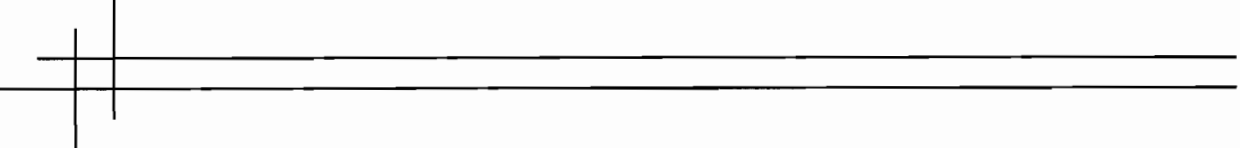




**STATE OF NEW MEXICO
VILLAGE OF FLOYD**

ANNUAL FINANCIAL REPORT
June 30, 2008

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



STATE OF NEW MEXICO
VILLAGE OF FLOYD
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 For the Year Ended June 30, 2008

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STATE OF NEW MEXICO
VILLAGE OF FLOYD
Official Roster
June 30, 2008

VILLAGE COUNCIL

James Whitecotton	Mayor
Kenneth Whitecotton	Member
Colin Chandler	Member
Paul Benoit	Member

ADMINISTRATIVE OFFICIAL

Toni Whitecotton	Clerk/Treasurer
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De'Aun Willoughby CPA, PC

Certified Public Accountant

P.O. Box 223 Melrose, NM 88124

(575) 253-4313

Independent Auditor's Report

Mr. Hector Balderas
State Auditor of the State of New Mexico
Board Members of the VILLAGE OF FLOYD

Mr. Balderas and Members of the Board

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the VILLAGE OF FLOYD, (Village), as of and for the year ended June 30, 2008, which collectively comprise the Village's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Village's nonmajor governmental funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2008, as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village as of June 30, 2008, and the respective changes in financial position, and cash flows, where applicable, thereof and the respective budgetary comparisons for the general fund and the major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the Village as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for all the nonmajor funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2009, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing, of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

The Village has not presented management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

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

De'Aun Willoughby CPA PC

June 30, 2009

FINANCIAL SECTION

STATE OF NEW MEXICO
VILLAGE OF FLOYD
 Government-wide Statement of Net Assets
 June 30, 2008

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 193,529	\$ 13,871	\$ 207,400
Taxes Receivable	4,023	0	4,023
Accounts Receivable	0	1,551	1,551
Due from Grantor	1,311	0	1,311
Total Current Assets	<u>198,863</u>	<u>15,422</u>	<u>214,285</u>
Noncurrent Assets			
Capital Assets	1,184,886	1,118,796	2,303,682
Less: Accumulated Depreciation	<u>(680,178)</u>	<u>(105,234)</u>	<u>(785,412)</u>
Total Noncurrent Assets	<u>504,708</u>	<u>1,013,562</u>	<u>1,518,270</u>
Total Assets	<u>703,571</u>	<u>1,028,984</u>	<u>1,732,555</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	8,019	1,333	9,352
Total Current Liabilities	<u>8,019</u>	<u>1,333</u>	<u>9,352</u>
Total Liabilities	<u>8,019</u>	<u>1,333</u>	<u>9,352</u>
NET ASSETS			
Invested in Capital Assets	504,708	1,013,562	1,518,270
Unrestricted	190,844	14,089	204,933
Total Net Assets	<u>\$ 695,552</u>	<u>\$ 1,027,651</u>	<u>\$ 1,723,203</u>

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

STATE OF NEW MEXICO
VILLAGE OF FLOYD
 Government-wide Statement of Activities
 For the Year Ended June 30, 2008

Functions/Programs	Program Revenues				Net(Expenses) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
Governmental Activities							
General Government	\$ 76,884	\$ 0	\$ 35,000	\$ 0	\$ (41,884)	\$ 0	\$ (41,884)
Public Safety	301,378	0	239,046	0	(62,332)	0	(62,332)
Public Works	0	0	0	324,082	324,082	0	324,082
Culture & Recreation	12,582	0	12,234	38,915	38,567	0	38,567
Depreciation	52,849	0	0	0	(52,849)	0	(52,849)
Activities	\$ 443,693	\$ 0	\$ 286,280	\$ 362,997	\$ 205,584	\$ 0	\$ (65,649)
Business-type Activities							
Proprietary Fund	\$ 42,664	\$ 15,602	\$ 0	\$ 0	\$ 0	\$ (27,062)	\$ (27,062)
Total Business-type Activities	\$ 42,664	\$ 15,602	\$ 0	\$ 0	\$ 0	\$ (27,062)	\$ (27,062)
General Revenues							
Taxes							
Property					\$ 813	\$ 0	\$ 813
Gross Receipts					40,045	0	40,045
Gasoline					11,898	0	11,898
Motor Vehicle					280	0	280
Miscellaneous					52,179	0	52,179
Interest Income					2,807	0	2,807
Total General Revenues					108,022	0	108,022
Other Items							
Contribution of Capital Assets to Utility Fund					(453,399)	453,399	0
Change in Net Assets					(139,793)	426,337	286,544
Net Assets - beginning					846,799	600,789	1,447,588
Restatement					(11,454)	525	(10,929)
Restated Beginning Net Assets					835,345	601,314	1,436,659
Net Assets - ending					695,552	1,027,651	1,723,203

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

STATE OF NEW MEXICO
VILLAGE OF FLOYD
 GOVERNMENTAL FUNDS
 Balance Sheet
 June 30, 2008

	General Fund	Fire Fund	EMS Ambulance Fund
ASSETS			
Cash and Cash Equivalents	\$ 189,166	\$ 4,346	\$ 17
Receivables			
Taxes	4,023	0	0
Due from Grantor	0	0	0
Interfund Balances	41,620	0	0
Total Assets	<u>\$ 234,809</u>	<u>\$ 4,346</u>	<u>\$ 17</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Current Liabilities			
Accounts Payables	\$ 3,792	\$ 4,071	\$ 0
Interfund Balances	0	17,500	24,120
Total Liabilities	<u>3,792</u>	<u>21,571</u>	<u>24,120</u>
Fund Balances			
Unreserved Reported In:			
General Fund	231,017	(17,225)	(24,103)
Special Revenue Fund	0	0	0
Total Fund Balances	<u>231,017</u>	<u>(17,225)</u>	<u>(24,103)</u>
Total Liabilities and Fund Balances	<u>\$ 234,809</u>	<u>\$ 4,346</u>	<u>\$ 17</u>

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

STATE OF NEW MEXICO
VILLAGE OF FLOYD
 GOVERNMENTAL FUNDS
 Balance Sheet
 June 30, 2008

	CDBG Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 193,529
Receivables			
Taxes	0	0	4,023
Due from Grantor	0	1,311	1,311
Interfund Balances	0	0	41,620
Total Assets	<u>\$ 0</u>	<u>\$ 1,311</u>	<u>\$ 240,483</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Current Liabilities			
Accounts Payables	\$ 0	\$ 156	\$ 8,019
Interfund Balances	0	0	41,620
Total Liabilities	<u>0</u>	<u>156</u>	<u>49,639</u>
Fund Balances			
Unreserved Reported In:			
General Fund	0	0	189,689
Special Revenue Fund	0	1,155	1,155
Total Fund Balances	<u>0</u>	<u>1,155</u>	<u>190,844</u>
Total Liabilities and Fund Balances	<u>\$ 0</u>	<u>\$ 1,311</u>	<u>\$ 240,483</u>

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

STATE OF NEW MEXICO
VILLAGE OF FLOYD
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Assets
June 30, 2008

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

Total Fund Balance - Governmental Funds		\$	190,844
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.			
	The cost of capital assets	\$	1,184,886
	Accumulated depreciation is	<u>(680,178)</u>	504,708
Total net assets - governmental activities		\$	<u>695,552</u>

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

STATE OF NEW MEXICO
VILLAGE OF FLOYD
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures and
Changes in Fund Balance
For the Year Ended June 30, 2008

	General Fund	Fire Fund	EMS Ambulance Fund
Revenues			
Taxes			
Property	\$ 813	\$ 0	\$ 0
Gross Receipts Taxes	40,045	0	0
Gasoline	425	0	0
Motor Vehicle Taxes	280		
Federal Grant	0	0	0
State Grants	0	225,546	6,800
State Forestry	0	3,199	0
County Subsidy	0	6,700	0
CAFB Reimbursement	44,455	0	0
Interest Income	2,695	100	0
Small Cities Assistance	35,000	0	0
Miscellaneous	505	4,020	0
Total Revenues	<u>124,218</u>	<u>239,565</u>	<u>6,800</u>
Expenditures			
Current			
General Government	76,884	0	0
Public Safety	0	297,542	3,836
Cultural & Recreation	0	0	0
Capital Outlay	0	0	0
Total Expenditures	<u>76,884</u>	<u>297,542</u>	<u>3,836</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>47,334</u>	<u>(57,977)</u>	<u>2,964</u>
Other Financing Sources (Uses)			
Transfers In/Out from Other Funds	(114,922)	26,198	0
Total Other Sources (Uses)	<u>(114,922)</u>	<u>26,198</u>	<u>0</u>
Net Change in Fund Balance	<u>(67,588)</u>	<u>(31,779)</u>	<u>2,964</u>
Fund Balance at Beginning of year	298,605	26,008	(27,067)
Restatement	0	(11,454)	0
Restated Beginning Fund Balance	<u>298,605</u>	<u>14,554</u>	<u>(27,067)</u>
Fund Balance End of Year	<u>\$ 231,017</u>	<u>\$ (17,225)</u>	<u>\$ (24,103)</u>

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

STATE OF NEW MEXICO
VILLAGE OF FLOYD
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures and
Changes in Fund Balance
For the Year Ended June 30, 2008

	CDBG Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues			
Taxes			
Property	\$ 0	\$ 0	\$ 813
Gross Receipts Taxes	0	0	40,045
Gasoline	0	11,473	11,898
Motor Vehicle Taxes			280
Federal Grant	300,000	3,108	303,108
State Grants	24,082	48,041	304,469
State Forestry	0	0	3,199
County Subsidy	0	0	6,700
CAFB Reimbursement	0	0	44,455
Interest Income	0	12	2,807
Small Cities Assistance	0	0	35,000
Miscellaneous	0	0	4,525
Total Revenues	<u>324,082</u>	<u>62,634</u>	<u>757,299</u>
Expenditures			
Current			
General Government	0	0	76,884
Public Safety	0	0	301,378
Cultural & Recreation	0	12,582	12,582
Capital Outlay	453,399	38,915	492,314
Total Expenditures	<u>453,399</u>	<u>51,497</u>	<u>883,158</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(129,317)</u>	<u>11,137</u>	<u>(125,859)</u>
Other Financing Sources (Uses)			
Transfers In/Out from Other Funds	129,317	(40,593)	0
Total Other Sources (Uses)	<u>129,317</u>	<u>(40,593)</u>	<u>0</u>
Net Change in Fund Balance	<u>0</u>	<u>(29,456)</u>	<u>(125,859)</u>
Fund Balance at Beginning of year	0	30,611	328,157
Restatement	0	0	(11,454)
Restated Beginning Fund Balance	<u>0</u>	<u>30,611</u>	<u>316,703</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 1,155</u>	<u>\$ 190,844</u>

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

STATE OF NEW MEXICO

VILLAGE OF FLOYD

Reconciliation of the Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balance

To the Statement of Activities

June 30, 2008

Net Change in Fund Balance \$ (125,859)

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which depreciation exceeds capital outlays in the period.

Depreciation expense	\$ (52,849)	
Contribution of Capital Assets to Utility Fund	(453,399)	
Capital Outlays	<u>\$ 492,314</u>	<u>(13,934)</u>
Changes in Net Assets of Governmental Activities		<u>\$ (139,793)</u>

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

STATE OF NEW MEXICO
VILLAGE OF FLOYD
GENERAL FUND

Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Non-GAAP-Budgetary Basis)
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Property Taxes	\$ 835	\$ 835	\$ 811	\$ (24)
Gross Receipts Taxes	50,000	50,000	43,119	(6,881)
Motor Vehicle Taxes	200	200	260	60
CAFB Reimbursement	0	44,455	44,455	0
Building Rent	300	300	505	205
Interest Income	2,450	2,450	2,695	245
Small Cities Assistance Grant	35,000	35,000	35,000	0
Total Revenues	<u>88,785</u>	<u>133,240</u>	<u>126,845</u>	<u>(6,395)</u>
Expenditures				
Personnel Services	22,608	22,608	22,683	(75)
Benefits	17,709	17,709	8,520	9,189
Auditing	3,500	3,500	2,760	740
Dues	350	350	674	(324)
Election Expense	300	300	275	25
Insurance	16,000	16,000	15,868	132
Maintenance	670	670	1,205	(535)
Office	508	508	2,511	(2,003)
Supplies	3,200	3,200	5,833	(2,633)
Travel	987	987	1,503	(516)
Utilities	4,683	4,683	4,890	(207)
Recreation	7,500	7,500	7,500	0
Total Expenditures	<u>78,015</u>	<u>78,015</u>	<u>74,222</u>	<u>3,793</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>10,770</u>	<u>55,225</u>	<u>52,623</u>	<u>(2,602)</u>
Other Financing Sources (Uses)				
Loan payment from EMS	0	0	3,000	3,000
Loan to Fire Department	0	(17,500)	(17,500)	0
Transfer in from Streets	0	0	40,593	40,593
Transfer out to Fire	0	(26,198)	(26,198)	0
Transfer out to CDBG	(73,267)	(130,000)	(129,317)	683
Total Other Sources (Uses)	<u>(73,267)</u>	<u>(173,698)</u>	<u>(129,422)</u>	<u>44,276</u>
Net Change in Cash Balance	<u>(62,497)</u>	<u>(118,473)</u>	<u>(76,799)</u>	<u>41,674</u>
Cash Balance Beginning of Year	<u>265,965</u>	<u>265,965</u>	<u>265,965</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 203,468</u>	<u>\$ 147,492</u>	<u>\$ 189,166</u>	<u>\$ 41,674</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 52,623	
Net Change in Taxes Receivables			(2,626)	
Net Change in Accounts Payable			(2,663)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 47,334</u>	

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

STATE OF NEW MEXICO
VILLAGE OF FLOYD
SPECIAL REVENUE FUND-FIRE FUND
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Non-GAAP-Budgetary Basis)
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Fire Allotment	\$ 43,628	\$ 43,928	\$ 43,628	\$ (300)
State Forestry	1,120	1,120	3,200	2,080
Fire Grant	0	181,918	181,918	0
County Subsidy	6,700	6,700	6,700	0
Interest	0	100	100	0
Miscellaneous	0	0	4,019	4,019
Total Revenues	<u>51,448</u>	<u>233,766</u>	<u>239,565</u>	<u>5,799</u>
Expenditures				
Public Safety				
Miscellaneous	31,598	50,000	49,566	434
Insurance	1,350	1,350	1,354	(4)
Supplies	3,358	3,358	3,357	1
Maintenance	15,142	15,142	15,142	0
Capital Outlay	0	221,052	224,052	(3,000)
Total Expenditures	<u>51,448</u>	<u>290,902</u>	<u>293,471</u>	<u>(2,569)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>(57,136)</u>	<u>(53,906)</u>	<u>3,230</u>
Other Financing Sources (Uses)				
Loan from General	0	17,500	17,500	0
Transfer in from General	0	26,198	26,198	0
Total Other Sources (Uses)	<u>0</u>	<u>43,698</u>	<u>43,698</u>	<u>0</u>
Net Change in Cash Balance	0	(13,438)	(10,208)	3,230
Cash Balance Beginning of Year	<u>14,554</u>	<u>14,554</u>	<u>14,554</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 14,554</u>	<u>\$ 1,116</u>	<u>\$ 4,346</u>	<u>\$ 3,230</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (53,906)	
Net Change in Reimbursement			(11,454)	
Net Change in Accounts Payables			(4,071)	
Net Change in Fund Balance			11,454	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (57,977)</u>	

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

STATE OF NEW MEXICO
VILLAGE OF FLOYD
SPECIAL REVENUE FUND-EMS
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Non-GAAP-Budgetary Basis)
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State LEPF Grant	\$ 6,800	\$ 6,800	\$ 6,800	\$ 0
Total Revenues	<u>6,800</u>	<u>6,800</u>	<u>6,800</u>	<u>0</u>
Expenditures				
Public Safety				
Operating Expense	3,836	3,836	3,836	0
Total Expenditures	<u>3,836</u>	<u>3,836</u>	<u>3,836</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,964</u>	<u>2,964</u>	<u>2,964</u>	<u>0</u>
Other Financing Sources (Uses)				
Transfer out to General	0	0	(3,000)	(3,000)
Total Other Sources (Uses)	<u>0</u>	<u>0</u>	<u>(3,000)</u>	<u>(3,000)</u>
Net Change in Cash Balance	0	2,964	(36)	(3,000)
Cash Balance Beginning of Year	<u>53</u>	<u>53</u>	<u>53</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 3,017</u>	<u>\$ 3,017</u>	<u>\$ 17</u>	<u>\$ (3,000)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 2,964	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 2,964</u>	

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

STATE OF NEW MEXICO
VILLAGE OF FLOYD
 PROPRIETARY FUND
 Statement of Net Assets
 June 30, 2008

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 13,871
Receivables	
Accounts	1,551
Total Current Assets	<u>15,422</u>

Noncurrent Assets

Capital Assets	1,118,796
Less Accumulated Depreciation	<u>(105,234)</u>
Total Noncurrent Assets	<u>1,013,562</u>

Total Assets	<u>1,028,984</u>
--------------	------------------

LIABILITIES

Current Liabilities

Accounts Payable	<u>1,333</u>
Total Current Liabilities	<u>1,333</u>

NET ASSETS

Invested in Capital Assets	1,013,562
Unrestricted	<u>14,089</u>
Total Net Assets	<u>\$ 1,027,651</u>

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

STATE OF NEW MEXICO
VILLAGE OF FLOYD
 PROPRIETARY FUND
 Statement of Revenue, Expenses and Changes in Fund Net Assets
 For the Year Ended June 30, 2008

Operating Revenues	
Sales & Service	\$ 15,602
Total Operating Revenues	<u>15,602</u>
Operating Expenses	
Salaries & Benefits	2,974
Operating	11,389
Depreciation	28,301
Total Operating Expenses	<u>42,664</u>
Operating Income (Loss)	(27,062)
Other Items	
Contribution of Capital Assets	<u>453,399</u>
Net Change in Net Assets	<u>426,337</u>
Total Net Assets - Beginning	600,789
Restatement	525
Restated Beginning Net Assets	<u>601,314</u>
Total Net Assets - Ending	<u>\$ 1,027,651</u>

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

STATE OF NEW MEXICO
VILLAGE OF FLOYD
 PROPRIETARY FUND
 Combined Statement of Cash Flows
 For the Year Ended June 30, 2008

Cash Flows from Operating Activities	
Cash Received From Customers	\$ 15,593
Cash Paid to Suppliers and Employees	<u>(13,030)</u>
Net Cash Provided by Operating Activities	<u>2,563</u>
Cash Flows from Capital & Related Financing Activities	
Acquisition and Construction of Capital Assets	(2,754)
Net Cash Provided by Capital & Related Financing Activities	<u>(2,754)</u>
Net Increase (Decrease) in Cash	(191)
Cash, Beginning of Year	<u>14,062</u>
Cash, End of Year	<u>\$ 13,871</u>
Reconciliation of Net Income to Net Cash Provided by Operating Activities	
Operating Income (Loss)	\$ (27,062)
Depreciation	28,301
Change in Assets and Liabilities	
(Increase) Decrease in Accounts Receivable	(10)
(Increase) Decrease in Due from Grantor	24,958
Increase (Decrease) in Accounts Payable	<u>(23,624)</u>
Net Cash Provided by Operating Activities	<u>\$ 2,563</u>

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

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the VILLAGE OF FLOYD (Village) have been prepared in accordance with general accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements. Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) prior to November 30, 1989 that do not conflict with or contradict GASB pronouncements. The more significant of the Village's accounting policies are described below.

Financial Reporting Entity

The VILLAGE OF FLOYD was incorporated under the laws of the State of New Mexico. The Village operates under a Council-Mayor form of government and provides the following services as authorized by its charter: public safety (police and fire), streets, sanitation, culture-recreation, public improvements, planning and zoning, and general administrative services.

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

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

The accounts of the Village are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

The funds of the Village are classified into two categories: governmental and proprietary. In turn, each category is divided into separate fund types. The fund classification and a description of each existing fund type follows below:

Basis of Presentation

Government-Wide Financial Statements (GWFS)

The government-wide financial statements (the statement of net assets and the statement of changes in net assets) report information on all of the activities of the Village. Fiduciary funds are not included in the GWFS. Fiduciary Funds are reported only in the Statement of Fiduciary Net Assets at the fund financial statement level. The effect of interfund activity, within the governmental and business-type activities columns, 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 program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given program 2) operating grants and contributions that are restricted to meeting the operational requirements of a particular program and 3) capital grants or contributions restricted to meeting capital requirements of a particular program. Taxes and other items not properly included amount program revenues are reported instead as general revenues.

The Village segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The Village has presented the following major governmental funds:

General Fund - The General Fund is the general operating fund of the Village and accounts for all revenues and expenditures of the Village not encompassed within other funds.

Fire Fund - To account for operation and maintenance of the Department. Financing is provided by the motor vehicle registration fee of one dollar. Funding is provided under State Statute 24-10A-1 NMSA, 1978 Compilation. Required to be accounted for as a separate fund by New Mexico Department of Health regulation.

EMS Ambulance Fund - To account for the operation and maintenance of the Village EMS Department. Financing is primarily from an annual EMS allotment and fees collected for emergency transportation. The fund was created by the authority of state grant provisions. (NMSA 59A-53-1)

CDBG Fund- To account for the improvements to the Utility Water System funded in part by a federal CDBG grant.

Proprietary Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. All assets and liabilities are included on the Statement of Net Assets. The Village has presented the following major proprietary fund:

Water & Trash - The funds are used to account for the provision of water and trash service to the residents of the Village. Activities of the funds include administration, operations and maintenance of the water system and billing and collection activities. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds.

Additionally, the Village reports the following non-major funds types:

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

Measurement Focus and Basis of Accounting

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

The government wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in the Village gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Derived tax revenue, such as franchise and sales tax revenue, is recognized when the underlying exchange transaction occurs.

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the Village's taxpayer or citizenry, as a whole; program revenues reduced the cost of the function to be financed from the Village's general revenues. Program revenues include charges for services or applicants who purchase, use or directly benefit from the goods or services provided by the given function.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e. when they become both measurable and available. "Measurable means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Village considers property taxes as available if they are collected within 30 days after year end. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income and intergovernmental revenues. Sales taxes collected and held by the state at year on behalf of the government are also recognized as revenue. All other governmental fund revenues are recognized when received.

The Proprietary Funds group accounts for funds received in the course of the operation of self-supporting functions which receive their revenues from providing goods or services to internal or external customers. The two types of funds that make up this category are:

1. Enterprise Funds. Enterprise Funds account for operations carried out and financed like a business operation, usually designated to be self-supporting through fees for services and generating revenues from outside sources. The Village of Floyd has one of these funds, including the Water and Trash Fund. Enterprise Funds are budgeted as separate cost centers but as integral parts of the work programs.

2. Internal Service Fund (ISF). An ISF accounts for financing goods or services provided by an organizational unit of the Village to other units of the Village, on a self-liquidating, fee-for-service basis. The Village of Floyd does not have an ISF Fund.

Budgetary Control

1. Prior to June 1, the Village's Clerk-Treasurer submits the budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Prior to July 1, the budget is legally enacted through passage of an ordinance and then must be approved by Local Government Division of the State Department of Finance and Administration.

3. The Village treasurer is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Village Trustees and the State Department of Finance and Administration.
4. Formal budgetary integration is employed as a management control device during the year for all funds.
5. The level of budget authority is at the fund level.

Cash and Cash Equivalents

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

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

Investments

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

- (a) bonds or negotiable securities of the United States, the state or any county, municipality or Village which has a taxable valuation of real property for the last preceding year of at least one million dollars (1,000,000) and has not defaulted in the payment of any interest or sinking fund obligation or failed to meet any bonds at maturity at any time within five years last preceding; or
- (b) securities that are issued by the United States government or by its agencies or instrumentalities and that are either direct obligations of the United States or are backed by the full faith and credit of the United States government or agencies guaranteed by the United States government.
- (c) in contracts with banks, savings and loan associations or credit unions for the present purchase and resale at a specified time in the future of specific securities at specified prices at a price differential representing the interest income to be earned by the investor. The contract shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with the investment. The contract shall be fully secured by obligations of the United States having a market value of at least one hundred two percent of the contract. The collateral required for investment in the contracts provided for in this subsection shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with investment.

Receivables and Payables

Receivables include property taxes, interfund loans that are expected to be paid back and amount due from state government agencies related to various grant agreements. Payables represent routine monthly bills for services rendered and products purchased and accrued salaries and benefits.

Capital Assets

Capital assets, which includes property, plant, equipment (including software), and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. Capital assets are recorded at historical costs and depreciated over their estimated useful lives (with no salvage value). 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. Donated capital assets are recorded at their estimated fair market value on the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The construction period interest is not capitalized in the proprietary funds.

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

Buildings & Improvements	50 Years
Water System	30-50 Years
Equipment and Vehicles	3-15 Years

Use of Restricted Funds

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

Revenue

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

Proprietary 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 a proprietary fund's principal ongoing operations. The principal operating revenues of the Water, Waste Water and the Solid Waste Fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net assets are reported as restricted when there are limitations imposed by creditors, grantors or laws or regulations of other governments. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available it will first be applied to restricted resources.

NOTE B: RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS STATEMENTS

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

STATE OF NEW MEXICO
VILLAGE OF FLOYD
Notes to the Financial Statements
June 30, 2008

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

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

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

Reconciliations are located at the bottom of each budget actual.

NOTE C: CASH AND INVESTMENTS

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

<u>Name of Account</u>	Balance Per Bank 06-30-08	Reconciled Balance	<u>Type</u>
General Fund	\$ 171,291	\$ 167,431	Checking
Village of Floyd	39,969	39,969	Checking
TOTAL Deposited	<u>211,260</u>	<u>\$ 207,400</u>	
Less: FDIC Coverage	(100,000)		
Uninsured Amount	111,260		
50% collateral requirement	55,630		
Pledged securities	150,000		
Over (Under) requirement	<u>\$ 94,370</u>		

The difference between the bank balance and reconciled balance is outstanding deposits, outstanding checks, and pending bank adjustments.

The following securities are pledged at Portales National Bank:

<u>Description</u>	<u>CUSIP #</u>	Par/Market Value	<u>Maturity Date</u>	<u>Location</u>
Logan SD NonCall	541066AS5	\$ 150,000	07/01/2009	Dallas, TX
		<u>\$ 150,000</u>		

Custodial Credit Risk-Deposits

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ 100,000
Collateralized:	
Collateral held by the pledging bank in Village's name	111,260
Uninsured and uncollateralized	0
Total Deposits	<u>\$ 211,260</u>

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2008 \$0 of the Village's bank balance of \$211,260 was exposed to custodial credit risk.

STATE OF NEW MEXICO
VILLAGE OF FLOYD
Notes to the Financial Statements
June 30, 2008

NOTE D: CAPITAL ASSETS

Capital Assets Balances and Activity for the Year Ended June 30, 2008, is as follows:

	Balance 6/30/07	Increases	Decreases	Balance 6/30/08
Governmental Activities				
Capital Assets, not being Depreciated				
Land	\$ 0	\$ 0	\$ 0	\$ 0
Construction in Progress	0	453,399	453,399	0
Total Capital Assets, not being Depreciated	0	453,399	453,399	0
Capital Assets, being Depreciated				
Buildings & Improvements	340,000	0	0	340,000
Equipment	734,925	0	0	734,925
Vehicles	71,046	38,915		109,961
Total Capital Assets, being Depreciated	1,145,971	38,915	0	1,184,886
Total Capital Assets	1,145,971	492,314	453,399	1,184,886
Less Accumulated Depreciation				
Infrastructure	0	0	0	0
Buildings & Improvements	156,200	6,200	0	162,400
Equipment	426,185	35,528	0	461,713
Vehicles	44,944	11,121	0	56,065
Total Accumulated Depreciation	627,329	52,849	0	680,178
Capital Assets, net	\$ 518,642	\$ 439,465	\$ 453,399	\$ 504,708

Depreciation expense was not allocated to functions because the information was unavailable.

	Balance 6/30/07	Increases	Decreases	Balance 6/30/08
Business-Type Activities				
Capital Assets not being Depreciated				
Land	\$ 500	\$ 0	\$ 0	\$ 500
Total Capital Assets not being Depreciated	500	0	0	500
Other Capital Assets				
Utility System	592,143	456,153	0	1,048,296
Buildings & Improvements	70,000	0	0	70,000
Total Capital Assets at Historical Cost	662,643	456,153	0	1,118,796
Less Accumulated Depreciation				
Utility System	71,333	26,901		98,234
Buildings & Improvements	5,600	1,400	0	7,000
Total Accumulated Depreciation	76,933	28,301	0	105,234
Capital Assets, net	\$ 585,710	\$ 427,852	\$ 0	\$ 1,013,562

NOTE E: PROPERTY TAXES

The County collects the Village's share of property taxes assessed. Property taxes attach an enforceable lien on property as of January 1st. Tax notices are sent by the County treasurer to property owners by November 1st of each year to be paid in whole or in two installments by November 10th and April 10th of each year. The County collects such taxes and distributes them to the Village on a monthly basis. The Village accounts for its share of property taxes in the General, Debt Service and Capital Projects Funds. Only those collections received are recorded as revenues for the budget presentation.

NOTE F: RECEIVABLES

Receivables as of June 30, 2008, were as follows:

<u>Receivables</u>	<u>General</u>	<u>Non-Major</u>	<u>Business-Type</u>
Gross Receipts Taxes	\$ 4,023	\$ 0	\$ 0
Due from Grantor	0	1,311	0
Accounts Receivable	0	0	1,551
	<u>\$ 4,023</u>	<u>\$ 1,311</u>	<u>\$ 1,551</u>

NOTE G: INTERFUND TRANSFERS

Interfund transfers during the year ended June 30, 2008, were as follows:

<u>Transfers Out</u>		<u>Transfer In</u>		
		<u>Fire Fund</u>	<u>Streets</u>	<u>CDBG</u>
General Fund	\$ (155,515)	\$ 26,198	\$ 0	\$ 129,317
Street Fund	40,593	0	(40,593)	0
	<u>\$ (114,922)</u>	<u>\$ 26,198</u>	<u>\$ (40,593)</u>	<u>\$ 129,317</u>

The transfers out from the General Fund to the Fire Fund was to help purchase equipment and the transfer to CDBG was to complete the Water Construction Project. The transfer from the Street Fund to the General Fund was to close the Street Fund as allowed by small municipalities.

NOTE H: INTERFUND LOANS

Interfund loans during the year ended June 30, 2008, were as follows:

<u>Loans From</u>		<u>Transfer In</u>	
		<u>Fire Fund</u>	<u>EMS</u>
General Fund	\$ (17,500)	\$ 17,500	\$ 0
EMS Fund	3,000	0	(3,000)
	<u>\$ (14,500)</u>	<u>\$ 17,500</u>	<u>\$ (3,000)</u>

The General Fund loaned the Fire Department \$17,500 to complete an equipment purchases. The loan was repaid in July when the Fire Department received their state grant. The EMS an borrowed \$38,925 from the General Fund to assist in purchase of an ambulance. The loan is to be paid back \$3,000 each year until paid in full. The balance at June 30, 2008 was \$24,120.

NOTE I: RISK MANAGEMENT

The Village participates in the New Mexico Self-Insurers Fund for medical insurance coverage for their employees. Commercial Insurance covers all other losses. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years. There are no claim liabilities at year end.

NOTE J: SURETY BOND

The officials and certain employees of the Village are covered by a surety bond as required by Section 12-6-7, NMSA, 1978 Compilation.

NOTE K: RESTATEMENT

Net Assets and Fund Balance were reduced by \$11,454 to remove a receivable in the Fire Fund that could not be found in the next audit year. Net Assets in the Water & Trash Fund was increased by a net \$525. A receivable was removed of \$24,958 and a payable was removed of \$25,483. Both should have been included in the CDBG Fund rather than the Water & Trash Fund.

**SUPPLEMENTAL INFORMATION RELATED TO
MAJOR FUNDS**

STATE OF NEW MEXICO
VILLAGE OF FLOYD
SPECIAL REVENUE FUND-CDBG
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Non-GAAP-Budgetary Basis)
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 300,000	\$ 300,000	\$ 300,000	\$ 0
Legislative Grant	24,082	24,082	24,082	0
Total Revenues	<u>324,082</u>	<u>324,082</u>	<u>324,082</u>	<u>0</u>
Expenditures				
Public Works				
Capital Outlay	453,400	453,400	453,399	1
Total Expenditures	<u>453,400</u>	<u>453,400</u>	<u>453,399</u>	<u>1</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(129,318)</u>	<u>(129,318)</u>	<u>(129,317)</u>	<u>1</u>
Other Financing Sources (Uses)				
Transfer in from General	129,318	129,318	129,317	(1)
Total Other Sources (Uses)	<u>129,318</u>	<u>129,318</u>	<u>129,317</u>	<u>(1)</u>
Net Change in Cash Balance	129,318	0	0	0
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 129,318</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (129,317)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ (129,317)	

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

**SUPPLEMENTAL INFORMATION RELATED TO
NON MAJOR FUNDS**

NONMAJOR SPECIAL REVENUE FUNDS

Recreation Fund

To account for the operation and maintenance of the Village's youth recreation program. Financing is provided by the state shared cigarette tax. The fund was created by the authority of state statute. (NMSA 7-12-15)

Senior Citizens

To account for the receipts and expenditures of the Senior Citizens. Financing is provided by the Area on Aging. The fund was created by the authority of state statute. (NMSA 7-12-15)

Streets Gas Tax

To account for the receipts and expenditures of special gasoline tax which is restricted for use in repairing and maintaining roads and streets within the municipality. The fund was created by the authority of state statute. (NMSA 7-1-16.9 and 7-13-1 to 18)

STATE OF NEW MEXICO
VILLAGE OF FLOYD
NONMAJOR SPECIAL REVENUE FUNDS
Combining Balance Sheet
June 30, 2008

	<u>Recreation Fund</u>	<u>Senior Citizens</u>	<u>Streets Gas Tax</u>
ASSETS			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables			
Due from Grantor	0	1,311	0
Total Assets	<u>\$ 0</u>	<u>\$ 1,311</u>	<u>\$ 0</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts Payable	\$ 0	\$ 156	\$ 0
Total Liabilities	<u>0</u>	<u>156</u>	<u>0</u>
Fund Balance			
Unreserved Reported In:			
Special Revenue	0	1,155	0
Total Fund Balance	<u>0</u>	<u>1,155</u>	<u>0</u>
Total Liabilities and Fund Balance	<u><u>\$ 0</u></u>	<u><u>\$ 1,311</u></u>	<u><u>\$ 0</u></u>

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

STATE OF NEW MEXICO
VILLAGE OF FLOYD
NONMAJOR SPECIAL REVENUE FUNDS
Combining Balance Sheet
June 30, 2008

	<u>Total</u>
ASSETS	
Cash and Cash Equivalents	\$ 0
Receivables	
Due from Grantor	1,311
Total Assets	<u>\$ 1,311</u>
LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts Payable	\$ 156
Total Liabilities	<u>156</u>
Fund Balance	
Unreserved Reported In:	
Special Revenue	1,155
Total Fund Balance	<u>1,155</u>
Total Liabilities and Fund Balance	<u>\$ 1,311</u>

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

STATE OF NEW MEXICO
VILLAGE OF FLOYD
NONMAJOR SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the Year Ended June 30, 2008

	Recreation Fund	Senior Citizens	Streets Gas Tax
Revenues			
Gasoline Taxes	\$ 0	\$ 0	\$ 11,473
Federal Grant	0	3,108	0
Legislative Grant	0	38,915	0
State Grants	0	9,126	0
Interest Income	0	12	0
Total Revenues	<u>0</u>	<u>51,161</u>	<u>11,473</u>
Expenditures			
Current			
Culture & Recreation	80	12,502	0
Capital Outlay	0	38,915	0
Total Expenditures	<u>80</u>	<u>51,417</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(80)</u>	<u>(256)</u>	<u>11,473</u>
Other Financing Sources (Uses)			
Transfers In/Out	0	0	(40,593)
Total Other Sources (Uses)	<u>0</u>	<u>0</u>	<u>(40,593)</u>
Net Change in Fund Balance	(80)	(256)	(29,120)
Fund Balances at Beginning of Year	<u>80</u>	<u>1,411</u>	<u>29,120</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 1,155</u>	<u>\$ 0</u>

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

STATE OF NEW MEXICO
VILLAGE OF FLOYD
 NONMAJOR SPECIAL REVENUE FUNDS
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balance
 For the Year Ended June 30, 2008

	<u>Total</u>
Revenues	
Gasoline Taxes	\$ 11,473
Federal Grant	3,108
Legislative Grant	38,915
State Grants	9,126
Interest Income	12
Total Revenues	<u>62,634</u>
Expenditures	
Current	
Culture & Recreation	12,582
Capital Outlay	38,915
Total Expenditures	<u>51,497</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>11,137</u>
Other Financing Sources (Uses)	
Transfers In/Out	<u>(40,593)</u>
Total Other Sources (Uses)	<u>(40,593)</u>
Net Change in Fund Balance	(29,456)
Fund Balances at Beginning of Year	<u>30,611</u>
Fund Balance End of Year	<u>\$ 1,155</u>

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

STATE OF NEW MEXICO
VILLAGE OF FLOYD
SPECIAL REVENUE FUND-RECREATION
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Non-GAAP-Budgetary Basis)
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Cigarette Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures				
Culture & Recreation				
Operating Expenses	80	80	80	0
Total Expenditures	<u>80</u>	<u>80</u>	<u>80</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	(80)	(80)	(80)	0
Cash Balance Beginning of Year	<u>80</u>	<u>80</u>	<u>80</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (80)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (80)</u>	

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

STATE OF NEW MEXICO
VILLAGE OF FLOYD
SPECIAL REVENUE FUND-SENIOR CITIZENS
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Non-GAAP-Budgetary Basis)
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 5,462	\$ 5,462	\$ 8,148	\$ 2,686
Legislative Grant	0	38,918	38,915	(3)
Federal Grant	5,462	5,462	2,775	(2,687)
Interest Income	0	12	12	0
Total Revenues	<u>10,924</u>	<u>49,854</u>	<u>49,850</u>	<u>(4)</u>
Expenditures				
Culture & Recreation				
Personnel	2,550	2,550	1,963	587
Benefits	229	229	150	79
Capital Outlay	0	38,915	38,915	0
Supplies	2,672	3,472	3,472	0
Travel	250	878	878	0
Miscellaneous	4,522	5,221	5,883	(662)
Total Expenditures	<u>10,223</u>	<u>51,265</u>	<u>51,261</u>	<u>4</u>
Excess (Deficiency) of Revenues Over Expenditures	701	(1,411)	(1,411)	0
Cash Balance Beginning of Year	<u>1,411</u>	<u>1,411</u>	<u>1,411</u>	<u>0</u>
Cash Balance End of Year	\$ <u>2,112</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (1,411)	
Net Change in Accounts Receivables			1,311	
Net Change in Accounts Payables			(156)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>(256)</u>	

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

STATE OF NEW MEXICO
VILLAGE OF FLOYD
SPECIAL REVENUE FUND-STREETS GAS TAX FUND
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Non-GAAP-Budgetary Basis)
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Coop Grant	\$ 0	\$ 0	\$ 0	\$ 0
Interest Income	0	0	0	0
Regular Gas Tax	8,000	11,473	11,473	0
Special Gas Tax	0	0	0	0
Total Revenues	<u>8,000</u>	<u>11,473</u>	<u>11,473</u>	<u>0</u>
Expenditures				
Public Works				
Operating	0	0	0	0
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>8,000</u>	<u>11,473</u>	<u>11,473</u>	<u>0</u>
Other Financing Sources (Uses)				
Transfer to General	0	(40,593)	(40,593)	0
Total Other Sources (Uses)	<u>0</u>	<u>(40,593)</u>	<u>(40,593)</u>	<u>0</u>
Net Change in Cash Balance	0	(29,120)	(29,120)	0
Cash Balance Beginning of Year	<u>29,120</u>	<u>29,120</u>	<u>29,120</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 29,120</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 11,473	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 11,473</u>	

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

ENTERPRISE FUNDS

Water & Trash

To account for the provision of water service and trash collection serviceto the residents of the Village. All activities necessary to provide such services are accounted for in this fund, including, but not limited to administration, operations, maintenance, financing and related debt service, and billing and collections.

STATE OF NEW MEXICO
VILLAGE OF FLOYD
 PROPRIETARY FUND-WATER & TRASH
 Statement of Revenues, Expenditures, and Changes in Cash Balance -
 Budget and Actual (Non-GAAP-Budgetary Basis)
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Sales & Service	\$ 13,672	\$ 13,672	\$ 15,593	\$ 1,921
Total Revenues	<u>13,672</u>	<u>13,672</u>	<u>15,593</u>	<u>1,921</u>
Expenditures				
Public Works				
Personnel Services	1,800	2,763	2,763	0
Employee Benefits	162	211	211	0
Contract Services	4,831	4,831	4,519	312
Operating Expenses	3,016	5,537	5,537	0
Capital Outlay	0	2,754	2,754	0
Total Expenditures	<u>9,809</u>	<u>16,096</u>	<u>15,784</u>	<u>312</u>
Excess (Deficiency) of Revenues Over Expenditures	3,863	(2,424)	(191)	2,233
Cash Balance Beginning of Year	<u>14,062</u>	<u>14,062</u>	<u>14,062</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 17,925</u>	<u>\$ 11,638</u>	<u>\$ 13,871</u>	<u>\$ 2,233</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (191)	
Net Change in Accounts Receivables			9	
Net Change in Accounts Payables			(1,333)	
Depreciation			(28,301)	
Capital Outlay			2,754	
Change in Net Assets-GAAP Basis			<u>\$ (27,062)</u>	

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

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

Mr. Hector Balderas
State Auditor of the State of New Mexico
Board Members of the VILLAGE OF FLOYD

Mr. Balderas and Members of the Board

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, the budgetary comparisons for the general fund and major special revenue funds, and the combining and individual funds presented as supplemental information of the VILLAGE OF FLOYD (Village), as of and for the year ended June 30, 2008, and have issued our report thereon dated June 30, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2006-01, 2007-2, 2008-1, 2008-2 and 2008-3.

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Village's response and accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the New Mexico State Legislature and its committees, the Office of the State Auditor, the New Mexico Department of Finance and Administration, and federal awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than these specified parties.

De'Ann Willoughby CPA PC

June 30, 2009

STATE OF NEW MEXICO
VILLAGE OF FLOYD
 Schedule of Findings and Responses
 For the Year Ended June 30, 2008

Prior Year Audit Findings

	<u>Status</u>
2006-1 Expenditures Exceed Budget	Repeated & Modified
2007-1 Incorrect Calculation on Quarterly Payroll Reports	Resolved
2007-2 Late Audit Report	Repeated & Modified

Current Year Audit Findings

2006-01 Expenditures Over Budget

Condition

The Village incurred expenditures in excess of the approved budget in the following fund.

<u>Fund</u>	<u>Approved Budget</u>	<u>Actual Expenditures</u>	<u>Amount over Expended</u>
<u>Special Revenue</u>			
Fire Fund	290,902	293,471	(2,569)

Criteria

Section 6-6-6, NMSA 1978, requires the Village to keep expenditures within budgeted amounts.

Effect

State statute may have been violated subjecting those responsible to the penalty provisions of the statute.

Cause

Purchases were approved in excess of available budget or budget adjustments were not approved to cover the expenditures approved.

Recommendation

The Village should consider preparing and reviewing budget to actual reports on a monthly basis.

Response

The Village will implement a system of controls to monitor budget to ensure budgets are not exceeded.

2007-2 Late Audit Report

Condition

The current auditor was waiting on the submission and approval of the previous year audit.

Criteria

Villages audits are to be submitted to the State Auditor by December 1 as required by NMAC 2.2.2.9A (1) (d).

Effect

The field work was completed after the December 1 deadline.

Cause

The previous year auditor did not submit the report timely.

Recommendation

The audit should be filed timely.

Response

The Village has hired the current auditor and hopes to be timely with all future audits.

2008-1 Department of Labor**Condition**

The Quarterly report for 9/30/07 was not filed

Criteria

According to New Mexico Department of Labor regulations all wages paid to employees are to be reported quarterly. Also, any wages paid over the taxable base rate of \$17,900 are to be considered excess wages and reported as such on the quarterly report.

Effect

The Village could be subject to additional taxes and penalties.

Cause

Documents were not kept in a orderly fashion and the employee was unable to locate the documents.

Recommendation

We recommend that the Village keeps important documents in organized and designated area to be easily found when requested and to ensure the timeliness of filing.

Response

The Village will implement a system to ensure that all reports are filed and filed timely.

2008-2 Inadequate Maintenance of Deductions, Pay Schedules, Personnel Files**Condition**

During our test work of payroll and payroll related reports we noted the employee did not include proper I-9 form documentation, W-4's and authorized deductions.

Criteria

The Immigration Reform and Control Act of 1986 requires all employees hired after November 6, 1986 to complete a Form I-9 within 3 days of hire. This form is to be retained for three years after the date of hire or one year after employment ends, whichever is later.

Effect

The Village is not in compliance with the Immigration Reform & Control Act of 1986 and could be subject to penalties and fines.

Cause

The Village was unaware of this regulation and requirement to obtain and maintain forms.

Recommendation

The Village must require all employees to complete the necessary forms and retain the necessary documents in each employee's personnel file. In addition, the Village should make periodic checks

Response

Now that we are aware of this we will get all personnel files updated with the proper documentation.

2008-3 SAS 112 Compliance

Condition

The Auditing Standards Board has issued *Statement on Auditing Standards No. 112, Communicating Internal Control Related Matters Identified in an Audit* (SAS 112). The new standard provides guidance to auditors on communicating matters related to an audit of financial statements. The standard requires the auditor to evaluate identified control deficiencies and

Criteria

Statement on Auditing Standards (SAS) 112, Communication of Internal Control Related Matters Identified in an Audit, requires that management clearly accept responsibility for preparing all financial information and company's financial statements.

Effect

The Village's management may not be able to detect errors in reporting or financial presentation if they exist. Management may not be qualified to review the financial statements prepared by the auditor.

Cause

The Villages staff has not been trained on Governmental Accounting Standards and related procedures to prepare financial statements.

Recommendation

We recommend that the employees who participate in the accounting function obtain training in governmental accounting and the preparation of financial statements.

Response

The Village will continue to rely on the auditor to prepare the financial statements.

Financial Statement Preparation

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

Exit Conference

An exit conference was held on June 30, 2009. In attendance was , Kenneth Whitecotton-board member, Toni Whitecotton-Clerk and De'Aun Willoughby, CPA.