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STATE OF NEW MEXICO

VILLAGE OF FOLSOM

FINANCIAL STATEMENTS

Fiscal Years Ended June 30, 2010 and 2009

(With Independent Auditor's Report Thereon)

INTRODUCTORY SECTION

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VILAGE OF FOLSOM
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JUNE 30, 2010 and 2009**

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STATE OF NEW MEXICO
VILLAGE OF FOLSOM

OFFICIAL ROSTER
JUNE 30, 2010

VILLAGE COUNCIL

	<u>Position</u>
Pennie Brown	Major
Timothy Krusi	Councilman
Terry McNabb	Councilman
Jalane Osborn	Councilman
Dusty Russell	Councilman

Administrative Officials

	<u>Title</u>
Karen Doherty	Clerk/Treasurer

FINANCIAL SECTION

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Independent Auditor's Report

Pennie Brown, Mayor
and Members of the Village Council

Village of Folsom
P.O. Box 370
Folsom, New Mexico 88419-0370
and
Mr. Timothy Keller
New Mexico State Auditor

We have audited the accompanying financial statements of the governmental activities, each major fund, and aggregate remaining fund information and the budgetary comparison for the general fund and major special revenue funds of the Village of Folsom (Village) as of and for the years ended June 30, 2010 and 2009, which collectively comprise the Village's basic financial statements as listed in the Table of Contents. We also have audited the financial statements of the Village's non major governmental fund and budgetary comparison for the non major fund presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the years ended June 30, 2010 and 2009, as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and with 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, each major fund, and the aggregate remaining fund information of the Village of Folsom as of June 30, 2010 and 2009, and the respective changes in financial position, thereof, and the respective budgetary comparison 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 the non major governmental fund of the Village as of June 30, 2010 and 2009, and the respective changes in financial position thereof and respective budgetary comparisons for the non major fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. The financial statements of the Village of Folsom as of June 30, 2009, were audited by another auditor whose report dated August 16, 2011, expressed an unqualified opinion on those statements.

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In accordance with *Government Auditing Standards*, we have also issued a report dated December 1, 2014, on our consideration of the Village'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 on an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 7 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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

Robert L. Mantz, CPA, P.C.

Robert L. Mantz, CPA, P.C.

Raton, New Mexico
December 1, 2014

**STATE OF NEW MEXICO
VILLAGE OF FOLSOM
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010**

As management of the New Mexico Village of Folsom, we offer readers of the Village of Folsom's financial statements this narrative overview and analysis of the financial activities of the Village of Folsom for the fiscal year ended June 30, 2010. All amounts, unless otherwise indicated, are expressed in dollars.

FINANCIAL HIGHLIGHTS

The Village's total net position in 2010 decreased \$5,373 as compared to a \$74,582 increase in the prior year.

As of the close of the current fiscal year, the Village's governmental fund reported an ending fund balance of \$266,581, which was an increase of \$22,004 in comparison with a \$7,241 increase in the prior year.

The Village's long-term liabilities are comprised of two loans from the New Mexico Finance Authority. See the notes to the financial statements for additional data.

USING THIS ANNUAL REPORT

Management's Discussion and Analysis

This section includes information on the use of the annual report, and management's analysis of the financial position and results of operations for the Village.

Government-Wide Financial Statements

The Government-Wide Financial Statements report information about the Village as a whole using accounting methods similar to those used by private sector businesses. The statement of net assets includes all of the Village's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. The financial statements report the Village's net assets and how they have changed.

Fund Financial Statements.

The Fund Financial Statements provide a more detailed look at the Village's significant funds. The funds present sources and uses of liquid resources. This is the manner in which the financial plan (the budget) is typically developed. Funds are established for various purposes and the financial statement allows the demonstration of sources and uses and/or budgeting compliance associated, therewith.

Budgetary Comparisons

GASB 34 requires budgetary comparison schedules for the general fund and for each major special revenue fund that has a legally adopted annual budget. The budgetary comparison schedules should present both the original and the final appropriated budgets for the reporting period as well as the actual inflows, outflows and balances, stated on the government's budgetary basis. As required by the Office of the State Auditor under 2NMAC2.2, the budgetary comparison statement is presented. This information is provided at the approved budget level to demonstrate compliance with legal requirements.

Notes to the Financial Statements

The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24 through 36 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Assets: Below is a summary of the Village's net assets for the fiscal years ending June 30, 2010 and 2009. There have not been any significant changes to assets, liabilities and net assets as compared to the prior year. See page 8 for a more detailed look at the Statement of Net Assets.

	<u>2010</u>	<u>2009</u>
Current Assets	267,158	252,651
Capital Assets	973,260	1,034,457
Total Assets	<u>1,240,418</u>	<u>1,287,108</u>
Long-term Liabilities Outstanding	35,048	41,894
Other Liabilities	221,520	255,991
Total Liabilities	<u>256,568</u>	<u>297,885</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	716,692	736,572
Restricted	-	-
Unrestricted	267,158	252,651
Total Net Assets	<u>983,850</u>	<u>989,223</u>

Statement of Activities: The following represents the revenues and expenses for fiscal years 2010 and 2009. See page 9 for a more detailed look at the Statement of Activities.

VILLAGE OF FOLSOM		
Changes in Net Position		
Governmental Activities		
	2010	2009
Revenues:		
Program Revenues	201,141	258,024
General Revenues	18,117	14,852
Total Revenues	219,258	272,876
Expenses:		
Village Operations	224,631	198,294
Change in Net Assets	(5,373)	74,582
Net Assets – Beginning	989,223	914,641
Net Assets - Ending	983,850	989,223

FUND FINANCIAL ANALYSIS

Governmental Funds: The focus of the Village’s governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. As of year-end, the governmental funds reported a fund balance of \$266,581.

The Village’s governmental fund consists of the General Fund and four special revenue funds. The governmental funds realized an increase in its fund balance from the prior year by the amount of \$22,004.

GENERAL FUND BUDGETARY HIGHLIGHTS

The major difference between the 2010 original budget and the final 2010 amended budget was there was a slight increase in revenues and expenditures. During the year, however, actual revenues were less than budgetary estimates and actual expenditures were less than budgetary estimates.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: The Village’s investment in capital assets for its governmental activities as of June 30, 2010, amounts to \$973,260 (net of accumulated depreciation). This investment in capital assets consists of buildings, vehicles, and equipment.

Additional information on the Village's capital assets can be found in Note 4 on pages 32 and 33 of this report.

Long-Term Debt: At the end of the current fiscal year, the Village had total long-term debt outstanding of \$255,991, including the current portion due within the next twelve months of \$34,471.

The Village's total long-term debt decreased by \$33,820, as compared to last year. This is the effect of the payments on principal that were made during the year.

Additional information on the Village's long-term debt can be found in Note 6 on pages 34 and 35 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The 2011 budgeted expenditures decreased from \$498,165 in 2010 to \$295,828 in 2011.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Village of Folsom's finances for all those with an interest in the Village's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Village of Folsom, PO Box 370, Folsom, New Mexico 88419-0370.

BASIC FINANCIAL STATEMENTS

**STATE OF NEW MEXICO
VILLAGE OF FOLSOM
COMPARATIVE GOVERNMENT-WIDE STATEMENT OF NET ASSETS
June 30, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
ASSETS		
Current Assets:		
Cash	\$ 256,073	\$ 243,824
Accounts Receivable	-	-
Taxes Receivable	3,188	661
Accrued Interest Receivable	76	-
Restricted Cash	7,821	8,166
Total Current Assets	<u>267,158</u>	<u>252,651</u>
Noncurrent Assets		
Capital Assets	1,474,281	1,474,281
Less: Accumulated Depreciation	<u>(501,021)</u>	<u>(439,824)</u>
Net Capital Assets	<u>973,260</u>	<u>1,034,457</u>
Total Assets	<u><u>1,240,418</u></u>	<u><u>1,287,108</u></u>
LIABILITIES		
Current Liabilities		
Accounts Payable	577	8,074
Payroll Liabilities Payable	-	-
Note Payable - Current Portion	<u>34,471</u>	<u>33,820</u>
Total Current Liabilities	<u>35,048</u>	<u>41,894</u>
Long-term Liabilities		
Notes Payable	255,991	289,811
Less: Current Portion from Above	<u>(34,471)</u>	<u>(33,820)</u>
Total Long-term Liabilities	<u>221,520</u>	<u>255,991</u>
Total Liabilities	<u>256,568</u>	<u>297,885</u>
NET POSITION		
Unrestricted	267,158	252,651
Invested in Capital Assets, Net of Related Debt	<u>716,692</u>	<u>736,572</u>
Total Net Position	<u>983,850</u>	<u>989,223</u>
Total Liabilities and Net Position	<u><u>\$ 1,240,418</u></u>	<u><u>\$ 1,287,108</u></u>

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

**STATE OF NEW MEXICO
VILLAGE OF FOLSOM
COMPARATIVE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
For The Years Ended June 30, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
Program Expenses		
Governmental Activities		
General Government	\$ 41,875	\$ 33,077
Public Safety	107,223	127,826
Public Works	7,178	29,540
Interest on Long Term Debt Obligations	7,158	7,851
Depreciation	<u>61,197</u>	<u>-</u>
Total Governmental Activities	<u>224,631</u>	<u>198,294</u>
Program Revenues		
General Government		
State Grant	35,000	50,000
Public Safety		
State Grants	155,583	202,749
Charges for Services - General Government	3,035	115
Charges for Services - Public Safety	<u>7,523</u>	<u>5,160</u>
Total Program Revenues	<u>201,141</u>	<u>258,024</u>
Changes in Net Assets		
Net Program (Expense) Revenue	<u>(23,490)</u>	<u>59,730</u>
General Revenues		
Gross Receipts Taxes	6,012	3,550
Gasoline Taxes	5,167	5,176
Property Taxes	4,448	2,611
Other Taxes	504	262
Interest Income	535	783
Miscellaneous Income	<u>1,451</u>	<u>2,470</u>
Total General Revenues	<u>18,117</u>	<u>14,852</u>
Change in Net Assets	(5,373)	74,582
Net Assets - Beginning	<u>989,223</u>	<u>914,641</u>
Net Assets - Ending	<u>\$ 983,850</u>	<u>\$ 989,223</u>

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

STATE OF NEW MEXICO
VILLAGE OF FOLSOM
BALANCE SHEET -
GOVERNMENTAL FUNDS
June 30, 2010

	General Fund	Fire Fund	EMS Fund
ASSETS			
Cash	130,718	22,318	34,048
Receivables	-	-	
Taxes Receivable	2,753	-	
Accrued Interest Receivable	50	-	
Restricted Cash	-	7,821	
	<u>133,521</u>	<u>30,139</u>	<u>34,048</u>
Total Assets	<u>133,521</u>	<u>30,139</u>	<u>34,048</u>
LIABILITIES			
Accounts Payable	217	260	100
Payroll Liabilities	-	-	-
	<u>217</u>	<u>260</u>	<u>100</u>
Total Liabilities	<u>217</u>	<u>260</u>	<u>100</u>
FUND BALANCE			
Reserved Reported In:			
Special Revenue Funds	-	29,879	33,948
Unreserved Reported In:			
General Fund	133,304	-	-
	<u>133,304</u>	<u>-</u>	<u>-</u>
Total Fund Balance	<u>133,304</u>	<u>29,879</u>	<u>33,948</u>
Total Liabilities and Fund Balance	<u>\$ 133,521</u>	<u>\$ 30,139</u>	<u>\$ 34,048</u>

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

**STATE OF NEW MEXICO
VILLAGE OF FOLSOM
BALANCE SHEET -
GOVERNMENTAL FUNDS
June 30, 2010**

	Road Fund	Non-Major Governmental Funds	2010 Total Governmental Funds
ASSETS			
Cash	68,107	882	256,073
Receivables	-	-	-
Taxes Receivable	435	-	3,188
Accrued Interest Receivable	26	-	76
Restricted Cash	-	-	7,821
	<u>68,568</u>	<u>882</u>	<u>267,158</u>
Total Assets	<u>68,568</u>	<u>882</u>	<u>267,158</u>
LIABILITIES			
Accounts Payable	-	-	577
Payroll Liabilities	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>577</u>
FUND BALANCE			
Reserved Reported In:			
Special Revenue Funds	68,568	882	133,277
Unreserved Reported In:			
General Fund	-	-	133,304
	<u>-</u>	<u>-</u>	<u>133,304</u>
Total Fund Balance	<u>68,568</u>	<u>882</u>	<u>266,581</u>
Total Liabilities and Fund Balance	<u>\$ 68,568</u>	<u>\$ 882</u>	<u>\$ 267,158</u>

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

**STATE OF NEW MEXICO
VILLAGE OF FOLSOM
BALANCE SHEET -
GOVERNMENTAL FUNDS
June 30, 2009**

	<u>General Fund</u>	<u>Fire Fund</u>	<u>EMS Fund</u>
ASSETS			
Cash	134,809	3,964	39,745
Receivables	-	-	-
Taxes Receivable	242	-	-
Accrued Interest Receivable	-	-	-
Restricted Cash	-	8,166	-
	<u>135,051</u>	<u>12,130</u>	<u>39,745</u>
Total Assets	<u><u>135,051</u></u>	<u><u>12,130</u></u>	<u><u>39,745</u></u>
LIABILITIES			
Accounts Payable	2509	3,594	364
Payroll Liabilities	-	-	-
	<u>2,509</u>	<u>3,594</u>	<u>364</u>
Total Liabilities	<u><u>2,509</u></u>	<u><u>3,594</u></u>	<u><u>364</u></u>
FUND BALANCE			
Reserved Reported In:			
Special Revenue Funds	-	8,536	39,381
Unreserved Reported In:			
General Fund	132,542	-	-
	<u>132,542</u>	<u>-</u>	<u>-</u>
Total Fund Balance	<u><u>132,542</u></u>	<u><u>8,536</u></u>	<u><u>39,381</u></u>
Total Liabilities and Fund Balance	<u><u>\$ 135,051</u></u>	<u><u>\$ 12,130</u></u>	<u><u>\$ 39,745</u></u>

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

**STATE OF NEW MEXICO
VILLAGE OF FOLSOM
BALANCE SHEET -
GOVERNMENTAL FUNDS
June 30, 2009**

	Road Fund	Non-Major Governmental Funds	2009 Total Governmental Funds
ASSETS			
Cash	64,428	878	243,824
Receivables	-	-	-
Taxes Receivable	419	-	661
Accrued Interest Receivable	-	-	-
Restricted Cash			8,166
Total Assets	64,847	878	252,651
 LIABILITIES			
Accounts Payable	1,607	-	8,074
Payroll Liabilities	-	-	-
Total Liabilities	1,607	-	8,074
 FUND BALANCE			
Reserved Reported In:			
Special Revenue Funds	63,240	878	112,035
Unreserved Reported In:			
General Fund	-	-	132,542
Total Fund Balance	63,240	878	244,577
Total Liabilities and Fund Balance	\$ 64,847	\$ 878	\$ 252,651

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

STATE OF NEW MEXICO
VILLAGE OF FOLSOM
COMPARATIVE RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS
GOVERNMENTAL FUNDS
June 30, 2010 and 2009

	2010	2009
Amounts reported for governmental activities in the Statement of Net Assets are different from the way reported in the Balance Sheet - Governmental Funds as follows:		
Total Fund Balances for the Governmental Funds	\$ 266,581	\$244,577
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:		
Land, land improvements, buildings and equipment	1,474,281	1,474,281
Accumulated depreciation	(501,021)	(439,824)
Total Net Capital Assets	973,260	1,034,457
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Those liabilities consist of:		
Note Payable	(255,991)	(289,811)
Adjustment for Rounding	-	-
Total Net Assets - Comparative Statement	\$ 983,850	\$ 989,223

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

STATE OF NEW MEXICO
Village of Folsom
STATEMENT OF REVENUES, EXPENDITURES, AND NET CHANGE IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2010

	<u>General Fund</u>	<u>Fire Fund</u>	<u>EMS Fund</u>
REVENUES			
Taxes			
Gross Receipts Taxes	6,012	-	-
Gas Taxes	-	-	-
Property Taxes	4,448	-	-
Cigarette Taxes	-	-	-
Motor Vehicle Taxes	500	-	-
Charges for Service	3,035	-	7,523
State Grants	35,000	146,751	8,832
County Subsidy	-	-	-
Interest Income	254	82	38
Miscellaneous Income	932	430	89
Total Revenues	<u>50,181</u>	<u>147,263</u>	<u>16,482</u>
EXPENDITURES			
Current:			
General	41,875	-	-
Public Safety	366	84,635	19,759
Public Works	7,178	-	-
Capital Outlay	-	307	2,156
Debt Service	-	-	-
Principal	-	33,820	-
Interest	-	7,158	-
Total Expenditures	<u>49,419</u>	<u>125,920</u>	<u>21,915</u>
Excess (Deficiency) of Revenues Over Expenditures	762	21,343	(5,433)
Beginning Fund Balance	<u>132,542</u>	<u>8,536</u>	<u>39,381</u>
Ending Fund Balance	<u>\$ 133,304</u>	<u>\$ 29,879</u>	<u>\$ 33,948</u>

The accompanying notes are an integral part of this financial statement.

STATE OF NEW MEXICO
Village of Folsom
STATEMENT OF REVENUES, EXPENDITURES, AND NET CHANGE IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2010

	Road Fund	Non-Major Governmental Funds	2010 Total Governmental Funds
REVENUES			
Taxes			
Gross Receipts Taxes	-	-	6,012
Gas Taxes	5,167	-	5,167
Property Taxes	-	-	4,448
Cigarette Taxes	-	4	4
Motor Vehicle Taxes	-	-	500
Charges for Service	-	-	10,558
State Grants	-	-	190,583
County Subsidy	-	-	-
Interest Income	161	-	535
Miscellaneous Income	-	-	1,451
Total Revenues	5,328	4	219,258
EXPENDITURES			
Current:			
General	-	-	41,875
Public Safety	-	-	104,760
Public Works	-	-	7,178
Capital Outlay	-	-	2,463
Debt Service	-	-	-
Principal	-	-	33,820
Interest	-	-	7,158
Total Expenditures	-	-	197,254
Excess (Deficiency) of Revenues Over Expenditures	5,328	4	22,004
Beginning Fund Balance	63,240	878	244,577
Ending Fund Balance	\$ 68,568	\$ 882	\$ 266,581

The accompanying notes are an integral part of this financial statement.

STATE OF NEW MEXICO
Village of Folsom
STATEMENT OF REVENUES, EXPENDITURES, AND NET CHANGE IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2009

	<u>General Fund</u>	<u>Fire Fund</u>	<u>EMS Fund</u>
REVENUES			
Taxes			
Gross Receipts Taxes	3,550	-	-
Gas Taxes	-	-	-
Property Taxes	2,611	-	-
Cigarette Taxes	-	-	-
Motor Vehicle Taxes	246	-	-
Charges for Service	115	-	5,160
State Grants	50,000	153,918	33,831
County Subsidy	-	-	15,000
Interest Income	378	189	35
Miscellaneous Income	1,249	1,112	109
Total Revenues	<u>58,149</u>	<u>155,219</u>	<u>54,135</u>
EXPENDITURES			
Current:			
General	32,988	-	-
Public Safety	2,399	90,064	16,556
Public Works	10,421	-	-
Capital Outlay	-	54,267	-
Debt Service			
Principal	-	33,207	-
Interest	-	7,851	-
Total Expenditures	<u>45,808</u>	<u>185,389</u>	<u>16,556</u>
Excess (Deficiency) of Revenues Over Expenditures	12,341	(30,170)	37,579
Beginning Fund Balance	<u>120,201</u>	<u>38,706</u>	<u>1,802</u>
Ending Fund Balance	<u>\$ 132,542</u>	<u>\$ 8,536</u>	<u>\$ 39,381</u>

The accompanying notes are an integral part of this financial statement.

STATE OF NEW MEXICO
Village of Folsom
STATEMENT OF REVENUES, EXPENDITURES, AND NET CHANGE IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2009

	Road Fund	Non-Major Governmental Funds	2009 Total Governmental Funds
REVENUES			
Taxes			
Gross Receipts Taxes	-	-	3,550
Gas Taxes	5,176	-	5,176
Property Taxes	-	-	2,611
Cigarette Taxes	-	16	16
Motor Vehicle Taxes	-	-	246
Charges for Service	-	-	5,275
State Grants	-	-	237,749
County Subsidy	-	-	15,000
Interest Income	181	-	783
Miscellaneous Income	-	-	2,470
Total Revenues	<u>5,357</u>	<u>16</u>	<u>272,876</u>
EXPENDITURES			
Current:			
General	-	-	32,988
Public Safety	-	-	109,019
Public Works	17,882	-	28,303
Capital Outlay	-	-	54,267
Debt Service			
Principal	-	-	33,207
Interest	-	-	7,851
Total Expenditures	<u>17,882</u>	<u>-</u>	<u>265,635</u>
Excess (Deficiency) of Revenues Over Expenditures	(12,525)	16	7,241
Beginning Fund Balance	<u>75,765</u>	<u>862</u>	<u>237,336</u>
Ending Fund Balance	<u>\$ 63,240</u>	<u>\$ 878</u>	<u>\$ 244,577</u>

The accompanying notes are an integral part of this financial statement.

STATE OF NEW MEXICO
VILLAGE OF FOLSOM
COMPARATIVE RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
For the Years Ended June 30, 2010 & 2009

	2010	2009
Net Change in Fund Balances - Governmental Funds	\$ 22,004	\$ 7,241
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Loans are reported for governmental funds whereas they are treated as liabilities in governmental activities:</p>	-	-
<p>Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:</p>		
Capital outlay	-	54,267
Depreciation expense	(61,197)	(20,133)
Excess of capital outlay over depreciation expense	(61,197)	34,134
<p>Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Activities.</p>		
Debt Service - principal payments	33,820	33,207
Adjustment for Rounding	-	-
Change in Net Assets - Comparative Statement	\$ (5,373)	\$ 74,582

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

MAJOR FUNDS

STATE OF NEW MEXICO
VILLAGE OF FOLSOM
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH BALANCE -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2010

	2010		Actual Amounts Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
	Budgeted Amounts			
	Original	Final		
REVENUES				
Taxes				
Gross Receipts	5,007	5,007	4,662	(345)
Property Taxes	2,746	2,746	3,404	658
Motor Vehicle	250	250	465	215
Charge for Service	15	15	1	(14)
Small Cities Assistance	-	-	35,000	35,000
State Grant	-	-	3,035	3,035
Interest Income	500	500	89	(411)
Miscellaneous Income	500	500	732	232
Total Revenues	<u>9,018</u>	<u>9,018</u>	<u>47,388</u>	<u>38,370</u>
EXPENDITURES				
Executive/Legislative				
Personal Services	5,880	5,880	2,472	3,408
Operating Expense	-	-	1,772	(1,772)
Total Executive/Legislative	<u>5,880</u>	<u>5,880</u>	<u>4,244</u>	<u>1,636</u>
Financial Services				
Personal Services	27,645	27,645	17,070	10,575
Operating Expense	-	-	22,172	(22,172)
Total Financial	<u>27,645</u>	<u>27,645</u>	<u>39,242</u>	<u>(11,597)</u>
Election				
Operating Services	<u>3,000</u>	<u>3,000</u>	<u>-</u>	<u>3,000</u>
Fire				
Personal Service	5,184	5,184	365	4,819
Operating Expense	-	-	-	-
Total Fire	<u>5,184</u>	<u>5,184</u>	<u>365</u>	<u>4,819</u>
EMS				
Operating Expense	-	-	-	-
Highway & Streets				
Operating Expense	<u>6,000</u>	<u>6,000</u>	<u>496</u>	<u>5,504</u>
Sanitation				
Operating Expense	<u>9,000</u>	<u>9,000</u>	<u>6,681</u>	<u>2,319</u>
Parks & Recreation				
Operating Expense	1,500	1,500	565	935
Capital Outlay	-	-	-	-
Total Parks	<u>1,500</u>	<u>1,500</u>	<u>565</u>	<u>935</u>
Total Expenditures	<u>58,209</u>	<u>58,209</u>	<u>51,593</u>	<u>6,616</u>
Excess (Deficiency) of Revenues Over Expenditures	(49,191)	(49,191)	(4,205)	44,986
Cash Balance Beginning of Year	<u>93,515</u>	<u>93,515</u>	<u>93,515</u>	-
Cash Balance End of Year	<u>44,324</u>	<u>44,324</u>	<u>89,310</u>	<u>44,986</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures - Cash Basis			(4,205)	
Net Change in Taxes Receivables			2,511	
Net Change in Accrued Interest			164	
Net Change in Accounts Payable			2,292	
Net Change in Interfund Receivable			-	
Excess (Deficiency) of Revenues Over Expenditures - GAAP Basis			<u>762</u>	

The accompanying notes are an integral part of this statement.

STATE OF NEW MEXICO
VILLAGE OF FOLSOM
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH BALANCE -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2009

	2009			
	<u>Budgeted Amounts</u>		Actual	Variance with
	Original	Final	Amounts Budgetary Basis	Final Budget Favorable (Unfavorable)
REVENUES				
Taxes				
Gross Receipts	2,465	2,465	2,611	146
Property Taxes	9,422	9,422	4,079	(5,343)
Motor Vehicle	250	250	246	(4)
Charge for Service	10	10	115	105
Small Cities Assistance	35,000	35,000	35,000	-
State Grant	-	-	15,000	15,000
Interest Income	1,000	1,000	378	(622)
Miscellaneous Income	500	500	1,709	1,209
Total Revenues	<u>48,647</u>	<u>48,647</u>	<u>59,138</u>	<u>10,491</u>
EXPENDITURES				
Executive/Legislative				
Personal Services	5,184	4,962	5,625	(663)
Financial Services				
Personal Services	7,660	7,660	9,308	(1,648)
Operating Expense	34,100	13,843	15,491	(1,648)
Total Financial	<u>41,760</u>	<u>21,503</u>	<u>24,799</u>	<u>(3,296)</u>
Election				
Operating Services	2,900	1,677	55	1,622
Fire				
Personal Service	2,400	2,217	2,399	(182)
Operating Expense	-	191	-	191
Total Fire	<u>2,400</u>	<u>2,408</u>	<u>2,399</u>	<u>9</u>
EMS				
Operating Expense	2,400	2,400	-	2,400
Highway & Streets				
Operating Expense	1,500	1,938	1,985	(47)
Sanitation				
Operating Expense	3,500	5,500	8,436	(2,936)
Parks & Recreation				
Operating Expense	-	-	-	-
Capital Outlay	15,000	19,155	-	19,155
Total Parks	<u>15,000</u>	<u>19,155</u>	<u>-</u>	<u>19,155</u>
Total Expenditures	<u>74,644</u>	<u>59,543</u>	<u>43,299</u>	<u>16,244</u>
Excess (Deficiency) of Revenues Over Expenditures	(25,997)	(10,896)	15,839	26,735
Cash Balance Beginning of Year	118,970	118,970	118,970	-
Cash Balance End of Year	<u>92,973</u>	<u>108,074</u>	<u>134,809</u>	<u>26,735</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures - Cash Basis			15,839	
Net Change in Taxes Receivables			(528)	
Net Change in Accrued Interest			(467)	
Net Change in Accounts Payable			(2,509)	
Net Change in Interfund Receivable			6	
Excess (Deficiency) of Revenues Over Expenditures - GAAP Basis			<u>12,341</u>	

The accompanying notes are an integral part of this statement.

STATE OF NEW MEXICO
VILLAGE OF FOLSOM
SPECIAL REVENUE FUND - FIRE FUND
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2010

	2010		Actual Amounts Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>		
REVENUES				
State Grants	111,000	111,000	106,171	(4,829)
Interest Income	-	-	30	30
Other Income	3,600	3,600	430	(3,170)
Total Revenues	<u>114,600</u>	<u>114,600</u>	<u>106,631</u>	<u>(7,969)</u>
EXPENDITURES				
Public Safety				
Operating	100,000	100,000	88,277	11,723
Capital Outlay	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	<u>100,000</u>	<u>100,000</u>	<u>88,277</u>	<u>11,723</u>
Excess (Deficiency) of Revenues Over Expenditures	14,600	14,600	18,354	3,754
Cash Balance Beginning of Year	<u>3,963</u>	<u>3,963</u>	<u>3,963</u>	<u>-</u>
Cash Balance End of Year	<u>18,563</u>	<u>18,563</u>	<u>22,317</u>	<u>3,754</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures - Cash Basis			18,354	
Net Change in Restricted Cash			(345)	
Net Change in Account Payable			3,334	
Excess (Deficiency) of Revenues Over Expenditures - GAAP Basis			<u>21,343</u>	

The accompanying notes are an integral part of this statement.

STATE OF NEW MEXICO
VILLAGE OF FOLSOM
SPECIAL REVENUE FUND - FIRE FUND
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2009

	2009			
	<u>Budgeted Amounts</u>		Actual	Variance with
	<u>Original</u>	<u>Final</u>	Amounts Budgetary Basis	Final Budget Favorable (Unfavorable)
REVENUES				
State Grants	121,158	153,918	153,918	-
Interest Income	100	100	340	240
Other Income	2,600	2,600	1,113	(1,487)
Total Revenues	<u>123,858</u>	<u>156,618</u>	<u>155,371</u>	<u>(1,247)</u>
EXPENDITURES				
Public Safety				
Operating	65,132	103,687	86,471	17,216
Capital Outlay	50,000	50,000	54,267	(4,267)
Debt Service				
Principal	39,626	39,626	33,207	6,419
Interest	-	-	7,851	(7,851)
Total Expenditures	<u>154,758</u>	<u>193,313</u>	<u>181,796</u>	<u>11,517</u>
Excess (Deficiency) of Revenues Over Expenditures	(30,900)	(36,695)	(26,425)	10,270
Cash Balance Beginning of Year	<u>38,555</u>	<u>38,555</u>	<u>38,555</u>	<u>-</u>
Cash Balance End of Year	<u>7,655</u>	<u>1,860</u>	<u>12,130</u>	<u>10,270</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures - Cash Basis			(26,425)	
Net Change in Accrued Interest			(151)	
Net Change in Account Payable			<u>(3,594)</u>	
Excess (Deficiency) of Revenues Over Expenditures - GAAP Basis			<u>(30,170)</u>	

The accompanying notes are an integral part of this statement.

STATE OF NEW MEXICO
VILLAGE OF FOLSOM
SPECIAL REVENUE FUND - EMERGENCY MEDICAL SERVICES
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2010

	2010			Variance with Final Budget Favorable (Unfavorable)
	<u>Budgeted Amounts</u>		Actual Amounts	
	<u>Original</u>	<u>Final</u>	Budgetary Basis	
REVENUES				
Charges for Service	-	-	7,523	7,523
County Subsidy	-	-	-	-
State Grant	8,500	8,500	8,832	332
Interest Income	-	-	38	38
Other Income	-	-	89	89
Total Revenues	<u>8,500</u>	<u>8,500</u>	<u>16,482</u>	<u>7,982</u>
EXPENDITURES				
Public Safety				
Operating	<u>22,477</u>	<u>22,477</u>	<u>22,179</u>	<u>298</u>
Total Expenditures	<u>22,477</u>	<u>22,477</u>	<u>22,179</u>	<u>298</u>
Excess (Deficiency) of Revenues Over Expenditures	(13,977)	(13,977)	(5,697)	8,280
Cash Balance Beginning of Year	<u>39,745</u>	<u>39,745</u>	<u>39,745</u>	<u>-</u>
Cash Balance End of Year	<u>25,768</u>	<u>25,768</u>	<u>34,048</u>	<u>8,280</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures - Cash Basis			(5,697)	
Net Change in Account Payable			<u>264</u>	
Excess (Deficiency) of Revenues Over Expenditures - GAAP Basis			<u>(5,433)</u>	

The accompanying notes are an integral part of this statement.

STATE OF NEW MEXICO
VILLAGE OF FOLSOM
SPECIAL REVENUE FUND - EMERGENCY MEDICAL SERVICES
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2009

	2009			
	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Charges for Service	3,000	3,000	5,160	2,160
County Subsidy	4,500	4,500	15,000	10,500
State Grant	8,500	33,500	33,831	331
Interest Income	85	85	35	(50)
Other Income	100	100	108	8
Total Revenues	<u>16,185</u>	<u>41,185</u>	<u>54,134</u>	<u>12,949</u>
EXPENDITURES				
Public Safety				
Operating	<u>16,950</u>	<u>16,950</u>	<u>16,191</u>	<u>759</u>
Total Expenditures	<u>16,950</u>	<u>16,950</u>	<u>16,191</u>	<u>759</u>
Excess (Deficiency) of Revenues Over Expenditures	(765)	24,235	37,943	13,708
Cash Balance Beginning of Year	<u>1,802</u>	<u>1,802</u>	<u>1,802</u>	<u>-</u>
Cash Balance End of Year	<u>1,037</u>	<u>26,037</u>	<u>39,745</u>	<u>13,708</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures - Cash Basis			37,943	
Net Change in Account Payable			<u>(364)</u>	
Excess (Deficiency) of Revenues Over Expenditures - GAAP Basis			<u>37,579</u>	

The accompanying notes are an integral part of this statement.

STATE OF NEW MEXICO
VILLAGE OF FOLSOM
SPECIAL REVENUE FUND - ROAD FUND
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2010

	2010			
	<u>Budgeted Amounts</u>		Actual	Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	Amounts Budgetary Basis	
REVENUES				
Gas Tax	5,054	5,054	5,151	97
Interest Income			42	42
Other Income	1,000	1,000		(1,000)
Total Revenues	<u>6,054</u>	<u>6,054</u>	<u>5,193</u>	<u>(861)</u>
EXPENDITURES				
Public Safety				
Operating Expense	<u>8,000</u>	<u>8,000</u>	<u>1,607</u>	<u>6,393</u>
Total Expenditures	<u>8,000</u>	<u>8,000</u>	<u>1,607</u>	<u>6,393</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,946)	(1,946)	3,586	5,532
Cash Balance Beginning of Year	<u>41,440</u>	<u>41,440</u>	<u>41,440</u>	<u>-</u>
Cash Balance End of Year	<u>39,494</u>	<u>39,494</u>	<u>45,026</u>	<u>5,532</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures - Cash Basis			3,586	
Net Change in Accrued Interest			119	
Net Change in Accounts Receivable			16	
Net Change in Account Payable			<u>1,607</u>	
Excess (Deficiency) of Revenues Over Expenditures - GAAP Basis			<u>5,328</u>	

The accompanying notes are an integral part of this statement.

STATE OF NEW MEXICO
VILLAGE OF FOLSOM
SPECIAL REVENUE FUND - ROAD FUND
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2009

	2009			
	<u>Budgeted Amounts</u>		Actual	Variance with
	<u>Original</u>	<u>Final</u>	Amounts Budgetary Basis	Final Budget Favorable (Unfavorable)
REVENUES				
Gas Tax	5,354	5,354	5,174	(180)
Interest Income	1,500	1,500	437	(1,063)
Other Income	-	-	-	-
Total Revenues	<u>6,854</u>	<u>6,854</u>	<u>5,611</u>	<u>(1,243)</u>
EXPENDITURES				
Public Safety				
Operating Expense	<u>10,000</u>	<u>16,275</u>	<u>16,275</u>	<u>-</u>
Total Expenditures	<u>10,000</u>	<u>16,275</u>	<u>16,275</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	(3,146)	(9,421)	(10,664)	(1,243)
Cash Balance Beginning of Year	<u>75,092</u>	<u>75,092</u>	<u>75,092</u>	<u>-</u>
Cash Balance End of Year	<u>71,946</u>	<u>65,671</u>	<u>64,428</u>	<u>(1,243)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures - Cash Basis			(10,664)	
Net Change in Accrued Interest			2	
Net Change in Accounts Receivable			(256)	
Net Change in Account Payable			<u>(1,607)</u>	
Excess (Deficiency) of Revenues Over Expenditures - GAAP Basis			<u>(12,525)</u>	

The accompanying notes are an integral part of this statement.

STATE OF NEW MEXICO
VILLAGE OF FOLSOM
Notes to the Basic Financial Statements
June 30, 2010 and 2009

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the VILLAGE OF FOLSOM (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.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis for State and Local Governments. In addition, in June 2001, the GASB issued Statement No. 37, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus - an amendment of GASB Statement No. 21 and No. 34 and Statement No. 38, Certain Financial Note Disclosures. These two statements clarify, modify, establish and rescind certain disclosure requirements under GASB No. 34. Both statements are being implemented in conjunction with GASB Statement No. 34. These statements do not have an impact on the results of operations or the financial position of the Village.

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 governmental funds. The governmental funds are divided into separate fund types. The fund classification and a description of each existing fund type follows below.

STATE OF NEW MEXICO
VILLAGE OF FOLSOM
Notes to the Basic Financial Statements
June 30, 2010 and 2009

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation and Basis of Accounting

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 inter-fund 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 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 the operation and maintenance of the Village Fire Department. Financing is primarily from an annual state fire allotment. The fund was created by the authority of state grant provisions. (NMSA 59A-53-1).

Road Fund

To account for the operation and maintenance of the streets in the Village. Financing is provided by a gasoline tax.

Emergency Medical Services

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)

STATE OF NEW MEXICO
VILLAGE OF FOLSOM
Notes to the Basic Financial Statements
June 30, 2010 and 2009

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Measurement Focus and Basis of Accounting

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

The Government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resource measurement focus means all assets and liabilities (whether current or noncurrent) are included on the statement of net assets and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time the liability is incurred.

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 specific revenue recognition policy for property taxes are recognized when levied, derived tax revenue (such as gross receipts tax) are recognized when the underlying transaction takes place, and grants are recognized when all of the eligibility requirements have been met.

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

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.

STATE OF NEW MEXICO
VILLAGE OF FOLSOM
Notes to the Basic Financial Statements
June 30, 2010 and 2009

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Formal budgetary integration is employed as a management control device during the year for all funds.
5. Legal budget control for expenditures is by fund.

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.

Prepaid Items

Prepaid balances are for payments made by the Village in the current year to provide services occurring in the subsequent fiscal year, and the reserve for prepaid items has been recorded to signify that a portion of fund balance is not available for other subsequent expenditures.

Receivables and Payables

Receivables include property taxes, inter-fund 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.

STATE OF NEW MEXICO
VILLAGE OF FOLSOM
Notes to the Basic Financial Statements
June 30, 2010 and 2009

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Elimination and Reclassifications of Certain Receivables and Payables

In the process of aggregating data for the Statement of Net Assets and the Statement of Activities, some amounts reported as inter-fund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

Capital Assets

Capital assets, which includes property, plant, equipment (including software), and infrastructure assets are reported in the applicable governmental 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.

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 and Infrastructure Equipment	20-50 Years
Equipment	3-15 Years

Use of Restricted Funds

When both restricted and unrestricted resources are available for use, it is the Village's 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.

Accumulated Unpaid Vacation and Sick Leave Benefits

The Village does not provide for vacation or sick leave benefits.

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, granters 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.

STATE OF NEW MEXICO
VILLAGE OF FOLSOM
Notes to the Basic Financial Statements
June 30, 2010 and 2009

NOTE 2: 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 3: CASH AND INVESTMENTS (2010)

The Village is required by New Mexico State Statutes (Section 6-10-17) to be 50% collateralized. The following is a schedule calculating the requirement and disclosing the pledge securities at Farmers and Stockmens Bank.

<u>Farmers and Stockmens Bank accounts</u>		Balance Per Bank 6/30/2010	Reconciled Balance Per Books	Type Of Deposit
<u>Account Name</u>	<u>Fund</u>			
General Fund	General	\$ 92,398	\$ 89,310	Checking
Fire Department	Fire	22,885	22,318	Checking
Wildland Fire	Fire	1	1	Checking
EMS Fund	Emergency Medical Services	36,468	34,048	Checking
Road Fund	Road	45,026	45,026	Checking
Recreational Fund	Recreational	882	882	Checking
Village of Folsom	General	41,408	41,408	C.D.
Village of Folsom	Road	15,478	15,478	C.D.
Village of Folsom	Road	7,603	7,603	C.D.
TOTAL Deposited in Farmers and Stockmens Bank		262,149	<u>256,073</u>	
Less: FDIC Coverage		(250,000)		
Uninsured Amount		<u>12,149</u>		
50% collateral requirement		(6,075)		
Pledged securities – Federal Home Loan Bank, FMV-\$290,899		290,899		
CUSIP #3133XDTA9, 4.75%, Maturity – 12-10-2010				
Over (Under) requirement		<u>284,824</u>		

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

STATE OF NEW MEXICO
VILLAGE OF FOLSOM
Notes to the Basic Financial Statements
June 30, 2010 and 2009

NOTE 2: 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 3: CASH AND INVESTMENTS (2010)

The Village is required by New Mexico State Statutes (Section 6-10-17) to be 50% collateralized. The following is a schedule calculating the requirement and disclosing the pledge securities at Farmers and Stockmens Bank.

Farmers and Stockmens Bank accounts

<u>Account Name</u>	<u>Fund</u>	Balance Per Bank 6/30/2010	Reconciled Balance Per Books	Type Of Deposit
General Fund	General	\$ 92,398	\$ 89,310	Checking
Fire Department	Fire	22,885	22,318	Checking
Wildland Fire	Fire	1	1	Checking
EMS Fund	Emergency Medical Services	36,468	34,048	Checking
Road Fund	Road	45,026	45,026	Checking
Recreational Fund	Recreational	882	882	Checking
Village of Folsom	General	41,408	41,408	C.D.
Village of Folsom	Road	15,478	15,478	C.D.
Village of Folsom	Road	7,603	7,603	C.D.
TOTAL Deposited in Farmers and Stockmens Bank		262,149	256,073	
Less: FDIC Coverage		(250,000)		
Uninsured Amount		12,149		
50% collateral requirement		(6,075)		
Pledged securities – Federal Home Loan Bank, FMV-\$290,899 CUSIP #3133XDTA9, 4.75%, Maturity – 12-10-2010		290,899		
Over (Under) requirement		284,824		

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

STATE OF NEW MEXICO
VILLAGE OF FOLSOM
Notes to the Basic Financial Statements
June 30, 2010 and 2009

NOTE 3: CASH AND INVESTMENTS (2010)(Continued)

<u>Bank of Albuquerque</u>		Balance	Reconciled	Type
<u>Account Name</u>	<u>Fund</u>	Per Bank	Balance Per	Of
		6/30/10	Books	Deposit
Village of Folsom	Fire	\$ 23	\$ 23	Saving
Village of Folsom	Fire	26	26	Saving
Folsom-Program Funds	Fire	<u>7,772</u>	<u>7,772</u>	Saving
TOTAL Deposited		7,821	<u>\$ 7,821</u>	
Less: FDIC Coverage		<u>7,821</u>		
Uninsured Amount		0		
50% collateral requirement		0		
Pledged securities		0		
Over (Under) requirement		<u>\$ 0</u>		

Custodial Credit Risk-Deposits

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ 257,821
Collateralized:	
Collateral held by the pledging bank in Village's name	290,899
Over insured	(278,750)
Total Deposits	<u>\$ 269,970</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, 2010, the Village's bank balance of \$269,970 was not exposed to any custodial credit risk.

NOTE 3: CASH AND INVESTMENTS (2009)

The Village is required by New Mexico State Statutes (Section 6-10-17) to be 50% collateralized. The following is schedule calculating the requirement and disclosing the pledge securities at Farmers and Stockmens Bank:

Farmers and Stockmens Bank accounts

<u>Account Name</u>	<u>Fund</u>	Balance	Reconciled	Type
		Per Bank	Balance Per	of
		6/30/2009	Books	Deposit
General Fund	General	\$ 96,494	\$ 93,516	Checking
Fire Department	Fire	8,278	3,963	Checking
EMS Fund	Emergency Medical Services	3,915	39,745	Checking
Road Fund	Road	41,440	41,440	Checking
Recreation Fund	Recreational	878	878	Checking
Village of Folsom	General	41,294	41,294	C.D.
Village of Folsom	Road	15,406	15,406	C.D.
Village of Folsom	Road	<u>7,582</u>	<u>7,582</u>	C.D.
TOTAL Deposited in Farmers and Stockmens Bank		215,287	<u>243,824</u>	
Less: FDIC Coverage		<u>(215,287)</u>		
Uninsured Amount		0		
50% collateral requirement		0		
Pledged securities		0		
Over (Under) requirement		<u>0</u>		

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

STATE OF NEW MEXICO
VILLAGE OF FOLSOM
Notes to the Basic Financial Statements
June 30, 2010 and 2009

NOTE 3: CASH AND INVESTMENTS (2009)(Continued)

<u>Bank of Albuquerque</u>		Balance	Reconciled	Type
<u>Account Name</u>	<u>Fund</u>	Per Bank	Balance Per	of
		6/30/09	Books	Deposit
Village of Folsom	Fire	\$ 187	\$ 187	Saving
Village of Folsom	Fire	210	210	Saving
Folsom-Program Funds	Fire	7,769	7,769	Saving
TOTAL Deposited		8,166	\$ 8,166	
Less: FDIC Coverage		(8,166)		
Uninsured Amount		0		
50% collateral requirement		0		
Pledged securities		0		
Over (Under) requirement		\$ 0		

Custodial Credit Risk-Deposits

<u>Depository Account</u>	<u>Bank</u>
	<u>Balance</u>
Insured	\$ 223,453
Collateralized:	
Collateral held by the pledging bank in	
Village's name	0
Uninsured and uncollateralized	0
Total Deposits	\$ 223,453

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2009, none of the Village's bank balance of \$223,453 was exposed to custodial credit risk.

STATE OF NEW MEXICO
VILLAGE OF FOLSOM
Notes to the Basic Financial Statements
June 30, 2010 and 2009

NOTE 4: CAPITAL ASSETS

Capital Assets Balances and Activity for the Year Ended June 30, 2010, is as follows:

	Balance <u>6/30/09</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>6/30/10</u>
Governmental Activities				
Capital Assets, not being Depreciated				
Land	\$ <u>3,980</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>3,980</u>
Capital Assets, being Depreciated				
Infrastructure	\$ 12,000	\$ 0	\$ 0	12,000
Buildings	167,101	0	0	167,101
Equipment	<u>1,291,200</u>	<u>0</u>	0	<u>1,291,200</u>
Total Capital Assets, being	<u>1,470,301</u>	<u>0</u>	0	<u>1,470,301</u>
Total Capital Assets	<u>\$ 1,474,281</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,474,281</u>
Less Accumulated Depreciation				
Infrastructure	\$12,000	\$0	0	\$12,000
Buildings	59,455	4,814	0	64,269
Equipment	<u>368,369</u>	<u>56,383</u>	0	<u>424,752</u>
Total Accumulated Depreciation	<u>439,824</u>	<u>61,197</u>	0	501,021
Capital Assets, net	<u>\$ 1,034,457</u>	<u>\$ (61,197)</u>	<u>\$ 0</u>	<u>\$ 973,260</u>

Depreciation expense was allocated to governmental activities as follows:

General	\$ 154
Public Works	1,237
Public Safety	<u>59,806</u>
Total depreciation expenses	<u>\$ 61,197</u>

STATE OF NEW MEXICO
VILLAGE OF FOLSOM
Notes to the Basic Financial Statements
June 30, 2010 and 2009

NOTE 5: CAPITAL ASSETS

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

	Balance <u>6/30/08</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>6/30/09</u>
Governmental Activities				
Capital Assets, not being Depreciated				
Land	\$ 3,980	\$ 0	\$ 0	\$ 3,980
Capital Assets, being Depreciated				
Infrastructure	\$ 12,000	\$ 0	\$ 0	12,000
Buildings	167,101	0	0	167,101
Equipment	<u>1,236,933</u>	<u>54,267</u>	0	<u>1,291,200</u>
Total Capital Assets, being	<u>1,416,034</u>	<u>54,267</u>	0	<u>1,470,301</u>
Total Capital Assets	<u>\$ 1,420,014</u>	<u>\$ 54,267</u>	<u>\$ 0</u>	<u>\$ 1,474,281</u>
Less Accumulated Depreciation				
Infrastructure	\$12,000	\$0	0	\$12,000
Buildings	54,641	4,814	0	59,455
Equipment	<u>353,050</u>	<u>15,319</u>	0	<u>368,369</u>
Total Accumulated Depreciation	<u>419,691</u>	<u>20,133</u>	<u>0</u>	<u>439,824</u>
Capital Assets, net	<u>\$ 1,000,323</u>	<u>\$ 34,134</u>	<u>\$ 0</u>	<u>\$ 1,034,457</u>
Depreciation expense was allocated to governmental activities as follows:				
General			\$ 89	
Public Works			1,237	
Public Safety			<u>18,807</u>	
Total depreciation expenses			<u>\$ 20,133</u>	

STATE OF NEW MEXICO
VILLAGE OF FOLSOM
Notes to the Basic Financial Statements
June 30, 2010 and 2009

NOTE 6: LONG TERM DEBT

A summary of 2010 activity in the Long-Term Debt is as follows:

	Balance 6/30/09	Additions	Reductions	Balance 6/30/10	Amounts Due Within One Year
2004 NMFA	\$ 105,820	0	16,730	89,090	
2006 NMFA	183,991	0	17,090	166,901	
Total	<u>\$ 289,811</u>	<u>0</u>	<u>33,820</u>	<u>255,991</u>	<u>34,471</u>

All activities of bonds and loans payable at June 30, 2010 are comprised of the following individual issues:

The Village acquired a loan from the New Mexico Finance Authority on November 1, 2004 to purchase a 2005 Freight Liner Class A Pumper. The loan was for \$169,005 for 10 years at an annual rate of 4.0% to 4.07%. The annual payments are due on November 1 and May 1 of each year.

The Village acquired a loan from the New Mexico Finance Authority on December 1, 2006 to purchase a rescue pumper truck. The loan was for \$216,217 for ten years at an annual rate of 3.32% to 3.73%. The annual payments are due on November 1 and May 1 of each year.

The annual requirements to amortize the NMFA Loans as of June 30, 2010, including interest payments are as follows:

	Principal	Interest	Total
2011	\$ 34,471	\$ 6,424	\$ 40,895
2012	35,158	5,651	40,809
2013	35,887	4,831	40,718
2014	36,657	3,968	40,625
2015-2017	113,818	6,211	120,029
	<u>\$ 255,991</u>	<u>27,085</u>	<u>283,076</u>

STATE OF NEW MEXICO
VILLAGE OF FOLSOM
Notes to the Basic Financial Statements
June 30, 2010 and 2009

NOTE 7: LONG TERM DEBT

A summary of 2009 activity in the Long-Term Debt is as follows:

	Balance 6/30/08	Additions	Reductions	Balance 6/30/09	Amounts Due Within One Year
2004 NMFA	\$ 122,248	0	16,428	105,820	16,730
2006 NMFA	200,770	0	16,779	183,991	17,090
Total	<u>\$ 323,018</u>	<u>0</u>	<u>33,207</u>	<u>289,811</u>	<u>33,820</u>

All activities of bonds and loans payable at June 30, 2010 are comprised of the following individual issues:

The Village acquired a loan from the New Mexico Finance Authority on November 1, 2004 to purchase a 2005 Freight Liner Class A Pumper. The loan was for \$169,005 for 10 years at an annual rate of 4.0% to 4.07%. The annual payments are due on November 1 and May 1 of each year.

The Village acquired a loan from the New Mexico Finance Authority on December 1, 2006 to purchase a rescue pumper truck. The loan was for \$216,217 for ten years at an annual rate of 3.32% to 3.73%. The annual payments are due on November 1 and May 1 of each year.

The annual requirements to amortize the NMFA Loans as of June 30, 2010, including interest payments are as follows:

	Principal	Interest	Total
2010	\$ 33,820	\$ 7,158	\$ 40,978
2011	34,471	6,424	40,895
2012	35,158	5,651	40,809
2013	35,887	4,831	40,718
2014	36,657	3,968	40,625
2015-2017	113,818	6,211	120,029
	<u>\$ 289,811</u>	<u>34,243</u>	<u>324,054</u>

STATE OF NEW MEXICO
VILLAGE OF FOLSOM
Notes to the Basic Financial Statements
June 30, 2010 and 2009

NOTE 6: PROPERTY TAXES

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

NOTE 7: 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 8: SURETY BOND

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

SUPPLEMENTAL INFORMATION RELATED TO NON MAJOR FUNDS

STATE OF NEW MEXICO
VILLAGE OF FOLSOM
NONMAJOR SPECIAL REVENUE FUNDS
COMPARATIVE COMBINING BALANCE SHEET
June 30, 2010 and 2009

	<u>2010 Recreation Fund</u>	<u>2009 Recreation Fund</u>
ASSETS		
Cash and Cash Equivalents	<u>882</u>	<u>878</u>
Total Assets	<u><u>882</u></u>	<u><u>878</u></u>
 LIABILITIES		
Accounts Payable	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>-</u>
 FUND BALANCE		
Unreserved Reported In: Special Revenue	<u>882</u>	<u>878</u>
Total Fund Balance	<u>882</u>	<u>878</u>
Total Liabilities and Fund Balance	<u><u>\$ 882</u></u>	<u><u>\$ 878</u></u>

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

STATE OF NEW MEXICO
VILLAGE OF FOLSOM
NONMAJOR SPECIAL REVENUE FUNDS
COMPARATIVE COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND NET CHANGE IN FUND
BALANCE
For the Years Ended June 30, 2010 and 2009

	2010 Recreation Fund	2009 Recreation Fund
REVENUES		
Taxes		
Cigarette Taxes	4	16
Total Revenues	4	16
EXPENDITURES		
Current:		
Culture & Recreation	-	-
Total Expenditures	-	-
Excess (Deficiency) of Revenues Over Expenditures	4	16
Beginning Fund Balance	878	862
Ending Fund Balance	882	878

The accompanying notes are an integral part of this financial statement.

STATE OF NEW MEXICO
VILLAGE OF FOLSOM
SPECIAL REVENUE FUND - RECREATION FUND
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2010

	2010			
	<u>Budgeted Amounts</u>		Actual	Variance with
	<u>Original</u>	<u>Final</u>	Amounts Budgetary Basis	Final Budget Favorable (Unfavorable)
REVENUES				
Cigarette Tax	880	880	4	(876)
Miscellaneous	8	8	-	(8)
Total Revenues	<u>888</u>	<u>8</u>	<u>4</u>	<u>(884)</u>
EXPENDITURES				
Operating Expense	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	888	8	4	(884)
Cash Balance Beginning of Year	<u>878</u>	<u>878</u>	<u>878</u>	<u>-</u>
Cash Balance End of Year	<u>1,766</u>	<u>886</u>	<u>882</u>	<u>(884)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures - Cash Basis			4	
Net Change in Due from Other Funds			<u>0</u>	
Excess (Deficiency) of Revenues Over Expenditures - GAAP Basis			<u>4</u>	

The accompanying notes are an integral part of this statement.

STATE OF NEW MEXICO
VILLAGE OF FOLSOM
SPECIAL REVENUE FUND - RECREATION FUND
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2009

	2009			
	<u>Budgeted Amounts</u>		Actual	Variance with
	<u>Original</u>	<u>Final</u>	Amounts Budgetary Basis	Final Budget Favorable (Unfavorable)
REVENUES				
Cigarette Tax	-	-	22	22
Total Revenues	-	-	22	22
EXPENDITURES				
Operating Expense	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	0	0	22	22
Cash Balance Beginning of Year	856	856	856	-
Cash Balance End of Year	856	856	878	22
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures - Cash Basis			22	
Net Change in Due from Other Funds			(6)	
Excess (Deficiency) of Revenues Over Expenditures - GAAP Basis			16	

The accompanying notes are an integral part of this statement.

OTHER SUPPLEMENTAL INFORMATION



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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. Tim Keller
State Auditor of the State of New Mexico
Board Members of the VILLAGE OF FOLSOM

Mrs. Penney Brown and Members of the Board

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, the budgetary comparisons for the general fund and major special revenue funds, and the combining and individual fund and related budgetary comparisons presented as supplemental information of the VILLAGE OF FOLSOM (Village), as of and for the year ended June 30, 2010 and 2009, and have issued our report thereon dated December 1, 2014. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses. Also, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be a significant deficiency.

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 Village's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses listed as 07-3, 08-1, 08-3, 08-4, 10-1 and 10-2.



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A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting in item 10-3.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and responses as items 07-3, 08-1, 08-3, 08-4, and 10-3.

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

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

Robert L Mantz, CPA, P.C.

Robert L Mantz, CPA, P.C.
December 1, 2014

SCHEDULE OF FINDINGS AND RESPONSES

STATE OF NEW MEXICO
VILLAGE OF FOLSOM
 Schedule of Findings and Responses
 For the Years Ended June 30, 2010 and 2009

Prior Year Audit Findings

		Status
07-3	Late Audit Report	Repeated & Modified
08-1	Department of Labor	Repeated & Modified
08-3	Failure to File Tax Form 941	Repeated & Modified
08-4	SAS 115 Compliance superseded SAS 112	Repeated & Modified
10-1	Paid Invoices have Not Been Properly Defaced	Current Finding
10-2	Backups of the Computer Data	Current Finding
10-3	Misclassification of Accounts	Current Finding

Current Year Audit Findings

07-3 Late Audit Report-Compliance and Internal Control-Material Weakness

Condition: The audit report was not submitted to the Office of the State Auditor by the December 1st deadline.

Criteria: Village audits are to be submitted to the State Auditor by December 1 as required by NMAC2.2.2.9A.

Cause: Due to a change in personnel, elected officials, and a new auditor the Village was unable to keep their audits current.

Effect: Those relying on the financial statements including but not limited to the NM Department of Finance and Administration (DFA) and Local Government Division (LGD) did not have audited financial statements to facilitate their oversight function.

Recommendation: The audit should be filed timely.

Response: The Village has a new auditor who is attempting to bring the Village's audits up to date. The 2010 audit is about to be completed. The auditor has completed some of the work for the 2011 audit. As soon as the 2010 audits and 2011 are completed, the 2012 audit will be started.

08-1 Department of Labor Payments-Compliance and Internal Control-Material Weakness

Condition: All four Quarterly reports were not filed timely.

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

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

Effect: The Village could be subject to additional taxes and penalties.

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

Response: Department of Labor reports have all been filed and all documents placed into a filing system.

08 -3 Failure to File Tax Form 941 Compliance and Internal Control - Material Weakness

Condition: The Village did not file their 941 quarterly reports for all four quarters of the fiscal year. In 2010 some of the Form 941 reports could not be located. It appears these reports were filed late, also.

Criteria: IRS Tax Code Title 29 requires the filing of Form 941 after each quarter reporting wages paid employer payroll taxes to be paid.

Cause: The Village failed to file the Form 941 on time.

Effect: The Village is in violation of the IRS Tax Code Title 29 and subject to the penalties set within for failure to file Form 941.

Recommendation: The Village must implement controls to ensure that compliance to all IRS Tax Code requirements are adhere to completely.

Response: The Village will implement a system to ensure that all reports are filed and filed timely. All 941 forms have been filed. There were no interest or penalties assessed by the IRS.

08-4 SAS 115 Compliance and Internal Control-Material Weakness

Condition: According to Statement on Auditing Standards 115 (SAS 115), which superseded SAS 112, identification by the auditor of a material misstatement of the financial statements under audit, in circumstances that indicate that the misstatement would not have been detected by the entity's internal control, is considered a material weakness.

Criteria: Auditing standards adopted in the United States of America in particular Statement on Auditing Standards (SAS) 115, paragraph 3 states the following: "Internal control is a process – effected by those charged with governance, management, and other personnel – designed to provide reasonable assurance about the achievement of the entity's objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with laws and regulations. Internal control over safeguarding of assets against unauthorized acquisition, use, or disposition may include control relating to financial reporting and operations objectives. Generally, controls that are relevant to an audit of financial statements are those that pertain to the entity's objective of reliable financial reporting." Appropriate internal control procedures over financial reporting include the ability to prepare financial statements in accordance with GAAP or at a minimum; management should have the ability to comprehend the requirements for financial reporting. Financial statements prepared in accordance with GAAP include all required statements of financial position, statements of changes in financial position, changes in cash flow, as applicable, and notes.

Cause: The Village's staff has not been trained on Governmental Accounting Standards and related procedures to prepare financial statements.

Effect: Since the Village's personnel lack the ability to prepare, and did not prepare, the financial statements, there is an increased risk that a misstatement of the Villages' financial statements, that is more than inconsequential, will not be prevented or detected.

Recommendation: We understand the Village Council has to be mindful of the economic conditions facing the State of New Mexico and the Village when considering budget appropriations and charges to such appropriations; however, the Council should place proper financial resources in training the accounting staff. Such training at the minimum would include accounting courses that would instruct the staff of GAAP considerations in regards to government financial reporting. With that in mind, we recommend the Village staff receive the proper training in regards to financial reporting in accordance with GAAP.

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

10-1 Paid Invoices have Not Been Properly Defaced – Material Weakness

Condition: The paid invoices were not defaced in any matter, such as marked "Paid".

Criteria: Internal control procedures should include a procedure to somehow deface each paid invoices.

Effect: By not having a policy of requiring that all invoices are marked "Paid" it is possible that if a document gets detached it could be paid twice. This procedure would also enhance internal controls.

Cause: It appears that as the Village hired new clerks over the years that the policy of stamping all invoices was overlooked.

Recommendation: The Village should begin in the next audit year and begin marking all invoices as "Paid". This also applies to all supporting documents.

Village's Response: The Village will initiate this procedure immediately and bring their files up-to-date.

10-2 Backups of the Computer Data – Material Weakness

Condition: The computer data is backed up monthly and the backup disk is stored in the office of the Village. If there was a fire in the town hall, all of the Village's data would be destroyed.

Criteria: The Board has the responsibility to protect the assets of the Village. One of Village's most important assets is the data stored in the computer.

Effect: If the computer would fail, it would take a week or more to restore the data. The cost of restoring the data by a professional could amount to several thousand dollars. And this does not take into consideration, the inconvenience of not having that information available for immediate analysis, if needed.

Cause: The Village felt that a monthly backup was adequate. It was not a consideration that a backup should be stored in another location.

Recommendation: It would be strongly suggested that the Village back up their data more frequently than once a month. In addition, the Village should make two backups. A working copy should be stored in the building for convenient use. Another copy should be stored in another location for safety.

Agency Response: The Village will implement this procedure in the near future.

10-3 Misclassification of Accounts – Significant Deficiencies

Condition: Accounting detail has been misclassified in several instances.

Criteria: To have the books prepared in accordance with generally accepted accounting principles, the accounting detail needs to be consistently applied so the books are reflective of the actions of the Village.

Cause: The Village has had several personnel changes. Because of the personnel turnovers, duplicate accounts have been created in several cases. During the training process, inconsistencies have occurred.

Effect: In some cases the books of the Village may not reflect the proper classifications of the accounting detail.

Recommendation: More care needs to be applied to avoid misclassifications. If the Village could retain their personnel for longer periods, errors occurred during training could be avoided.

Response: The current City Clerk is aware of the problem and is taking extra steps to ensure the accounting is more reflective of the true nature of the revenues and expenses of the Village.

Financial Statement Preparation

In accordance with *Government Auditing Standards*, drafting the financial statements is considered to be technical assistance that would not impair independence if certain requirements are met. Although, it would be preferable and desirable for the Village to prepare its own GAAP-based financial statements, it is felt that the Village's personnel have neither the time nor the expertise to prepare them. Therefore, the outside auditor prepared the GAAP-basis financial statements and footnotes that were included in the annual audit report. Since, the Village's management assumed the responsibility for the content of the financial report, and since, the Village has the necessary accounting expertise to prevent, detect and correct a potential material misstatement in the financial statements, assisting the Village with their financial statement preparation would not result in the conclusion that the Village has a control deficiency.

EXIT CONFERENCE



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STATE OF NEW MEXICO
VILLAGE OF FOLSOM
EXIT CONFERENCE
June 30, 2010

EXIT CONFERENCE

On December 1, 2014, an exit conference was held at the Village's office. Those present were Pennie Brown, the Mayor, and Robert L. Mantz, CPA, the Auditor. The contents of this report were discussed. The meeting was not open to the public.

December 1, 2014

Robert L. Mantz, CPA, P.C.

Robert L. Mantz, CPA, P.C.

