

***STATE OF NEW MEXICO***

***VILLAGE OF FLOYD***

***AUDIT REPORT***

***For the Year Ended June 30, 2012***  
***(with Auditor's Report Thereon)***

***RICE & ASSOCIATES***  
***CERTIFIED PUBLIC ACCOUNTANTS***

STATE OF NEW MEXICO

VILLAGE OF FLOYD

AUDIT REPORT

For The Year Ended June 30, 2012

(with Auditor's Report Thereon)

STATE OF NEW MEXICO  
VILLAGE OF FLOYD  
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STATE OF NEW MEXICO  
VILLAGE OF FLOYD  
Official Roster  
Year Ended June 30, 2012

Village Council

<u>Name</u>	<u>Title</u>
Mr. Colin Chandler	Mayor
Mr. Larry Griffin	Member
Mr. James Love	Member
Ms. Alice Viser	Member
Ms. Yantie Love	Member

Village Administration

Ms. Toni Whitecotton	Clerk/Treasurer
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# *Rice and Associates, C.P.A.*

AUDITING  
BOOKKEEPING  
(505) 292-8275

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11805 Menaul NE  
Albuquerque, NM 87112

TAX PLANNING  
TAX PREPARATION  
FAX (505) 294-8904

## INDEPENDENT AUDITOR'S REPORT

Mr. Hector H. Balderas  
New Mexico State Auditor  
and  
Honorable Mayor and Village Council  
Village of Floyd  
Floyd, New Mexico

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 comparison for the General, Fire Protection and EMS/Ambulance Funds of the Village of Floyd, as of and for the year ended June 30, 2012, 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 non-major governmental, enterprise and fiduciary funds and the budgetary comparisons for all non-major governmental and enterprise funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2012 as listed in the table of contents. These financial statements are the responsibility of the Village of Floyd'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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village of Floyd's internal control over financial reporting. According, we express no such opinion. 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 of Floyd, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparisons for the General, Fire Protection and EMS/Ambulance 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 non-major governmental, enterprise and fiduciary funds of the Village of Floyd, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the non-major governmental and enterprise funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2013 on our consideration of the Village of Floyd's internal control over financial reporting and 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.

Management has omitted the MD&A which is required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements is required by GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Our audit was conducted for the purpose of forming opinions on the basic financial statements, the combining and the individual fund financial statements, and the budgetary comparisons. The additional schedules listed as "other supplemental information" in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



June 27, 2013

**FINANCIAL STATEMENTS**



STATE OF NEW MEXICO  
VILLAGE OF FLOYD  
Statement of Net Assets  
June 30, 2012

Statement 1  
Page 1 of 2

	Governmental Activities	Business Type Activities	Total
<b>ASSETS</b>			
Current Assets			
Cash	\$ 210,804	\$ 1,407	\$ 212,211
Accounts receivable (net of uncollectible accounts)	1,109	1,826	2,935
Due from grantor	<u>1,200</u>	<u>-</u>	<u>1,200</u>
Total current assets	<u>213,113</u>	<u>3,233</u>	<u>216,346</u>
Restricted Assets (Cash)	<u>72,517</u>	<u>1,238</u>	<u>73,755</u>
Total restricted assets	<u>72,517</u>	<u>1,238</u>	<u>73,755</u>
Capital Assets			
Land	64,128	16,000	80,128
Land improvements	8,422	-	8,422
Equipment	746,425	-	746,425
Vehicles	182,606	-	182,606
Buildings and improvements	770,523	70,000	840,523
Plant/Infrastructure	<u>-</u>	<u>1,870,201</u>	<u>1,870,201</u>
Total capital assets	<u>1,772,104</u>	<u>1,956,201</u>	<u>3,728,305</u>
Less accumulated depreciation	(917,479)	(552,250)	(1,469,729)
Total capital assets (net of accumulated depreciation)	<u>854,625</u>	<u>1,403,951</u>	<u>2,258,576</u>
Total assets	<u><u>\$ 1,140,255</u></u>	<u><u>\$ 1,408,422</u></u>	<u><u>\$ 2,548,677</u></u>

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

STATE OF NEW MEXICO  
VILLAGE OF FLOYD  
Statement of Net Assets  
June 30, 2012

Statement 1  
Page 2 of 2

	Governmental Activities	Business Type Activities	Total
<b>LIABILITIES AND NET ASSETS</b>			
Current Liabilities			
Accounts payable	\$ -	\$ -	\$ -
NMFA Loan (current portion)	<u>32,047</u>	<u>2,357</u>	<u>34,404</u>
Total current liabilities	<u>32,047</u>	<u>2,357</u>	<u>34,404</u>
Non-Current Liabilities			
Compensated absences payable	-	-	-
NMFA Loan payable	<u>280,971</u>	<u>43,891</u>	<u>324,862</u>
Total non-current liabilities	<u>280,971</u>	<u>43,891</u>	<u>324,862</u>
Total liabilities	<u>313,018</u>	<u>46,248</u>	<u>359,266</u>
Net Assets			
Invested in capital assets net of related debt	541,607	1,357,703	1,899,310
Unrestricted	<u>285,630</u>	<u>4,471</u>	<u>290,101</u>
Total net assets	<u>827,237</u>	<u>1,362,174</u>	<u>2,189,411</u>
Total liabilities and net assets	<u><u>\$ 1,140,255</u></u>	<u><u>\$ 1,408,422</u></u>	<u><u>\$ 2,548,677</u></u>

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

STATE OF NEW MEXICO  
VILLAGE OF FLOYD  
Statement of Activities  
Year Ended June 30, 2012

Statement 2

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
<b>Primary government:</b>							
Governmental activities:							
General government	\$ 101,998	\$ 225	\$ -	\$ -	\$ (101,773)	\$ -	\$ (101,773)
Highways and streets	-	-	-	-	-	-	-
Public safety	85,218	-	131,521	-	46,303	-	46,303
Health and welfare	11,018	15,058	-	-	4,040	-	4,040
Culture and recreation	13,603	-	14,654	-	1,051	-	1,051
Interest	6,178	-	-	-	(6,178)	-	(6,178)
Depreciation - unallocated	65,829	-	-	-	(65,829)	-	(65,829)
Total governmental activities	283,844	15,283	146,175	-	(122,386)	-	(122,386)
Business-type activities:							
Water services	357,823	21,901	-	-	-	(335,922)	(335,922)
Solid waste services	9,933	4,160	-	-	-	(5,773)	(5,773)
Total business-type activities	367,756	26,061	-	-	-	(341,695)	(341,695)
Total all activities	<u>\$ 651,600</u>	<u>\$ 41,344</u>	<u>\$ 146,175</u>	<u>\$ -</u>	(122,386)	(341,695)	(464,081)
General Revenues:							
Property taxes					965	-	965
Gross receipts taxes					68,505	-	68,505
Gasoline taxes					5,231	-	5,231
Motor vehicle taxes					219	-	219
State aid not restricted to special purpose							
General					35,000	-	35,000
Transfers					(25,565)	25,565	-
Investment earnings					361	10	371
Total general revenues					84,716	25,575	110,291
Change in net assets					(37,670)	(316,120)	(353,790)
Net assets - beginning of year					864,907	1,678,294	2,543,201
Net assets - ending					<u>\$ 827,237</u>	<u>\$ 1,362,174</u>	<u>\$ 2,189,411</u>

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

STATE OF NEW MEXICO  
VILLAGE OF FLOYD  
Balance Sheet  
Governmental Funds  
June 30, 2012

Statement 3

	General Fund	Fire Protection Fund	EMS/Ambulance Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash on deposit	\$ 208,270	\$ 54,512	\$ 20,504	\$ 35	\$ 283,321
Accounts receivable	447	-	662	-	1,109
Due from grantor	1,200	-	-	-	1,200
Due from other funds	12,120	-	-	-	12,120
	<u>222,037</u>	<u>54,512</u>	<u>21,166</u>	<u>35</u>	<u>297,750</u>
Total assets	<u>\$ 222,037</u>	<u>\$ 54,512</u>	<u>\$ 21,166</u>	<u>\$ 35</u>	<u>\$ 297,750</u>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	12,120	-	12,120
	<u>-</u>	<u>-</u>	<u>12,120</u>	<u>-</u>	<u>12,120</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>12,120</u>	<u>-</u>	<u>12,120</u>
<b>FUND BALANCE</b>					
Restricted	7,083	54,512	9,046	35	70,676
Committed	-	-	-	-	-
Unassigned	214,954	-	-	-	214,954
	<u>222,037</u>	<u>54,512</u>	<u>9,046</u>	<u>35</u>	<u>285,630</u>
Total fund balance	<u>222,037</u>	<u>54,512</u>	<u>9,046</u>	<u>35</u>	<u>285,630</u>
Total liabilities and fund balance	<u>\$ 222,037</u>	<u>\$ 54,512</u>	<u>\$ 21,166</u>	<u>\$ 35</u>	<u>\$ 297,750</u>

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

STATE OF NEW MEXICO  
 VILLAGE OF FLOYD  
 Reconciliation of the Balance Sheet - Governmental Funds  
 to the Statement of Net Assets  
 June 30, 2012

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

Total fund balances - governmental funds		\$ 285,630
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	1,772,104	
Accumulated depreciation	<u>(917,479)</u>	
		854,625
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 the funds. Long-term and other liabilities at year-end consist of:		
NMFA Loan		<u>(313,018)</u>
Net assets of governmental activities		<u><u>\$ 827,237</u></u>

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



STATE OF NEW MEXICO  
VILLAGE OF FLOYD  
Governmental Funds  
Statement of Revenues, Expenditures and Changes in Fund Balances  
For the year ended June 30, 2012

	General Fund	Fire Protection Fund	EMS/Ambulance Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 965	\$ -	\$ -	\$ -	\$ 965
Charges for services	-	-	15,058	-	15,058
Licenses and permits	225	-	-	-	225
Fines and forfeitures	-	-	-	-	-
Local sources	-	6,700	-	5	6,705
State sources	36,200	117,602	7,219	9,981	171,002
Federal sources	-	-	-	3,468	3,468
State shared taxes	73,955	-	-	-	73,955
Earnings from investments	219	97	-	45	361
Total revenues	<u>111,564</u>	<u>124,399</u>	<u>22,277</u>	<u>13,499</u>	<u>271,739</u>
<b>EXPENDITURES</b>					
Current:					
General government	99,474	-	-	-	99,474
Highways and streets	-	-	-	-	-
Public safety	-	85,218	-	-	85,218
Health & welfare	-	-	11,018	-	11,018
Culture and recreation	-	-	-	13,603	13,603
Capital outlay	108,132	-	-	-	108,132
NMFA principle	-	20,472	-	-	20,472
NMFA interest	-	6,178	-	-	6,178
Total expenditures	<u>207,606</u>	<u>111,868</u>	<u>11,018</u>	<u>13,603</u>	<u>344,095</u>
Excess (deficiency) revenues over expenditures	(96,042)	12,531	11,259	(104)	(72,356)
<b>OTHER FINANCING SOURCES (USES)</b>					
Loan proceeds	125,954	-	-	-	125,954
Operating transfers in	-	-	-	-	-
Operating transfers out	(25,565)	-	-	-	(25,565)
	<u>100,389</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,389</u>
Net change in fund balances	4,347	12,531	11,259	(104)	28,033
Fund balance beginning of year	<u>217,690</u>	<u>41,981</u>	<u>(2,213)</u>	<u>139</u>	<u>257,597</u>
Fund balance end of year	<u>\$ 222,037</u>	<u>\$ 54,512</u>	<u>\$ 9,046</u>	<u>\$ 35</u>	<u>\$ 285,630</u>

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

STATE OF NEW MEXICO  
 VILLAGE OF FLOYD  
 Reconciliation of the Statement of Revenues, Expenditures  
 and Changes in Fund Balances - Governmental Funds  
 to the Statement of Activities  
 For the Year Ended June 30, 2012

Net change in fund balances - total governmental funds \$ 28,033

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  
 capital outlays exceed depreciation expense in the period.

Capital outlays	108,132	
Depreciation expense	<u>(65,829)</u>	

Excess of capital outlay over depreciation expense		<u>42,303</u>
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In the Statement of Activities, certain operating  
 expenses are measured by the amount incurred  
 during the year. In the fund financial statements  
 however, expenditures are measured by the amount  
 of financial resources used (essentially the amounts  
 actually paid). The (increase) decrease in the  
 liabilities for the year were:

Compensated absences payable		<u>—</u>
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The issuance of long-term debt provides current  
 financial resources to governmental funds while  
 the repayment of the principal of long-term debt  
 consumes the current financial resources of  
 governmental funds. Repayment of loans payable  
 is an expenditure in the governmental funds, but it  
 reduces long-term liabilities in the statement of net  
 assets and does not affect the Statement of Activities

Loan proceeds	(125,954)	
Repayment of long-term debt	<u>17,948</u>	
		<u>(108,006)</u>

Change in net assets of governmental activities		<u>\$ (37,670)</u>
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The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
VILLAGE OF FLOYD  
General Fund  
Statement of Revenues and Expenditures -  
Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Taxes	\$ 1,188	\$ 1,188	\$ 965	\$ (223)
Charges for services	-	-	-	-
Licenses and permits	-	-	225	225
Fines and forfeitures	-	-	-	-
Local sources	-	-	-	-
State sources	35,000	35,000	35,000	-
Federal sources	-	-	-	-
State shared taxes	45,204	45,204	79,490	34,286
Earnings from investments	-	-	219	219
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total revenues	<u>\$ 81,392</u>	<u>\$ 81,392</u>	<u>\$ 115,899</u>	<u>\$ 34,507</u>
<b>EXPENDITURES</b>				
Current:				
General government	\$ 85,000	\$ 85,000	\$ 103,242	\$ (18,242)
Highways and streets	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	64,158	108,132	(43,974)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total expenditures	<u>\$ 85,000</u>	<u>\$ 149,158</u>	<u>\$ 211,374</u>	<u>\$ (62,216)</u>
<b>OTHER FINANCING SOURCES</b>				
Loan proceeds	\$ -	\$ 64,158	\$ 125,954	\$ 61,796
Operating transfers in	-	-	-	-
Operating transfers out	-	-	(25,565)	(25,565)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total other financing sources	<u>\$ -</u>	<u>\$ 64,158</u>	<u>\$ 100,389</u>	<u>\$ 36,231</u>
<b>BUDGETED CASH BALANCE</b>	<u>\$ 3,608</u>	<u>\$ 3,608</u>		

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

STATE OF NEW MEXICO  
 VILLAGE OF FLOYD  
 Fire Protection Fund  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Local sources	\$ -	\$ -	\$ 6,700	\$ 6,700
State sources	82,843	82,843	117,602	34,759
Federal sources	-	-	-	-
Earnings from investments	-	-	97	97
Total revenues	<u>\$ 82,843</u>	<u>\$ 82,843</u>	<u>\$ 124,399</u>	<u>\$ 41,556</u>
EXPENDITURES				
Public safety	\$ 82,843	\$ 82,843	\$ 112,746	\$ (29,903)
Total expenditures	<u>\$ 82,843</u>	<u>\$ 82,843</u>	<u>\$ 112,746</u>	<u>\$ (29,903)</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>\$ -</u>		

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

STATE OF NEW MEXICO  
 VILLAGE OF FLOYD  
 EMS/Ambulance Fund  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Charges for services	\$ -	\$ -	\$ 18,764	\$ 18,764
Local sources	-	-	-	-
State sources	7,000	7,000	7,219	219
Earnings from investments	-	-	-	-
Total revenues	<u>\$ 7,000</u>	<u>\$ 7,000</u>	<u>\$ 25,983</u>	<u>\$ 18,983</u>
EXPENDITURES				
Health and welfare	<u>\$ 7,000</u>	<u>\$ 7,000</u>	<u>\$ 11,155</u>	<u>\$ (4,155)</u>
Total expenditures	<u>\$ 7,000</u>	<u>\$ 7,000</u>	<u>\$ 11,155</u>	<u>\$ (4,155)</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>\$ -</u>		

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



STATE OF NEW MEXICO  
VILLAGE OF FLOYD  
Proprietary Funds  
Statement of Net Assets  
June 30, 2012

Statement 10

	Water Fund	Solid Waste Fund	Total
<b>ASSETS</b>			
Current Assets			
Cash on deposit	\$ 1,407	\$ -	\$ 1,407
Accounts receivable (net)	1,495	331	1,826
Total Current Assets	2,902	331	3,233
Non-Current Assets			
Restricted Assets (Cash)			
Customer meter deposits	1,238	-	1,238
Total Non-Current Assets	1,238	-	1,238
Capital Assets			
Land	16,500	-	16,500
Buildings	70,000	-	70,000
Plant/infrastructure	1,869,701	-	1,869,701
Accumulated depreciation	(552,250)	-	(552,250)
Total Capital Assets	1,403,951	-	1,403,951
Total Assets	\$ 1,408,091	\$ 331	\$ 1,408,422
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable	\$ -	\$ -	\$ -
NMFA Loan (current portion)	2,357	-	2,357
Total Current Liabilities	2,357	-	2,357
Long-Term Liabilities			
Compensated absences payable	-	-	-
NMFA Loan	43,891	-	43,891
Total Long-Term Liabilities	43,891	-	43,891
Total Liabilities	46,248	-	46,248
<b>NET ASSETS</b>			
Invested in Capital Assets net of rela	1,357,703	-	1,357,703
Unrestricted	4,140	331	4,471
Total Net Assets	1,361,843	331	1,362,174
Total Liabilities and Net Assets	\$ 1,408,091	\$ 331	\$ 1,408,422

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

STATE OF NEW MEXICO  
 VILLAGE OF FLOYD  
 Proprietary Funds  
 Statement of Revenues, Expenses and Changes in Fund Net Assets  
 For the Year Ended June 30, 2012

	Water Fund	Solid Waste Fund	Total
OPERATING REVENUES			
Sales and services	\$ 21,901	\$ 4,160	\$ 26,061
Local source	-	-	-
State sources	-	-	-
	<u>21,901</u>	<u>4,160</u>	<u>26,061</u>
OPERATING EXPENSES			
Personal services	-	-	-
Maintenance and operations	21,514	9,933	31,447
Depreciation	335,823	-	335,823
	<u>357,337</u>	<u>9,933</u>	<u>367,270</u>
Operating income (loss)	<u>(335,436)</u>	<u>(5,773)</u>	<u>(341,209)</u>
NON-OPERATING REVENUE (EXPENSE)			
Investment income	10	-	10
Investment expense	(486)	-	(486)
Transfers in	19,461	6,104	25,565
Transfers out	-	-	-
State grant	-	-	-
Federal grant	-	-	-
	<u>18,985</u>	<u>6,104</u>	<u>25,089</u>
Total Non-Operating Revenue (Expense)	<u>18,985</u>	<u>6,104</u>	<u>25,089</u>
Change in Net Assets	(316,451)	331	(316,120)
Total net assets, beginning of year	<u>1,678,294</u>	<u>-</u>	<u>1,678,294</u>
Total net assets, end of year	<u>\$ 1,361,843</u>	<u>\$ 331</u>	<u>\$ 1,362,174</u>

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

STATE OF NEW MEXICO  
VILLAGE OF FLOYD  
Proprietary Funds  
Statement of Cash Flows  
For the Year Ended June 30, 2012

Statement 12

	Water Fund	Solid Waste Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers	\$ 23,162	\$ 3,829	\$ 26,991
Cash received from local sources	-	-	-
Cash received from state sources	-	-	-
Cash payments to employees and to suppliers for goods and services	(22,397)	(9,933)	(32,330)
Net cash provided by operating activities	765	(6,104)	(5,339)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Loan proceeds	-	-	-
Principal paid	(2,334)	-	(2,334)
Acquisition of capital assets	(16,000)	-	(16,000)
Investment expense	(486)	-	(486)
Net cash provided (used) by capital and related financing activities	(18,820)	-	(18,820)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Cash received from state sources	-	-	-
Cash received from federal sources	-	-	-
Operating transfers from other funds	19,461	6,104	25,565
Operating transfers to other funds	-	-	-
Net cash provided (used) by noncapital financing activities	19,461	6,104	25,565
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Investment income	10	-	10
Net cash provided by investing activities	10	-	10
Net increase (decrease) in cash	1,416	-	1,416
Cash, beginning of year	1,229	-	1,229
Cash, end of year	\$ 2,645	\$ -	\$ 2,645
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ (335,436)	\$ (5,773)	\$ (341,209)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	335,823	-	335,823
Changes in assets and liabilities:			
(Increase) decrease in receivables	1,261	(331)	930
Increase (decrease) in accounts payable	(883)	-	(883)
Increase (decrease) in compensated absences	-	-	-
Net cash provided (used) by operating activities	\$ 765	\$ (6,104)	\$ (5,339)

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

STATE OF NEW MEXICO  
VILLAGE OF FLOYD  
Notes to Financial Statements  
Year Ended June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Floyd is incorporated under Section 3 New Mexico State Statutes Annotated 1978 Compilation operating under a Mayor-Council form of government and provides the following services as authorized: public safety (police and fire), highways and streets, sanitation, health and social services, culture-recreation and general administrative services.

The financial statements of the Village of Floyd have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Reporting Entity

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, the Village had no component units.



## Notes to Financial Statements (continued)

### B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities and changes in net assets) report information on all of the nonfiduciary activities of the Village. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which is normally supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

### C. Measurement focus, basis of accounting, and financial statement presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgements, are recorded only when payment is due.



## Notes to Financial Statements (continued)

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

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

The *Fire Protection Fund* (Special Revenue Fund) is to account for the operations and maintenance of the Fire Department. It is financed by a specific allotment from the State Fire Marshall's Office. The authority is NMSA 59A-53-1.

The *EMS/Ambulance Fund* (Special Revenue Fund) is to account for the operation and maintenance of the Village EMS Department. It is financed primarily by an annual EMS allotment and fees collected for emergency transportation. The authority is NMSA 59A-53-1.

### Fiduciary Funds - Agency Funds

Agency Funds - To account for assets held by the government in a trustee capacity or as an agent on behalf of outside parties, including other governments, or on behalf of other funds within the Village.

The Village also reports additional Government funds as non-major. They include:

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

Notes to Financial Statements (continued)

The Village reports the following Proprietary Fund types:

Enterprise Fund - Water Fund - To account for the provision of water services to the residents of Floyd, New Mexico. All activities necessary to provide these services are accounted for in this fund.

Enterprise Fund - Solid Waste Fund - To account for revenue and expenditures for the maintenance of the solid waste operations. All activities necessary to provide these services are accounted for in this fund.

Private-sector standards of accounting and financial reporting issued prior to November 30, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the Village's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Village's general revenues. Program revenues include: 1) charges for services to taxpayers or applicants who purchase, use or directly benefit from the goods or services provided by the given function 2) program-specific operating grants and contributions and 3) program specific capital grants and contributions including special assessments.

Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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 enterprise fund is charged to customers for sales and services. The enterprise fund also recognized as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. 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.



## Notes to Financial Statements (continued)

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

### D. Budgets and Budgetary Accounting

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

1. Prior to June 1, the Village Clerk-Treasurer submits to the Village Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them based on previous year's history. Public hearings are conducted at the Village Hall to obtain taxpayer comments. Prior to July 1, the budget is legally enacted through passage of an ordinance.
2. The Village Clerk-Treasurer is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any funds must be approved by the Village Council and New Mexico State Department of Finance, Division of Local Governments. The original budget that was adopted in July, 1998 was amended during the fiscal year in a legally permissible manner.
3. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, and Capital Project Funds.
4. Encumbrances are not reported in the budgets or financial statements.
5. The level of classification detail in which expenditures of expenses may not legally exceed appropriations for each budget is in fund total. Appropriations lapse at year end.
6. Budgets for the General and Special Revenue Funds are adopted on a basis not consistent with generally accepted accounting principals. Throughout the year the accounting records are maintained on the Non-GAAP basis of cash receipts and disbursements. Accordingly, certain revenues and the related assets are recognized when paid rather than when the obligation is incurred. The financial statements are presented on the modified accrual basis of accounting. Budgetary comparisons presented for General and Special Revenue Funds in this report are on the Non-GAAP budgetary basis and actual (cash basis). The budget of the Enterprise Fund is adopted on a Non-GAAP cash basis.

Notes to Financial Statements (continued)

E. Cash and Investments

Cash includes amounts in demand deposits as well as short-term investments with a maturity of six months from the date acquired by the government. State statutes authorize the government to invest in obligations of the U.S. Treasury, interest bearing accounts with local financial institutions and the State Treasurer Pool.

New Mexico Statutes require that financial institutions with public monies on deposit pledge collateral, to the owners of such monies, in an amount not less than 50% of the public monies held on deposit. Collateral pledged is held in safekeeping by other financial institutions, with safekeeping receipts held by the Village. The pledged securities remain in the name of the financial institution.

F. Inventories

The cost of inventories are recorded as expenditures when purchased rather than when consumed.

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. This is an increase from the \$1,000 threshold reported in prior years. This is a change in accounting estimate. All previously reported Capital Assets that do not meet the updated amount will be depreciated currently and in future periods until they are fully depreciated. Donated Capital Assets are recorded at their estimated fair value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1979) are included as part of the governmental capital assets reported in the government wide statements. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.



Notes to Financial Statements (continued)

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Building improvements	50
Public domain infrastructure	30-50
System infrastructure	30-50
Vehicles	3 to 15
Equipment	3 to 15

The Village does not capitalize computer software or software developed for internal use (if applicable) unless it exceeds the \$5,000 threshold.

H. Compensated Absences

The Village does not allow any vacation or sick leave to accrue and carry forward at the end of each fiscal year.

I. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

J. Taxes

Motor Vehicle Registration Fees - Under the provisions of Chapter 66, Article 6, NMSA 1978, the State of New Mexico collects various fees for the registration and regulation of motor vehicles in the state. Of the amount collected, certain specified amounts are distributed to various governmental agencies within the State, including; the Motor Vehicle Division, State Road fund, municipalities, and counties. After certain priority payments, as detailed in 66-6-23 NMSA 1978 have been made, a portion of the remaining fees held in the motor vehicle suspense fund are distributed as required in 66-6-23 B (4) and 66-6-23 B (5). These distributions are commonly referred to as the 10% and 15% motor vehicle tax distributions.

Gasoline Tax - The State of New Mexico, by authority of Chapter 7, Article 13 NMSA 1978, imposed an excise tax on \$0.17 on each gallon of gasoline received in New Mexico. Of the total gasoline taxes received, a portion is distributed to the various municipalities within the State pursuant to Chapter 7, Article 1-6.9 NMSA 1978 and Chapter 7, Article 1-6.27 NMSA 1978.



Notes to Financial Statements (continued)

Municipal Gross Receipts Tax - Under authority of Chapter 7, Articles 19 and 19D, NMSA 1978, the Village adopted gross receipts taxing through ordinance. Said ordinances provide for the imposition of gross receipts taxes on all non-exempt persons engaging in business in the municipality. The tax is collected by the State of New Mexico and remitted to the Village after deducting certain administrative costs.

State Gross Receipts Tax - Under authority of Chapter 7, Article 1, NMSA 1978, the State of New Mexico imposes a gross receipts tax on all businesses within the State. Of the total collected, 1.225% of the taxable gross receipts are distributed to the municipality reporting the taxable receipts.

K. Restricted Assets

Certain long-term assets in the proprietary funds are classified as restricted assets on the balance sheet because their use is limited to payments for debt service or other purpose such as "deposits held in trust for others".

L. Net Assets

The governmental activities and business-type activities financial statements utilize a net assets presentation. Net assets are categorized as follows:

Investment in capital assets, net of related debt - This category reflects the portion of net assets that are associated with capital assets less outstanding capital asset related debt.

Restricted net assets - This category reflects the portion of net assets that have third party limitation on their use.

Unrestricted net assets - This category reflects net assets of the Village not restricted for any project or other purposes.

M. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Notes to Financial Statements (continued)

Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (Village ordinances).

Enabling legislation authorizes the Village to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Village can be compelled by an external party - such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposed specified by the legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of the Village Council. Those committed amounts cannot be used for any other purpose unless the Village Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the Village Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Village Council or a Village official delegated that authority by the Village Council or ordinance.



Notes to Financial Statements (continued)

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts have been restricted, committed, or assigned.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

N. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

O. Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village carries commercial insurance for these risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in the current fiscal year.

2. DEPOSITORY COLLATERAL

According to the Federal Deposit Insurance Authority, public unit deposits are funds owned by the Village's Time deposits, savings deposits and interest bearing NOW accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution.

Notes to Financial Statements (continued)

The following is the Cash on Deposit at each financial institution.

JP Stone Community Bank	General	Checking	\$ 2,349
JP Stone Community Bank	General	Checking	167,492
JP Stone Community Bank	General	Certificate of Deposit	41,624
NMFA			<u>73,755</u>
			<b><u>\$ 285,220</u></b>
Total amount on deposit			\$ 285,220
Deposit in transit			5,373
Rounding			(1)
Outstanding checks			<u>(4,626)</u>
Total per financial statements			<b><u>\$ 285,966</u></b>

The following schedule details the public money held at each Bank and the pledged collateral provided for the Village follows:

	JP Stone Community Bank
Cash on deposit at June 30	\$ 211,465
Less FDIC	(211,465)
Uninsured funds	-
Funds needing collateralization at 50% (required by State Law)	-
Pledged collateral at June 30	<u>-</u>
Excess of Pledged Collateral	<b><u>\$ -</u></b>

*Custodial Credit Risk - Deposits* - Custodial Credit Risk is the risk that in the event of bank failure, the Village's deposits may not be returned to it. The Village does not have a deposit policy for custodial credit risk. As of June 30, \$0 of the Village's bank balance \$211,465 was exposed to custodial credit risk as follows:

A. Uninsured and Uncollateralized	\$ -
B. Uninsured and collateralized with securities held by the pledging banks trust department, but not in the Village's name	<u>-</u>
Total	<b><u>\$ -</u></b>

NM State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the cooperative for at least one half of the amount on deposit with the institution.

The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico.

Notes to Financial Statements (continued)

The amount held at the New Mexico Finance Authority totaling \$73,755 is collateralized within the NMFA guidelines. This information is not available by individual Agency but the financial statements for the NMFA are available by writing to the New Mexico Finance Authority, 207 Shelby Street, Santa Fe, New Mexico 87501.

3. ACCOUNTS RECEIVABLES

Receivables as of June 30, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Receivables from customers	\$ 662	\$ 1,826
Less allowance for uncollectible accounts	<u>-</u>	<u>-</u>
Subtotal	662	1,826
Property taxes	447	-
Gross receipts taxes receivable	-	-
Intergovernmental	<u>1,200</u>	<u>-</u>
Total	<u><u>\$ 2,309</u></u>	<u><u>\$ 1,826</u></u>

4. CAPITAL ASSETS

The amount of property, plant and equipment in the Governmental-Type Activities consists of the following:

	<u>Balance June 30, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2012</u>
Land	\$ -	\$ 64,128	\$ -	\$ 64,128
Total capital assets not being depreciated	<u>-</u>	<u>64,128</u>	<u>-</u>	<u>64,128</u>
Land improvements	-	8,422	-	8,422
Building and improvements	734,941	35,582	-	770,523
Vehicles	182,606	-	-	182,606
Equipment	<u>746,425</u>	<u>-</u>	<u>-</u>	<u>746,425</u>
Total capital assets being depreciated	<u>1,663,972</u>	<u>44,004</u>	<u>-</u>	<u>1,707,976</u>
Less accumulated depreciation for:				
Land improvements	-	(421)	-	(421)
Building and improvements	(187,827)	(12,661)	-	(200,488)
Equipment	(95,903)	(17,596)	-	(113,499)
Equipment	<u>(567,920)</u>	<u>(35,151)</u>	<u>-</u>	<u>(603,071)</u>
Total accumulated depreciation	<u>(851,650)</u>	<u>(65,829)</u>	<u>-</u>	<u>(917,479)</u>
Total capital assets being depreciated	<u>812,322</u>	<u>(21,825)</u>	<u>-</u>	<u>790,497</u>
Net capital assets	<u><u>\$ 812,322</u></u>	<u><u>\$ 42,303</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 854,625</u></u>



Notes to Financial Statements (continued)

The amount of property, plant and equipment in the Business-Type Activities consists of the following:

	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012
Land	\$ 500	\$ 16,000	\$ -	\$ 16,500
Total capital assets not being depreciated	500	16,000	-	16,500
Buildings	70,000	-	-	70,000
Infrastructure	1,869,701	-	-	1,869,701
Total capital assets being depreciated	1,939,701	-	-	1,939,701
Less accumulated depreciation for:				
Buildings	(23,800)	(36,200)	-	(60,000)
Infrastructure	(192,627)	(299,623)	-	(492,250)
Total accumulated depreciation	(216,427)	(335,823)	-	(552,250)
Total capital assets being depreciated	1,723,274	(335,823)	-	1,387,451
Net capital assets	<u>\$ 1,723,774</u>	<u>\$ (319,823)</u>	<u>\$ -</u>	<u>\$ 1,403,951</u>

5. LONG-TERM LIABILITIES

A. Changes in Long-Term Liabilities

Governmental Funds

During the year ended June 30, the following changes occurred in the liabilities reported in the Governmental Funds:

	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012	Due Within One Year
NMFA Loan	\$ 207,536	\$ -	\$ 20,472	\$ 187,064	\$ 21,066
NMFA Loan	-	125,954	-	125,954	10,981
Total	<u>\$ 207,536</u>	<u>\$ 125,954</u>	<u>\$ 20,472</u>	<u>\$ 313,018</u>	<u>\$ 32,047</u>

The Village entered into a loan agreement with the New Mexico Finance Authority evidencing a special limited obligation of the Village to pay a principal amount of \$213,507 and interest for the purpose of defraying the cost of acquiring a fire station for the Village's fire department. The Village has pledged future State Fire Fund revenues to pay the loan. The yearly payments are to be redirected from the Village's share of the State Fire Fund revenues to the NMFA. Total annual principal and interest payments for the repayment of the loan is expected to require 27% of the yearly State Fire Allotment. The interest rate is 2.86% to 3.03%. The maturity date is May 1, 2020.

Notes to Financial Statements (continued)

<u>Due Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 21,066	\$ 5,584	\$ 26,650
2014	21,682	4,969	26,651
2015	22,320	4,331	26,651
2016	22,982	3,668	26,650
2017	23,667	2,983	26,650
2018-2020	<u>75,347</u>	<u>4,602</u>	<u>79,949</u>
Total	<u>\$ 187,064</u>	<u>\$ 26,137</u>	<u>\$ 213,201</u>

The liability will be liquidated by the Fire Protection Fund.

The Village entered into a loan agreement with the New Mexico Finance Authority evidencing a special limited obligation of the Village to pay a principal amount of \$125,954 and interest for the purpose of defraying the cost of acquiring land and water improvements for the Village. The Village has pledged future Gross Receipts Tax revenues to pay the loan. The yearly payments are to be redirected from the Village's share of the General Fund revenues to the NMFA. Total annual principal and interest payments for the repayment of the loan is expected to require 20% of the yearly Gross Receipts Tax. The interest rate is .210% to .2530%. The maturity date is May 1, 2023.

<u>Due Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 10,981	\$ 1,746	\$ 12,727
2014	11,004	1,640	12,644
2015	11,046	1,598	12,644
2016	11,110	1,534	12,644
2017	11,203	1,440	12,643
2018-2022	58,278	4,941	63,219
2023	<u>12,332</u>	<u>312</u>	<u>12,644</u>
Total	<u>\$ 125,954</u>	<u>\$ 13,211</u>	<u>\$ 139,165</u>

The liability will be liquidated by the General Fund.

	<u>Balance June 30, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2012</u>	<u>Due Within One Year</u>
NMFA Loan	<u>\$ 48,582</u>	<u>\$ -</u>	<u>\$ 2,334</u>	<u>\$ 46,248</u>	<u>\$ 2,357</u>

The Village entered into a loan agreement with the New Mexico Finance Authority evidencing a special limited obligation of the Village to pay a principal amount of \$50,000 and interest for the purpose of defraying the cost of acquiring water improvements for the Village's water department. The Village has pledged future Fund revenues to pay the loan. The yearly payments are to be paid from the Village's share of the Water Fund revenues to the NMFA. Total annual principal and interest payments for the repayment of the loan is expected to require 13% of the yearly Water Services charges. The interest rate is .750% to .750%. The maturity date is May 1, 2030.

Notes to Financial Statements (continued)

<u>Due Year</u> <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 2,357	\$ 463	\$ 2,820
2014	2,381	439	2,820
2015	2,405	415	2,820
2016	2,429	391	2,820
2017	2,453	367	2,820
2018-2022	12,641	1,461	14,102
2023-2027	13,286	816	14,102
2028-2030	<u>8,296</u>	<u>166</u>	<u>8,462</u>
Total	<u>\$ 46,248</u>	<u>\$ 4,518</u>	<u>\$ 50,766</u>

The liability will be liquidated by the Water Fund.

6. PROPERTY TAX

Property taxes attach as an enforceable lien on property as of January 1. Property tax rates for the year are set no later than September 1 each year by the Secretary of Finance and Administration. The rates of tax are then used by County Assessors to develop the property tax schedule by October 1. Taxes are payable in equal semi-annual installments by November 10 and April 10 of the subsequent year. Taxes are collected on behalf of the Village by the County Treasurer, and are remitted to the Village in the month following collection. Because the Treasurer for the county in which the Village is located is statutorily required to collect taxes as an intermediary agency for all forms of government, distribution of taxes are made through the applicable County to the Village.

The Village is permitted to levy taxes for general operating purposes based on taxable value for both residential and nonresidential property, taxable value being defined as one-third of the fully assessed value. In addition, the Village is allowed to levy taxes for payments of bond principal and interest in amounts approved by voters of the Village.

The Village accounts for its share of property taxes in the General Fund. Only those collections received are recorded as revenues. The Village has no means of determining the amount of delinquent taxes, and no delinquent taxes are recorded on the Villages financial records.



Notes to Financial Statements (continued)

7. RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS STATEMENTS

	General Fund	Fire Protection Fund	EMS/ Ambulance Fund	Non-Major Special Revenue Fund	Proprietary Fund
<u>Revenues</u>					
Accrual basis	\$ 111,564	\$ 124,399	\$ 22,277	\$ 13,499	\$ 26,071
Budget basis	<u>115,899</u>	<u>124,399</u>	<u>25,983</u>	<u>13,499</u>	<u>27,001</u>
Increase (decrease) in receivables/due from grantor/ security deposits	<u>\$ (4,335)</u>	<u>\$ -</u>	<u>\$ (3,706)</u>	<u>\$ -</u>	<u>\$ (930)</u>
<u>Expenditures</u>					
Accrual basis	\$ 207,606	\$ 111,868	\$ 11,018	\$ 13,603	\$ 367,756
Budget basis	211,374	112,746	11,155	13,603	51,150
Depreciation	-	-	-	-	(335,823)
Capital outlay	-	-	-	-	16,000
(Increase) decrease in loans payable	-	-	-	-	2,334
Increase (decrease) in payables	<u>\$ (3,768)</u>	<u>\$ (878)</u>	<u>\$ (137)</u>	<u>\$ -</u>	<u>\$ (883)</u>

8. RETIREMENT PLAN

The Village has elected not to participate in the New Mexico Public Employees Retirement Association Plan.

9. POST-EMPLOYMENT BENEFITS - STATE RETIREE HEALTH CARE PLAN

The Village has elected not to participate in the New Mexico State Retiree Health Care Plan.

10. TRANSFERS

The composition of interfund transfers for the year are as follows:

<u>Transfers Out</u>	<u>Transfers In</u>		
	Water Fund	Solid Waste Fund	Total
General Fund	\$ 19,461	\$ 6,104	\$ 25,565
Total Transfers In/Out	<u>\$ 19,461</u>	<u>\$ 6,104</u>	<u>\$ 25,565</u>
<u>Balance of Transfers</u>			
Transfer to			
Water Fund	\$ 19,461	From General Fund	
Solid Waste Fund	6,104	From General Fund	
Total	<u>\$ 25,565</u>		

Notes to Financial Statements (continued)

In the year ended June 30, the Village made the following one-time transfers:

- 1) The General Fund transferred monies to the Water Fund to cover one-time expenditures.
- 2) The General Fund transferred monies to the Solid Waste Fund to cover one-time expenditures.

11. FUND BALANCES CLASSIFIED

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented here.

<u>Fund Balances</u>	<u>General Fund</u>	<u>Fire Protection Fund</u>	<u>EMS/Ambulance Fund</u>	<u>Non-Major Governmental Fund</u>	<u>Totals</u>
<u>Nonspendable:</u>					
Interfund loans	\$ -	\$ -	\$ -	\$ -	\$ -
Inventory	-	-	-	-	-
Total nonspendable	-	-	-	-	-
<u>Restricted for:</u>					
Road improvements	-	-	-	-	-
Fire protection	-	54,512	-	-	54,512
Culture and recreation services	-	-	-	35	35
Emergency Medical Services	-	-	9,046	-	9,046
Environmental improvements	-	-	-	-	-
Law Enforcement	-	-	-	-	-
Cemetery improvements	-	-	-	-	-
Reserves	7,083	-	-	-	7,083
Total restricted	7,083	54,512	9,046	35	70,676
<u>Committed to:</u>					
Other purposes	-	-	-	-	-
Total restricted	-	-	-	-	-
<u>Unassigned:</u>	214,954	-	-	-	214,954
Total Fund Balances	<u>\$ 222,037</u>	<u>\$ 54,512</u>	<u>\$ 9,046</u>	<u>\$ 35</u>	<u>\$ 285,630</u>

12. INTERFUND TRANSACTIONS

The General Fund loaned the EMS/Ambulance Fund \$38,925 to purchase an ambulance. The loan is to be paid back \$3,000 each year until paid in full. During the current fiscal year ending June 30, 2012 the EMS/Ambulance Fund paid \$3,000 to the General Fund. The current amount owed is \$12,120.

13. BUDGET VIOLATIONS

The General Fund had a budget overrun of \$62,216, the Fire Protection Fund by \$29,903, the EMS/Ambulance Fund by \$4,155, the Seniors Fund by \$3,044 and the Water Fund by \$539.



NON-MAJOR FUNDS

**NON-MAJOR  
SPECIAL REVENUE FUNDS**

**SENIORS FUND** - To account for grant funds received/used for the benefit of the Town's Senior Citizens. The authority for the allocation and set-up of the fund is 9-2-5 through 9-2-19, NMSA 1978.

STATE OF NEW MEXICO  
 VILLAGE OF FLOYD  
 Non-Major Governmental Funds  
 Balance Sheet  
 June 30, 2012

	Seniors Fund
ASSETS	
Cash on deposit	\$ 35
Total assets	\$ 35
FUND BALANCE	
Restricted	\$ 35
Unassigned	-
Total fund balance	\$ 35

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

STATE OF NEW MEXICO  
 VILLAGE OF FLOYD  
 Non-Major Governmental Funds  
 Statement of Revenues, Expenditures and Changes in Fund Balances  
 For the year ended June 30, 2012

	<u>Seniors Fund</u>
REVENUES	
Charges for services	\$ -
Fines and forfeitures	-
Local sources	5
State sources	9,981
Federal sources	3,468
Earnings from investments	<u>45</u>
Total revenues	<u>13,499</u>
EXPENDITURES	
Current:	
General government	-
Public safety	-
Health and welfare	-
Culture and recreation	13,603
Capital outlay	<u>-</u>
Total expenditures	<u>13,603</u>
Net change in fund balances	(104)
Fund balance beginning of year	<u>139</u>
Fund balance end of year	<u><u>\$ 35</u></u>

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



STATE OF NEW MEXICO  
 VILLAGE OF FLOYD  
 Non-Major Special Revenue Fund - Seniors Fund  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Local sources	\$ -	\$ -	\$ 5	\$ 5
State sources	8,148	8,148	9,981	1,833
Federal sources	2,775	2,775	3,468	693
Earnings from investments	-	-	45	45
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total revenues	<u>\$ 10,923</u>	<u>\$ 10,923</u>	<u>\$ 13,499</u>	<u>\$ 2,576</u>
EXPENDITURES				
Culture and recreation	<u>\$ 10,923</u>	<u>\$ 10,923</u>	<u>\$ 13,967</u>	<u>\$ (3,044)</u>
Total expenditures	<u>\$ 10,923</u>	<u>\$ 10,923</u>	<u>\$ 13,967</u>	<u>\$ (3,044)</u>

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

PROPRIETARY FUND DETAIL

### PROPRIETARY FUNDS BUDGETS

**WATER FUND** - To account for the provision of water services to the residents of Elida, New Mexico. All activities necessary to provide these services are accounted for in this fund.

**SOLID WASTE FUND** - To account for revenue and expenditures for the maintenance of the solid waste operations. All activities necessary to provide these services are accounted for in this fund.

STATE OF NEW MEXICO  
VILLAGE OF FLOYD  
Proprietary Funds  
Water Fund  
Statement of Revenues and Expenditures -  
Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Sales and services	\$ 8,870	\$ 8,870	\$ 23,162	\$ 14,292
Local sources	-	-	-	-
State sources	-	-	-	-
Federal sources	-	-	-	-
Interest income	-	-	-	-
	<u>8,870</u>	<u>8,870</u>	<u>23,162</u>	<u>14,292</u>
Total revenues	<u>\$ 8,870</u>	<u>\$ 8,870</u>	<u>\$ 23,162</u>	<u>\$ 14,292</u>
<b>EXPENDITURES</b>				
Personal services	\$ -	\$ -	\$ -	\$ -
Maintenance and operations	8,870	28,870	25,217	3,653
Capital outlay	-	-	16,000	(16,000)
	<u>8,870</u>	<u>28,870</u>	<u>41,217</u>	<u>(12,347)</u>
Total expenditures	<u>\$ 8,870</u>	<u>\$ 28,870</u>	<u>\$ 41,217</u>	<u>\$ (12,347)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in	\$ -	\$ 20,000	\$ 19,461	\$ (539)
	<u>-</u>	<u>20,000</u>	<u>19,461</u>	<u>(539)</u>
Total other financings sources (uses)	<u>\$ -</u>	<u>\$ 20,000</u>	<u>\$ 19,461</u>	<u>\$ (539)</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>\$ -</u>		
<b>REVENUES</b>				
Budgetary basis			\$ 23,172	
(Decrease) in receivables			(1,261)	
			<u>21,911</u>	
Modified accrual basis			<u>\$ 21,911</u>	
<b>EXPENDITURES</b>				
Budgetary basis			\$ 41,217	
Capital outlay			(16,000)	
Depreciation			335,823	
Loan payment			(2,334)	
(Decrease) in accounts payable			(883)	
			<u>357,823</u>	
Modified accrual basis			<u>\$ 357,823</u>	

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



STATE OF NEW MEXICO  
 VILLAGE OF FLOYD  
 Proprietary Funds  
 Solid Waste Fund  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Sales and services	\$ 10,800	\$ 10,800	\$ 3,829	\$ (6,971)
Local sources	-	-	-	-
State sources	-	-	-	-
Federal sources	-	-	-	-
Interest income	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total revenues	<u>\$ 10,800</u>	<u>\$ 10,800</u>	<u>\$ 3,829</u>	<u>\$ (6,971)</u>
<b>EXPENDITURES</b>				
Personal services	\$ -	\$ -	\$ -	\$ -
Maintenance and operations	10,800	10,800	9,933	867
Capital outlay	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total expenditures	<u>\$ 10,800</u>	<u>\$ 10,800</u>	<u>\$ 9,933</u>	<u>\$ 867</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in	\$ -	\$ -	\$ 6,104	\$ 6,104
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total other financings sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,104</u>	<u>\$ 6,104</u>
<b>BUDGETED CASH BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>		
<b>REVENUES</b>				
Budgetary basis			\$ 3,829	
Increase in receivables			331	
			<u>          </u>	
Modified accrual basis			<u>\$ 4,160</u>	
<b>EXPENDITURES</b>				
Budgetary basis			\$ 9,933	
Capital outlay			-	
Depreciation			-	
Increase in compensated absences			-	
(Decrease) in accounts payable			-	
			<u>          </u>	
Modified accrual basis			<u>\$ 9,933</u>	

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

*Rice and Associates, C.P.A.*

AUDITING  
BOOKKEEPING  
(505) 292-8275

CERTIFIED PUBLIC ACCOUNTANTS  
11805 Menaul NE  
Albuquerque, NM 87112

TAX PLANNING  
TAX PREPARATION  
FAX (505) 294-8904

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Mr. Hector H. Balderas  
New Mexico State Auditor  
and  
Honorable Mayor and Village Council  
Village of Floyd  
Floyd, New Mexico

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 of the General, Fire Protection and EMS/Ambulance Funds of the Village of Floyd, as of and for the year ended June 30, 2012, and have issued our report thereon dated June 27, 2013. We also have audited the financial statements of each of the Village's non-major governmental and fiduciary funds and all the budgetary comparisons presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2012. 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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 would not be 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. 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 of Floyd's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance 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 which are described in the accompanying Status of Comments and Responses as Budget Overruns (10-01), Late Audit Report (12-01), Water Ordinance Not Followed (12-02), Solid Waste Ordinance (12-03), Depreciation Policy (12-05), and Board Meeting Minutes Not Signed (12-06).

We noted one matter that is required to be reported pursuant to Government Auditing Standards paragraphs 5.14 and 5.16, and pursuant to Section 12-6-5, NMSA 1978, which are described in the accompanying Status of Comments and Responses as Signed Approved Contract For Solid Waste Removal (12-04).

The Village of Floyd's responses to the findings identified in our audit are described in the accompanying Status of Comments and Responses. We did not audit the Village of Floyd's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Office of the State Auditor, the New Mexico State Legislature, applicable federal grantors and the New Mexico Department of Finance and Administration and is not intended to be used by anyone other than these specified parties.

*Price & Associates, C.P.A.*

June 27, 2013

## STATUS OF COMMENTS AND RESPONSES

### Prior Year Audit Findings

1. SAS 115 Compliance (08-03) - Resolved.
2. Budget Overruns (10-01) - Repeated.
3. Cash Appropriations in Excess of Available Cash Balances (11-01) - Resolved.

### Current Year Audit Findings

1. Late Audit Report (12-01)
2. Water Ordinance Not Followed(12-02)
3. Solid Waste Ordinance (12-03)
4. Signed/Approved Contract for Solid Waste Removal Missing (12-04)
5. Depreciation Policy (12-05)
6. Board Meeting Minutes Not Signed (12-06)



Budget Overruns - Other Matter  
(10-01)

CONDITION                    The Village overspent the final approved budget of the General Fund by \$62,216, the Fire Protection Fund by \$29,903, the EMS/Ambulance Fund by \$4,155 and the Seniors Fund by \$3,044 and the Water Fund by \$539.

CRITERIA                    NMSA 1978 Section 22-8-11 B requires all funds to be spent within the established guidelines set for budgets.

CAUSE                        Management did not ensure budget adjustment requests were obtained from DFA by the required deadline.

EFFECT                      The Village had the adequate cash to pay the overruns but not the required budget authority from DFA.

RECOMMENDATION            Management should review its budget quarterly and request all budget adjustments at that time to ensure budget overruns do not occur.

RESPONSE                    The Village Clerk will be more diligent in making sure that BARS are submitted for funds that exceed the final approved budget.

Late Audit Report - Other Matter  
(12-01)

CONDITION                    The June 30, 2012 audit report was not submitted to the State Auditors Office by the required deadline of December 1, 2012.

CRITERIA                     According to NMAC 2.2.2 Requirements for Contracting and Conducting Audits of Agencies; all Village audits are due to the State Auditors Office by December 1, 2012.

CAUSE                         The Village had a three year contract with a previously selected auditor. This auditing firm however was not approved to perform the Village audit. The Village then had to go out for bid again to obtain another auditing firm. The new contract with the new firm was not approved by the State Auditors Office until after January 31, 2013. This did not provide enough time to perform and deliver the audit by the State Auditor deadline.

EFFECT                        NMAC 2.2.2 Requirements for Contracting and Conducting Audits of Agencies regulation was not followed.

RECOMMENDATION            Now that the Village has completed and submitted the 2012 audit, there should be no reason for the 2013 audit report to be late.

RESPONSE                    The Village Clerk will be in contact with the selected auditor and the State Auditor's Office to make sure that all contracts are accepted, signed and approved with the State Auditor's Office, before the deadline approaches.

Water Ordinance Not Followed - Other Matter  
(12-02)

CONDITION	The Village passed a new Water Ordinance on May 10, 2011. The new water rates however were not being used for the water billing June, 2012.
CRITERIA	All water charges/billings should comply with the most recent Water Ordinance.
CAUSE	The water rates were not changed in the billing system.
EFFECT	The Village is not collecting the amounts owed to them.
RECOMMENDATION	The new water rates should be implemented as soon as possible.
RESPONSE	The Village Clerk has adjusted all accounts that were not being charged the correct amount with the latest rate increase.

Solid Waste Ordinance - Other Matter  
(12-03)

CONDITION	The Village does not have a Solid Waste Ordinance.
CRITERIA	An Ordinance must be passed by the Board to ensure the correct amount is charged for the services provided and can be enforced legally.
CAUSE	Management was unaware of this oversight.
EFFECT	These charges cannot be enforced legally.
RECOMMENDATION	The Board should approve a Solid Waste Ordinance as soon as possible.
RESPONSE	The Village Clerk has submitted a solid waste ordinance to the Village Council for approval at the June, 2013 council meeting.



Signed/Approved Contract for Solid Waste Removal Missing -  
Other Matter  
(12-04)

CONDITION                      Management purchases Solid Waste removal from a particular source as the Village does not have a landfill. The Village does not have a signed/approved contract with this Vendor.

CRITERIA                        A signed/approved contract with any Vendor should be obtained so all requirements, prices, changes or services have been agreed to by both parties and can be legally enforceable.

CAUSE                            Management has not ensured that a contract was obtained.

EFFECT                         The Village could pay more than what price was agreed to as there is no legal/binding contract.

RECOMMENDATION              A contract should be obtained as soon as possible.

RESPONSE                      The Village Clerk has been in contact with the solid waste company to provide an updated contract for solid waste services. The expected contract should be signed at the July, 2013 meeting.

Depreciation Policy - Other Matter  
(12-05)

CONDITION	The Village has not approved a depreciation policy so depreciation can be charged to capital assets according to Board approval.
CRITERIA	The Village needs a depreciation policy so capital assets can be depreciated according to Board policy. This is due to the implementation of GASB 34.
CAUSE	The Village has not approved a policy for management to follow.
EFFECT	Depreciation may be charged incorrectly because no set policy is in place.
RECOMMENDATION	The Village should approve a policy as soon as possible. Management should then implement that policy as soon as possible.
RESPONSE	The Village Clerk is working on a depreciation policy that will be submitted to the council for review at the July, 2013 meeting.

Board Meeting Minutes Not Signed - Other Matter  
(12-06)

CONDITION	The Board Meeting minutes are not being signed by a Board Member each month when they are approved.
CRITERIA	According to the Open Meetings Act Article 15, Section 10-15-1G "Minutes shall not become official until approved by the policy making body". This is done by formal approval in a subsequent Board Meeting and having a signed copy available for review.
CAUSE	The Village is not ensuring this procedure is completed.
EFFECT	Written approved minutes of the Board are not available as required by the Open Meetings Act.
RECOMMENDATION	The Board should ensure that all future Board Minutes be prepared, approved, signed and available for review.
RESPONSE	The Village Clerk has requested that signatures be on all Board meeting minutes when approved by the council.

## FINANCIAL STATEMENT PREPARATION

The combining and individual fund financial statements and notes to the financial statements for the year ended, June 30, 2012 were prepared by Rice & Associates, CPA, based on managements chart of accounts and trial balances including any adjusting, correcting or closing entries approved by management. These services are allowable under SAS 115.

## EXIT CONFERENCE

An exit conference was held on June 27, 2013. In attendance were Ms. Toni Whitecotton, Clerk/Treasurer, Ms. Yantie Love, Board Member and Ms. Pamela A. Rice, CPA, Contract Auditor.