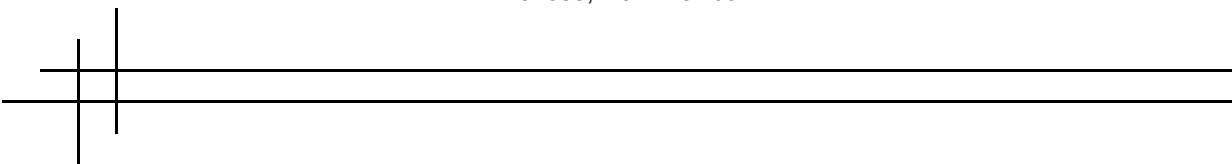


STATE OF NEW MEXICO
VILLAGE OF FLOYD

ANNUAL FINANCIAL REPORT
June 30, 2011

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, 2011

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STATE OF NEW MEXICO
VILLAGE OF FLOYD
Official Roster
June 30, 2011

VILLAGE COUNCIL

| | |
|----------------|--------|
| Colin Chandler | Mayor |
| Larry Griffith | Member |
| James Love | Member |
| Alice Visser | Member |
| Yantie Love | 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 and the budgetary comparisons for the general fund and major special revenue funds of the Village of Floyd, (Village), as of and for the year ended June 30, 2011, which collectively comprise the Village's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Village's nonmajor governmental fund and the budgetary comparisons for the major capital project fund and the nonmajor fund presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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, 2011, 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, 2011, 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 the nonmajor fund 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 November 2, 2011, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government 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

November 2, 2011

FINANCIAL SECTION

STATE OF NEW MEXICO
VILLAGE OF FLOYD
 Government-Wide Statement of Net Assets
 June 30, 2011

| | Governmental Activities | Business-Type Activities | Total |
|-----------------------------------|----------------------------|-----------------------------|---------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and Cash Equivalents | \$ 230,981 | \$ 1 | \$ 230,982 |
| Taxes Receivable | 5,982 | 0 | 5,982 |
| Accounts Receivable | 4,368 | 2,756 | 7,124 |
| Total Current Assets | <u>241,331</u> | <u>2,757</u> | <u>244,088</u> |
| Noncurrent Assets | | | |
| Restricted Cash | 21,413 | 1,228 | 22,641 |
| Capital Assets | 1,663,972 | 1,940,201 | 3,604,173 |
| Less: Accumulated Depreciation | (851,650) | (216,427) | (1,068,077) |
| Total Noncurrent Assets | <u>833,735</u> | <u>1,725,002</u> | <u>2,558,737</u> |
| Total Assets | <u>1,075,066</u> | <u>1,727,759</u> | <u>2,802,825</u> |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Accounts Payable | 5,147 | 883 | 6,030 |
| Current Portion of Long Term Debt | 5,971 | 2,334 | 8,305 |
| Total Current Liabilities | <u>11,118</u> | <u>3,217</u> | <u>14,335</u> |
| Noncurrent Liabilities | | | |
| Notes and Loans Payable | 199,041 | 46,248 | 245,289 |
| Total Noncurrent Liabilities | <u>199,041</u> | <u>46,248</u> | <u>245,289</u> |
| Total Liabilities | <u>210,159</u> | <u>49,465</u> | <u>259,624</u> |
| NET ASSETS | | | |
| Invested in Capital Assets | 607,310 | 1,675,192 | 2,282,502 |
| Unrestricted | 257,597 | 3,102 | 260,699 |
| Total Net Assets | <u>\$ 864,907</u> | <u>\$ 1,678,294</u> | <u>\$ 2,543,201</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, 2011

| 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 | \$ 74,589 | \$ 0 | \$ 35,000 | \$ 0 | \$ (39,589) | \$ 0 | \$ (39,589) |
| Public Safety | 107,049 | 55,471 | 114,594 | 0 | 63,016 | 0 | 63,016 |
| Public Works | 3,034 | 0 | 0 | 389,269 | 386,235 | 0 | 386,235 |
| Culture & Recreation | 20,637 | 0 | 9,369 | 0 | (11,268) | 0 | (11,268) |
| Depreciation | 63,629 | 0 | 0 | 0 | (63,629) | 0 | (63,629) |
| Interest on Long-Term Obligations | 12,166 | 0 | 0 | 0 | (12,166) | 0 | (12,166) |
| Total Governmental Activities | <u>281,104</u> | <u>55,471</u> | <u>158,963</u> | <u>389,269</u> | <u>322,599</u> | <u>0</u> | <u>322,599</u> |
| Business-type Activities | | | | | | | |
| Water | 83,293 | 25,850 | 0 | 0 | 0 | (57,443) | (57,443) |
| Total Business-type Activities | <u>\$ 83,293</u> | <u>\$ 25,850</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>0</u> | <u>(57,443)</u> | <u>(57,443)</u> |
| General Revenues | | | | | | | |
| Taxes | | | | | | | |
| Property | | | | | 761 | 0 | 761 |
| Gross Receipts | | | | | 75,450 | 0 | 75,450 |
| Gasoline | | | | | 6,182 | 0 | 6,182 |
| Motor Vehicle | | | | | 227 | 0 | 227 |
| Interest Income | | | | | 275 | 0 | 275 |
| Miscellaneous | | | | | 67,059 | 0 | 67,059 |
| Total General Revenues | | | | | <u>149,954</u> | <u>0</u> | <u>149,954</u> |
| Other Items | | | | | | | |
| Capital Contribution | | | | | (771,405) | 771,405 | 0 |
| Transfers | | | | | (10,070) | 10,070 | 0 |
| Total Other Items | | | | | <u>(781,475)</u> | <u>781,475</u> | <u>0</u> |
| Change in Net Assets | | | | | (308,922) | 724,032 | 415,110 |
| Net Assets - beginning | | | | | <u>1,173,829</u> | <u>954,262</u> | <u>2,128,091</u> |
| Net Assets - ending | | | | | <u>\$ 864,907</u> | <u>\$ 1,678,294</u> | <u>\$ 2,543,201</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, 2011

| | <u>General Fund</u> | <u>Fire Fund</u> | <u>EMS Ambulance Fund</u> |
|---|-------------------------|----------------------|-----------------------------------|
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 200,356 | \$ 21,446 | \$ 8,676 |
| Receivables | | | |
| Taxes | 5,982 | 0 | 0 |
| Accounts | 0 | 0 | 4,368 |
| Interfund Balances | 15,120 | 0 | 0 |
| Restricted Cash | 0 | 21,413 | 0 |
| Total Assets | <u>\$ 221,458</u> | <u>\$ 42,859</u> | <u>\$ 13,044</u> |
| | | | |
| LIABILITIES AND FUND BALANCE | | | |
| Liabilities | | | |
| Current Liabilities | | | |
| Accounts Payables | \$ 3,768 | \$ 878 | \$ 137 |
| Interfund Balances | 0 | 0 | 15,120 |
| Total Liabilities | <u>3,768</u> | <u>878</u> | <u>15,257</u> |
| | | | |
| Fund Balances | | | |
| Restricted, reported in | | | |
| Special Revenue Fund | 0 | 41,981 | (2,213) |
| Capital Projects | 0 | 0 | 0 |
| Unassigned, reported in: | | | |
| General Fund | 217,690 | 0 | 0 |
| Total Fund Balances | <u>217,690</u> | <u>41,981</u> | <u>(2,213)</u> |
| Total Liabilities and Fund Balances | <u>\$ 221,458</u> | <u>\$ 42,859</u> | <u>\$ 13,044</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, 2011

| | <u>Capital Projects Fund</u> | <u>Non-Major Governmental Funds</u> | <u>Total Governmental Funds</u> |
|-------------------------------------|--------------------------------------|---|---|
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 0 | \$ 503 | \$ 230,981 |
| Receivables | | | |
| Taxes | 0 | 0 | 5,982 |
| Accounts | 0 | 0 | 4,368 |
| Interfund Balances | 0 | 0 | 15,120 |
| Restricted Cash | 0 | 0 | 21,413 |
| Total Assets | <u>\$ 0</u> | <u>\$ 503</u> | <u>\$ 277,864</u> |
| LIABILITIES AND FUND BALANCE | | | |
| Liabilities | | | |
| Current Liabilities | | | |
| Accounts Payables | \$ 0 | \$ 364 | \$ 5,147 |
| Interfund Balances | 0 | 0 | 15,120 |
| Total Liabilities | <u>0</u> | <u>364</u> | <u>20,267</u> |
| Fund Balances | | | |
| Restricted, reported in | | | |
| Special Revenue Fund | 0 | 139 | 39,907 |
| Capital Projects | 0 | 0 | 0 |
| Unassigned, reported in: | | | |
| General Fund | 0 | 0 | 217,690 |
| Total Fund Balances | <u>0</u> | <u>139</u> | <u>257,597</u> |
| Total Liabilities and Fund Balances | <u>\$ 0</u> | <u>\$ 503</u> | <u>\$ 277,864</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, 2011

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

| | | |
|---|----|---------|
| Total Fund Balance - Governmental Funds | \$ | 257,597 |
|---|----|---------|

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 | \$ | 1,663,972 | |
| Accumulated depreciation | | <u>(851,650)</u> | 812,322 |

Long-term and certain other liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in

| | | |
|--------------------------|--------------|------------------|
| Loans Payable | (207,536) | |
| Issue Costs | 3,156 | |
| Accumulated Amortization | <u>(632)</u> | <u>(205,012)</u> |

| | | |
|--|----|-----------------------|
| Total net assets - governmental activities | \$ | <u><u>864,907</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, 2011

| | General Fund | Fire Fund | EMS Ambulance Fund |
|--|-------------------|------------------|--------------------------|
| Revenues | | | |
| Taxes | | | |
| Property | \$ 761 | \$ 0 | \$ 0 |
| Gross Receipts Taxes | 75,450 | 0 | 0 |
| Gasoline Tax | 6,182 | 0 | 0 |
| Motor Vehicle Taxes | 227 | 0 | 0 |
| Federal Grant | 0 | 0 | 0 |
| State & Local Grants | 36,250 | 100,664 | 7,230 |
| County Subsidy | 0 | 6,700 | 0 |
| Charge for Services | 3,655 | 27,336 | 24,480 |
| Interest Income | 275 | 0 | 0 |
| Miscellaneous | 6,804 | 5,459 | 54,750 |
| Total Revenues | <u>129,604</u> | <u>140,159</u> | <u>86,460</u> |
| Expenditures | | | |
| Current | | | |
| General Government | 74,589 | 0 | 0 |
| Public Safety | 0 | 92,982 | 14,067 |
| Public Works | 3,034 | 0 | 0 |
| Cultural & Recreation | 4,329 | 0 | 0 |
| Debt Service | | | |
| Principal | 0 | 5,971 | 0 |
| Interest | 0 | 11,850 | 0 |
| Capital Outlay | 0 | 126,862 | 64,750 |
| Total Expenditures | <u>81,952</u> | <u>237,665</u> | <u>78,817</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>47,652</u> | <u>(97,506)</u> | <u>7,643</u> |
| Other Financing Sources (Uses) | | | |
| Transfers In/Out | (31,084) | 0 | 0 |
| Total Other Financing Sources (Uses) | <u>(31,084)</u> | <u>0</u> | <u>0</u> |
| Net Change in Fund Balance | 16,568 | (97,506) | 7,643 |
| Fund Balance at Beginning of year | <u>201,122</u> | <u>139,487</u> | <u>(9,856)</u> |
| Fund Balance End of Year | <u>\$ 217,690</u> | <u>\$ 41,981</u> | <u>\$ (2,213)</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, 2011

| | Capital Projects Fund | Non-Major Governmental Funds | Total Governmental Funds |
|--|-----------------------------|------------------------------------|--------------------------------|
| Revenues | | | |
| Taxes | | | |
| Property | \$ 0 | \$ 0 | \$ 761 |
| Gross Receipts Taxes | 0 | 0 | 75,450 |
| Gasoline Tax | 0 | 0 | 6,182 |
| Motor Vehicle Taxes | 0 | 0 | 227 |
| Federal Grant | 389,269 | 2,082 | 391,351 |
| State & Local Grants | 0 | 6,037 | 150,181 |
| County Subsidy | 0 | 0 | 6,700 |
| Charge for Services | 0 | 0 | 55,471 |
| Interest Income | 0 | 0 | 275 |
| Miscellaneous | 0 | 46 | 67,059 |
| Total Revenues | <u>389,269</u> | <u>8,165</u> | <u>753,657</u> |
| Expenditures | | | |
| Current | | | |
| General Government | 0 | 0 | 74,589 |
| Public Safety | 0 | 0 | 107,049 |
| Public Works | 0 | 0 | 3,034 |
| Cultural & Recreation | 0 | 16,308 | 20,637 |
| Debt Service | | | |
| Principal | 0 | | 5,971 |
| Interest | 0 | 0 | 11,850 |
| Capital Outlay | 405,124 | 0 | 596,736 |
| Total Expenditures | <u>405,124</u> | <u>16,308</u> | <u>819,866</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>(15,855)</u> | <u>(8,143)</u> | <u>(66,209)</u> |
| Other Financing Sources (Uses) | | | |
| Transfers In/Out | 15,855 | 5,159 | (10,070) |
| Total Other Financing Sources (Uses) | <u>15,855</u> | <u>5,159</u> | <u>(10,070)</u> |
| Net Change in Fund Balance | 0 | (2,984) | (76,279) |
| Fund Balance at Beginning of year | <u>0</u> | <u>3,123</u> | <u>333,876</u> |
| Fund Balance End of Year | <u>\$ 0</u> | <u>\$ 139</u> | <u>\$ 257,597</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, 2011

Net Change in Fund Balance \$ (76,279)

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.

| | | | |
|----------------------|----|----------------|-----------|
| Depreciation expense | \$ | (63,629) | |
| Capital Contribution | | (771,405) | |
| Capital Outlays | | <u>596,736</u> | (238,298) |

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 5,971

Loan issue costs are amortized in the Statement of Activities but are an expenditure in the governmental funds. (316)

Changes in Net Assets of Governmental Activities \$ (308,922)

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, 2011

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variance with Final Budget- Over (Under) |
|--|-------------------|-------------------|--------------------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Property Taxes | \$ 1,213 | \$ 1,213 | \$ 804 | \$ (409) |
| Gross Receipts Taxes | 33,000 | 33,000 | 75,982 | 42,982 |
| Gasoline Tax | 5,004 | 5,004 | 5,727 | 723 |
| Motor Vehicle Taxes | 150 | 150 | 224 | 74 |
| Interest Income | 0 | 0 | 275 | 275 |
| Charge for Services | 0 | 0 | 3,655 | 3,655 |
| State & Local Grants | 35,000 | 35,000 | 36,250 | 1,250 |
| Miscellaneous | 0 | 0 | 7,294 | 7,294 |
| Loan Repayment from EMS | | | 3,000 | 3,000 |
| Total Revenues | 74,367 | 74,367 | 133,211 | 58,844 |
| Expenditures | | | | |
| General | 65,000 | 65,000 | 77,366 | (12,366) |
| Public Works | 0 | 0 | 1,166 | (1,166) |
| Recreation | 0 | 0 | 4,177 | (4,177) |
| Community Center | 0 | 0 | 152 | (152) |
| Total Expenditures | 65,000 | 65,000 | 82,861 | (17,861) |
| Excess (Deficiency) of Revenues Over Expenditures | 9,367 | 9,367 | 50,350 | 40,983 |
| Other Financing Sources (Uses) | | | | |
| Transfer In/(Out) | 0 | 0 | (31,084) | (31,084) |
| Total Other Sources (Uses) | 0 | 0 | (31,084) | (31,084) |
| Net Change in Cash Balance | 9,367 | 9,367 | 19,266 | 9,899 |
| Cash Balance Beginning of Year | 181,090 | 181,090 | 181,090 | 0 |
| Cash Balance End of Year | \$ 190,457 | \$ 190,457 | \$ 200,356 | \$ 9,899 |
| Reconciliation of Budgetary Basis to GAAP Basis | | | | |
| Net Change in Cash Balance | | | \$ 19,266 | |
| Net Change in Taxes Receivables | | | (608) | |
| Net Change in Account Payables | | | 910 | |
| Net Change in Loan to EMS | | | (3,000) | |
| Net Change in Fund Balance | | | \$ 16,568 | |

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, 2011

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variance with Final Budget- Over (Under) |
|--|------------------|------------------|--------------------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| State Fire Allotment | \$ 78,116 | \$ 78,116 | \$ 100,664 | \$ 22,548 |
| State Forestry | 0 | 0 | 27,336 | 27,336 |
| County Subsidy | 0 | 0 | 6,700 | 6,700 |
| Miscellaneous | 0 | 0 | 5,459 | 5,459 |
| Total Revenues | <u>78,116</u> | <u>78,116</u> | <u>140,159</u> | <u>62,043</u> |
| Expenditures | | | | |
| Public Safety | | | | |
| Operating Expenses | 198,027 | 198,027 | 92,901 | 105,126 |
| Debt Service | | | | |
| Principal | 0 | 0 | 5,971 | (5,971) |
| Interest | 0 | 0 | 11,850 | (11,850) |
| Capital Outlay | 0 | 0 | 126,862 | (126,862) |
| Total Expenditures | <u>198,027</u> | <u>198,027</u> | <u>237,584</u> | <u>(39,557)</u> |
| Excess (Deficiency) of Revenues Over Expenditures | (119,911) | (119,911) | (97,425) | 22,486 |
| Cash Balance Beginning of Year | <u>140,284</u> | <u>140,284</u> | <u>140,284</u> | <u>0</u> |
| Cash Balance End of Year | <u>\$ 20,373</u> | <u>\$ 20,373</u> | <u>\$ 42,859</u> | <u>\$ 22,486</u> |
| Reconciliation of Budgetary Basis to GAAP Basis | | | | |
| Excess (Deficiency) of Revenues Over Expenditures-Cash Basis | | | \$ (97,425) | |
| Net Change in Account Payables | | | (81) | |
| Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis | | | <u>\$ (97,506)</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, 2011

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variance with Final Budget- Over (Under) |
|--|------------------|-----------------|--------------------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| State Grant | \$ 7,249 | \$ 7,249 | \$ 7,230 | \$ (19) |
| Charge for Services | 15,000 | 15,000 | 22,294 | 7,294 |
| Miscellaneous | 0 | 54,750 | 54,750 | 0 |
| Total Revenues | <u>22,249</u> | <u>76,999</u> | <u>84,274</u> | <u>7,275</u> |
| Expenditures | | | | |
| Public Safety | | | | |
| Operating Expense | 17,249 | 17,249 | 17,013 | 236 |
| Capital Outlay | 0 | 64,750 | 64,750 | 0 |
| Total Expenditures | <u>17,249</u> | <u>81,999</u> | <u>81,763</u> | <u>236</u> |
| Excess (Deficiency) of Revenues Over Expenditures | 5,000 | (5,000) | 2,511 | 7,511 |
| Cash Balance Beginning of Year | <u>6,165</u> | <u>6,165</u> | <u>6,165</u> | <u>0</u> |
| Cash Balance End of Year | <u>\$ 11,165</u> | <u>\$ 1,165</u> | <u>\$ 8,676</u> | <u>\$ 7,511</u> |
| Reconciliation of Budgetary Basis to GAAP Basis | | | | |
| Excess (Deficiency) of Revenues Over Expenditures-Cash Basis | | | \$ 2,511 | |
| Net Change in Account Receivables | | | 2,186 | |
| Net Change in Account Payables | | | (54) | |
| Net Change in Interfund Balances | | | 3,000 | |
| Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis | | | <u>\$ 7,643</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, 2011

ASSETS

Current Assets

| | | |
|---------------------------|----|--------------|
| Cash and Cash Equivalents | \$ | 1 |
| Receivables | | |
| Accounts | | 2,756 |
| Total Current Assets | | <u>2,757</u> |

Noncurrent Assets

| | | |
|-------------------------------|--|------------------|
| Restricted Cash | | 1,228 |
| Capital Assets | | 1,940,201 |
| Less Accumulated Depreciation | | <u>(216,427)</u> |
| Total Noncurrent Assets | | <u>1,725,002</u> |

| | | |
|--------------|--|------------------|
| Total Assets | | <u>1,727,759</u> |
|--------------|--|------------------|

LIABILITIES

Current Liabilities

| | | |
|---------------------------|--|--------------|
| Accounts Payable | | 883 |
| Current Portion Due | | <u>2,334</u> |
| Total Current Liabilities | | <u>3,217</u> |

Noncurrent Liabilities

| | | |
|------------------------------|--|---------------|
| Long Term Debt | | <u>46,248</u> |
| Total Noncurrent Liabilities | | <u>46,248</u> |

| | | |
|-------------------|--|---------------|
| Total Liabilities | | <u>49,465</u> |
|-------------------|--|---------------|

NET ASSETS

| | | |
|----------------------------|----|-------------------------|
| Invested in Capital Assets | | 1,675,192 |
| Unrestricted | | <u>3,102</u> |
| Total Net Assets | \$ | <u><u>1,678,294</u></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, 2011

| | |
|--------------------------------------|---------------------|
| Operating Revenues | |
| Sales & Service | \$ 25,850 |
| Total Operating Revenues | <u>25,850</u> |
| Operating Expenses | |
| Operating | 28,395 |
| Depreciation | 54,591 |
| Total Operating Expenses | <u>82,986</u> |
| Operating Income (Loss) | <u>(57,136)</u> |
| Nonoperating Revenue (Expenses) | |
| Capital Contribution | 771,405 |
| Interest Expense | (307) |
| Transfer In | 10,070 |
| Total Nonoperating Revenue (Expense) | <u>781,168</u> |
| Change in Net Assets | 724,032 |
| Total Net Assets - Beginning | <u>954,262</u> |
| Total Net Assets - Ending | <u>\$ 1,678,294</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, 2011

| | |
|---|--------------------------|
| Cash Flows from Operating Activities | |
| Cash Received From Customers | \$ 25,581 |
| Cash Paid to Suppliers and Employees | (29,259) |
| Net Cash Provided by Operating Activities | <u>(3,678)</u> |
| Cash Flows from Capital & Related Financing Activities | |
| Loan Proceeds | 50,000 |
| Contributed Capital | 771,405 |
| Transfer In | 10,070 |
| Acquisition and Construction of Capital Assets | (821,405) |
| Principal | (1,418) |
| Interest | <u>(307)</u> |
| Net Cash Provided by Capital & Related Financing Activities | <u>8,345</u> |
| Net Increase (Decrease) in Cash | 4,667 |
| Cash, Beginning of Year | <u>(3,438)</u> |
| Cash, End of Year | <u><u>\$ 1,229</u></u> |
| Reconciliation of Cash | |
| Cash and Cash Equivalents | \$ 1 |
| Restricted Assets | <u>1,228</u> |
| Total Cash | <u><u>1,229</u></u> |
| Reconciliation of Net Income to Net Cash Provided by Operating Activities | |
| Operating Income (Loss) | \$ (57,136) |
| Depreciation | 54,591 |
| Change in Assets and Liabilities | |
| (Increase) Decrease in Accounts Receivable | (268) |
| Increase (Decrease) in Accounts Payable | <u>(865)</u> |
| Net Cash Provided by Operating Activities | <u><u>\$ (3,678)</u></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 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 - The funds are used to account for the provision of water 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).
- 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.

Portales National Bank

| <u>Name of Account</u> | <u>Balance Per Bank 6/30/11</u> | <u>Reconciled Balance</u> | <u>Type</u> |
|-----------------------------|---|-------------------------------|-------------|
| Village of Floyd-General | \$ 186,618 | \$ 186,725 | Checking |
| Village of Floyd-General | 41,531 | 41,530 | CD |
| Village of Floyd-Debit Card | <u>2,727</u> | <u>2,727</u> | Checking |
| TOTAL Deposited | 230,876 | <u>\$ 230,982</u> | |
| Less: FDIC Coverage | <u>(230,876)</u> | | |
| Uninsured Amount | 0 | | |
| 50% collateral requirement | 0 | | |
| Pledged securities | <u>140,214</u> | | |
| Over (Under) requirement | <u>\$ 140,214</u> | | |

The following securities are pledged at Portales National Bank:

| <u>Description</u> | <u>CUSIP #</u> | <u>Market Value</u> | <u>Maturity Date</u> | <u>Location</u> |
|---|----------------|---------------------|----------------------|-----------------|
| Alamogordo NM BQ Call Tax & Rev Ref | 01145NAK9 | \$ 140,214 | 6/1/2012 | TIB Dallas, TX |

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

| <u>Bank of Albuquerque</u> | <u>Balance Per Bank 6/30/11</u> | <u>Reconciled Balance</u> | <u>Type</u> |
|----------------------------|---|-------------------------------|-------------|
| NMFA-Water Utility | \$ 1,228 | \$ 1,228 | Savings |
| NMFA-Fire | 21,413 | 21,413 | Savings |
| Total Bank of America | <u>\$ 22,641</u> | <u>\$ 22,641</u> | |

STATE OF NEW MEXICO
VILLAGE OF FLOYD
Notes to the Financial Statements
June 30, 2011

The funds held at the Bank of Albuquerque are on behalf of the New Mexico Finance Authority. The funds are restricted for debt service.

Custodial Credit Risk-Deposits

| <u>Depository Account</u> | <u>Bank Balance</u> |
|---|-------------------------|
| Insured | \$ 253,517 |
| Collateralized: | |
| Collateral held by the pledging bank in Village's name | 0 |
| Uninsured and uncollateralized | 0 |
| Total Deposits | <u>\$ 253,517</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, 2011 none of the Village's bank balance of \$253,517 was exposed to custodial credit risk.

NOTE D: CAPITAL ASSETS

Capital Assets Balances and Activity for the Year Ended June 30, 2011, is as follows:

| | Beginning Balance 6/30/10 | Increases | Decreases | Ending Balance 6/30/11 |
|--|---------------------------------|-------------------|-------------------|------------------------------|
| Governmental Activities | | | | |
| Capital Assets, not being Depreciated | | | | |
| Land | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Construction in Progress | 416,281 | 405,124 | 821,405 | 0 |
| Total Capital Assets, not being Depreciated | <u>416,281</u> | <u>405,124</u> | <u>821,405</u> | <u>0</u> |
| Capital Assets, being Depreciated | | | | |
| Buildings & Improvements | 608,079 | 126,862 | 0 | 734,941 |
| Equipment | 746,425 | 0 | 0 | 746,425 |
| Vehicles | 117,856 | 64,750 | 0 | 182,606 |
| Total Capital Assets, being Depreciated | <u>1,472,360</u> | <u>191,612</u> | <u>0</u> | <u>1,663,972</u> |
| Total Capital Assets | <u>1,888,641</u> | <u>596,736</u> | <u>821,405</u> | <u>1,663,972</u> |
| Less Accumulated Depreciation | | | | |
| Buildings & Improvements | 176,945 | 10,882 | 0 | 187,827 |
| Equipment | 532,769 | 35,151 | 0 | 567,920 |
| Vehicles | 78,307 | 17,596 | 0 | 95,903 |
| Total Accumulated Depreciation | <u>788,021</u> | <u>63,629</u> | <u>0</u> | <u>851,650</u> |
| Capital Assets, net | <u>\$ 1,100,620</u> | <u>\$ 533,107</u> | <u>\$ 821,405</u> | <u>\$ 812,322</u> |

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

STATE OF NEW MEXICO
VILLAGE OF FLOYD
Notes to the Financial Statements
June 30, 2011

| | Beginning Balance 6/30/10 | Increases | Decreases | Ending Balance 6/30/11 |
|--|---------------------------------|------------|-----------|------------------------------|
| 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 | 821,405 | 0 | 1,869,701 |
| Buildings & Improvements | 70,000 | 0 | 0 | 70,000 |
| Total Capital Assets at Historical Cost | \$ 1,118,796 | \$ 821,405 | \$ 0 | \$ 1,940,201 |
| Less Accumulated Depreciation | | | | |
| Utility System | \$ 152,037 | \$ 40,590 | \$ 0 | \$ 192,627 |
| Buildings & Improvements | 9,800 | 14,000 | 0 | 23,800 |
| Total Accumulated Depreciation | 161,837 | 54,590 | 0 | 216,427 |
| Capital Assets, net | \$ 956,959 | \$ 766,815 | \$ 0 | \$ 1,723,774 |

NOTE E: LONG TERM DEBT

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

| | Beginning Balance 6/30/10 | Additions | Reductions | Ending Balance 6/30/11 | Amounts Due Within One Year |
|--------------------------------|---------------------------------|-----------|------------|------------------------------|-----------------------------------|
| Governmental Activities | | | | | |
| Loans Payable | | | | | |
| NMFA Fire Building | \$ 213,507 | \$ 0 | \$ 5,971 | \$ 207,536 | \$ 5,971 |
| Long-Term Liabilities | 213,507 | 0 | 5,971 | 207,536 | 5,971 |

The annual requirements to amortize the above loans as of June 30, 2011, including interest payments are as follows:

| | Principal | Interest | Total |
|-----------|------------|-----------|------------|
| 2012 | \$ 20,472 | \$ 6,652 | \$ 27,124 |
| 2013 | 21,066 | 6,034 | 27,100 |
| 2014 | 21,682 | 5,396 | 27,078 |
| 2015 | 22,320 | 4,734 | 27,054 |
| 2016 | 22,982 | 3,668 | 26,650 |
| 2017-2020 | 99,014 | 7,585 | 106,599 |
| | \$ 207,536 | \$ 34,069 | \$ 241,605 |

Reconciliation of Notes to the Government Wide Statements

| | |
|--------------------------|------------|
| Outstanding Loans | \$ 207,536 |
| Issue Costs | (3,156) |
| Accumulated Amortization | 631 |
| | \$ 205,011 |

STATE OF NEW MEXICO
VILLAGE OF FLOYD
Notes to the Financial Statements
June 30, 2011

Government Wide Statements

| | |
|---------------------------------------|-------------------|
| Amount Reported as Current Amount Due | \$ 5,971 |
| Amount Reported as Long-Term Due | 199,041 |
| Statement of Net Assets | <u>\$ 205,012</u> |

Business-Type Activities

| | Beginning Balance 6/30/10 | Additions | Reductions | Ending Balance 6/30/11 | Amounts Due Within One Year |
|-------------------|---------------------------------|-------------|-----------------|------------------------------|-----------------------------------|
| NMFA-Water System | \$ 50,000 | \$ 0 | \$ 1,418 | \$ 48,582 | \$ 2,334 |
| | <u>\$ 50,000</u> | <u>\$ 0</u> | <u>\$ 1,418</u> | <u>\$ 48,582</u> | <u>\$ 2,334</u> |

The annual requirements to amortize the above loans as of June 30, 2011, including interest payments are as follows:

| | Principal | Interest | Total |
|-----------|------------------|-----------------|------------------|
| 2012 | \$ 2,334 | \$ 474 | \$ 2,808 |
| 2013 | 2,357 | 451 | 2,808 |
| 2014 | 2,381 | 427 | 2,808 |
| 2015 | 2,405 | 403 | 2,808 |
| 2016 | 2,429 | 379 | 2,808 |
| 2017-2022 | 12,515 | 1,523 | 14,038 |
| 2023-2027 | 13,155 | 882 | 14,037 |
| 2028-2030 | 11,006 | 221 | 11,227 |
| | <u>\$ 48,582</u> | <u>\$ 4,760</u> | <u>\$ 53,342</u> |

This loan was reported in the governmental activities in the prior year and contributed to the utility fund with the capital assets when the project was completed.

NOTE F: 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 G: RECEIVABLES

Receivables as of June 30, 2011, were as follows:

| <u>Receivables</u> | <u>General</u> | <u>EMS Ambulance</u> | <u>Business Type</u> |
|--------------------|-----------------|--------------------------|--------------------------|
| Taxes | | | |
| Property | \$ 27 | \$ 0 | \$ 0 |
| Gross Receipts | 5,508 | 0 | 0 |
| Gasoline | 428 | 0 | 0 |
| MVD | 19 | 0 | 0 |
| Accounts | 0 | 4,368 | 2,756 |
| | <u>\$ 5,982</u> | <u>\$ 4,368</u> | <u>\$ 2,756</u> |

NOTE H: INTERFUND TRANSFERS

Interfund transfers during the year ended June 30, 2011, were as follows:

| <u>Transfer from</u> | <u>Transfer to</u> | | |
|----------------------|-----------------------------|----------------------------|------------------|
| | <u>Capital Projects</u> | <u>Senior Citizens</u> | <u>Utility</u> |
| General | \$ 15,855 | \$ 5,159 | \$ 10,070 |
| | <u>\$ 15,855</u> | <u>\$ 5,159</u> | <u>\$ 10,070</u> |

The transfers from the General Fund to the Other Funds were to cover short falls. The transfers will not be repaid.

NOTE I: INTERFUND LOANS

Interfund loans during the fiscal year ended June 30, 2011, were as follows:

| <u>Loan From</u> | <u>Loan to EMS Fund</u> |
|------------------|-----------------------------|
| General Fund | \$ 15,120 |
| | <u>\$ 15,120</u> |

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 \$15,120.

NOTE J: 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 K: 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 L. BUDGET

Generally accepted accounting principles require disclosures of certain information concerning individual funds including:

Excess of expenditures over appropriations. The following funds exceeded approved budgetary authority for the year ended June 30, 2011:

| <u>Major Funds</u> | <u>Amount</u> |
|-------------------------|---------------|
| General | \$ (17,861) |
| Fire Fund | (39,557) |
| <u>Non-Major Funds</u> | |
| Senior Citizens Fund | (5,838) |
| <u>Proprietary Fund</u> | |
| Water | \$ (16,237) |

NOTE M: DEFICIT FUND BALANCE

The EMS Fund had a deficit fund balance of \$(2,213).

**SUPPLEMENTAL INFORMATION RELATED TO
MAJOR FUNDS**

STATE OF NEW MEXICO
VILLAGE OF FLOYD
 CAPITAL PROJECTS FUND-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, 2011

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variance with Final Budget- Over (Under) |
|--|------------------|------------------|--------------------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Federal Grants | \$ 554,339 | \$ 554,339 | \$ 551,839 | \$ (2,500) |
| Total Revenues | <u>554,339</u> | <u>554,339</u> | <u>551,839</u> | <u>(2,500)</u> |
| Expenditures | | | | |
| Public Works | | | | |
| Capital Outlay | 391,769 | 405,124 | 405,124 | 0 |
| Total Expenditures | <u>391,769</u> | <u>405,124</u> | <u>405,124</u> | <u>0</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>162,570</u> | <u>149,215</u> | <u>146,715</u> | <u>(2,500)</u> |
| Other Financing Sources (Uses) | | | | |
| Transfer In/(Out) | 0 | 13,355 | 15,855 | 2,500 |
| Total Other Sources (Uses) | <u>0</u> | <u>13,355</u> | <u>15,855</u> | <u>2,500</u> |
| Net Change in Cash Balance | 162,570 | 162,570 | 162,570 | 0 |
| Cash Balance Beginning of Year | <u>(162,570)</u> | <u>(162,570)</u> | <u>(162,570)</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 | | | | |
| Net Change in Cash Balance | | | \$ 162,570 | |
| Net Change in Due from Grantor | | | (162,570) | |
| Net Change in Fund Balance | | | <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)

STATE OF NEW MEXICO
VILLAGE OF FLOYD
NONMAJOR SPECIAL REVENUE FUNDS
Combining Balance Sheet
June 30, 2011

| | <u>Senior Citizens</u> | <u>Total</u> |
|--|----------------------------|-------------------|
| ASSETS | | |
| Cash and Cash Equivalents | \$ 503 | \$ 503 |
| Total Assets | <u>\$ 503</u> | <u>\$ 503</u> |
| LIABILITIES AND FUND BALANCE | | |
| Liabilities | | |
| Accounts Payable | \$ 364 | \$ 364 |
| Total Liabilities | <u>364</u> | <u>364</u> |
| Fund Balance | | |
| Restricted | | |
| Special Revenue | <u>139</u> | <u>139</u> |
| Total Fund Balance | <u>139</u> | <u>139</u> |
| Total Liabilities and Fund Balance | <u>\$ 503</u> | <u>\$ 503</u> |

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, 2011

| | Senior Citizens | Total |
|--|--------------------|-------------------|
| | <u> </u> | <u> </u> |
| Revenues | | |
| Federal Grant | \$ 2,082 | \$ 2,082 |
| State & Local Grants | 6,037 | 6,037 |
| Miscellaneous | 46 | 46 |
| Total Revenues | <u>8,165</u> | <u>8,165</u> |
| Expenditures | | |
| Current | | |
| Culture & Recreation | 16,308 | 16,308 |
| Total Expenditures | <u>16,308</u> | <u>16,308</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>(8,143)</u> | <u>(8,143)</u> |
| Other Financial Sources (Uses) | | |
| Transfer In | 5,159 | 5,159 |
| Total Other Financial Sources (Uses) | <u>5,159</u> | <u>5,159</u> |
| Net Change in Fund Balance | (2,984) | (2,984) |
| Fund Balances at Beginning of Year | <u>3,123</u> | <u>3,123</u> |
| Fund Balance End of Year | <u>\$ 139</u> | <u>\$ 139</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, 2011

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variance with Final Budget- Over (Under) |
|--|------------------|-----------------|--------------------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| State Grant | \$ 7,647 | \$ 7,647 | \$ 6,037 | \$ (1,610) |
| Federal Grant | 2,775 | 2,775 | 2,082 | (693) |
| Miscellaneous Income | 0 | 0 | 45 | 45 |
| Total Revenues | <u>10,422</u> | <u>10,422</u> | <u>8,164</u> | <u>(2,258)</u> |
| Expenditures | | | | |
| Culture & Recreation | | | | |
| Operating Expense | 10,427 | 10,427 | 16,265 | (5,838) |
| Total Expenditures | <u>10,427</u> | <u>10,427</u> | <u>16,265</u> | <u>(5,838)</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>(5)</u> | <u>(5)</u> | <u>(8,101)</u> | <u>(8,096)</u> |
| Other Financing Sources (Uses) | | | | |
| Transfer In/(Out) | 0 | 5,159 | 5,159 | 0 |
| Total Other Sources (Uses) | <u>0</u> | <u>5,159</u> | <u>5,159</u> | <u>0</u> |
| Net Change in Cash Balance | (5) | 5,154 | (2,942) | (8,096) |
| Cash Balance Beginning of Year | <u>3,445</u> | <u>3,445</u> | <u>3,445</u> | <u>0</u> |
| Cash Balance End of Year | <u>\$ 3,440</u> | <u>\$ 8,599</u> | <u>\$ 503</u> | <u>\$ (8,096)</u> |
| Reconciliation of Budgetary Basis to GAAP Basis | | | | |
| Net Change in Fund Balance | | | \$ (2,942) | |
| Net Change in Accounts Payables | | | (42) | |
| Net Change in Cash Balance | | | <u>\$ (2,984)</u> | |

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

PROPRIETARY FUND

Water

To account for the provision of water 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
 Statement of Revenues, Expenditures, and Changes in Cash Balance -
 Budget and Actual (Non-GAAP-Budgetary Basis)
 For the Year Ended June 30, 2011

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variance with Final Budget- Over (Under) |
|--|-------------------|-------------------|--------------------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Sales & Service | \$ 14,749 | \$ 14,749 | \$ 25,581 | \$ 10,832 |
| Interest Income | <u>0</u> | <u>0</u> | <u>1</u> | <u>1</u> |
| Total Revenues | <u>14,749</u> | <u>14,749</u> | <u>25,582</u> | <u>10,833</u> |
| Expenditures | | | | |
| Public Works | | | | |
| Operating Expenses | 14,749 | 14,749 | 29,261 | (14,512) |
| Debt Service | | | | |
| Principal | 0 | 0 | 1,418 | (1,418) |
| Interest | <u>0</u> | <u>0</u> | <u>307</u> | <u>(307)</u> |
| Total Expenditures | <u>14,749</u> | <u>14,749</u> | <u>30,986</u> | <u>(16,237)</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>0</u> | <u>0</u> | <u>(5,404)</u> | <u>(5,404)</u> |
| Other Financing Sources (Uses) | | | | |
| Transfer In/(Out) | <u>0</u> | <u>0</u> | <u>10,070</u> | <u>10,070</u> |
| Total Other Sources (Uses) | <u>0</u> | <u>0</u> | <u>10,070</u> | <u>10,070</u> |
| Net Change in Cash Balance | 0 | 0 | 4,666 | 4,666 |
| Cash Balance Beginning of Year | <u>(3,437)</u> | <u>(3,437)</u> | <u>(3,437)</u> | <u>0</u> |
| Cash Balance End of Year | <u>\$ (3,437)</u> | <u>\$ (3,437)</u> | <u>\$ 1,229</u> | <u>\$ 4,666</u> |
| Reconciliation of Budgetary Basis to GAAP Basis | | | | |
| Net Change in Cash Balance | | | \$ 4,666 | |
| Net Change in Accounts Receivables | | | 269 | |
| Net Change in Accounts Payables | | | 2,296 | |
| Contributed Capital | | | (771,405) | |
| Capital Outlay | | | 821,405 | |
| Loan Proceeds | | | (50,000) | |
| Depreciation | | | <u>(54,591)</u> | |
| Change in Net Assets-GAAP Basis | | | <u>\$ (47,360)</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, the aggregate remaining fund information, the budgetary comparisons for the general fund and major special revenue funds and the combining and individual fund and related budgetary comparison presented as supplemental information of the Village of Floyd (Village), as of and for the year ended June 30, 2011, and have issued our report thereon dated November 2, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above. However, we identified deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency in internal control over financial reporting; 2008-3, 2010-1 and 2011-1. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 is describe in the accompanying schedule of findings and responses as item 2008-3, 2010-1 and 2011-1.

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 - Local Government 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

November 2, 2011

STATE OF NEW MEXICO
VILLAGE OF FLOYD
 Schedule of Findings and Responses
 For the Year Ended June 30, 2011

Prior Year Audit Findings

| | <u>Status</u> |
|---|---------------|
| 2008-3 SAS 112 Compliance superseded by SAS 115 | Repeated |
| 2010-1 Expenditures Over Budget | Repeated |
| 2010-2 Late Audit Report | Resolved |
| 2010-3 Erroneous Purchases by the Fire Department | Resolved |

Current Year Audit Findings

2008-3 SAS 115 Compliance-Compliance and Internal Control-Significant Deficiency

Condition

The individuals responsible for the accounting functions for the District lacks the skills and knowledge to apply generally accepted accounting principals in preparing the entity's financial statements. The accounting management has not obtained training to adequately apply the generally accepted accounting principals, which includes GASB 34 and subsequent pronouncements. The Financial statements were prepared by the auditor.

Criteria

Statement on Accounting Standards (SAS) 115, 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.

Cause

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

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.

2010-1 Expenditures Over Budget-Compliance and Internal Control-Significant Deficiency

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>Major Funds</u> | | | |
| General | \$ 65,000 | \$ 82,861 | (17,861) |
| Fire Fund | 198,027 | 237,584 | (39,557) |
| <u>Non-Major Fund</u> | | | |
| Senior Citizens Fund | 10,427 | 16,265 | (5,838) |
| <u>Proprietary Fund</u> | | | |
| Water & Trash | \$ 14,749 | \$ 30,986 | (16,237) |

Criteria

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

Cause

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

Effect

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

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.

2011-1 Cash Appropriations in Excess of Available Cash Balances-Compliance and Internal Control-Significant Deficiency

Condition

The Village maintained a deficit budget in excess of available cash balance in the Water & Trash Fund of \$(3,437).

Criteria

Section 2.2.2.10. (P) (1), NMAC, requires all funds, with the exception of agency funds, to be budgeted by the local governing body and submitted to the DFA for approval. Cash balances re-budgeted to make up the deficit budgeted revenues that do not cover the budgeted expenditures, cannot exceed the actual cash balance available at the end of the prior year.

Cause

The Village lacks a proper procedure to ensure that sufficient beginning cash balances exist to absorb budget deficits later in the fiscal year.

Effect

The Village will be required to supplement this budget deficit in this fund with cash reserves from other funds. This supplement may lead to financial difficulties and deplete the budget in other funds.

Recommendation

The Village should review the budget for future years to insure that all funds have adequate budget authority for budgeted expenditures. Greater attention should be given to the budget monitoring process and the end of the year cash balance estimates.

Response

The Village has implemented a policy whereby they will review and compare the June 30th reconciled cash balances in each fund to ensure that budgeted cash balances are sufficient for the fund's purposes. If this review reveals a that there is not sufficient cash to balance the budget, budget amendments will be made.

Financial Statement Preparation

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

Exit Conference

An exit conference was held on November 2, 2011. Those present were James Love-Member, Toni White cotton-Clerk and De'Aun Willoughby, CPA.