

# PORCH & ASSOCIATES LLC

---

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

VILLAGE OF CAPITAN, NEW MEXICO

Financial Statements, Supplementary Information  
and  
Independent Auditor's Report

June 30, 2014

VILLAGE OF CAPITAN, NEW MEXICO

TABLE OF CONTENTS

INTRODUCTORY SECTION

	Page
List of Principal Officials.....	i

FINANCIAL SECTION

Independent Auditor's Report.....	1
-----------------------------------	---

Basic Financial Statements

Statement of Net Position .....	4
---------------------------------	---

Statement of Activities.....	5
------------------------------	---

Balance Sheet – Governmental Funds .....	6
--	---

Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position .....	7
--	---

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	8
--	---

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	9
---	---

Statement of Revenues and Expenditures – Budget and Actual – (Non-GAAP Budgetary Basis):	
General Fund.....	10
Fire Protection.....	11

Balance Sheet – Proprietary Funds .....	12
---	----

Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds.....	13
---	----

Statement of Cash Flows – Proprietary Funds.....	14
--	----

Statement of Fiduciary Net Position – Agency Funds.....	16
---	----

VILLAGE OF CAPITAN, NEW MEXICO

TABLE OF CONTENTS (CONTINUED)

Basic Financial Statements (Continued)

Page

Notes to Financial Statements.....17

Combining and Individual Fund Statements

Nonmajor Funds

Combining Balance Sheet.....40

Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances .....44

Statements of Revenues and Expenditures –

Budget and Actual – (Non-GAAP Budgetary Basis):

Cemetery .....48  
Corrections .....49  
Fire Equipment.....50  
Infrastructure.....51  
Lodger’s Tax.....52  
Juvenile Recreation.....53  
Law Enforcement Protection .....54  
Smokey Bear Donation.....55  
Environmental Gross Receipts Tax .....56

Statements of Revenues and Expenses –

Budget and Actual – (Non-GAAP Budgetary Basis):

Utility Water and Sewer Enterprise Fund.....57  
Solid Waste Enterprise Fund .....58  
Smokey Bear Enterprise Fund .....59

VILLAGE OF CAPITAN, NEW MEXICO

TABLE OF CONTENTS (CONTINUED)

	Page
SUPPLEMENTAL SCHEDULES	
Schedule of Changes in Assets and Liabilities – Agency Funds .....	61
Schedule of Deposit and Investment Accounts .....	62
Schedule of Pledged Collateral .....	63
Schedule of Appropriations .....	64
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	65
Summary Schedule of Prior Audit Findings .....	67
Schedule of Findings and Responses .....	68
Exit Conference .....	69

**VILLAGE OF CAPITAN, NEW MEXICO**

**List of Principal Officials**

**June 30, 2014**

**Village Trustees**

Dennis Haskell	Mayor
Diane Riska	Mayor Pro-Tem
Lilly Bradley	Trustee
Jean Coulton	Trustee
Ricky LaMay	Trustee

**Administrative Officials**

Kay Strickland	Village Clerk
Dana Johnson	Finance Officer

**Independent Auditor's Report**

Mr. Hector H. Balderas, State Auditor and  
Dennis Haskell, Mayor and  
the Board of Trustees  
Village of Capitan, New Mexico

**Report on Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of the Village of Capitan, New Mexico (Village), as of and for the year ended June 30, 2014, and the related notes to the financial statements, 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, nonmajor enterprise funds, and the budgetary comparisons for the major enterprise funds and nonmajor funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2014, as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

Mr. Hector H. Balderas, State Auditor and  
Dennis Haskell, Mayor and  
The Board of Trustees  
Village of Capitan, New Mexico

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Capitan, New Mexico, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended June 30, 2014, in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund and nonmajor enterprise fund of the Village as of June 30, 2014, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the major enterprise funds and nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Management has omitted management's discussion and analysis, that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Mr. Hector H. Balderas, State Auditor and  
Dennis Haskell, Mayor and  
The Board of Trustees  
Village of Capitan, New Mexico

*Other Information*

Our audit was conducted for the purpose of forming opinions the Village's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The schedules listed as supplemental schedules in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government auditing standards*, we have also issued our report dated November 7, 2014 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 *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

*Perch & Associates LLC*

Albuquerque, New Mexico  
November 7, 2014



**VILLAGE OF CAPITAN, NEW MEXICO**  
**STATEMENT OF NET POSITION**  
**June 30, 2014**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 2,372,939	1,206,631	3,579,570
NMFA project funds	-	25,480	25,480
Receivables:			
Accounts receivable, net of allowance	-	54,795	54,795
Taxes	80,507	-	80,507
Grants	60,000	41,765	101,765
Inventory	-	11,016	11,016
Capital assets, not depreciated	121,175	4,059,132	4,180,307
Capital assets, net of accumulated depreciation	4,977,844	3,605,691	8,583,535
	<hr/>		
<b>Total assets</b>	7,612,465	9,004,510	16,616,975
	<hr/>		
<b>LIABILITIES</b>			
Accounts payable	82,856	16,888	99,744
Sales tax payable	-	3,945	3,945
Accrued compensation and benefits	29,391	6,030	35,421
Interest payable	-	14,378	14,378
Deposits payable	-	28,861	28,861
Compensated absences, due in one year	17,841	6,934	24,775
Long-term liabilities, due in one year	-	21,427	21,427
Long-term liabilities, due in more than one year	-	845,819	845,819
	<hr/>		
<b>Total liabilities</b>	130,088	944,282	1,074,370
	<hr/>		
<b>NET POSITION</b>			
Net investments in capital assets	5,099,019	6,797,577	11,896,596
Restricted for:			
Inventory	-	11,016	11,016
Unrestricted	2,383,358	1,251,635	3,634,993
	<hr/>		
<b>Total net position</b>	\$ 7,482,377	8,060,228	15,542,605
	<hr/>		

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

**VILLAGE OF CAPITAN, NEW MEXICO**  
**STATEMENT OF ACTIVITIES**  
**Year Ended June 30, 2014**

<u>Functions/Programs</u>	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	Total
<b>Primary government</b>							
Governmental activities							
General government	\$ 312,998	11,899	256,466	87,944	43,311	-	43,311
Public safety	497,590	7,697	163,516	-	(326,377)	-	(326,377)
Highways and streets	505,187	-	-	308,084	(197,103)	-	(197,103)
<b>Total governmental activities</b>	<u>1,315,775</u>	<u>19,596</u>	<u>419,982</u>	<u>396,028</u>	<u>(480,169)</u>	<u>-</u>	<u>(480,169)</u>
Business-type activities							
Utility Water and Sewer	677,863	585,793	-	-	-	(92,070)	(92,070)
Solid Waste	161,779	180,871	-	-	-	19,092	19,092
Smokey Bear Enterprise	67,161	72,739	-	-	-	5,578	5,578
<b>Total business-type activities</b>	<u>906,803</u>	<u>839,403</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(67,400)</u>	<u>(67,400)</u>
<b>Total primary government</b>	<u>\$ 2,222,578</u>	<u>858,999</u>	<u>419,982</u>	<u>396,028</u>	<u>(480,169)</u>	<u>(67,400)</u>	<u>(547,569)</u>
General Revenues:							
Franchise taxes					24,346	-	24,346
Gasoline taxes					19,393	-	19,393
Gross receipts taxes					481,894	-	481,894
Property taxes					77,683	-	77,683
Lodgers taxes					3,569	-	3,569
Interest and investment earnings					9,440	5,590	15,030
Lease of water rights					-	90,000	90,000
Other					37,847	2,226	40,073
Transfers in: Severance tax appropriation					60,000	218,981	278,981
Operating transfers					(29,936)	29,936	-
<b>Total general revenues</b>					<u>684,236</u>	<u>346,733</u>	<u>1,030,969</u>
<b>Change in net position</b>					<u>204,067</u>	<u>279,333</u>	<u>483,400</u>
Net position, beginning					<u>7,278,310</u>	<u>7,780,895</u>	<u>15,059,205</u>
<b>Net position, ending</b>					<u>\$ 7,482,377</u>	<u>8,060,228</u>	<u>15,542,605</u>

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

**VILLAGE OF CAPITAN, NEW MEXICO  
BALANCE SHEET -  
GOVERNMENTAL FUNDS  
JUNE 30, 2014**

	General	Fire Protection	Nonmajor Governmental Funds	Total
<b>ASSETS</b>				
Cash and investments	\$ 1,999,155	201,986	171,798	2,372,939
Receivables:				
Taxes:				
Property	4,215	-	-	4,215
Gross receipts	66,295	-	5,083	71,378
Gas	-	-	3,252	3,252
Motor vehicle	482	-	-	482
Franchise	1,180	-	-	1,180
Grants	60,000	-	-	60,000
<b>Total assets</b>	<b>\$ 2,131,327</b>	<b>201,986</b>	<b>180,133</b>	<b>2,513,446</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 82,561	295	-	82,856
Accrued compensation and benefits	29,391	-	-	29,391
Unearned revenue - grants	250,066	-	-	250,066
<b>Total liabilities</b>	<b>362,018</b>	<b>295</b>	<b>-</b>	<b>362,313</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	2,419	-	-	2,419
<b>FUND BALANCES</b>				
Restricted for:				
Special revenue funds	-	201,691	122,063	323,754
Capital projects funds	-	-	895	895
Committed to:				
Special revenue funds	-	-	48,637	48,637
Assigned to:				
Special revenue funds	-	-	8,538	8,538
Unassigned:				
General fund	1,766,890	-	-	1,766,890
<b>Total fund balances</b>	<b>1,766,890</b>	<b>201,691</b>	<b>180,133</b>	<b>2,148,714</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 2,131,327</b>	<b>201,986</b>	<b>180,133</b>	<b>2,513,446</b>

*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 POSITION**  
**June 30, 2014**

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

<b>Total fund balance - governmental funds</b>	\$ 2,148,714
Unavailable revenue is recorded as income under the accrual method, and not the modified accrual method	250,066
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds	2,419
Accrued compensated absences not payable from current revenues	(17,841)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	<u>5,099,019</u>
<b>Net position - governmental activities</b>	<u><u>\$ 7,482,377</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, 2014**

	General	Fire Protection	Nonmajor Governmental Funds	Total
Revenues				
Taxes	\$ 547,387	-	57,079	604,466
Licenses, permits, fees, fines	14,541	-	4,305	18,846
Federal sources:				
Grant	-	-	30,945	30,945
Non-federal sources:				
Intergovernmental	313,465	141,716	21,800	476,981
Grant	112,743	-	-	112,743
Interest and investment income	7,612	1,119	709	9,440
Sales	-	-	750	750
Other	37,221	-	626	37,847
<b>Total revenues</b>	<b>1,032,969</b>	<b>142,835</b>	<b>116,214</b>	<b>1,292,018</b>
Expenditures				
Current				
General government	238,482	-	14,820	253,302
Public safety	318,096	40,301	3,558	361,955
Highways and streets	186,379	-	4,613	190,992
Capital outlay	323,310	213,263	104,484	641,057
<b>Total expenditures</b>	<b>1,066,267</b>	<b>253,564</b>	<b>127,475</b>	<b>1,447,306</b>
Deficiency of revenues over expenditures before other financings sources	(33,298)	(110,729)	(11,261)	(155,288)
Other Financing Sources				
Transfers in: severance tax appropriation	60,000	-	-	60,000
Operating transfers in	50,000	-	-	50,000
Operating transfers out	(29,936)	-	(50,000)	(79,936)
<b>Total other financing sources</b>	<b>80,064</b>	<b>-</b>	<b>(50,000)</b>	<b>30,064</b>
<b>Net change in fund balances</b>	<b>46,766</b>	<b>(110,729)</b>	<b>(61,261)</b>	<b>(125,224)</b>
Fund balance, beginning of year	1,720,124	312,420	241,394	2,273,938
<b>Fund balance, end of year</b>	<b>\$ 1,766,890</b>	<b>201,691</b>	<b>180,133</b>	<b>2,148,714</b>

*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, 2014**

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

**Net changes in fund balances - governmental funds** \$ (125,224)

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	(347,427)	
Capital outlay	<u>476,256</u>	
Excess of capital outlay over depreciation expense		128,829

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		2,419
---	--	-------

Unavailable revenue is recorded as income under the accrual method, and not the modified accrual method		195,341
---	--	---------

Accrued compensated absences are expensed under the accrual method, and not the modified accrual method		<u>2,702</u>
---	--	--------------

**Change in net position - governmental activities** \$ 204,067

*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, 2014**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget- Positive (Negative)
Revenues				
Taxes	\$ 628,198	633,445	547,387	(86,058)
Licenses, permits, fees and fines	10,600	13,075	14,541	1,466
Intergovernmental	190,000	256,000	508,806	252,806
Grants	348,566	405,345	71,874	(333,471)
Interest and investment income	3,600	6,700	7,612	912
Other	9,791	24,904	37,221	12,317
<b>Total revenues</b>	<b>1,190,755</b>	<b>1,339,469</b>	<b>1,187,441</b>	<b>(152,028)</b>
Expenditures				
General government	286,975	309,637	159,834	149,803
Public safety	320,025	302,125	318,096	(15,971)
Highways and streets	712,866	706,466	186,379	520,087
Capital outlay	167,900	173,120	323,310	(150,190)
<b>Total expenditures</b>	<b>1,487,766</b>	<b>1,491,348</b>	<b>987,619</b>	<b>503,729</b>
(Deficiency) excess of revenues over expenditures	(297,011)	(151,879)	199,822	351,701
Other financing sources				
Transfers in: severance tax appropriation	110,000	110,000	60,000	(50,000)
Operating transfers in	50,000	50,000	50,000	-
Operating transfers out	-	-	(29,936)	(29,936)
<b>Total other financing         sources</b>	<b>160,000</b>	<b>160,000</b>	<b>80,064</b>	<b>(29,936)</b>
Net change in fund balance	(137,011)	8,121	279,886	321,765
Prior year cash appropriated	137,011			
	<u>\$ -</u>			
Non-GAAP change in fund balance			\$ 279,886	
Change from:				
Receivables			40,869	
Accounts payable			(82,561)	
Accrued compensation and benefits			3,913	
Unearned revenue - grants			(195,341)	
GAAP change in fund balance			<u>\$ 46,766</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, 2014**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget- Positive (Negative)
Revenues				
Intergovernmental	\$ 117,168	141,716	141,716	-
Interest and investment income	825	825	1,119	294
<b>Total revenues</b>	<b>117,993</b>	<b>142,541</b>	<b>142,835</b>	<b>294</b>
Expenditures				
Public safety	118,093	221,093	40,006	181,087
Capital outlay	213,263	213,263	213,263	-
<b>Total expenditures</b>	<b>331,356</b>	<b>434,356</b>	<b>253,269</b>	<b>181,087</b>
Net change in fund balance	(213,363)	(291,815)	(110,434)	181,381
Prior year cash appropriated	213,363	291,815	110,434	
	<u>\$ -</u>	<u>-</u>	<u>-</u>	
Non-GAAP change in fund balance			\$ (110,434)	
Change from:				
Accounts payable			<u>(295)</u>	
GAAP change in fund balance			<u>\$ (110,729)</u>	

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



**VILLAGE OF CAPITAN, NEW MEXICO**  
**BALANCE SHEET -**  
**PROPRIETARY FUNDS**  
**June 30, 2014**

	Utility Water & Sewer	Solid Waste	Smokey Bear Enterprise	Total
<b>ASSETS</b>				
Current Assets				
Cash and investments	\$ 1,119,688	28,896	58,047	1,206,631
NMFA project funds	25,480	-	-	25,480
Accounts receivable, net of allowance	35,592	19,203	-	54,795
Grants receivable	41,765	-	-	41,765
Inventory	-	-	11,016	11,016
<b>Total current assets</b>	<b>1,222,525</b>	<b>48,099</b>	<b>69,063</b>	<b>1,339,687</b>
Capital Assets				
Land and water rights	4,059,132	-	-	4,059,132
Plant and equipment	7,026,466	-	1,691	7,028,157
Buildings and improvements	142,098	-	34,875	176,973
Vehicles	219,150	-	-	219,150
Accumulated depreciation	(3,784,746)	-	(33,843)	(3,818,589)
<b>Total capital assets, net</b>	<b>7,662,100</b>	<b>-</b>	<b>2,723</b>	<b>7,664,823</b>
<b>Total assets</b>	<b>\$ 8,884,625</b>	<b>48,099</b>	<b>71,786</b>	<b>9,004,510</b>
<b>LIABILITIES AND NET POSITION</b>				
Current Liabilities				
Accounts payable	\$ 16,888	-	-	16,888
Sales tax payable	3,945	-	-	3,945
Accrued compensation and benefits	4,924	-	1,106	6,030
Interest payable	14,378	-	-	14,378
Deposits payable	28,861	-	-	28,861
Compensated absences, current portion	6,105	-	829	6,934
Loans payable, current portion	9,400	-	-	9,400
Bonds payable, current portion	12,027	-	-	12,027
<b>Total current liabilities</b>	<b>96,528</b>	<b>-</b>	<b>1,935</b>	<b>98,463</b>
Long-Term Liabilities				
Loans payable	252,633	-	-	252,633
Bonds payable	593,186	-	-	593,186
<b>Total long-term liabilities</b>	<b>845,819</b>	<b>-</b>	<b>-</b>	<b>845,819</b>
<b>Total liabilities</b>	<b>942,347</b>	<b>-</b>	<b>1,935</b>	<b>944,282</b>
Net Position:				
Net investment in capital assets	6,794,854	-	2,723	6,797,577
Restricted for inventory	-	-	11,016	11,016
Unrestricted	1,147,424	48,099	56,112	1,251,635
<b>Total net position</b>	<b>7,942,278</b>	<b>48,099</b>	<b>69,851</b>	<b>8,060,228</b>
<b>Total liabilities and net position</b>	<b>\$ 8,884,625</b>	<b>48,099</b>	<b>71,786</b>	<b>9,004,510</b>

*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  
POSITION - PROPRIETARY FUNDS  
Year Ended June 30, 2014**

	Utility Water & Sewer	Solid Waste	Smokey Bear Enterprise	Total
Operating Revenues				
Sales and services	\$ 585,793	180,871	72,739	839,403
Operating Expenses				
Operating expenses	461,731	161,779	66,796	690,306
Depreciation	179,565	-	365	179,930
<b>Total operating expenses</b>	<b>641,296</b>	<b>161,779</b>	<b>67,161</b>	<b>870,236</b>
Operating (Loss) Income	(55,503)	19,092	5,578	(30,833)
Nonoperating Revenues (Expenses)				
Other	812	-	1,414	2,226
Lease of water rights	90,000	-	-	90,000
Interest income	5,260	127	203	5,590
Interest expense	(36,567)	-	-	(36,567)
Transfers in - severance tax appropriation	218,981	-	-	218,981
Transfers in	29,936	-	-	29,936
<b>Total nonoperating revenues         (expenses)</b>	<b>308,422</b>	<b>127</b>	<b>1,617</b>	<b>310,166</b>
<b>Change in net position</b>	<b>252,919</b>	<b>19,219</b>	<b>7,195</b>	<b>279,333</b>
Net position, beginning of year	7,689,359	28,880	62,656	7,780,895
<b>Net position, end of year</b>	<b>\$ 7,942,278</b>	<b>48,099</b>	<b>69,851</b>	<b>8,060,228</b>

*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, 2014**

	Utility Water & Sewer	Solid Waste	Smokey Bear Enterprise	Total
<b>Cash Flows From Operating Activities</b>				
Cash received from customers	\$ 562,520	179,903	72,739	815,162
Cash payments to vendors and employees	(494,138)	(175,616)	(69,042)	(738,796)
<b>Net cash provided by operating activities</b>	<b>68,382</b>	<b>4,287</b>	<b>3,697</b>	<b>76,366</b>
<b>Cash Flows From Noncapital and Related Financing Activities</b>				
Other income	812	-	1,414	2,226
Operating transfers, net	29,936	-	-	29,936
<b>Net cash provided by noncapital financing activities</b>	<b>30,748</b>	<b>-</b>	<b>1,414</b>	<b>32,162</b>
<b>Cash Flows From Capital and Related Financing Activities</b>				
Principal payment on bonds	(9,300)	-	-	(9,300)
Principal payment on loans	(10,560)	-	-	(10,560)
Interest payment on bonds and loans	(36,567)	-	-	(36,567)
Issuance of new debt	80,032	-	-	80,032
Tsf in - severance tax appropriation	218,981	-	-	218,981
Purchase of capital assets	(383,894)	-	-	(383,894)
<b>Net cash used by capital and related financing activities</b>	<b>(141,308)</b>	<b>-</b>	<b>-</b>	<b>(141,308)</b>
<b>Cash Flows From Investing Activities</b>				
Interest received on investments	5,260	127	203	5,590
Sale of water rights	90,000	-	-	90,000
<b>Net cash provided by investing activities</b>	<b>95,260</b>	<b>127</b>	<b>203</b>	<b>95,590</b>
<b>Net change in cash</b>	<b>53,082</b>	<b>4,414</b>	<b>5,314</b>	<b>62,810</b>
Cash, beginning of year	1,066,606	24,482	52,733	1,143,821
<b>Cash, end of year</b>	<b>\$ 1,119,688</b>	<b>28,896</b>	<b>58,047</b>	<b>1,206,631</b>

*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, 2014**

	Utility Water & Sewer	Solid Waste	Smokey Bear Enterprise	Total
Operating (Loss) Income	\$ (55,503)	19,092	5,578	(30,833)
Adjustments to reconcile operating income to net cash flows:				
Depreciation expense	179,565	-	365	179,930
Changes in assets and liabilities				
NMFA project funds	(25,480)	-	-	(25,480)
Accounts receivable	2,207	(968)	-	1,239
Grants receivable	(41,765)	-	-	(41,765)
Inventory	-	-	(2,374)	(2,374)
Accounts payable	10,068	(13,837)	-	(3,769)
Accrued expenses	(710)	-	128	(582)
<b>Net cash provided     by operating activities</b>	<b>\$ 68,382</b>	<b>4,287</b>	<b>3,697</b>	<b>76,366</b>

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

**VILLAGE OF CAPITAN, NEW MEXICO**  
**STATEMENT OF FIDUCIARY NET POSITION -**  
**AGENCY FUNDS**  
**June 30, 2014**

**ASSETS**

Cash	\$ 1,433
<b>Total assets</b>	<u><u>\$ 1,433</u></u>

**LIABILITIES**

Due to other entities	\$ 1,433
<b>Total liabilities</b>	<u><u>\$ 1,433</u></u>

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

**VILLAGE OF CAPITAN, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

**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, financial statements are presented for the Village and its component units. A legally separate organization that does not qualify as a primary government is a potential component unit. The normal criterion for deciding whether a potential component unit is, in fact, a component unit is financial accountability. Financial accountability is determined by analyzing fiscal dependency, board appointments, financial benefit or burden relationships, or the ability of the primary government to impose its will on the potential component unit. Based on these criteria, the Village has no component units.

The government-wide financial statements (i.e., the Statement of Net Position 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.

**VILLAGE OF CAPITAN, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(CONTINUED)**

**A. Financial Reporting Entity (Continued)**

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.

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.

*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 10<sup>th</sup> and May 10<sup>th</sup>. 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.

**VILLAGE OF CAPITAN, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(CONTINUED)**

**A. Financial Reporting Entity (Continued)**

*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 unearned revenue on its combined balance sheet. Unearned revenues arise when a potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned 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 unearned 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.



**VILLAGE OF CAPITAN, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

**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 collection of fees on the behalf of Green Tree Solid Waste, and then remitted to them.

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, 2014**

**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. Capital Assets**

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, 2014**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(CONTINUED)**

**E. Capital Assets (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, 2014**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(CONTINUED)**

**H. Deferred Inflows of Resources**

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Village has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**I. 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.

**J. Fund Balances**

The Village follows GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.” This Statement provides 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.

**VILLAGE OF CAPITAN, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(CONTINUED)**

**J. Fund Balances (Continued)**

- 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).

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 \$201,691 consisting of intergovernmental revenues to be used for fire protection services and debt service on fire vehicles.

**Other Funds**

*Restricted Fund Balances.* The Cemetery, Corrections, Infrastructure, Lodgers Tax, Juvenile Recreation, Law Enforcement Protection, Environmental Gross Receipts Tax, and CDBG Senior Center 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 39.

*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 39.

*Assigned Fund Balances.* The Smokey Bear Donation and Fire Donation funds have assigned balances. It is management's intent to use the fund balances for the purposes which are referenced on page 39.

**VILLAGE OF CAPITAN, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(CONTINUED)**

**J. Fund Balances (Continued)**

**Net Position 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.

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

**K. Net Position**

Net position represent the difference between assets and liabilities. Net investment in capital assets 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 investment in capital assets excludes unspent debt proceeds. Net position is reported as restricted when there are limitations imposed on asset 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.

**L. 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, 2014**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(CONTINUED)**

**M. 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. Budgets have not been adopted for the fire donation and CDBG senior center funds.

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.

**N. 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, 2014**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(CONTINUED)**

**O. Implementation of New Accounting Standards**

During the year ended June 30, 2014, the Village adopted Government Accounting Standards Board Statement (GASB) No. 65, *Items Previously Reported as Assets and Liabilities*. The statement will not have a material impact on the Village's financial statements.

During the year ended June 30, 2014, the Village adopted Government Accounting Standards Board Statement (GASB) No. 66, *Technical Corrections – 2012, An Amendment of GASBS Statements No. 10 and No. 62*. The statement will not 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, 2014, the Village's bank balance total of \$3,605,166 was exposed to credit risk in the amount of \$3,102,853 as follows:

Uninsured and collateral held by pledging bank's trust department not in the Village's name	<u>\$ 3,102,853</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.



**VILLAGE OF CAPITAN, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

**NOTE 2. CASH AND INVESTMENTS (CONTINUED)**

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.

***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.

The State Treasurers office has placed \$319 of the Village's LGIP investment into a contingency account which may not be accessed 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.

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 auditor's report, together with the financial statements, the accompanying notes to the financial statements, and the independent auditor's 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.

**VILLAGE OF CAPITAN, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

**NOTE 2. CASH AND INVESTMENTS (CONTINUED)**

*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, 2014 was 48.6 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.

**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, 2014:

Accounts receivable	\$ 86,595
Allowance for uncollectible accounts	<u>(31,800)</u>
Accounts receivable, net	<u>\$ 54,795</u>

**VILLAGE OF CAPITAN, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

**NOTE 4. CAPITAL ASSETS**

Capital asset activity for the year ending June 30, 2014 was as follows:

Capital assets, not depreciated					
Land	\$	121,175	-	-	<b>121,175</b>
<b>Total, not depreciated</b>	\$	121,175	-	-	<b>121,175</b>
Capital assets, depreciated					
Buildings	\$	1,224,903	-	-	<b>1,224,903</b>
Vehicles		1,561,613	243,343	-	<b>1,804,956</b>
Machinery and equipment		219,791	-	-	<b>219,791</b>
Infrastructure		4,701,363	232,913	-	<b>4,934,276</b>
<b>Total, depreciated</b>		7,707,670	476,256	-	<b>8,183,926</b>
Accumulated depreciation for:					
Buildings		389,010	40,165	-	<b>429,175</b>
Vehicles		1,341,687	103,514	-	<b>1,445,201</b>
Machinery and equipment		185,320	12,375	-	<b>197,695</b>
Infrastructure		942,638	191,373	-	<b>1,134,011</b>
<b>Total accumulated depreciation</b>		2,858,655	347,427	-	<b>3,206,082</b>
<b>Total capital assets, depreciated, net</b>	\$	4,849,015	128,829	-	<b>4,977,844</b>
<b>Business-type Activities</b>					
Capital assets, not depreciated					
Land and water rights	\$	4,059,132	-	-	<b>4,059,132</b>
<b>Total, not depreciated</b>	\$	4,059,132	-	-	<b>4,059,132</b>
Capital assets, depreciated					
Plant and equipment	\$	6,674,199	353,958	-	<b>7,028,157</b>
Buildings and improvements		176,973	-	-	<b>176,973</b>
Vehicles		189,214	29,936	-	<b>219,150</b>
<b>Total, depreciated</b>		7,040,386	383,894	-	<b>7,424,280</b>
<b>Total accumulated depreciation</b>		3,638,659	179,930	-	<b>3,818,589</b>
<b>Total capital assets, depreciated, net</b>	\$	3,401,727	203,964	-	<b>3,605,691</b>

**VILLAGE OF CAPITAN, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

**NOTE 4. CAPITAL ASSETS (CONTINUED)**

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

Governmental activities				
General Government			\$	62,398
Public Safety				135,635
Highway and Streets				<u>149,394</u>
<b>Total depreciation expense</b>			<b>\$</b>	<b><u>347,427</u></b>

**NOTE 5. LONG-TERM OBLIGATIONS – GOVERNMENTAL FUNDS**

During the year ended June 30, 2014, the following changes occurred:

	Beginning Balance	Additions	Payments	Ending Balance	Due Within One Year
Compensated absences	\$ <u>20,543</u>	<u>17,841</u>	<u>(20,543)</u>	<u><b>17,841</b></u>	<u>17,841</u>

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.

*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

**VILLAGE OF CAPITAN, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

**NOTE 6. LONG-TERM DEBT - ENTERPRISE FUNDS**

During the year ended June 30, 2014, the following changes occurred:

	Beginning Balance	Additions	Payments	Ending Balance	Due Within One Year
Bonds payable	\$ 611,886	-	(9,300)	<b>602,586</b>	9,400
Loans payable	195,188	80,032	(10,560)	<b>264,660</b>	12,027
Compensated absences	6,397	6,935	(6,397)	<b>6,935</b>	6,935
<b>Total</b>	<u>\$ 813,471</u>	<u>86,967</u>	<u>(26,257)</u>	<u><b>874,181</b></u>	<u>28,362</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%.

The future requirements are as follows:

1977 Sewer System Bonds

Year Ending June 30	Principal	Interest	Total
2015	\$ 1,000	50	<u>1,050</u>

**VILLAGE OF CAPITAN, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

**NOTE 6. LONG-TERM DEBT - ENTERPRISE FUNDS (CONTINUED)**

Water System Improvement Bond, Series - 2001

Year Ending June 30	Principal	Interest	Total
2015	\$ 5,000	19,466	24,466
2016	5,000	19,228	24,228
2017	10,000	18,991	28,991
2018	10,000	18,516	28,516
2019	10,000	18,041	28,041
2020 to 2024	50,000	83,080	133,080
2025 to 2029	65,000	70,492	135,492
2030 to 2034	80,000	53,391	133,391
2035 to 2039	105,000	32,015	137,015
2040 to 2042	69,800	6,385	76,185
	<u>\$ 409,800</u>	<u>339,605</u>	<u>749,405</u>

Water System Improvement Bond, Series - 2002

Year Ending June 30	Principal	Interest	Total
2015	\$ 3,400	9,110	12,510
2016	3,600	8,948	12,548
2017	3,700	8,777	12,477
2018	3,900	8,602	12,502
2019	4,100	8,416	12,516
2020 to 2024	23,700	38,966	62,666
2025 to 2029	29,800	32,781	62,581
2030 to 2034	37,600	24,991	62,591
2035 to 2039	47,500	15,163	62,663
2040 to 2042	34,486	3,337	37,823
	<u>\$ 191,786</u>	<u>159,091</u>	<u>350,877</u>

**VILLAGE OF CAPITAN, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

**NOTE 6. LONG-TERM DEBT - ENTERPRISE FUNDS (CONTINUED)**

During the year ended June 30, 2012, the Village borrowed \$202,733 as part of the New Mexico Environment Department's Rural Infrastructure Program. The proceeds were used for waste water system improvements. The loan is to be paid in twenty 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
2015	\$ 8,004	5,623	13,627
2016	8,244	5,383	13,627
2017	8,492	5,135	13,627
2018	8,747	4,880	13,627
2019	9,009	4,618	13,627
2020 to 2024	49,265	18,870	68,135
2025 to 2029	57,111	11,024	68,135
2030 to 2032	38,545	2,336	40,881
	<u>\$ 187,417</u>	<u>57,869</u>	<u>245,286</u>

During the year ended June 30, 2014, the Village entered into a loan/grant agreement for \$24,150 in grant money from the New Mexico Water Trust Board and a \$16,100 loan from the New Mexico Finance Authority. The proceeds were used for water system improvements. The loan is to be paid in twenty yearly principal payments. The note does not bear interest.

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

Year Ending June 30	Principal	Interest	Total
2015	\$ 805	-	805
2016	805	-	805
2017	805	-	805
2018	805	-	805
2019	805	-	805
2020 to 2024	4,025	-	4,025
2025 to 2029	4,025	-	4,025
2030 to 2034	4,025	-	4,025
	<u>\$ 16,100</u>	<u>-</u>	<u>16,100</u>

**VILLAGE OF CAPITAN, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

**NOTE 6. LONG-TERM DEBT - ENTERPRISE FUNDS (CONTINUED)**

During the year ended June 30, 2014, the Village entered into a loan/grant agreement for \$575,393 in grant money from the Colonias Infrastructure Board and a \$63,932 loan from the New Mexico Finance Authority. The proceeds were used for water system improvements. The loan is to be paid in twenty yearly principal payments. The note does not bear interest.

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

Year Ending June 30	Principal	Interest	Total
2015	\$ 3,218	-	3,218
2016	3,218	-	3,218
2017	3,218	-	3,218
2018	3,218	-	3,218
2019	3,218	-	3,218
2020 to 2024	16,090	-	16,090
2025 to 2029	16,090	-	16,090
2030 to 2033	12,873	-	12,873
	\$ 61,143	-	61,143

**NOTE 7. 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 8. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION**

*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](http://www.pera.state.nm.us).



**VILLAGE OF CAPITAN, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

**NOTE 8. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)**

*Funding Policy.* Police officers are required to contribute 8.50% 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, 2014, 2013, and 2012 was \$7,417, \$8,165 and \$7,706, respectively, which equal the amount of the required contributions for each fiscal year.

**NOTE 9. 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.

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 10. 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.

**VILLAGE OF CAPITAN, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

**NOTE 11. 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 12. 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.

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.

**VILLAGE OF CAPITAN, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014**

**NOTE 13. INTERFUND TRANSFERS**

The Village transferred \$50,000 from the Corrections fund to the General fund. The amount represents excess corrections fees and fines that have not been used by the Corrections fund. The transfer is allowed under state statute for municipalities with less than 3,000 residents.

The Village transferred \$29,936 from the General fund to the Utility Water and Sewer fund. The amount represents the purchase of a vehicle with grant money in the General fund, which then transferred the asset to the Utility Water and Sewer fund.

**NOTE 14. SUBSEQUENT EVENTS**

The Village has evaluated subsequent events through November 7, 2014, the date the financial statements were available to be issued. No material subsequent events have occurred since June 30, 2014.

**NOTE 15. MATERIAL FUTURE LIABILITY FOR PENSION OBLIGATIONS**

During the year ending June 30, 2015, the Villages subsequent year-end, the Village will adopt Government Accounting Standards Board Statement (GASB) No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*. Once GASB No. 68 is implemented, the Village will be required to recognize a liability for the Village's proportionate share of the unfunded net pension liability for PERA. It is expected that the liability will be material to the financial statements.

**VILLAGE OF CAPITAN, NEW MEXICO**  
**NON-MAJOR FUNDS**  
**June 30, 2014**

**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.

*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.

*Fire Donations.* To account for donations to the Fire Department. The fund was established by Village management.

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

**VILLAGE OF CAPITAN, NEW MEXICO  
 COMBINING BALANCE SHEET  
 NONMAJOR FUNDS  
 June 30, 2014**

	Cemetery	Corrections	Fire Equipment
<b>ASSETS</b>			
Cash and investments	\$ 36,494	17,488	48,637
Receivables:			
Gross receipts	-	-	-
Gas	-	-	-
	<hr/>		
<b>Total assets</b>	<b>\$ 36,494</b>	<b>17,488</b>	<b>48,637</b>
	<hr/> <hr/>		
<b>LIABILITIES</b>			
<b>Total liabilities</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>
	<hr/>		
<b>FUND BALANCES</b>			
Restricted for:			
Special revenue funds	36,494	17,488	-
Capital project funds	-	-	-
Committed to special revenue funds	-	-	48,637
Assigned to special revenue funds	-	-	-
	<hr/>		
<b>Total fund balances</b>	<b>36,494</b>	<b>17,488</b>	<b>48,637</b>
	<hr/>		
<b>Total fund balances and liabilities</b>	<b>\$ 36,494</b>	<b>17,488</b>	<b>48,637</b>
	<hr/> <hr/>		

**VILLAGE OF CAPITAN, NEW MEXICO  
 COMBINING BALANCE SHEET  
 NONMAJOR FUNDS  
 June 30, 2014**

	Infrastructure	Lodgers Tax	Juvenile Recreation
<b>ASSETS</b>			
Cash and investments	\$ 43,789	5,004	4,084
Receivables:			
Gross receipts	3,389	-	
Gas	3,252	-	
	<hr/>		
<b>Total assets</b>	<b>\$ 50,430</b>	<b>5,004</b>	<b>4,084</b>
	<hr/> <hr/>		
<b>LIABILITIES</b>			
<b>Total liabilities</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>
	<hr/>		
<b>FUND BALANCES</b>			
Restricted for:			
Special revenue funds	50,430	5,004	4,084
Capital project funds	-	-	-
Committed to special revenue funds	-	-	-
Assigned to special revenue funds	-	-	-
	<hr/>		
<b>Total fund balances</b>	<b>50,430</b>	<b>5,004</b>	<b>4,084</b>
	<hr/>		
<b>Total fund balances and liabilities</b>	<b>\$ 50,430</b>	<b>5,004</b>	<b>4,084</b>
	<hr/> <hr/>		

**VILLAGE OF CAPITAN, NEW MEXICO  
 COMBINING BALANCE SHEET  
 NONMAJOR FUNDS  
 June 30, 2014**

	Law Enforcement Protection	Smokey Bear Donation	Environmental Gross Receipts Tax
<b>ASSETS</b>			
Cash and investments	\$ 6,649	2,943	220
Receivables:			
Gross receipts	-	-	1,694
Gas	-	-	-
<b>Total assets</b>	<b>\$ 6,649</b>	<b>2,943</b>	<b>1,914</b>
<b>LIABILITIES</b>			
<b>Total liabilities</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>			
Restricted for:			
Special revenue funds	6,649	-	1,914
Capital project funds	-	-	-
Committed to special revenue funds	-	-	-
Assigned to special revenue funds	-	2,943	-
<b>Total fund balances</b>	<b>6,649</b>	<b>2,943</b>	<b>1,914</b>
<b>Total fund balances and liabilities</b>	<b>\$ 6,649</b>	<b>2,943</b>	<b>1,914</b>

**VILLAGE OF CAPITAN, NEW MEXICO  
 COMBINING BALANCE SHEET  
 NONMAJOR FUNDS  
 June 30, 2014**

	Fire Donation	CDBG Senior Center	Total Non-major
<b>ASSETS</b>			
Cash and investments	\$ 5,595	895	171,798
Receivables:			
Gross receipts	-	-	5,083
Gas	-	-	3,252
	<hr/>		
<b>Total assets</b>	<b>\$ 5,595</b>	<b>895</b>	<b>180,133</b>
	<hr/> <hr/>		
<b>LIABILITIES</b>			
<b>Total liabilities</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>
	<hr/>		
<b>FUND BALANCES</b>			
Restricted for:			
Special revenue funds	-	-	122,063
Capital project funds	-	895	895
Committed to special revenue funds	-	-	48,637
Assigned to special revenue funds	5,595	-	8,538
	<hr/>		
<b>Total fund balances</b>	<b>5,595</b>	<b>895</b>	<b>180,133</b>
	<hr/>		
<b>Total fund balances and liabilities</b>	<b>\$ 5,595</b>	<b>895</b>	<b>180,133</b>
	<hr/> <hr/>		



**VILLAGE OF CAPITAN, NEW MEXICO  
COMBINING STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND  
BALANCES - NONMAJOR FUNDS  
Year Ended June 30, 2014**

	Cemetery	Corrections	Fire Equipment
Revenues			
Taxes	\$ -	-	-
Licenses, permits, fees, fines	-	4,305	-
Federal sources:			
Grant	-	-	-
Non-federal sources:			
Intergovernmental	-	-	-
Interest and investment income	120	194	160
Sales	750	-	-
Other	-	-	-
	<hr/>	<hr/>	<hr/>
<b>Total revenues</b>	870	4,499	160
	<hr/>	<hr/>	<hr/>
Expenditures			
Current			
General government	-	-	-
Public safety	-	360	-
Highways and streets	-	-	-
Capital outlay	-	-	-
	<hr/>	<hr/>	<hr/>
<b>Total expenditures</b>	-	360	-
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over expenditures before other financing sources	870	4,139	160
	<hr/>	<hr/>	<hr/>
Other Financing Uses			
Operating transfers out	-	(50,000)	-
	<hr/>	<hr/>	<hr/>
Net change in fund balances	870	(45,861)	160
	<hr/>	<hr/>	<hr/>
Fund balance, beginning of year	35,624	63,349	48,477
	<hr/>	<hr/>	<hr/>
<b>Fund balance, end of year</b>	\$ 36,494	17,488	48,637
	<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, 2014**

	Infrastructure	Lodgers Tax	Juvenile Recreation
Revenues			
Taxes	\$ 42,141	3,569	-
Licenses, permits, fees, fines	-	-	-
Federal sources:			
Grant	-	-	-
Non-federal sources:			
Intergovernmental	-	-	-
Interest and investment income	110	22	14
Sales	-	-	-
Other	-	-	-
	<hr/>	<hr/>	<hr/>
<b>Total revenues</b>	<b>42,251</b>	<b>3,591</b>	<b>14</b>
	<hr/>	<hr/>	<hr/>
Expenditures			
Current			
General government	-	3,263	-
Public safety	-	-	-
Highways and streets	4,613	-	-
Capital outlay	60,330	-	-
	<hr/>	<hr/>	<hr/>
<b>Total expenditures</b>	<b>64,943</b>	<b>3,263</b>	<b>-</b>
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over expenditures before other financing sources	(22,692)	328	14
	<hr/>	<hr/>	<hr/>
Other Financing Uses			
Operating transfers out	-	-	-
	<hr/>	<hr/>	<hr/>
Net change in fund balances	(22,692)	328	14
	<hr/>	<hr/>	<hr/>
Fund balance, beginning of year	73,122	4,676	4,070
	<hr/>	<hr/>	<hr/>
<b>Fund balance, end of year</b>	<b>\$ 50,430</b>	<b>5,004</b>	<b>4,084</b>
	<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, 2014**

	Law Enforcement Protection	Smokey Bear Donation	Environmental Gross Receipts Tax
Revenues			
Taxes	\$ -	-	11,369
Licenses, permits, fees, fines	-	-	-
Federal sources:			
Grant	-	-	-
Non-federal sources:			
Intergovernmental	21,800	-	-
Interest and investment income	54	9	1
Sales	-	-	-
Other	-	576	-
	<hr/>	<hr/>	<hr/>
<b>Total revenues</b>	21,854	585	11,370
	<hr/>	<hr/>	<hr/>
Expenditures			
Current			
General government	-	-	11,557
Public safety	3,198	-	-
Highways and streets	-	-	-
Capital outlay	13,209	-	-
	<hr/>	<hr/>	<hr/>
<b>Total expenditures</b>	16,407	-	11,557
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over expenditures before other financing sources	5,447	585	(187)
	<hr/>	<hr/>	<hr/>
Other Financing Uses			
Operating transfers out	-	-	-
	<hr/>	<hr/>	<hr/>
Net change in fund balances	5,447	585	(187)
	<hr/>	<hr/>	<hr/>
Fund balance, beginning of year	1,202	2,358	2,101
	<hr/>	<hr/>	<hr/>
<b>Fund balance, end of year</b>	\$ 6,649	2,943	1,914
	<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, 2014**

	Fire Donation	CDBG Senior Center	Total Non-major
Revenues			
Taxes	\$ -	-	57,079
Licenses, permits, fees, fines	-	-	4,305
Federal sources:			
Grant	-	30,945	30,945
Non-federal sources:			
Intergovernmental	-	-	21,800
Interest and investment income	18	7	709
Sales	-	-	750
Other	50	-	626
	<hr/>		
<b>Total revenues</b>	68	30,952	116,214
	<hr/>		
Expenditures			
Current			
General government	-	-	14,820
Public safety	-	-	3,558
Highways and streets	-	-	4,613
Capital outlay	-	30,945	104,484
	<hr/>		
<b>Total expenditures</b>	-	30,945	127,475
	<hr/>		
Excess (deficiency) of revenues over expenditures before other financing sources	68	7	(11,261)
	<hr/>		
Other Financing Uses			
Operating transfers out	-	-	(50,000)
	<hr/>		
Net change in fund balances	68	7	(61,261)
	<hr/>		
Fund balance, beginning of year	5,527	888	241,394
	<hr/>		
<b>Fund balance, end of year</b>	<b>\$ 5,595</b>	<b>895</b>	<b>180,133</b>
	<hr/> <hr/>		

**VILLAGE OF CAPITAN, NEW MEXICO**  
**STATEMENT OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)**  
**CEMETERY**  
**Year Ended June 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Plot sales	\$ 1,200	1,200	750	(450)
Interest and investment income	105	105	120	15
<b>Total revenues</b>	<b>1,305</b>	<b>1,305</b>	<b>870</b>	<b>(435)</b>
Expenditures				
General government	13,200	13,200	-	13,200
<b>Total expenditures</b>	<b>13,200</b>	<b>13,200</b>	<b>-</b>	<b>13,200</b>
Net change in fund balance	(11,895)	(11,895)	870	12,765
Prior year cash appropriated	11,895	11,895		
	<u>\$ -</u>	<u>-</u>		

**VILLAGE OF CAPITAN, NEW MEXICO**  
**STATEMENT OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)**  
**CORRECTIONS**  
**Year Ended June 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Licenses, permits, fees, fines	\$ 2,880	2,880	4,305	1,425
Interest and investment income	175	175	194	19
<b>Total revenues</b>	<b>3,055</b>	<b>3,055</b>	<b>4,499</b>	<b>1,444</b>
Expenditures				
Public safety	2,200	2,200	360	1,840
<b>Total expenditures</b>	<b>2,200</b>	<b>2,200</b>	<b>360</b>	<b>1,840</b>
Excess of revenues over expenses	855	855	4,139	3,284
Nonoperating revenues				
Transfers out	-	-	50,000	(50,000)
Net change in fund balance	\$ 855	855	(45,861)	53,284
Prior year cash appropriated			45,861	
			-	

**VILLAGE OF CAPITAN, NEW MEXICO**  
**STATEMENT OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)**  
**FIRE EQUIPMENT**  
**Year Ended June 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 12,130	12,130	-	(12,130)
Interest and investment income	-	-	160	160
<b>Total revenues</b>	<u>12,130</u>	<u>12,130</u>	<u>160</u>	<u>(11,970)</u>
Expenditures				
Public safety	12,000	12,000	-	12,000
<b>Total expenditures</b>	<u>12,000</u>	<u>12,000</u>	<u>-</u>	<u>12,000</u>
Net change in fund balance	\$ 130	130	160	30

**VILLAGE OF CAPITAN, NEW MEXICO**  
**STATEMENT OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)**  
**INFRASTRUCTURE**  
**Year Ended June 30, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 45,000	45,000	43,305	(1,695)
Interest and investment income	180	180	110	(70)
<b>Total revenues</b>	<b>45,180</b>	<b>45,180</b>	<b>43,415</b>	<b>(1,765)</b>
Expenditures				
Highways and streets	-	-	4,613	(4,613)
Capital outlay	90,700	90,700	60,330	30,370
<b>Total expenditures</b>	<b>90,700</b>	<b>90,700</b>	<b>64,943</b>	<b>25,757</b>
Net change in fund balance	(45,520)	(45,520)	(21,528)	<u>23,992</u>
Prior year cash appropriated	45,520	45,520	21,528	
	<u>\$ -</u>	<u>-</u>	<u>-</u>	
Non-GAAP change in fund balance			\$ (21,528)	
Change from:				
Accounts receivable			<u>( 1,164 )</u>	
GAAP change in fund balance			<u>\$ (22,692)</u>	



**VILLAGE OF CAPITAN, NEW MEXICO**  
**STATEMENT OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)**  
**LODGER'S TAX**  
**Year Ended June 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive (Negative)
Revenues				
Taxes	\$ 5,700	5,700	3,569	(2,131)
Interest and investment income	120	120	22	(98)
<b>Total revenues</b>	<b>5,820</b>	<b>5,820</b>	<b>3,591</b>	<b>(2,229)</b>
Expenditures				
General government	8,000	8,000	3,263	4,737
<b>Total expenditures</b>	<b>8,000</b>	<b>8,000</b>	<b>3,263</b>	<b>4,737</b>
Net change in fund balance	(2,180)	(2,180)	328	2,508
Prior year cash appropriated	2,180	2,180		
	<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, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive (Negative)
Revenues				
Interest and investment income	\$ 12	12	14	2
<b>Total revenues</b>	<b>12</b>	<b>12</b>	<b>14</b>	<b>2</b>
Expenditures				
General government	4,000	4,000	-	4,000
<b>Total expenditures</b>	<b>4,000</b>	<b>4,000</b>	<b>-</b>	<b>4,000</b>
Net change in fund balance	(3,988)	(3,988)	14	4,002
Prior year cash appropriated	3,988	3,988		
	<u>\$ -</u>	<u>-</u>		

**VILLAGE OF CAPITAN, NEW MEXICO**  
**STATEMENT OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)**  
**LAW ENFORCEMENT PROTECTION**  
**Year Ended June 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive (Negative)
Revenues				
Intergovernmental	\$ 21,800	23,001	21,800	(1,201)
Interest and investment income	33	33	54	21
<b>Total revenues</b>	<b>21,833</b>	<b>23,034</b>	<b>21,854</b>	<b>(1,180)</b>
Expenditures				
Public safety	21,800	23,001	3,198	19,803
Capital outlay	-	-	13,209	(13,209)
<b>Total expenditures</b>	<b>21,800</b>	<b>23,001</b>	<b>16,407</b>	<b>6,594</b>
Net change in fund balance	\$ 33	33	5,447	5,414

**VILLAGE OF CAPITAN, NEW MEXICO**  
**STATEMENT OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)**  
**SMOKEY BEAR DONATION**  
**Year Ended June 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive (Negative)
Revenues				
Interest and investment income	\$ 207	207	9	(198)
Other	-	-	576	576
<b>Total revenues</b>	<b>207</b>	<b>207</b>	<b>585</b>	<b>378</b>
Expenditures				
General government	2,000	2,000	-	2,000
<b>Total expenditures</b>	<b>2,000</b>	<b>2,000</b>	<b>-</b>	<b>2,000</b>
Net change in fund balance	(1,793)	(1,793)	585	2,378
Prior year cash appropriated	1,793	1,793		
	<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, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive (Negative)
Revenues				
Taxes	\$ 15,000	15,000	11,557	(3,443)
Interest and investment income	3	3	1	(2)
<b>Total revenues</b>	<b>15,003</b>	<b>15,003</b>	<b>11,558</b>	<b>(3,445)</b>
Expenditures				
General government	15,000	15,000	11,557	3,443
<b>Total expenditures</b>	<b>15,000</b>	<b>15,000</b>	<b>11,557</b>	<b>3,443</b>
Net change in fund balance	\$ 3	3	1	(2)
Non-GAAP change in fund balance			\$ 1	
Change from:				
Accounts receivable			(188)	
GAAP change in fund balance			\$ (187)	

**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, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive (Negative)
<b>Revenues</b>				
Sales and services	\$ 673,422	576,187	588,000	11,813
Intergovernmental	720,830	900,438	-	(900,438)
Lease of water rights	90,000	90,000	90,000	-
Interest and investment income	1,745	4,345	5,260	915
Other	7,235	7,235	812	(6,423)
<b>Total revenues</b>	<b>1,493,232</b>	<b>1,578,205</b>	<b>684,072</b>	<b>(894,133)</b>
<b>Expenses</b>				
Operating expense	522,331	522,332	452,373	69,959
Grant expenses	1,096,918	1,235,390	383,894	851,496
Debt payments	63,793	63,793	56,427	7,366
<b>Total expenses</b>	<b>1,683,042</b>	<b>1,821,515</b>	<b>892,694</b>	<b>928,821</b>
Excess of revenues over expenses	(189,810)	(243,310)	(208,622)	34,688
<b>Nonoperating revenues</b>				
Transfers in - severance tax appropriation	100,000	100,000	177,216	77,216
Transfers in	-	-	29,936	29,936
	100,000	100,000	207,152	107,152
Net change in net position	(89,810)	(143,310)	(1,470)	141,840
Prior year cash appropriated	89,810	143,310	1,470	
	\$ -	-	-	
Non-GAAP change in fund balance			\$ (1,470)	
<b>Change from:</b>				
Receivables			(2,207)	
Grant receivable			41,765	
Accounts payable			(10,068)	
Accrued expenses			710	
<b>Non-budgeted items:</b>				
Depreciation			(179,565)	
Capital additions			383,894	
Principal on debt payments			19,860	
GAAP change in net position			\$ 252,919	

**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, 2014**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Sales and services	\$ 185,000	185,000	181,839	(3,161)
Interest and investment income	95	95	127	32
<b>Total revenues</b>	<u>185,095</u>	<u>185,095</u>	<u>181,966</u>	<u>(3,129)</u>
Expenses				
Operating expense	<u>185,050</u>	<u>185,050</u>	<u>175,616</u>	<u>9,434</u>
Net change in net position	<u>\$ 45</u>	<u>45</u>	<u>6,350</u>	<u>6,305</u>
Non-GAAP change in fund balance			\$ 6,350	
Change from:				
Accounts receivable			(968)	
Accounts payable			<u>13,837</u>	
GAAP change in net position			<u>\$ 19,219</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, 2014**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive (Negative)
Revenues				
Sales	\$ 64,775	74,775	72,739	(2,036)
Interest	162	162	203	41
Other	-	-	1,414	1,414
<b>Total revenues</b>	<u>64,937</u>	<u>74,937</u>	<u>74,356</u>	<u>(581)</u>
Expenses				
Operating expense	<u>64,824</u>	<u>74,824</u>	<u>69,042</u>	<u>5,782</u>
Net change in net position	<u>\$ 113</u>	<u>113</u>	<u>5,314</u>	<u>5,201</u>
Non-GAAP change in fund balance			\$ 5,314	
Change from:				
Inventory			2,374	
Accrued expenses			(128)	
Non-budgeted items:				
Depreciation			<u>(365)</u>	
GAAP change in net position			<u>\$ 7,195</u>	



**VILLAGE OF CAPITAN, NEW MEXICO**  
**AGENCY FUNDS**  
**June 30, 2014**

*Municipal Judge's Fund.* To account for the receipt and disbursement of money collected through the Municipal Judicial System and held for payment to various other state and local governmental agencies.

*Municipal Judge's Bond Fund.* To account for the receipt and disbursement of bond funds collected through the Municipal Judicial System and held for refund or conversion to pay fines and fees.

*Motor Vehicle Division.* 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, 2014**

	Beginning Balance	Additions	Deductions	Ending Balance
<b>MUNICIPAL JUDGE'S FUND</b>				
<b>ASSETS</b>				
Cash	\$ 573	616	573	616
<b>Total assets</b>	<b>\$ 573</b>	<b>616</b>	<b>573</b>	<b>616</b>
<b>LIABILITIES</b>				
Due to other entities	\$ 573	616	573	616
<b>Total liabilities</b>	<b>\$ 573</b>	<b>616</b>	<b>573</b>	<b>616</b>
<b>MUNICIPAL JUDGE'S BOND FUND</b>				
<b>ASSETS</b>				
Cash	\$ 118	4,551	4,551	118
<b>Total assets</b>	<b>\$ 118</b>	<b>4,551</b>	<b>4,551</b>	<b>118</b>
<b>LIABILITIES</b>				
Due to other entities	\$ 118	4,551	4,551	118
<b>Total liabilities</b>	<b>\$ 118</b>	<b>4,551</b>	<b>4,551</b>	<b>118</b>
<b>MOTOR VEHICLE DIVISION</b>				
<b>ASSETS</b>				
Cash	\$ 697	2	-	699
<b>Total assets</b>	<b>\$ 697</b>	<b>2</b>	<b>-</b>	<b>699</b>
<b>LIABILITIES</b>				
Due to other entities	\$ 697	2	-	699
<b>Total liabilities</b>	<b>\$ 697</b>	<b>2</b>	<b>-</b>	<b>699</b>
<b>TOTAL</b>				
<b>ASSETS</b>				
Cash	\$ 1,388	5,169	5,124	1,433
<b>Total assets</b>	<b>\$ 1,388</b>	<b>5,169</b>	<b>5,124</b>	<b>1,433</b>
<b>LIABILITIES</b>				
Due to other entities	\$ 1,388	5,169	5,124	1,433
<b>Total liabilities</b>	<b>\$ 1,388</b>	<b>5,169</b>	<b>5,124</b>	<b>1,433</b>

**VILLAGE OF CAPITAN**  
**SCHEDULE OF DEPOSIT AND INVESTMENT ACCOUNTS**  
**June 30, 2014**

Type	Depository	Account Name	Depository Balance	Reconciled Balance
Interest bearing checking	City Bank	General Fund	\$1,455,486	1,444,806
Interest bearing checking	City Bank	Smokey Bear Donation	2,760	2,943
Interest bearing checking	City Bank	Smokey Bear Enterprise	59,547	58,047
Interest bearing checking	City Bank	Water	683,569	677,123
Interest bearing checking	City Bank	Payroll	31,065	30,742
Interest bearing checking	City Bank	CDBG	895	895
Interest bearing checking	City Bank	Cemetery	36,494	36,494
Interest bearing checking	City Bank	Correction	17,368	17,488
Interest bearing checking	City Bank	Fire Equipment	48,637	48,637
Interest bearing checking	City Bank	Fire Donation	5,595	5,595
Interest bearing checking	City Bank	Fire Department	202,669	201,986
Interest bearing checking	City Bank	Infrastructure	43,789	43,789
Interest bearing checking	City Bank	Lodger's tax	7,932	5,004
Interest bearing checking	City Bank	Juvenile recreation	4,084	4,084
Interest bearing checking	City Bank	Law enforcement protection	6,649	6,649
Interest bearing checking	City Bank	Solid Waste	42,242	28,896
Interest bearing checking	City Bank	Environmental gross receipts tax	220	220
Interest bearing checking	City Bank	Water security	30,898	31,005
Interest bearing checking	Washington Fed.	General Fund	2,313	2,313
CD	Washington Fed.	CD - Water	408,767	408,970
CD	Washington Fed.	CD - General Fund	512,552	512,552
		Total cash and cash equivalents - non-agency funds	3,603,531	3,568,238
		Petty Cash Water	-	300
		Total cash and cash equivalents - non-agency funds	3,603,531	3,568,538
Local govt. inv. pool	NM State Treasurer	General Fund	8,489	8,489
Local govt. inv. pool	NM State Treasurer	Water Fund	2,224	2,224
Local govt. inv. pool	NM State Treasurer	Reserve Contingency - General Fund	253	253
Local govt. inv. pool	NM State Treasurer	Reserve Contingency - Water Fund	66	66
			11,032	11,032
		<b>Total deposit and investment accounts - non-agency</b>	<b>\$3,614,563</b>	<b>3,579,570</b>
		Agency funds cash accounts		
Interest bearing checking	City Bank	Court Escrow	\$ 121	118
Interest bearing checking	City Bank	Court	1,015	616
Interest bearing checking	City Bank	MVD	499	499
		Total cash and cash equivalents - agency funds	1,635	1,233
		Petty Cash MVD Clerk	-	200
		<b>Total cash - agency funds</b>	<b>\$ 1,635</b>	<b>1,433</b>

**VILLAGE OF CAPITAN, NEW MEXICO**  
**SCHEDULE OF PLEDGED COLLATERAL**  
**June 30, 2014**

	City Bank	Washington Federal	Total
Deposits at June 30, 2014	\$ 2,681,534	923,632	3,605,166
Less: FDIC coverage	250,000	252,313	502,313
Uninsured public funds	2,431,534	671,319	3,102,853
Pledged collateral held by the pledging bank's trust department or agent but not in the Village's name	2,835,025	770,511	3,605,536
Uninsured and uncollateralized	\$ -	-	-
50% pledged collateral requirement per statute	\$ 1,215,767	335,660	1,551,427
Total pledged collateral	2,835,025	770,511	3,605,536
Pledged collateral over the requirement	\$ (1,619,258)	(434,852)	(2,054,110)

Pledged collateral at June 30, 2014 consists of the following:

Security	CUSIP	Maturity	Market Value	Market Value	Market Value
FNMA Agency Bond	3135GOVX8	9/26/2016	\$ 749,651	-	749,651
FFCB Agency Bond	3133EDEB4	6/28/2014	100,204	-	100,204
FNMA Agency Bond	31359MZ22	10/18/2012	1,542,176	-	1,542,176
FNMA Agency Bond	31410KPU2	7/1/2023	442,994	-	442,994
FHLMC Gold PC A94288 Bond	3620E0NW2	8/20/2061	-	770,511	770,511
			\$ 2,835,025	770,511	3,605,536

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

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

**VILLAGE OF CAPITAN, NEW MEXICO**  
**SCHEDULE OF APPROPRIATIONS**  
**June 30, 2014**

Appropriation	Beginning Date	Ending Date	Original Amount	Funds Expended	Funds Remaining
SAP 12-1352-STB	8/10/2012	06/30/2016	\$ 205,000	205,000	-
SAP 12-1353-STB	8/10/2012	06/30/2016	150,000	150,000	-
SAP 13-L-1724	9/14/2013	06/30/2014	50,000	-	50,000
SAP 13-L-1725	10/7/2013	06/30/2016	60,000	60,000	-
SAP 13-1461-STB	10/15/2013	06/30/2017	100,000	-	100,000

Unexpended balances will be earned when all grant requirements have been met.

The funds remaining are encumbered.

# PORCH & ASSOCIATES LLC

CERTIFIED PUBLIC ACCOUNTANTS  
10612 ROYAL BIRKDALE NE  
ALBUQUERQUE, NM 87111

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

Mr. Hector H. Balderas, State Auditor and  
Dennis Haskell, Mayor and  
The Board of Trustees  
Village of Capitan, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, 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, of the Village of Capitan (Village) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and the combining and individual funds and related budgetary comparisons of the Village, presented as supplemental information, and have issued our report thereon dated November 7, 2014.

### **Internal Control Over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Mr. Hector H. Balderas, State Auditor and  
Dennis Haskell, Mayor and  
The Board of Trustees  
Village of Capitan, New Mexico

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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*.

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Albuquerque, New Mexico  
November 7, 2014

**VILLAGE OF CAPITAN, NEW MEXICO  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
Year Ended June 30, 2014**

None



**VILLAGE OF CAPITAN, NEW MEXICO  
SCHEDULE OF FINDINGS AND RESPONSES  
Year Ended June 30, 2014**

None

**VILLAGE OF CAPITAN, NEW MEXICO  
EXIT CONFERENCE  
Year Ended June 30, 2014**

An exit conference was held on October 24, 2014, and attended by the following:

Village of Capitan, New Mexico

Dennis Haskell, Mayor  
Lilly Bradley, Trustee  
Kay Strickland, Village Clerk through October 31, 2014  
Laura McInnes, Village Clerk after October 31, 2014  
Dana Johnson, Finance Officer

Porch & Associates LLC

Thad Porch, Managing Principal

\* \* \* \* \*

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.