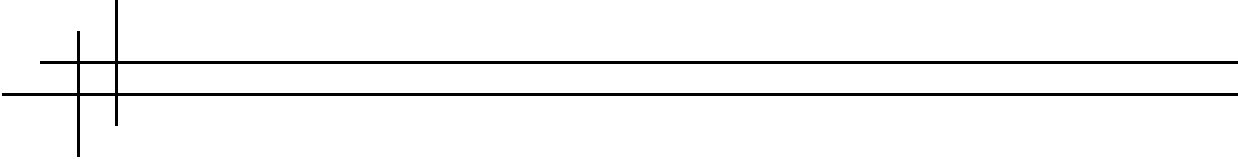


STATE OF NEW MEXICO
VILLAGE OF FLOYD

ANNUAL FINANCIAL REPORT
June 30, 2009

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



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VILLAGE OF FLOYD
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STATE OF NEW MEXICO
VILLAGE OF FLOYD
Official Roster
June 30, 2009

VILLAGE COUNCIL

James Whitecotton	Mayor
Paul Benoit	Member
Colin Chandler	Member
Larry Griffith	Member

ADMINISTRATIVE OFFICIAL

Toni Whitecotton	Clerk/Treasurer
------------------	-----------------

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, 2009, 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, 2009, 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, 2009, 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, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the major capital project fund and all 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 September 14, 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.

De'Ann Willoughby CPA PC

September 14, 2009

FINANCIAL SECTION

STATE OF NEW MEXICO
VILLAGE OF FLOYD
 Government-Wide Statement of Net Assets
 June 30, 2009

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 160,539	\$ 4,496	\$ 165,035
Taxes Receivable	4,055	0	4,055
Accounts Receivable	0	2,336	2,336
Due from Grantor	30,895	0	30,895
Total Current Assets	<u>195,489</u>	<u>6,832</u>	<u>202,321</u>
Noncurrent Assets			
Capital Assets	1,304,134	1,118,796	2,422,930
Less: Accumulated Depreciation	<u>(733,027)</u>	<u>(133,535)</u>	<u>(866,562)</u>
Total Noncurrent Assets	<u>571,107</u>	<u>985,261</u>	<u>1,556,368</u>
Total Assets	<u>766,596</u>	<u>992,093</u>	<u>1,758,689</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	<u>10,628</u>	<u>1,432</u>	<u>12,060</u>
Total Current Liabilities	<u>10,628</u>	<u>1,432</u>	<u>12,060</u>
Total Liabilities	<u>10,628</u>	<u>1,432</u>	<u>12,060</u>
NET ASSETS			
Invested in Capital Assets	571,107	985,261	1,556,368
Unrestricted	184,861	5,400	190,261
Total Net Assets	<u>\$ 755,968</u>	<u>\$ 990,661</u>	<u>\$ 1,746,629</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, 2009

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	\$ 91,271	\$ 0	\$ 35,000	\$ 0	\$ (56,271)	\$ 0	\$ (56,271)
Public Safety	39,098	0	74,980	21,550	57,432	0	57,432
Public Works	3,696	0	0	64,803	61,107	0	61,107
Culture & Recreation	16,705	0	11,513	0	(5,192)	0	(5,192)
Depreciation	52,849	0	0	0	(52,849)	0	(52,849)
Activities	<u>\$ 203,619</u>	<u>\$ 0</u>	<u>\$ 121,493</u>	<u>\$ 86,353</u>	<u>\$ 4,227</u>	<u>\$ 0</u>	<u>\$ 4,227</u>
Business-type Activities							
Proprietary Fund	\$ 59,391	\$ 22,401	\$ 0	\$ 0	\$ 0	\$ (36,990)	\$ (36,990)
Total Business-type Activities	<u>\$ 59,391</u>	<u>\$ 22,401</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (36,990)</u>	<u>\$ (36,990)</u>
General Revenues							
Taxes							
Property					\$ 893	\$ 0	\$ 893
Gross Receipts					46,608	0	46,608
Gasoline					4,829	0	4,829
Motor Vehicle					239	0	239
Miscellaneous					3,221	0	3,221
Interest Income					399	0	399
Total General Revenues					<u>56,189</u>	<u>0</u>	<u>56,189</u>
Change in Net Assets					60,416	(36,990)	23,426
Net Assets - beginning					<u>695,552</u>	<u>1,027,651</u>	<u>1,723,203</u>
Net Assets - ending					<u>\$ 755,968</u>	<u>\$ 990,661</u>	<u>\$ 1,746,629</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, 2009

	<u>General Fund</u>	<u>Fire Fund</u>	<u>EMS Ambulance Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 139,593	\$ 20,898	\$ 0
Receivables			
Taxes	4,055	0	0
Due from Grantor	0	0	0
Interfund Balances	50,714	0	0
Total Assets	<u>\$ 194,362</u>	<u>\$ 20,898</u>	<u>\$ 0</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Current Liabilities			
Accounts Payables	\$ 7,929	\$ 2,449	\$ 0
Interfund Balances	0	0	21,120
Total Liabilities	<u>7,929</u>	<u>2,449</u>	<u>21,120</u>
Fund Balances			
Unreserved Reported In:			
General Fund	186,433	0	0
Special Revenue Fund	0	18,449	(21,120)
Total Fund Balances	<u>186,433</u>	<u>18,449</u>	<u>(21,120)</u>
Total Liabilities and Fund Balances	<u>\$ 194,362</u>	<u>\$ 20,898</u>	<u>\$ 0</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, 2009

	<u>CDBG-Water Treatment Facility Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 0	\$ 48	\$ 160,539
Receivables			
Taxes	0	0	4,055
Due from Grantor	26,691	4,204	30,895
Interfund Balances	0	0	50,714
Total Assets	<u>\$ 26,691</u>	<u>\$ 4,252</u>	<u>\$ 246,203</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Current Liabilities			
Accounts Payables	\$ 0	\$ 250	\$ 10,628
Interfund Balances	26,691	2,903	50,714
Total Liabilities	<u>26,691</u>	<u>3,153</u>	<u>61,342</u>
Fund Balances			
Unreserved Reported In:			
General Fund	0	0	186,433
Special Revenue Fund	0	1,099	(1,572)
Total Fund Balances	<u>0</u>	<u>1,099</u>	<u>184,861</u>
Total Liabilities and Fund Balances	<u>\$ 26,691</u>	<u>\$ 4,252</u>	<u>\$ 246,203</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, 2009

Amounts reported for governmental activities in the Statement of Net Assets
are different because:

Total Fund Balance - Governmental Funds		\$	184,861
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	\$	1,304,134
	Accumulated depreciation is		<u>(733,027)</u>
			<u>571,107</u>
Total net assets - governmental activities		\$	<u><u>755,968</u></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, 2009

	General Fund	Fire Fund	EMS Ambulance Fund
Revenues			
Taxes			
Property	\$ 893	\$ 0	\$ 0
Gross Receipts Taxes	46,608	0	0
Gasoline Tax	4,829	0	0
Motor Vehicle Taxes	239	0	0
Federal Grant	0	0	0
State & Local Grants	35,600	62,880	12,100
Interest Income	387	0	0
Miscellaneous	446	1,952	823
Total Revenues	<u>89,002</u>	<u>64,832</u>	<u>12,923</u>
Expenditures			
Current			
General Government	91,271	0	0
Public Safety	0	29,158	9,940
Public Works	3,696	0	0
Cultural & Recreation	5,724	0	0
Capital Outlay	7,895	0	0
Total Expenditures	<u>108,586</u>	<u>29,158</u>	<u>9,940</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(19,584)</u>	<u>35,674</u>	<u>2,983</u>
Other Financing Sources (Uses)			
Transfers In/Out from Other Funds	<u>(25,000)</u>	<u>0</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(25,000)</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	(44,584)	35,674	2,983
Fund Balance at Beginning of year	<u>231,017</u>	<u>(17,225)</u>	<u>(24,103)</u>
Fund Balance End of Year	<u>\$ 186,433</u>	<u>\$ 18,449</u>	<u>\$ (21,120)</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, 2009

	CDBG-Water Treatment Facility Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues			
Taxes			
Property	\$ 0	\$ 0	\$ 893
Gross Receipts Taxes	0	0	46,608
Gasoline Tax	0	0	4,829
Motor Vehicle Taxes	0	0	239
Federal Grant	0	4,123	4,123
State & Local Grants	64,803	28,340	203,723
Interest Income	0	12	399
Miscellaneous	0	0	3,221
Total Revenues	<u>64,803</u>	<u>32,475</u>	<u>264,035</u>
Expenditures			
Current			
General Government	0	0	91,271
Public Safety	0	0	39,098
Public Works	0	0	3,696
Cultural & Recreation	0	10,981	16,705
Capital Outlay	89,803	21,550	119,248
Total Expenditures	<u>89,803</u>	<u>32,531</u>	<u>270,018</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(25,000)</u>	<u>(56)</u>	<u>(5,983)</u>
Other Financing Sources (Uses)			
Transfers In/Out from Other Funds	25,000	0	0
Total Other Financing Sources (Uses)	<u>25,000</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	0	(56)	(5,983)
Fund Balance at Beginning of year	<u>0</u>	<u>1,155</u>	<u>190,844</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 1,099</u>	<u>\$ 184,861</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, 2009

Net Change in Fund Balance \$ (5,983)

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)	
Capital Outlays	<u>119,248</u>	<u>66,399</u>
Changes in Net Assets of Governmental Activities		<u>\$ 60,416</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, 2009

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Property Taxes	\$ 835	\$ 835	\$ 893	\$ 58
Gross Receipts Taxes	50,000	50,000	46,576	(3,424)
Gasoline Tax	0	0	4,829	4,829
Motor Vehicle Taxes	200	20	239	219
Building Rent	0	0	325	325
Interest Income	2,000	20,000	387	(19,613)
State & Local Grants	35,600	35,600	35,600	0
Miscellaneous	150	150	121	(29)
Total Revenues	<u>88,785</u>	<u>106,605</u>	<u>88,970</u>	<u>(17,635)</u>
Expenditures				
General				
Personnel Services	25,000	25,000	24,994	6
Benefits	10,000	10,000	9,590	410
Auditing	3,800	3,800	3,735	65
Dues	1,200	1,200	1,147	53
Insurance	46,127	46,127	14,247	31,880
Office	3,750	3,750	3,737	13
Supplies	22,500	22,500	22,418	82
Utilities	4,400	4,393	4,393	0
Miscellaneous	3,000	2,871	2,871	0
Capital Outlay	8,000	7,895	7,895	0
Public Works				
Personnel Services	400	381	381	0
Operating Expenses	3,500	3,317	3,317	0
Recreation				
Operating Expenses	6,000	5,724	5,724	0
Total Expenditures	<u>137,677</u>	<u>136,958</u>	<u>104,449</u>	<u>32,509</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(48,892)</u>	<u>(30,353)</u>	<u>(15,479)</u>	<u>14,874</u>
Other Financing Sources (Uses)				
Loan Repayment from EMS	3,000	3,000	3,000	0
Loan Repayment from Fire	17,500	17,500	17,500	0
Transfer out to CP Water Treatment	<u>(25,000)</u>	<u>(25,000)</u>	<u>(25,000)</u>	<u>0</u>
Total Other Sources (Uses)	<u>(4,500)</u>	<u>(4,500)</u>	<u>(4,500)</u>	<u>0</u>
Net Change in Cash Balance	(53,392)	(34,853)	(19,979)	14,874
Cash Balance Beginning of Year	<u>189,166</u>	<u>189,166</u>	<u>189,166</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 135,774</u>	<u>\$ 154,313</u>	<u>\$ 169,187</u>	<u>\$ 14,874</u>

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, 2009

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (19,979)	
Net Change in Taxes Receivables			33	
Net Change in Accounts Payable			(4,138)	
Loan Repayment from EMS			(3,000)	
Loan Repayment from Fire			(17,500)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>(44,584)</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, 2009

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Fire Allotment	\$ 42,632	\$ 42,632	\$ 42,632	\$ 0
State Forestry	12,000	12,000	13,548	1,548
County Subsidy	6,700	6,700	6,700	0
Miscellaneous	0	0	1,952	1,952
Total Revenues	<u>61,332</u>	<u>61,332</u>	<u>64,832</u>	<u>3,500</u>
Expenditures				
Public Safety				
Personnel Services	600	600	587	13
Operating Expenses	<u>47,578</u>	<u>47,578</u>	<u>30,193</u>	<u>17,385</u>
Total Expenditures	<u>48,178</u>	<u>48,178</u>	<u>30,780</u>	<u>17,398</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>13,154</u>	<u>13,154</u>	<u>34,052</u>	<u>20,898</u>
Other Financing Sources (Uses)				
Loan repayment to General	<u>(17,500)</u>	<u>(17,500)</u>	<u>(17,500)</u>	<u>0</u>
Total Other Sources (Uses)	<u>(17,500)</u>	<u>(17,500)</u>	<u>(17,500)</u>	<u>0</u>
Net Change in Cash Balance	(4,346)	(4,346)	16,552	20,898
Cash Balance Beginning of Year	<u>4,346</u>	<u>4,346</u>	<u>4,346</u>	<u>0</u>
Cash Balance End of Year	\$ <u>0</u>	\$ <u>0</u>	\$ <u>20,898</u>	\$ <u>20,898</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 34,052	
Net Change in Accounts Payables			<u>1,622</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>35,674</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, 2009

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State LEPF Grant	\$ 12,100	\$ 12,100	\$ 12,100	\$ 0
Miscellaneous	0	0	823	823
Total Revenues	<u>12,100</u>	<u>12,100</u>	<u>12,923</u>	<u>823</u>
Expenditures				
Public Safety				
Operating Expense	9,940	9,940	9,940	0
Total Expenditures	<u>9,940</u>	<u>9,940</u>	<u>9,940</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,160</u>	<u>2,160</u>	<u>2,983</u>	<u>823</u>
Other Financing Sources (Uses)				
Repayment of Loan to General	(3,000)	(3,000)	(3,000)	0
Total Other Sources (Uses)	<u>(3,000)</u>	<u>(3,000)</u>	<u>(3,000)</u>	<u>0</u>
Net Change in Cash Balance	(3,000)	(840)	(17)	0
Cash Balance Beginning of Year	<u>17</u>	<u>17</u>	<u>17</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 2,177</u>	<u>\$ (823)</u>	<u>\$ 0</u>	<u>\$ 823</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 2,983	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ 2,983	

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, 2009

ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 4,496
Receivables	
Accounts	2,336
Total Current Assets	<u>6,832</u>
Noncurrent Assets	
Capital Assets	1,118,796
Less Accumulated Depreciation	<u>(133,535)</u>
Total Noncurrent Assets	<u>985,261</u>
Total Assets	<u>992,093</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	<u>1,432</u>
Total Current Liabilities	<u>1,432</u>
NET ASSETS	
Invested in Capital Assets	985,261
Unrestricted	<u>5,400</u>
Total Net Assets	<u>\$ 990,661</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, 2009

Operating Revenues	
Sales & Service	\$ 22,401
Total Operating Revenues	<u>22,401</u>
Operating Expenses	
Salaries & Benefits	6,288
Contract Services	6,534
Operating	18,268
Depreciation	28,301
Total Operating Expenses	<u>59,391</u>
Operating Income (Loss)	(36,990)
Total Net Assets - Beginning	<u>1,027,651</u>
Total Net Assets - Ending	<u>\$ 990,661</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, 2009

Cash Flows from Operating Activities	
Cash Received From Customers	\$ 21,616
Cash Paid to Suppliers and Employees	(30,990)
Net Cash Provided by Operating Activities	<u>(9,374)</u>
Cash Flows from Capital & Related Financing Activities	
Acquisition and Construction of Capital Assets	0
Net Cash Provided by Capital & Related Financing Activities	<u>0</u>
Net Increase (Decrease) in Cash	(9,374)
Cash, Beginning of Year	<u>13,870</u>
Cash, End of Year	<u>\$ 4,496</u>
Reconciliation of Net Income to Net Cash Provided by Operating Activities	
Operating Income (Loss)	\$ (36,990)
Depreciation	28,301
Change in Assets and Liabilities	
(Increase) Decrease in Accounts Receivable	(784)
Increase (Decrease) in Accounts Payable	99
Net Cash Provided by Operating Activities	<u>\$ (9,374)</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)

Capital Projects-Water Treatment Facility - To account for the improvements to the Utility Water System funded in part by State and Federal grants. Expenditures are restricted to Capital Improvements.

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.

Capital Project Fund - Capital Project Funds are used to account for the construction of a specific capital project.

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. Program revenues included operating grants for the general government, public safety and to support the senior citizens operating expenses. There were also capital grants to construct the water treatment facility and new fire department building.

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:

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

STATE OF NEW MEXICO
VILLAGE OF FLOYD
Notes to the Financial Statements
June 30, 2009

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 06-30-09	Reconciled Balance	Type
Village of Floyd -CDBG	\$ 7,436	\$ 6,686	Checking
Village of Floyd GF	116,319	114,945	Checking
Village of Floyd-General	40,905	40,905	Checking
Village of Floyd-Debit Card	2,500	2,500	Checking
TOTAL Deposited	<u>167,160</u>	<u>\$ 165,036</u>	
Less: FDIC Coverage	<u>(167,160)</u>		
Uninsured Amount	0		
50% collateral requirement	0		
Pledged securities	0		
Over (Under) requirement	<u>\$ 0</u>		

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

Custodial Credit Risk-Deposits

<u>Depository Account</u>	Bank Balance
Insured	\$ 167,160
Collateralized:	
Collateral held by the pledging bank in Village's name	0
Uninsured and uncollateralized	0
Total Deposits	<u>\$ 167,160</u>

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2009 none of the Village's bank balance of \$167,160 was exposed to custodial credit risk.

STATE OF NEW MEXICO
VILLAGE OF FLOYD
Notes to the Financial Statements
June 30, 2009

NOTE D: CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, not being Depreciated				
Land	\$ 0	\$ 0	\$ 0	\$ 0
Construction in Progress	0	111,353	0	111,353
Total Capital Assets, not being Depreciated	0	111,353	0	111,353
Capital Assets, being Depreciated				
Buildings & Improvements	340,000	0	0	340,000
Equipment	734,925	0	0	734,925
Vehicles	109,961	7,895	0	117,856
Total Capital Assets, being Depreciated	1,184,886	7,895	0	1,192,781
Total Capital Assets	1,184,886	119,248	0	1,304,134
Less Accumulated Depreciation				
Infrastructure	0	0	0	0
Buildings & Improvements	162,400	6,200	0	168,600
Equipment	461,713	35,528	0	497,241
Vehicles	56,065	11,121	0	67,186
Total Accumulated Depreciation	680,178	52,849	0	733,027
Capital Assets, net	<u>\$ 504,708</u>	<u>\$ 66,399</u>	<u>\$ 0</u>	<u>\$ 571,107</u>

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

	Beginning Balance	Increases	Decreases	Ending Balance
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	1,048,296	0	0	1,048,296
Buildings & Improvements	70,000	0	0	70,000
Total Capital Assets at Historical Cost	1,118,796	0	0	1,118,796
Less Accumulated Depreciation				
Utility System	98,234	26,901	0	125,135
Buildings & Improvements	7,000	1,400	0	8,400
Total Accumulated Depreciation	105,234	28,301	0	133,535
Capital Assets, net	<u>\$ 1,013,562</u>	<u>\$ (28,301)</u>	<u>\$ 0</u>	<u>\$ 985,261</u>

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 and Capital Projects Funds. Only those collections received are recorded as revenues for the budget presentation.

NOTE F: RECEIVABLES

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

<u>Receivables</u>	<u>General</u>	<u>CDBG Water Treatment Facility</u>	<u>Non-Major</u>	<u>Business-Type</u>
Taxes	\$ 4,055	\$ 0	\$ 0	\$ 0
Due from Grantor	0	26,691	4,204	0
Accounts	0	0	0	2,336
	<u>\$ 4,055</u>	<u>\$ 26,691</u>	<u>\$ 4,204</u>	<u>\$ 2,336</u>

NOTE G: INTERFUND TRANSFERS

Interfund transfers during the year ended June 30, 2009, were as follows:

	<u>Transfers Out</u>	<u>Transfer In CDBG</u>
General Fund	\$ 25,000	\$ 25,000
	<u>\$ 25,000</u>	<u>\$ 25,000</u>

The transfers out from the General Fund to the CDBG Fund was to provide the required Village match for the water treatment facility.

NOTE H: INTERFUND LOANS

Interfund loans during the fiscal year ended, were as follows:

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

The Fire Fund borrowed \$17,500 from the General Fund at the end of last year. The loan was repaid in July when the Fire Fund received their state grant. The EMS 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 fiscal year end was \$21,120.

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.

**SUPPLEMENTAL INFORMATION RELATED TO
MAJOR FUNDS**

STATE OF NEW MEXICO
VILLAGE OF FLOYD
 CAPITAL PROJECTS FUND-CDBG WATER TREATMENT FACILITY
 Statement of Revenues, Expenditures, and Changes in Cash Balance -
 Budget and Actual (Non-GAAP-Budgetary Basis)
 For the Year Ended June 30, 2009

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State & Local Grants	\$ 74,000	\$ 74,000	\$ 63,112	\$ (10,888)
Federal Grants	<u>460,000</u>	<u>460,000</u>	<u>0</u>	<u>(460,000)</u>
Total Revenues	<u>534,000</u>	<u>534,000</u>	<u>63,112</u>	<u>(470,888)</u>
Expenditures				
Public Works				
Capital Outlay	<u>534,000</u>	<u>534,000</u>	<u>89,803</u>	<u>444,197</u>
Total Expenditures	<u>534,000</u>	<u>534,000</u>	<u>89,803</u>	<u>444,197</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>0</u>	<u>(26,691)</u>	<u>(26,691)</u>
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (26,691)</u>	<u>\$ (26,691)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (26,691)	
Net Change in Due from Grantor			<u>26,691</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

**SUPPLEMENTAL INFORMATION RELATED TO
NON MAJOR FUNDS**

NONMAJOR SPECIAL REVENUE FUNDS

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)

Capital Projects-Fire Building

To build a new Fire Station funded in part by State grants and loans. Expenditures are restricted to Capital Improvements.

STATE OF NEW MEXICO
VILLAGE OF FLOYD
NONMAJOR SPECIAL REVENUE FUNDS
Combining Balance Sheet
June 30, 2009

	<u>Special Revenue</u>		<u>Capital Projects</u>
	<u>Senior Citizens</u>	<u>Fire Building</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 48	\$ 0	\$ 48
Receivables			
Due from Grantor	1,301	2,903	4,204
Total Assets	\$ 1,349	\$ 2,903	\$ 4,252
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts Payable	\$ 250	\$ 0	\$ 250
Interfund Balances	0	2,903	2,903
Total Liabilities	250	2,903	3,153
Fund Balance			
Unreserved Reported In:			
Special Revenue	1,099	0	1,099
Capital Projects	0	0	0
Total Fund Balance	1,099	0	1,099
Total Liabilities and Fund Balance	\$ 1,349	\$ 2,903	\$ 4,252

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

STATE OF NEW MEXICO
VILLAGE OF FLOYD
NONMAJOR FUNDS
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the Year Ended June 30, 2009

	<u>Special Revenue</u>	<u>Capital Projects</u>	
	<u>Senior Citizens</u>	<u>Fire Building</u>	<u>Total</u>
Revenues			
Federal Grant	\$ 4,123	\$ 0	\$ 4,123
State & Local Grants	6,790	21,550	28,340
Miscellaneous	12	0	12
Total Revenues	<u>10,925</u>	<u>21,550</u>	<u>32,475</u>
Expenditures			
Current			
Culture & Recreation	10,981	0	10,981
Capital Outlay	0	21,550	21,550
Total Expenditures	<u>10,981</u>	<u>21,550</u>	<u>32,531</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(56)</u>	<u>0</u>	<u>(56)</u>
Fund Balances at Beginning of Year	<u>1,155</u>	<u>0</u>	<u>1,155</u>
Fund Balance End of Year	<u>\$ 1,099</u>	<u>\$ 0</u>	<u>\$ 1,099</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, 2009

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 5,462	\$ 5,462	\$ 6,800	\$ 1,338
Federal Grant	5,461	5,461	4,123	(1,338)
Miscellaneous Income	<u>0</u>	<u>0</u>	<u>11</u>	<u>11</u>
Total Revenues	<u>10,923</u>	<u>10,923</u>	<u>10,934</u>	<u>11</u>
Expenditures				
Culture & Recreation				
Personnel	4,166	4,166	4,166	0
Operating Expense	<u>6,757</u>	<u>6,757</u>	<u>6,720</u>	<u>37</u>
Total Expenditures	<u>10,923</u>	<u>10,923</u>	<u>10,886</u>	<u>37</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	48	48
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 48</u>	<u>\$ 48</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 48	
Net Change in Accounts Payables			(94)	
Net Change in Accounts Receivable			<u>(10)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (56)</u>	

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

STATE OF NEW MEXICO
VILLAGE OF FLOYD
 CAPITAL PROJECTS FUND-FIRE BUILDING
 Statement of Revenues, Expenditures, and Changes in Cash Balance -
 Budget and Actual (Non-GAAP-Budgetary Basis)
 For the Year Ended June 30, 2009

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State & Local Grants	\$ 100,000	\$ 100,000	\$ 18,647	\$ (81,353)
NMFA Loan	<u>213,507</u>	<u>213,507</u>	<u>0</u>	<u>(213,507)</u>
Total Revenues	<u>313,507</u>	<u>313,507</u>	<u>18,647</u>	<u>(294,860)</u>
Expenditures				
Public Works				
Capital Outlay	<u>313,507</u>	<u>313,507</u>	<u>21,550</u>	<u>291,957</u>
Total Expenditures	<u>313,507</u>	<u>313,507</u>	<u>21,550</u>	<u>291,957</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>0</u>	<u>(2,903)</u>	<u>(2,903)</u>
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (2,903)</u>	<u>\$ (2,903)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (2,903)	
Net Change in Due From Grantor			<u>2,903</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</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 service to the residents of the Village. All activities necessary to provide such services are accounted for in this fund, including, but not limited to administration, operations, maintenance, 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, 2009

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Sales & Service	\$ 13,672	\$ 21,600	\$ 21,616	\$ 16
Total Revenues	<u>13,672</u>	<u>21,600</u>	<u>21,616</u>	<u>16</u>
Expenditures				
Public Works				
Personnel Services	6,288	6,288	6,288	0
Contract Services	6,600	6,600	6,533	67
Operating Expenses	<u>14,655</u>	<u>18,268</u>	<u>18,170</u>	<u>98</u>
Total Expenditures	<u>27,543</u>	<u>31,156</u>	<u>30,991</u>	<u>165</u>
Excess (Deficiency) of Revenues Over Expenditures	(13,871)	(9,556)	(9,375)	181
Cash Balance Beginning of Year	<u>13,871</u>	<u>13,871</u>	<u>13,871</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 4,315</u>	<u>\$ 4,496</u>	<u>\$ 181</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (9,375)	
Net Change in Accounts Receivables			785	
Net Change in Accounts Payables			(98)	
Change in Net Assets-GAAP Basis			<u>\$ (8,688)</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, 2009, and have issued our report thereon dated September 14, 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 City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance 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 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

September 14, 2009

STATE OF NEW MEXICO
VILLAGE OF FLOYD
 Schedule of Findings and Responses
 For the Year Ended June 30, 2009

Prior Year Audit Findings

	<u>Status</u>
2006-1 Expenditures Exceed Budget	Resolved
2007-2 Late Audit Report	Resolved
2008-1 Department of Labor Payments	Resolved
2008-2 Inadequate Maintenance of Deductions, Pay Schedules, Personnel Files	Resolved
2008-3 SAS 112 Compliance	Repeated

Current Year Audit Findings

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 determine whether these deficiencies, individually or in combination, are significant deficiencies or material weaknesses.

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 September 14, 2009. Those present were Paul Benoit-Member, Toni Whitecotton-Clerk and De'Aun Willoughby, CPA.