange transactions and voluntary nonexchange transactions are recognized when all applicable eligibility requirements have been met and the resources are available. These include grant revenues, state shared taxes and intergovernmental revenue. Grant revenues are recognized as revenues when the related costs are incurred.

Other revenues susceptible to accrual are investment income and charges for services. All other revenues are recognized when they are received and are not susceptible to accrual because they are usually not measurable until payment is actually received.

The Village reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred revenues also arise when resources are received by the Village before it has legal claim to the, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent period when both revenue recognition criteria methods are met, or when the Village has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

The Village reports the following major governmental funds:

General Fund. The General Fund is the Village’s primary operating fund. It accounts for all the financial resources of the general government except those required to be accounted for in another fund.

Fire Protection Fund. To account for the operations and maintenance of the fire department. The operations are financed by an allotment from the annual fire grant from the State of New Mexico. Authority is NMSA 59-A-53-1.

CDBG Senior Center. To account for grant money received and spent on Capitan’s senior center.

VILLAGE OF CAPITAN, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

A. Financial Reporting Entity (Continued)

Proprietary funds are accounted for on the flow of economic resources measurement focus (all assets and all liabilities associated with the operation of these funds are included on the balance sheet) and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The Village applies all applicable GASB pronouncements in accounting and reporting for its proprietary operations.

Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. The following proprietary funds are major funds:

Utility Water and Sewer Proprietary Fund. To account for the provisions of water and sewer services to the residents of the Village. All activities necessary to provide such services are accounted for in this fund. Financing is provided through charges to customers for service.

Solid Waste Proprietary Fund. To account for the provision of landfill service to the residents of the Village. All activities necessary to provide such services are accounted for in this fund including, but not limited to, administration, operations, maintenance billing, and collection.

The following proprietary fund is not a major fund:

Smokey Bear Proprietary Fund. To account for merchandise sales at the Smokey Bear Museum. All activities necessary for the purchase of inventory and related sales of that inventory are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and collection.

B. Cash and Investments

Cash include amounts in demand deposits and certificates of deposit. Cash deposits are reported at carrying amount, which reasonably estimates fair value.

All investments are stated at fair value that is determined by using selected bases. Interest income, realized gains and losses on investment transactions, and amortization of premiums/discounts on investment purchases are included for financial statement purposes as investment income and are allocated to participating funds based on the specific identification of the source of funds for a given investment.

VILLAGE OF CAPITAN, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

B. Cash and Investments (Continued)

The Village passed a resolution which adopts the State's investment policy as the Village's investments policy. Village funds are invested in accordance with New Mexico State Statute 6-10-36 which provides for the following investments:

1. United States Treasury Securities (Bills, Notes and Bonds) and other securities issued by the United States government or its agencies or instrumentalities that are either direct obligations of the United States of America, the Federal Home Loan Mortgage Corp., the Federal National Mortgage Association, the Federal Farm Credit Bank, or the Student Loan Marketing Association, or are backed by the full faith and credit of the United States government.
2. Insured and/or collateralized (with U.S. Government Securities and/or New Mexico Bonds) certificates of deposit of banks, savings and loan associations, and credit unions, pursuant to State Board of Finance Collateral Policies.
3. Money market funds whose portfolios consist entirely of United States Government Securities or agencies sponsored by the United States government.
4. Investments in the New Mexico State Treasurer external investment pool (Local Government investment Pool).

C. Inventory

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when purchased.

D. Prepaid Items

Payments made to vendors for services that will benefit periods beyond the year-end are recorded as prepaid items.

E. Property and Equipment

Capital assets, which include software, 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 Village as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

VILLAGE OF CAPITAN, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

E. Property and Equipment (Continued)

Assets are recorded at historical cost or estimated historical cost if purchased or construction. 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.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Improvements other than buildings	10 - 50 years
Buildings and structures	30 years
Machinery, equipment, and software	3 - 50 years
Furniture and fixtures	5 - 30 years
Infrastructure	5 - 50 years

Capital assets in proprietary funds are depreciated using the straight-line method over the estimated useful lives of the assets as follows:

Buildings and other improvements	25 - 33 years
Water and sewer system	20 - 50 years
Machinery, equipment, and software	3 - 10 years

The Audit Act, 12-6-10, NMSA 1978, requires all assets which cost more than \$5,000 and have a life greater than one year to be added to the General Fixed Asset Account Group and a yearly inventory of those assets must be taken.

F. Intangible Assets

Under Statement of ASC 350, *Intangibles - Goodwill and Other*, intangible assets with indefinite lives are no longer amortized. Indefinite lived intangible assets, such as water rights, are tested for impairment on an annual basis. There were no intangible assets at year-end.

G. Cash Flows

For purposes of the Statement of Cash Flows, the various enterprise funds consider all demand deposit, certificate of deposits, and highly liquid investments (excluding restricted assets) to be cash equivalents.

VILLAGE OF CAPITAN, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

H. Accrued Employee Benefits

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the general long-term debt account group. No expenditure is reported for these amounts. Vested or accumulated vacation leave for proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees.

I. Fund Equity

Beginning with fiscal year 2011, the Village implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance—amounts that are in nonspendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance—amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance—amounts constrained to specific purposes by the Village itself, using its highest level of decision-making authority (i.e., Village Council). To be reported as committed, amounts cannot be used for any other purpose unless the Village takes the same highest level action to remove or change the constraint.
- Assigned fund balance—amounts the Village intends to use for a specific purpose. Intent can be expressed by the Village Council or by an official or body to which the Village Council delegates the authority.
- Unassigned fund balance—amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The Village Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Village Council through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

VILLAGE OF CAPITAN, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

E. Fund Equity (Continued)

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Village considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Village considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Village Council have provided otherwise in its commitment or assignment actions.

Major Funds

The Fire Protection Fund has Restricted Funds of \$112,816 consisting of intergovernmental revenues to be used for fire protection services and debt service on fire vehicles.

The CDBG Senior Center Fund has Restricted Funds of \$862 consisting of funds remaining from a CDBG grant. The funds must be used for the Senior Center.

Other Funds

Restricted Fund Balances. The Cemetery, Corrections, Infrastructure, Lodgers Tax, Juvenile Recreation, Law Enforcement Protection, and Environmental Gross Receipts Tax funds have a fund balances restricted due to enabling legislation. The purpose of each fund and reference to the enabling legislation may be found on page 38.

Committed Fund Balances. The Fire Equipment fund has a fund balance committed due to Village resolution. The purpose of the fund and reference to the Village resolution may be found on page 38.

Assigned Fund Balances. The Court, Court Escrow, and Smokey Bear Donation funds have assigned balances. It is managements intent to use the fund balances for the purposes which are referenced on page 38.

Net Assets of Proprietary Funds

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers, other funds or other governments. Reserves represent those portions of fund equity appropriated for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

VILLAGE OF CAPITAN, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Reservations of fund balance represent amounts that are not appropriated or are legally segregated for a specific purpose. Restrictions of net assets are limited to outside third-party restrictions. Fund equity and net assets were reported as follows:

Reserved for inventory - Represents the amounts which have been invested in the inventory balances for proprietary funds.

Unreserved, undesignated - Amounts which have not been reserved or designated for any purpose. These funds are available for unrestricted usage by the Village.

J. 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 borrowings used for the acquisition, construction or improvements of those assets. Net assets invested in capital assets, net of related debt excludes unspent debt proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Village or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

K. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

VILLAGE OF CAPITAN, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

L. Budgetary Information

Actual amounts on the budgetary basis are prepared on the cash basis of accounting which recognizes revenues when received and expenditures when paid. Annual budgets are adopted for the general, special revenue, capital projects, and enterprise funds. A budget have not been adopted for court escrow.

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

1. Prior to June 1, the Village Finance Officer submits to the Village Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them based on previous year's history. Public hearings are conducted at the Village Hall to obtain taxpayer comments. Prior to July 1, the budget is legally enacted through passage of a resolution.
2. The Village Finance Officer is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any funds must be approved by the Village Council and New Mexico State Department of Finance, Division of Local Governments.
3. Formal budgetary integration is employed as a management control device during the year for the general fund, special revenue funds, capital project funds, and enterprise funds.
4. Encumbrances are not reported in the budgets or financial statements.
5. The level of classification detail in which expenditures of expenses may not legally exceed appropriations for each budget is in fund total. Appropriations lapse at year-end.

M. 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

VILLAGE OF CAPITAN, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

N. Implementation of New Accounting Standards

During the year ended June 30, 2011, the Village adopted Government Accounting Standards Board Statement (GASB) No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 1989 GASB and AICPA Pronouncements*. The Village also adopted GASB 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and net Position*. Neither statement will have a material impact on the Village's financial statements.

NOTE 2. CASH AND INVESTMENTS

Deposits

Custodial Credit Risk - Deposits. Custodial credit risk is, in the event of the failure of a depository financial institution, the Village will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Village does not have a deposit policy for custodial credit risk. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and are (1) uncollateralized, (2) collateralized with securities held by the pledging financial institution, or (3) collateralized with securities held by the pledging financial institution's trust department or agent but not in the Village's name. As of June 30, 2011, the Village's bank balance total of \$2,543,165 was exposed to credit risk in the amount of \$2,043,165 as follows:

Uninsured and collateral held by pledging bank's trust department not in the Village's name	<u>\$ 1,854,360</u>
Uninsured and uncollateralized	<u>\$ 188,805</u>

In accordance with Section 6-10-17, NMSA, 1978 Compilation, the Village is required to collateralize an amount equal to one-half of the public money in excess of FDIC insurance at each financial institution.

The total balance in any single financial institution may at times exceed the \$250,000 in FDIC coverage available to individual depositors. The Village is required to obtain from each bank that is a depository for public funds pledged collateral in an aggregate amount equal to one half of the public money in each account. All of the Village's checking accounts bear interest.

Credit Risk. The Village has no formal policy on managing credit risk. State law limits investments to United States Government obligations, commercial paper with A-1 or better ratings, corporate bonds with a BBB+ or better rating, asset backed obligations with an AAA or better rating, or repurchase agreements.

VILLAGE OF CAPITAN, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 2. CASH AND INVESTMENTS (CONTINUED)

Investments

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributable to the magnitude of the Village's investment in a single issuer. The Village has no formal policy limiting the amount of investments or deposits at any single institution or with any single issuer.

The State Treasurer Local Government Investment Pool (LGIP) is not SEC registered. The State Treasurer is authorized to invest the short-term investment funds, with the advice and consent of the State Board of Finance, in accordance with Section 6-10-10 I through 6-10-10 P and Sections 6-10-10.1 A and E, NMSA 1978. The investments are valued at fair value based on quoted market prices as of the valuation date. The LGIP investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments.

The New Mexico State Treasurer is responsible for approving all changes in the pledged collateral and monitoring the collateral requirements for all deposits maintained by the State Treasurer. The State Treasurer's office issues separate financial statements which disclose the collateral pledged to secure those deposits.

During the year ending June 30, 2009, the State Treasurers office placed \$15,553 of the Village's LGIP investment into a contingency account. The funds are not accessible by the Village. The funds may be used to cover losses from the failure of a money market in which the LGIP was invested. The Village does not know if the money will be returned. As of June 30, 2011, \$2,511 remained in the contingency account.

LGIP does not have unit shares. Per Section 6-10-10.1 F, 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 fund amounts were invested. Participation in this pool is voluntary. The independent auditors' report, together with the financial statements, the accompanying notes to the financial statements, and the independent auditors' report on compliance and internal controls are available from the State Investment Council, 2055 South Pacheco Street, Suite 100, Santa Fe, New Mexico 87505, upon written request.

Interest Rate Risk – The LGIP's policy is to invest in securities with an average maturity of less than 182 days, or a 0.5 yearly average term. The LGIP's weighted average maturity at June 30, 2011 was 36 days.

Credit Quality – The LGIP is rated AAAM.

Investments held at BNY Mellon are invested in dollar denominated US Treasury funds. The funds invest in instruments with maturities of 90 days or less.

VILLAGE OF CAPITAN, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 3. ACCOUNTS RECEIVABLE – PROPRIETARY FUNDS

Accounts receivable represents billings for water, sewer, and solid waste fees. It is management's policy to cut off water service for non-payment. A lien is placed on the properties which have outstanding water bills.

Accounts receivable is comprised of the following at June 30, 2011:

Accounts receivable	\$ 104,167
Allowance for uncollectible accounts	<u>(31,800)</u>
Accounts receivable, net	<u>\$ 72,367</u>

VILLAGE OF CAPITAN, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 4. CAPITAL ASSETS

Capital asset activity for the year ending June 30, 2011 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets, not depreciated				
Land	\$ 87,675	-	-	87,675
Total, not depreciated	\$ 87,675	-	-	87,675
Capital assets, depreciated				
Buildings	\$ 732,529	264,322	-	996,851
Vehicles	1,763,465	5,345	(119,669)	1,649,141
Machinery and equipment	181,766	38,025	-	219,791
Infrastructure	4,293,644	167,603	-	4,461,247
Total, depreciated	6,971,404	475,295	(119,669)	7,327,030
Accumulated depreciation for:				
Buildings	286,755	28,893	-	315,648
Vehicles	1,210,444	152,293	(119,669)	1,243,068
Machinery and equipment	146,593	12,717	-	159,310
Infrastructure	400,857	175,610	-	576,467
Total accumulated depreciation	2,044,649	369,513	(119,669)	2,294,493
Total capital assets, depreciated, net	\$ 4,926,755	105,782	-	5,032,537
Business-type Activities				
Capital assets, not depreciated				
Land and water rights	\$ 4,025,632	-	-	4,025,632
Total, not depreciated	\$ 4,025,632	-	-	4,025,632
Capital assets, depreciated				
Buildings and improvements	\$ 4,478,848	3,685	-	4,482,533
Vehicles	170,897	-	-	170,897
Machinery and equipment	1,618,479	43,129	-	1,661,608
Total, depreciated	6,268,224	46,814	-	6,315,038
Total accumulated depreciation	3,193,071	135,772	-	3,328,843
Total capital assets, depreciated, net	\$ 3,075,153	(88,958)	-	2,986,195

VILLAGE OF CAPITAN, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 4. CAPITAL ASSETS (CONTINUED)

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

Governmental activities	
General government	\$ 67,362
Public Safety	144,260
Highway and Streets	<u>157,891</u>
Total depreciation expense	<u>\$ 369,513</u>

NOTE 5. NOTE RECEIVABLE

The note receivable listed in the Proprietary Funds reflects the balance due to the Village of Capitan from the Village of Ruidoso as a result of the dissolution of the Eagle Creek Inter-Community Water Supply Association, Inc. During the fiscal year ended June 30, 1998, Capitan received water rights valued at \$2,962,692, a pipeline valued at \$196,678, cash in the amount of \$225,048, and a note receivable in the amount of \$894,161. The note is payable in twenty annual installments of \$108,634.54, including interest at 10.5%, beginning May 26, 1999, and maturing May 26, 2019. The debt is to be paid from Ruidoso's water revenue sources only and is not considered to be a general obligation of the Village of Ruidoso.

Note receivable activity for the year was as follows:

Balance June 30, 2010	Payments	Balance June 30, 2011
\$ 569,177	(48,873)	<u>520,304</u>

Maturities of the note are as follows:

Year Ending June 30	Principal	Interest	Total
2012	\$ 54,005	54,630	108,635
2013	59,675	48,960	108,635
2014	65,941	42,694	108,635
2015	72,865	35,770	108,635
2016	80,516	28,119	108,635
Thereafter	<u>187,302</u>	<u>29,968</u>	<u>217,270</u>
	<u>\$ 520,304</u>	<u>240,141</u>	<u>760,445</u>

VILLAGE OF CAPITAN, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 6. LONG-TERM OBLIGATIONS – GOVERNMENTAL FUNDS

During the year ended June 30, 2011, the following changes occurred:

	Beginning Balance	Additions	Payments	Ending Balance	Due Within One Year
Loans payable	\$ 47,852	-	(26,669)	21,183	14,361
Compensated absences	13,492	4,568	(2,188)	15,872	3,000
Total	\$ 61,344	4,568	(28,857)	37,055	17,361

Payroll is tracked on a per-fund basis. Compensated absences relating to employees of a given fund are liquidated with money from that fund. The majority of compensated absences have been liquidated with money from the general fund.

Long-Term Notes Payable. The Village is obligated to the New Mexico Finance Authority under certain notes that are accounted for as a long-term notes payable. The assets are a fire truck and two police cars. The assets under notes payable totaled \$258,476 at June 30, 2011.

During the year ended June 30, 2009, the Village borrowed \$21,911 from the New Mexico Finance Authority to purchase a police car. The loan is to be paid in three yearly principal and interest payments. Interest is at 3.00%.

The following is a schedule of the debt service requirements to maturity for the note:

Year Ending June 30:

	Principal	Interest	Total
2012	<u>\$ 7,619</u>	<u>229</u>	<u>7,848</u>

During the year ended June 30, 2009, the Village borrowed \$20,260 from the New Mexico Finance Authority to purchase a police car. The loan is to be paid in three yearly principal and interest payments. Interest is at 1.205%.

The following is a schedule of the debt service requirements to maturity for the note:

Year Ending June 30:

	Principal	Interest	Total
2012	\$ 6,742	181	6,923
2013	<u>6,822</u>	<u>101</u>	<u>6,923</u>
Total	\$ 13,564	282	13,846

VILLAGE OF CAPITAN, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 6. LONG-TERM OBLIGATIONS – GOVERNMENTAL FUNDS
(CONTINUED)

Accrued Compensated Absences. It is the policy of Village to grant each permanent and probationary full time employee annual leave based on the following schedule. Any unused annual leave is paid upon termination of employment. The maximum unused annual leave which an employee may accrue is 80 hours.

Total Years of Village Service	Yearly Accumulation
0-5 (inclusive)	14 days
5-10 (inclusive)	21 days
10- or more	28 days

NOTE 7. LONG-TERM DEBT - ENTERPRISE FUNDS

During the year ended June 30, 2011, the following changes occurred:

	Beginning Balance	Additions	Payments	Ending Balance	Due Within One Year
Compensated absences	\$ 15,189	2,849	(1,475)	16,563	5,567
Bonds payable	<u>639,386</u>	<u>-</u>	<u>(8,300)</u>	<u>631,086</u>	<u>10,000</u>
Total	<u>\$ 654,575</u>	<u>2,849</u>	<u>(9,775)</u>	<u>647,649</u>	<u>15,567</u>

The Water & Sewer Utility enterprise fund has the following bond issues outstanding:

Sewer System Serial Bonds held by Berkadia Commercial Mortgage, due in annual installments through January 1, 2015, interest at 5.0%.

Water System Improvement Bonds, Series - 2001 to Rural Utilities Service due in annual installments through December 19, 2041 interest at 4.75%.

Water System Improvement Bonds, Series - 2002 to Rural Utilities Service due in annual installments through February 13, 2042 interest at 4.75%.

VILLAGE OF CAPITAN, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 7. LONG-TERM DEBT - ENTERPRISE FUNDS (CONTINUED)

The future requirements are as follows:

1977 Sewer System Bonds

Year Ending June 30	Principal	Interest	Total
2012	\$ 2,000	175	2,175
2013	1,000	150	1,150
2014	1,000	100	1,100
2015	1,000	50	1,050
	<u>\$ 5,000</u>	<u>475</u>	<u>5,475</u>

Water System Improvement Bond, Series - 2001

Year Ending June 30	Principal	Interest	Total
2012	\$ 5,000	20,178	25,178
2013	5,000	19,941	24,941
2014	5,000	19,703	24,703
2015	5,000	19,466	24,466
2016	5,000	19,228	24,228
2017 to 2021	40,000	91,867	131,867
2022 to 2026	50,000	80,705	130,705
2027 to 2031	65,000	68,117	133,117
2032 to 2036	80,000	51,016	131,016
2037 to 2041	105,000	29,640	134,640
2042	59,800	4,494	64,294
	<u>\$ 424,800</u>	<u>424,355</u>	<u>849,155</u>

VILLAGE OF CAPITAN, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 7. LONG-TERM DEBT - ENTERPRISE FUNDS (CONTINUED)

Water System Improvement Bond, Series - 2002

Year Ending June 30	Principal	Interest	Total
2012	\$ 3,000	9,561	12,561
2013	3,100	9,419	12,519
2014	3,300	9,271	12,571
2015	3,400	9,115	12,515
2016	3,600	8,953	12,553
2017 to 2021	20,500	42,057	62,557
2022 to 2026	26,000	36,686	62,686
2027 to 2031	32,700	29,902	62,602
2032 to 2036	41,300	21,358	62,658
2037 to 2041	52,100	10,570	62,670
2042	12,286	584	12,870
	<u>\$ 201,286</u>	<u>187,476</u>	<u>388,762</u>

NOTE 8. INTERFUND OPERATING TRANSFERS

The following is a schedule of operating transfers:

	Transfers In	Transfers Out
Major Funds		
Governmental Funds		
General Fund	\$ 108,634	-
Enterprise Funds		
Water Fund	-	108,634
Total	<u>\$ 108,634</u>	<u>108,634</u>

The above transfers were made as a result of the Village receiving the Eagle Creek note payment in the General Fund instead of the Water Fund, and a reimbursement to the Water Fund from the General Fund for tax revenue received in the wrong fund. The money is left in the General Fund, which is reflected by an operating transfer.

	In	Out
Nonmajor Funds		
Enterprise Funds		
Smokey Bear Enterprise	\$ 3,685	-
Governmental Funds		
Smokey Bear Donations	-	3,685
Total	<u>\$ 3,685</u>	<u>3,685</u>

The transfer was to move money to purchase a new roof for the Smokey Bear store.

VILLAGE OF CAPITAN, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 9. PROPERTY TAXES

Lincoln County is responsible for assessing, collecting and distributing property taxes for the Village. Property taxes are assessed on November 1 of each year based on the assessed value on the prior January 1 and are payable in two equal installments by November 10 of the year in which the tax bill is prepared and by May 10 of the following year. Property taxes are delinquent if not paid by December 10 and June 10. Taxes on real property are liened on January 1 of the year for which the taxes are imposed.

NOTE 10. PERA PENSION PLAN

Plan Description: The police officers of the Village 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, PO Box 2123, Santa Fe, New Mexico 87504-2123. The report is also available on PERA's website at www.pera.state.nm.us.

Funding Policy. Police officers are required to contribute 7.00% of their gross salary. The Village is required to contribute 10% of the gross covered salary. The contribution requirements of plan members and the Village are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The Village's contributions to PERA for the years ending June 30, 2011, 2010, and 2009 was \$7,486, \$7,516 and \$7,162, respectively, which equal the amount of the required contributions for each fiscal year.

NOTE 11. PENSION PLAN AND DEFERRED COMPENSATION PLAN

The Village offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is available to all full-time employees after six months of employment. It permits them to defer a portion of their salary until future years. The Village contributes six percent of eligible employee's salary to the plan. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the Village (without being restricted to the provisions of benefits under the plan), subject only to the claims of the Village's general creditors. Participants' rights under the plan are equal to those of general creditors of the Village in an amount equal to their fair market value of the deferred account for each participant.

VILLAGE OF CAPITAN, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

**NOTE 11. PENSION PLAN AND DEFERRED COMPENSATION PLAN
(CONTINUED)**

It is the opinion of the Village management that the Village has no liability for losses under the plan, but does have the duty of due care that would be required of an ordinary prudent investor. The Village believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

NOTE 12. RETIREE HEALTH CARE ACT

The Retiree Health Care Act (10-7C-1 to 10-7C-16, NMSA 1978) provides comprehensive care group health insurance for persons who have retired from certain public service in New Mexico. As authorized under Section 9D of Chapter 6, Laws of 1990, the Village, by adoption of an ordinance, has elected not to participate in the program.

NOTE 13. RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions and natural disasters for which the government carries commercial insurance. The Village participates in the State of New Mexico Self-Insurers Fund for workers' compensation claims. In addition, the Village has obtained insurance through a commercial carrier operating as a common risk management and insurance program. The Village pays an annual premium to a commercial carrier for its general coverage and all risk of loss is transferred.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The liability for claims and judgments is reported in the General Long-Term Debt Account Group because it is not expected to be liquidated with expendable available financial resources.

NOTE 14. JOINT POWERS AGREEMENTS

The Village of Capitan, Lincoln County, Green Tree Solid Waste (Green Tree), Village of Corona, Village of Ruidoso, Ruidoso Downs, and the Town of Carrizozo are in agreement to provide for the collection, transfer and disposal of solid waste. The responsible party is Green Tree. The beginning and ending dates of this agreement are April 1991 to present. The total estimated amount of the project and portion applicable to the Village and the amount that the Village contributed in the current fiscal year is \$0. The Village has pledged a portion of its Environmental Gross Receipts tax to Green Tree. The audit responsibility is with the Green Tree.

**VILLAGE OF CAPITAN, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

NOTE 14. JOINT POWERS AGREEMENTS (CONTINUED)

The Village of Capitan (Village) and the Lincoln County Sheriff's Department (Department) are in agreement that the Village is to accept dispatch services and cooperate with dispatch services received, and the Department is to provide dispatch services and assist Village police in emergency situations involving fire, ambulance, and law enforcement protection. The parties have agreed to share responsibility. The beginning and ending dates of this agreement are November 24, 1997 to present. The total estimated amount of the project and portion applicable to the Village and the amount that the Village contributed in the current fiscal year is \$0. The audit responsibility remains with the individual entities.

The Villages of Capitan and Corona (Villages), County of Lincoln (County) and Town of Carrizozo (Town) have entered into a memorandum of understanding to develop and maintain a GIS addressing database for enhanced 911 services. The fiscal agent is the County. The agreement is perpetual and funding is contingent upon sufficient appropriations granted by the New Mexico State Legislature. Audit responsibility belongs to the County.

NOTE 15. SUBSEQUENT EVENTS

The Village has evaluated subsequent events through November 9, 2011, the date the financial statements were available to be issued. No material subsequent events have occurred since June 30, 2011.

NOTE 16. DEFICIT FUND BALANCE

The Court Escrow fund has a deficit fund balance of \$704. The Village intends to transfer money to restore the fund balance.

VILLAGE OF CAPITAN, NEW MEXICO
NON-MAJOR FUNDS
June 30, 2011

SPECIAL REVENUE FUNDS

Cemetery Fund. To account for revenue from sale of lots and donations to be used for cemetery improvements. Authority is NMSA 58-17-4.

Court Fund. To account for revenue associated to court processes. The fund was established by Village management.

Court Escrow Fund. To account for bonds associated to court processes. The fund was established by Village management.

Corrections Fund. To establish an additional sources of funds for municipalities to offset the costs of corrections. The source of funds is a twenty-dollar fee which must be paid by all persons violating laws relating the operations of a motor vehicle. Authority is NMSA 33-9-3.

Fire Equipment Fund. To account for fees paid by the State to the Village fire department for extinguishing fires of state lands. Monies are restricted to obtaining and upgrading fire equipment. Authority is by Village resolution.

Infrastructure Fund. To account for the operations and maintenance of funds restricted for the repair and replacement of infrastructure improvements. The funds may be used only for sewer and street repairs and replacements or for the acquisition of rights-of-way. The fund is a special revenue fund. Authority is NMSA 7-21-115.

Lodger's Tax. To account for lodger's tax collections. The tax is to be used for cultural and recreational activities. Authority is NMSA 3-38-14.

Juvenile Recreation. To account for revenues and expenditures relating to village recreational facilities and programs. Financing is provided by the State. Such revenue provides for payment of all current operating costs and may be used for that purpose only. Authority is NMSA 7-12-15.

Law Enforcement Protection. To account for the expenditures from the State of New Mexico for training, equipment and capital outlay. Authority is NMSA 29-13-4.

Smokey Bear Donations. To account for donations that will be used to upgrade and support the museum itself. The fund was established by Village management.

Environmental Gross Receipts Tax Fund. To account for the revenue received from the State through gross receipts and subsequently given to the Otero/Lincoln County Regional Landfill in accordance with a joint powers agreement. Authority is by Joint Powers Agreement.

Emergency Watershed Protection. To account for revenue and expenses related to a grant for emergency watershed protection.

**VILLAGE OF CAPITAN, NEW MEXICO
 COMBINING BALANCE SHEET
 NONMAJOR FUNDS
 June 30, 2011**

	Cemetery	Court	Court Escrow
ASSETS			
Cash and investments	\$ 36,980	644	97
Receivables			
Gross receipts	-	-	-
Gas	-	-	-
Total assets	\$ 36,980	644	97
LIABILITIES			
Court bonds payable	\$ -	-	801
Total liabilities	-	-	801
FUND BALANCES			
Restricted for:			
Special revenue funds	36,980	-	-
Capital project funds	-	-	-
Committed to special revenue funds	-	-	-
Assigned to special revenue funds	-	644	(704)
Total fund balances	36,980	644	(704)
Total fund balances and liabilities	\$ 36,980	644	97

**VILLAGE OF CAPITAN, NEW MEXICO
 COMBINING BALANCE SHEET
 NONMAJOR FUNDS
 June 30, 2011**

	Corrections	Fire Equipment	Infrastructure
ASSETS			
Cash and investments	\$ 54,934	29,410	104,594
Receivables			
Gross receipts	-	-	4,002
Gas	-	-	3,665
	<hr/>		
Total assets	\$ 54,934	29,410	112,261
	<hr/> <hr/>		
LIABILITIES			
Court bonds payable	\$ -	-	-
Total liabilities	-	-	-
	<hr/> <hr/>		
FUND BALANCES			
Restricted for:			
Special revenue funds	54,934	-	112,261
Capital project funds	-	-	-
Committed to special revenue funds	-	29,410	-
Assigned to special revenue funds	-	-	-
	<hr/>		
Total fund balances	54,934	29,410	112,261
	<hr/> <hr/>		
Total fund balances and liabilities	\$ 54,934	29,410	112,261
	<hr/> <hr/>		

VILLAGE OF CAPITAN, NEW MEXICO
COMBINING BALANCE SHEET
NONMAJOR FUNDS
June 30, 2011

	Lodgers Tax	Juvenile Recreation	Law Enforcement Protection
ASSETS			
Cash and investments	\$ 8,760	4,044	1,290
Receivables			
Gross receipts	-		-
Gas	-		-
	<hr/>		
Total assets	\$ 8,760	4,044	1,290
	<hr/> <hr/>		
LIABILITIES			
Court bonds payable	\$ -	-	-
Total liabilities	-	-	-
	<hr/> <hr/>		
FUND BALANCES			
Restricted for:			
Special revenue funds	8,760	4,044	1,290
Capital project funds	-	-	-
Committed to special revenue funds	-	-	-
Assigned to special revenue funds	-	-	-
	<hr/>		
Total fund balances	8,760	4,044	1,290
	<hr/>		
Total fund balances and liabilities	\$ 8,760	4,044	1,290
	<hr/> <hr/>		

**VILLAGE OF CAPITAN, NEW MEXICO
 COMBINING BALANCE SHEET
 NONMAJOR FUNDS
 June 30, 2011**

	Smokey Bear Donation	Environmental Gross Receipts Tax	Emergency Watershed Protection
ASSETS			
Cash and investments	\$ 2,052	216	276
Receivables			
Gross receipts	-	2,000	-
Gas	-	-	-
	<hr/>		
Total assets	\$ 2,052	2,216	276
	<hr/> <hr/>		
LIABILITIES			
Court bonds payable	\$ -	-	-
Total liabilities	-	-	-
	<hr/> <hr/>		
FUND BALANCES			
Restricted for:			
Special revenue funds	-	2,216	-
Capital project funds	-	-	276
Committed to special revenue funds	-	-	-
Assigned to special revenue funds	2,052	-	-
	<hr/>		
Total fund balances	2,052	2,216	276
	<hr/> <hr/>		
Total fund balances and liabilities	\$ 2,052	2,216	276
	<hr/> <hr/>		

VILLAGE OF CAPITAN, NEW MEXICO
COMBINING BALANCE SHEET
NONMAJOR FUNDS
June 30, 2011

	Total Non-major
ASSETS	
Cash and investments	\$ 243,297
Receivables	
Gross receipts	6,002
Gas	<u>3,665</u>
Total assets	<u><u>\$ 252,964</u></u>
LIABILITIES	
Court bonds payable	<u>\$ 801</u>
Total liabilities	<u>801</u>
FUND BALANCES	
Restricted for:	
Special revenue funds	220,485
Capital project funds	276
Committed to special revenue funds	29,410
Assigned to special revenue funds	<u>1,992</u>
Total fund balances	<u>252,163</u>
Total fund balances and liabilities	<u><u>\$ 252,964</u></u>

**VILLAGE OF CAPITAN, NEW MEXICO
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND
BALANCES - NONMAJOR FUNDS
Year Ended June 30, 2011**

	Cemetery	Court	Court Escrow
Revenues			
Taxes	\$ -	-	-
Licenses, permits, fees, fines	-	21,129	-
Intergovernmental	-	-	-
Interest and investment income	422	20	2
Sales	425	-	-
Other	-	18	3,703
	<hr/>	<hr/>	<hr/>
Total revenues	847	21,167	3,705
	<hr/>	<hr/>	<hr/>
Expenditures			
Current			
General government	1,814	-	4,492
Public safety	-	21,129	-
Debt service	-	-	-
Capital outlay	-	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	1,814	21,129	4,492
	<hr/>	<hr/>	<hr/>
(Deficiency) excess of revenues over expenditures before other financing sources	(967)	38	(787)
	<hr/>	<hr/>	<hr/>
Other Financing Uses			
Operating transfers out	-	-	-
	<hr/>	<hr/>	<hr/>
Net change in fund balances	(967)	38	(787)
	<hr/>	<hr/>	<hr/>
Fund balance, beginning of year	37,947	606	83
	<hr/>	<hr/>	<hr/>
Fund balance, end of year	\$ 36,980	644	(704)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**VILLAGE OF CAPITAN, NEW MEXICO
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND
BALANCES - NONMAJOR FUNDS
Year Ended June 30, 2011**

	Corrections	Fire Equipment	Infrastructure
Revenues			
Taxes	\$ -	-	47,736
Licenses, permits, fees, fines	7,299	-	-
Intergovernmental	-	3,074	-
Interest and investment income	590	330	908
Sales	-	-	-
Other	-	-	-
Total revenues	7,889	3,404	48,644
Expenditures			
Current			
General government	-	-	-
Public safety	1,728	2,724	-
Debt service	-	-	-
Capital outlay	-	-	-
Total expenditures	1,728	2,724	-
(Deficiency) excess of revenues over expenditures before other financing sources	6,161	680	48,644
Other Financing Uses			
Operating transfers out	-	-	-
Net change in fund balances	6,161	680	48,644
Fund balance, beginning of year	48,773	28,730	63,617
Fund balance, end of year	\$ 54,934	29,410	112,261

**VILLAGE OF CAPITAN, NEW MEXICO
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND
BALANCES - NONMAJOR FUNDS
Year Ended June 30, 2011**

	Lodgers Tax	Juvenile Recreation	Law Enforcement Protection
Revenues			
Taxes	\$ 6,200	-	-
Licenses, permits, fees, fines	-	-	-
Intergovernmental	-	197	21,559
Interest and investment income	78	46	973
Sales	-	-	-
Other	-	-	-
	<hr/>	<hr/>	<hr/>
Total revenues	6,278	243	22,532
	<hr/>	<hr/>	<hr/>
Expenditures			
Current			
General government	2,706	-	-
Public safety	-	-	7,248
Debt service	-	-	8,167
Capital outlay	-	-	19,812
	<hr/>	<hr/>	<hr/>
Total expenditures	2,706	-	35,227
	<hr/>	<hr/>	<hr/>
(Deficiency) excess of revenues over expenditures before other financing sources	3,572	243	(12,695)
	<hr/>	<hr/>	<hr/>
Other Financing Uses			
Operating transfers out	-	-	-
	<hr/>	<hr/>	<hr/>
Net change in fund balances	3,572	243	(12,695)
	<hr/>	<hr/>	<hr/>
Fund balance, beginning of year	5,188	3,801	13,985
	<hr/>	<hr/>	<hr/>
Fund balance, end of year	\$ 8,760	4,044	1,290
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**VILLAGE OF CAPITAN, NEW MEXICO
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND
BALANCES - NONMAJOR FUNDS
Year Ended June 30, 2011**

	Smokey Bear Donation	Environmental Gross Receipts Tax	Emergency Watershed Protection
Revenues			
Taxes	\$ -	8,878	-
Licenses, permits, fees, fines	-	-	-
Intergovernmental	-	-	-
Interest and investment income	30	7	3
Sales	-	-	-
Other	459	-	-
Total revenues	489	8,885	3
Expenditures			
Current			
General government	-	8,633	-
Public safety	-	-	-
Debt service	-	-	-
Capital outlay	-	-	-
Total expenditures	-	8,633	-
(Deficiency) excess of revenues over expenditures before other financing sources	489	252	3
Other Financing Uses			
Operating transfers out	(3,685)	-	-
Net change in fund balances	(3,196)	252	3
Fund balance, beginning of year	5,248	1,964	273
Fund balance, end of year	\$ 2,052	2,216	276

**VILLAGE OF CAPITAN, NEW MEXICO
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND
BALANCES - NONMAJOR FUNDS
Year Ended June 30, 2011**

	Total Non-major
Revenues	
Taxes	\$ 62,814
Licenses, permits, fees, fines	28,428
Intergovernmental	24,830
Interest and investment income	3,409
Sales	425
Other	4,180
	<hr/>
Total revenues	124,086
	<hr/>
Expenditures	
Current	
General government	17,645
Public safety	32,829
Debt service	8,167
Capital outlay	19,812
	<hr/>
Total expenditures	78,453
	<hr/>
(Deficiency) excess of revenues over expenditures before other financing sources	45,633
	<hr/>
Other Financing Uses	
Operating transfers out	(3,685)
	<hr/>
Net change in fund balances	41,948
	<hr/>
Fund balance, beginning of year	210,215
	<hr/>
Fund balance, end of year	\$ 252,163
	<hr/> <hr/>

VILLAGE OF CAPITAN, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
CEMETERY
Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Plot sales	\$ 4,500	4,500	425	(4,075)
Interest and investment income	336	336	422	86
Total revenues	4,836	4,836	847	(3,989)
Expenditures				
General government	5,000	5,000	1,814	3,186
Capital expenditures	10,200	10,200	-	10,200
Total expenditures	15,200	15,200	1,814	13,386
Net change in fund balance	(10,364)	(10,364)	(967)	<u>9,397</u>
Prior year cash appropriated	10,364	10,364	967	
	<u>\$ -</u>	<u>-</u>	<u>-</u>	

VILLAGE OF CAPITAN, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
COURT
Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Licenses and permits and fees	\$ 34,375	34,375	21,129	(13,246)
Interest and investment income	30	30	20	(10)
Other	5	5	18	13
Total revenues	34,410	34,410	21,167	(13,243)
Expenditures				
Public safety	30,817	30,817	21,129	9,688
Total expenditures	30,817	30,817	21,129	9,688
Net change in fund balance	\$ 3,593	3,593	38	(3,555)

VILLAGE OF CAPITAN, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
CORRECTIONS
Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Licenses and permits and fees	\$ 12,000	12,000	7,299	(4,701)
Interest and investment income	550	550	590	40
Total revenues	12,550	12,550	7,889	(4,661)
Expenditures				
Public safety	8,500	8,500	1,728	6,772
Total expenditures	8,500	8,500	1,728	6,772
Net change in fund balance	\$ 4,050	4,050	6,161	2,111

VILLAGE OF CAPITAN, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
FIRE EQUIPMENT
Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 8,000	8,000	3,074	(4,926)
Interest and investment income	288	288	330	42
Total revenues	8,288	8,288	3,404	(4,884)
Expenditures				
Public safety	8,000	8,000	2,724	5,276
Total expenditures	8,000	8,000	2,724	5,276
Net change in fund balance	\$ 288	288	680	392

VILLAGE OF CAPITAN, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
INFRASTRUCTURE
Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 47,000	47,000	48,857	1,857
Interest and investment income	-	-	908	908
Total revenues	47,000	47,000	49,765	2,765
Expenditures				
Capital outlay	27,000	27,000	-	27,000
Total expenditures	27,000	27,000	-	27,000
Net change in fund balance	\$ 20,000	20,000	49,765	29,765
Non-GAAP change in fund balance			\$ 49,765	
Change in:				
Accounts receivable			(1,121)	
GAAP change in fund balance			\$ 48,644	

VILLAGE OF CAPITAN, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
LODGER'S TAX
Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 3,600	5,100	6,200	1,100
Interest and investment income	55	55	78	23
Total revenues	3,655	5,155	6,278	1,123
Expenditures				
General government	5,100	6,600	2,706	3,894
Total expenditures	5,100	6,600	2,706	3,894
Net change in fund balance	(1,445)	(1,445)	3,572	5,017
Prior year cash appropriated	1,445	1,445		
	<u>\$ -</u>	<u>-</u>		

VILLAGE OF CAPITAN, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
JUVENILE RECREATION
Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ -	-	197	197
Interest and investment income	39	39	46	7
Total revenues	39	39	243	204
Expenditures				
General government	3,000	3,000	-	3,000
Total expenditures	3,000	3,000	-	3,000
Net change in fund balance	(2,961)	(2,961)	243	3,204
Prior year cash appropriated	2,961	2,961		
	\$ -	-		

VILLAGE OF CAPITAN, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
LAW ENFORCEMENT PROTECTION
Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 21,800	22,400	21,559	(841)
Interest and investment income	250	250	973	723
Total revenues	22,050	22,650	22,532	(118)
Expenditures				
Public safety	25,163	20,429	7,248	13,181
Debt service	8,266	8,209	8,167	42
Capital outlay	31,696	31,742	19,812	11,930
Total expenditures	65,125	60,380	35,227	25,153
Deficiency of revenues over expenditures before other financing sources	(43,075)	(37,730)	(12,695)	25,035
Other Financing Sources				
Proceeds from the issuance of debt	25,000	25,000	-	(25,000)
Net change in fund balance	(18,075)	(12,730)	(12,695)	35
Prior year cash appropriated	18,075	12,730	12,695	
\$	-	-	-	

VILLAGE OF CAPITAN, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
SMOKEY BEAR DONATION
Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Interest and investment income	\$ 60	60	30	(30)
Other	400	400	459	59
Total revenues	460	460	489	29
Expenditures				
General government	4,000	4,000	-	4,000
Total expenditures	4,000	4,000	-	4,000
Deficiency of revenues over expenditures before other financing sources	(3,540)	(3,540)	489	4,029
Other Financing Uses				
Operating transfers out	-	-	(3,685)	(3,685)
Net change in fund balance	(3,540)	(3,540)	(3,196)	344
Prior year cash appropriated	3,540	3,540	3,196	
	<u>\$ -</u>	<u>-</u>	<u>-</u>	

VILLAGE OF CAPITAN, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
ENVIRONMENTAL GROSS RECEIPTS TAX
Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 14,000	14,000	9,124	(4,876)
Interest and investment income	12	12	7	(5)
Total revenues	14,012	14,012	9,131	(4,881)
Expenditures				
General government	14,000	14,000	8,633	5,367
Total expenditures	14,000	14,000	8,633	5,367
Net change in fund balance	\$ 12	12	498	486
Non-GAAP change in fund balance			\$ 498	
Change in:				
Accounts receivable			(246)	
GAAP change in fund balance			\$ 252	

VILLAGE OF CAPITAN, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
EMERGENCY WATERSHED PROTECTION
Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Interest and investment income	\$ -	-	3	3
Total revenues	-	-	3	3
Expenditures				
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balance	\$ -	-	3	3

VILLAGE OF CAPITAN, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
CDBG SENIOR CENTER
Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Federal sources - grants	\$ 490,000	490,000	243,998	(246,002)
Interest and investment income	-	-	112	112
Total revenues	490,000	490,000	244,110	(245,890)
Expenditures				
Capital outlay	490,000	490,000	243,248	246,752
Total expenditures	490,000	490,000	243,248	246,752
Net change in fund balance	\$ -	-	862	862

VILLAGE OF CAPITAN, NEW MEXICO
STATEMENT OF REVENUES AND EXPENSES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
UTILITY WATER AND SEWER ENTERPRISE FUND
Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Sales and services	\$ 505,300	505,300	611,722	106,422
Intergovernmental	276,000	276,000	-	(276,000)
Lease of water rights	90,000	90,000	90,000	-
Interest and investment income	4,400	4,400	75,244	70,844
Other	3,250	3,250	1,641	(1,609)
Total revenues	878,950	878,950	778,607	(100,343)
Expenses				
Operating expense	491,364	491,364	434,647	56,717
Grant expenses	328,000	328,000	43,128	284,872
Debt payments	38,922	38,922	36,888	2,034
Total expenses	858,286	858,286	514,663	343,623
Excess of revenues over expenses	20,664	20,664	263,944	243,280
Other financing sources (uses)				
Transfers in - severance tax appropriation	-	-	38,587	38,587
Transfers out	-	-	(108,634)	(108,634)
	-	-	(70,047)	(70,047)
Net change in net assets	\$ 20,664	20,664	193,897	173,233
Non-GAAP change in fund balance			193,897	
Change in:				
Receivables			(24,363)	
Accrued expenses			2,065	
Non-budgeted items:				
Depreciation			(135,621)	
Capital additions			43,128	
Principal on debt payments			8,300	
GAAP change in net assets			\$ 87,406	

VILLAGE OF CAPITAN, NEW MEXICO
STATEMENT OF REVENUES AND EXPENSES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
SOLID WASTE ENTERPRISE FUND
Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Sales and services	\$ 185,000	185,000	162,790	(22,210)
Interest and investment income	405	405	614	209
Total revenues	<u>185,405</u>	<u>185,405</u>	<u>163,404</u>	<u>(22,001)</u>
Expenses				
Operating expense	<u>185,075</u>	<u>185,075</u>	<u>160,908</u>	<u>24,167</u>
Net change in net assets	<u>\$ 330</u>	<u>330</u>	<u>2,496</u>	<u>2,166</u>
Non-GAAP change in fund balance			2,496	
Change in:				
Accounts receivable			<u>2,526</u>	
GAAP change in net assets			<u>\$ 5,022</u>	

VILLAGE OF CAPITAN, NEW MEXICO
STATEMENT OF REVENUES AND EXPENSES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
SMOKEY BEAR ENTERPRISE FUND
Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Sales	\$ 71,904	71,904	57,904	(14,000)
Interest	500	500	576	76
Other	550	550	2,513	1,963
Total revenues	<u>72,954</u>	<u>72,954</u>	<u>60,993</u>	<u>(11,961)</u>
Expenses				
Operating expense	<u>74,961</u>	<u>74,961</u>	<u>60,716</u>	<u>14,245</u>
Deficiency of revenues over expenditures before other financing sources	<u>(2,007)</u>	<u>(2,007)</u>	<u>277</u>	<u>2,284</u>
Other Financing Sources				
Operating transfers in	<u>-</u>	<u>-</u>	<u>3,685</u>	<u>3,685</u>
Net change in net assets	(2,007)	(2,007)	<u>3,962</u>	<u>5,969</u>
Prior year fund balance	<u>2,007</u>	<u>2,007</u>		
	<u>\$ -</u>	<u>-</u>		
Non-GAAP change in fund balance			3,962	
Change in:				
Inventory			(1,956)	
Accrued expenses			(1,618)	
Non-budgeted items:				
Capital expenditures				
Depreciation			<u>(151)</u>	
GAAP change in net assets			<u>\$ 237</u>	

VILLAGE OF CAPITAN, NEW MEXICO
AGENCY FUNDS
June 30, 2011

To account for motor vehicle fees collected by the Village on behalf of the State of New Mexico.

VILLAGE OF CAPITAN, NEW MEXICO
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES -
AGENCY FUNDS
Year Ended June 30, 2011

	Beginning Balance	Additions	Deductions	Ending Balance
ASSETS				
Cash	\$ 741	96,161	96,815	87
Total assets	\$ 741	96,161	96,815	87
LIABILITIES				
Due to Motor Vehicles Division	\$ 741	96,161	96,815	87
Total liabilities	\$ 741	96,161	96,815	87

VILLAGE OF CAPITAN
SCHEDULE OF DEPOSIT AND INVESTMENT ACCOUNTS
June 30, 2011

Depository	Account Name	Type	Depository Balance	Reconciled Balance
City Bank	General Fund	Checking	\$ 648,012	617,413
City Bank	Smokey Bear Donation	Checking	2,052	2,052
City Bank	Smokey Bear Enterprise	Checking	50,776	48,215
City Bank	Water	Checking	578,042	550,938
City Bank	Payroll	Checking	13,880	13,603
City Bank	CDBG	Checking	862	862
City Bank	Cemetery	Checking	36,980	36,980
City Bank	Court Escrow	Checking	105	97
City Bank	Court	Checking	3,322	644
City Bank	Correction	Checking	55,006	54,934
City Bank	Fire Equipment	Checking	32,020	29,410
City Bank	Fire Department	Checking	115,369	112,816
City Bank	Infrastructure	Checking	104,594	104,594
City Bank	Lodger's tax	Checking	8,760	8,760
City Bank	Juvenile recreation	Checking	4,044	4,044
City Bank	Law enforcement protection	Checking	193	19
City Bank	Solid Waste	Checking	44,805	30,669
City Bank	Environmental gross receipts tax	Checking	216	216
City Bank	Water security	Checking	36,258	35,833
City Bank	Emergency Watershed Protection Project	Checking	276	276
Washington Fed.	CD - Water	CD	301,635	301,635
Washington Fed.	CD - General Fund	CD	502,725	502,725
Total cash and cash equivalents - non-agency funds			2,539,932	2,456,735
Petty Cash	Water		-	300
Total cash and cash equivalents - non-agency funds			2,539,932	2,457,035
NM State Treasurer	General Fund	Investment	8,007	8,007
NM State Treasurer	Water Fund	Investment	2,098	2,098
NM State Treasurer	Reserve Contingency - General Fund	Investment	1,990	1,990
NM State Treasurer	Reserve Contingency - Water Fund	Investment	521	521
BNY Mellon	NMFA Debt Svc - Police Vehicle	Investment	1,271	1,271
			13,887	13,887
Total deposit and investment accounts - non-agency			\$ 2,553,819	2,470,922
Agency funds cash accounts				
City Bank	MVD	Checking	\$ 3,233	(113)
Total cash and cash equivalents - agency funds				
Petty Cash	MVD Clerk		-	200
Total cash - agency funds			\$ 3,233	87

VILLAGE OF CAPITAN, NEW MEXICO
SCHEDULE OF PLEDGED COLLATERAL
June 30, 2011

	City Bank	Washington Federal	Total
Deposits at June 30, 2011	\$ 1,738,805	804,360	2,543,165
Less: FDIC coverage	250,000	250,000	500,000
Uninsured public funds	1,488,805	554,360	2,043,165
Pledged collateral held by the pledging bank's trust department or agent but not in the Village's name	1,300,000	1,470,999	2,770,999
Uninsured and uncollateralized	\$ 188,805	-	188,805
50% pledged collateral requirement per statute	\$ 554,657	276,083	1,021,583
Total pledged collateral	1,300,000	1,470,999	2,770,999
Pledged collateral over the requirement	\$ (745,343)	(1,194,916)	(1,749,417)

Pledged collateral at June 30, 2011 consists of the following:

Security	CUSIP	Maturity	Market Value	Market Value	Market Value
FHLB Letter of Credit	NA	NA	\$ 1,300,000	-	1,300,000
FHLB Agency Bond	313370L63	8/25/2025	-	1,470,999	1,470,999
			\$ 1,300,000	1,470,999	2,770,999

The custodian of the pledged securities for First Federal bank is the Federal Home Loan Bank of Dallas in Dallas, Texas.

PORCH & ASSOCIATES LLC

CERTIFIED PUBLIC ACCOUNTANTS
10612 ROYAL BIRKDALE NE
ALBUQUERQUE, NM 87111

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Governmental Auditing Standards*

Mr. Hector H. Balderas, State Auditor and
Sammy L. Hammons, Mayor and
The Board of Trustees
Village of Capitan, New Mexico

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, the budgetary comparison of the general fund and major special revenue funds, and the combining and individual funds and related budgetary comparisons presented as supplemental information of the Village of Capitan (Village), as of and for the year ended June 30, 2011, and have issued our report thereon dated November 9, 2011. 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 Village's internal control over financial reporting as a basis for designing our auditing procedures 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 Village's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

A deficiency *in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected on a timely basis.

Mr. Hector H. Balderas, State Auditor and
Sammy L. Hammons, Mayor and
The Board of Trustees
Village of Capitan, New Mexico

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 Village'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 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 Village of Capitan's management, Village Councilors, the Department of Finance and Administration, the U.S. Department of Housing and Urban Development, the New Mexico State Legislature, and the Office of the State Auditor and is not intended to be and should not be used by anyone other than these specified parties.

Porch & Associates LLC

Albuquerque, New Mexico
November 9, 2011

**VILLAGE OF CAPITAN, NEW MEXICO
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2011**

None

**VILLAGE OF CAPITAN, NEW MEXICO
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2011**

None

**VILLAGE OF CAPITAN, NEW MEXICO
EXIT CONFERENCE
Year Ended June 30, 2011**

An exit conference was held on October 8, 2011, and attended by the following:

Village of Capitan, New Mexico

Sammy L. Hammons, Mayor
Kay Strickland, Village Clerk
Shirley Pavlovic, Deputy Clerk/Finance Officer
Dennis Haskell, Trustee

Porch & Associates LLC

Thad Porch, Partner

* * * * *

The financial statements were prepared by Porch & Associates LLC from the books and records of the Village of Capitan. However, the contents of these financial statements remain the responsibility of the Village's management.