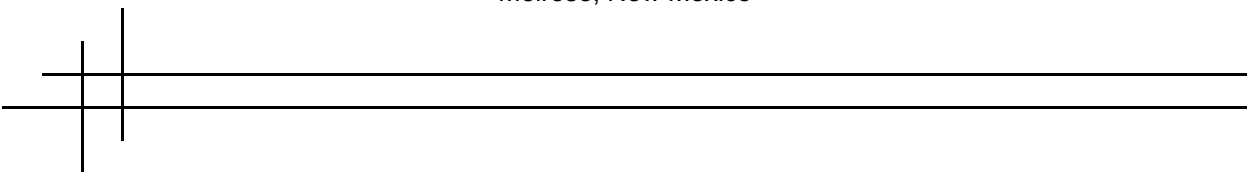


STATE OF NEW MEXICO
VILLAGE OF LOGAN

ANNUAL FINANCIAL REPORT
June 30, 2011

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



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

BOARD OF TRUSTEES

David Babb	Mayor
Apolonio Ramirez	Trustee
Russell Feerer	Trustee
Rose Marie Lower	Trustee
Darrel Boulware	Trustee

ADMINISTRATIVE OFFICIAL

Larry Wallin	Village Administrator
Angelina Cordova	Clerk/Treasurer

De'Aun Willoughby CPA, PC

Certified Public Accountant

P.O. Box 223 Melrose, NM 88124

(575) 253-4313

Independent Auditor's Report

Mr. Hector Balderas
State Auditor of the State of New Mexico
Board Members of the Village of Logan

Mr. Balderas and Members of the Board

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information and the budgetary comparisons for the general fund and major special revenue funds of Village of Logan, (Village), as of and for the year ended June 30, 2011, which collectively comprise the Village's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Village's nonmajor governmental funds and the budgetary comparisons for all nonmajor funds and the proprietary fund presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the Village as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for all nonmajor funds and the proprietary 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 November 8, 2011, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Village has not presented the Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the basic financial statements and the combining and individual financial statements and budgetary comparisons presented as supplemental information.

Our audit was conducted for the purpose of forming opinions on the basic financial statements and the combining and individual fund financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is 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 taken as a whole.

 De'Aun Willoughby CPA PC

November 8, 2011

FINANCIAL SECTION

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 1,288,379	\$ 1,089,518	\$ 2,377,897
Investments	850	0	850
Receivables			
Taxes	51,572	879	52,451
Accounts	37,096	115,424	152,520
Due from Grantor	390	0	390
Inventory	2,295	6,076	8,371
Total Current Assets	<u>1,380,582</u>	<u>1,211,897</u>	<u>2,592,479</u>
Noncurrent Assets			
Restricted Cash	21,530	16,925	38,455
Capital Assets	7,814,372	15,953,527	23,767,899
Less: Accumulated Depreciation	<u>(4,556,458)</u>	<u>(938,492)</u>	<u>(5,494,950)</u>
Total Noncurrent Assets	<u>3,279,444</u>	<u>15,031,960</u>	<u>18,311,404</u>
Total Assets	<u>4,660,026</u>	<u>16,243,857</u>	<u>20,903,883</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	5,434	7,896	13,330
Accrued Salaries & Benefits	6,778	3,542	10,320
Accrued Interest	683	44,605	45,288
Current Portion of Long-Term Debt	62,627	79,589	142,216
Total Current Liabilities	<u>75,522</u>	<u>135,632</u>	<u>211,154</u>
Noncurrent Liabilities			
Compensated Absences	73,531	13,521	87,052
Customer Deposits	0	16,925	16,925
Non Current Portion of Long Term Debt	358,646	5,590,095	5,948,741
Total Noncurrent Liabilities	<u>432,177</u>	<u>5,620,541</u>	<u>6,052,718</u>
Total Liabilities	<u>507,699</u>	<u>5,756,173</u>	<u>6,263,872</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	2,858,171	9,362,276	12,220,447
Unrestricted	<u>1,294,156</u>	<u>1,125,408</u>	<u>2,419,564</u>
Total Net Assets	<u>\$ 4,152,327</u>	<u>\$ 10,487,684</u>	<u>\$ 14,640,011</u>

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

STATE OF NEW MEXICO
VILLAGE OF LOGAN
 Government-Wide Statement of Activities
 For the Year Ended June 30, 2011

Functions/Programs	Program Revenues				Net(Expenses) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General Government	\$ 307,540	\$ 52,139	\$ 39,385	\$ 0	\$ (216,016)	\$ 0	\$ (216,016)
Public Safety	518,211	73,276	249,454	0	(195,481)	0	(195,481)
Public Works	309,770	1,500	0	0	(308,270)	0	(308,270)
Health & Welfare	146,971	4,500	134,100	0	(8,371)	0	(8,371)
Culture & Recreation	69,071	0	5,890	0	(63,181)	0	(63,181)
Interest on Long-Term Obligations	5,106	0	0	0	(5,106)	0	(5,106)
Total Governmental Activities	<u>\$ 1,356,669</u>	<u>\$ 131,415</u>	<u>\$ 428,829</u>	<u>\$ 0</u>	<u>(796,425)</u>	<u>0</u>	<u>(796,425)</u>
Business-type Activities							
Water & Sewer	\$ 567,279	\$ 1,320,685	\$ 0	\$ 2,747,300	0	3,500,706	3,500,706
Landfill	138,768	167,764	0	0	0	28,996	28,996
Total Business-type Activities	<u>\$ 706,047</u>	<u>\$ 1,488,449</u>	<u>\$ 0</u>	<u>\$ 2,747,300</u>	<u>0</u>	<u>3,529,702</u>	<u>3,529,702</u>
General Revenues							
Taxes							
Property					147,309	0	147,309
Gross Receipts					464,688	0	464,688
Gasoline					33,115	0	33,115
Infrastructure					65,499	0	65,499
Other Taxes					23,669	13,940	37,609
Miscellaneous					24,099	0	24,099
Interest Income					4,315	4,488	8,803
Total General Revenues and Transfers					<u>762,694</u>	<u>18,428</u>	<u>781,122</u>
Change in Net Assets					(33,731)	3,548,130	3,514,399
Net Assets - beginning					<u>4,186,058</u>	<u>6,939,554</u>	<u>11,125,612</u>
Net Assets - ending					<u>\$ 4,152,327</u>	<u>\$ 10,487,684</u>	<u>\$ 14,640,011</u>

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

STATE OF NEW MEXICO
VILLAGE OF LOGAN
 GOVERNMENTAL FUNDS
 Balance Sheet
 June 30, 2011

	<u>General Fund</u>	<u>Fire Fund</u>	<u>Health Clinic Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 798,929	\$ 119,310	\$ 7,334
Investments	850	0	0
Receivables			
Taxes	41,547	0	0
Accounts	0	0	0
Due from Grantor	0	0	0
Inventory	0	0	0
Restricted Cash	0	19,548	0
Total Assets	<u>\$ 841,326</u>	<u>\$ 138,858</u>	<u>\$ 7,334</u>
 LIABILITIES AND FUND BALANCE			
Liabilities			
Current Liabilities			
Accounts Payables	\$ 5,379	\$ 0	\$ 0
Accrued Salaries & Benefits	<u>6,778</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>12,157</u>	<u>0</u>	<u>0</u>
 Fund Balances			
Nonspendable-Inventory	0	0	0
Reserved for, reported in:			
Special Revenue Fund	0	138,858	7,334
Unassigned- General Fund	<u>829,169</u>	<u>0</u>	<u>0</u>
Total Fund Balances	<u>829,169</u>	<u>138,858</u>	<u>7,334</u>
 Total Liabilities and Fund Balances	 <u>\$ 841,326</u>	 <u>\$ 138,858</u>	 <u>\$ 7,334</u>

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

STATE OF NEW MEXICO
VILLAGE OF LOGAN
 GOVERNMENTAL FUNDS
 Balance Sheet
 June 30, 2011

	Non-Major Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>
ASSETS		
Cash and Cash Equivalents	\$ 362,806	\$ 1,288,379
Investments	0	850
Receivables		
Taxes	10,025	51,572
Accounts	37,096	37,096
Due from Grantor	390	390
Inventory	2,295	2,295
Restricted Cash	1,982	21,530
Total Assets	<u>\$ 414,594</u>	<u>\$ 1,402,112</u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Current Liabilities		
Accounts Payables	\$ 55	\$ 5,434
Accrued Salaries & Benefits	0	6,778
Total Liabilities	<u>55</u>	<u>12,212</u>
Fund Balances		
Nonspendable-Inventory	2,295	2,295
Reserved for, reported in:		
Special Revenue Fund	412,244	558,436
Unassigned- General Fund	0	829,169
Total Fund Balances	<u>414,539</u>	<u>1,389,900</u>
Total Liabilities and Fund Balances	<u>\$ 414,594</u>	<u>\$ 1,402,112</u>

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

STATE OF NEW MEXICO
VILLAGE OF LOGAN
 Reconciliation of the Governmental Funds
 Balance Sheet to the Statement of Net Assets
 June 30, 2011

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

Total Fund Balance - Governmental Funds	\$	1,389,900
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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	\$	7,814,372	
Accumulated depreciation		<u>(4,556,458)</u>	3,257,914

Long-term and certain other liabilities, including notes 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 :

Notes Payable	(421,273)	
Accrued interest on Notes Payable	(683)	
Compensated Absences	<u>(73,531)</u>	<u>(495,487)</u>

Total net assets - governmental activities	\$	<u><u>4,152,327</u></u>
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The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
VILLAGE OF LOGAN
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures and
Changes in Fund Balance
For the Year Ended June 30, 2011

	General Fund	Fire Fund	Health Clinic Fund
Revenues			
Taxes			
Property	\$ 147,309	\$ 0	\$ 0
Gross Receipts	464,688	0	0
Franchise	4,334	0	0
Motor Vehicle	9,946	0	0
Cigarette	560	0	0
Lodgers	0	0	0
Gasoline	0	0	0
Infrastructure	0	0	0
Interest Income	2,659	504	0
Fees, Fines & Forfeitures	275	0	0
License & Permits	3,380	0	0
Small Cities Assistance	35,000	0	0
State Grants	4,385	214,566	134,100
Charges for Services	52,139	0	4,500
Miscellaneous	15,379	26	0
Total Revenues	<u>740,054</u>	<u>215,096</u>	<u>138,600</u>
Expenditures			
Current			
General Government	284,413	0	0
Public Safety	290,413	102,168	0
Public Works	103,021	0	0
Health & Welfare	0	0	134,232
Culture & Recreation	16,578	0	0
Capital Outlay	9,000	19,300	0
Debt Service			
Principal	0	44,049	0
Interest	0	4,556	0
Total Expenditures	<u>703,425</u>	<u>170,073</u>	<u>134,232</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>36,629</u>	<u>45,023</u>	<u>4,368</u>
Other Financing Sources (Uses)			
Transfers	(21,000)	0	0
Loan Proceeds	0	0	0
Total Other Sources (Uses)	<u>(21,000)</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	15,629	45,023	4,368
Fund Balance at Beginning of year	<u>813,540</u>	<u>93,835</u>	<u>2,966</u>
Fund Balance End of Year	<u>\$ 829,169</u>	<u>\$ 138,858</u>	<u>\$ 7,334</u>

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

STATE OF NEW MEXICO
VILLAGE OF LOGAN
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures and
Changes in Fund Balance
For the Year Ended June 30, 2011

	Non-Major Governmental Funds	Total Governmental Funds
Revenues		
Taxes		
Property	\$ 0	\$ 147,309
Gross Receipts	0	464,688
Franchise	0	4,334
Motor Vehicle	0	9,946
Cigarette	281	841
Lodgers	8,548	8,548
Gasoline	33,115	33,115
Infrastructure	65,499	65,499
Interest Income	1,152	4,315
Fees, Fines & Forfeitures	0	275
License & Permits	0	3,380
Small Cities Assistance	0	35,000
State Grants	40,778	393,829
Charges for Services	105,205	161,844
Miscellaneous	5,039	20,444
Total Revenues	<u>259,617</u>	<u>1,353,367</u>
Expenditures		
Current		
General Government	0	284,413
Public Safety	48,260	440,841
Public Works	12,882	115,903
Health & Welfare	0	134,232
Culture & Recreation	30,454	47,032
Capital Outlay	93,380	121,680
Debt Service		
Principal	21,952	66,001
Interest	1,144	5,700
Total Expenditures	<u>208,072</u>	<u>1,215,802</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>51,545</u>	<u>137,565</u>
Other Financing Sources (Uses)		
Transfers	21,000	0
Loan Proceeds	39,500	39,500
Total Other Sources (Uses)	<u>60,500</u>	<u>39,500</u>
Net Change in Fund Balance	112,045	177,065
Fund Balance at Beginning of year	<u>302,494</u>	<u>1,212,835</u>
Fund Balance End of Year	<u>\$ 414,539</u>	<u>\$ 1,389,900</u>

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

STATE OF NEW MEXICO
VILLAGE OF LOGAN
 Reconciliation of the Governmental Funds
 Statement of Revenues, Expenditures and Changes in Fund Balance
 To the Statement of Activities
 June 30, 2011

Net Change in Fund Balance \$ 177,065

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

Some receivables will not be collected for several months after the Village's fiscal year ends, they are not considered "available" revenues in the governmental funds, and are instead reported as deferred revenues. They are however, recorded as revenues in the Statement of Activities.

Deferred Revenue, June 30, 2010	(30,430)	
Deferred Revenue, June 30, 2011	<u>0</u>	(30,430)

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Assets and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.

Depreciation expense	(317,184)	
Capital Outlay	<u>121,680</u>	(195,504)

The issuance of long-term debt provides current financial resources to governmental funds but has no effect on net assets. (39,500)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 66,001

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.

Accrued Interest, June 30, 2010	1,277	
Accrued Interest, June 30, 2011	<u>(683)</u>	594

Some expenses reported in the Statement of Activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated Absences, June 30, 2010	61,574	
Compensated Absences, June 30, 2011	<u>(73,531)</u>	<u>(11,957)</u>

Changes in Net Assets of Governmental Activities \$ (33,731)

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

STATE OF NEW MEXICO
VILLAGE OF LOGAN
GENERAL

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

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Taxes				
Property	\$ 113,325	\$ 113,325	\$ 147,692	\$ 34,367
Franchise	7,000	7,000	4,334	(2,666)
Gross Receipts	316,000	316,000	470,646	154,646
Motor Vehicle	7,000	7,000	9,106	2,106
Cigarette	0	0	560	560
Interest Income	5,000	5,000	4,322	(678)
Fines & Forfeitures	200	200	275	75
State Grants	100,000	100,000	39,385	(60,615)
License & Permits	4,000	4,000	3,380	(620)
Charges for Services	67,300	67,300	52,139	(15,161)
Miscellaneous	4,700	4,700	15,379	10,679
Total Revenues	<u>624,525</u>	<u>624,525</u>	<u>747,218</u>	<u>122,693</u>
Expenditures				
Executive				
Personnel Services	58,561	58,561	49,887	8,674
Operating Expenses	4,000	4,000	3,123	877
Total Executive	<u>62,561</u>	<u>62,561</u>	<u>53,010</u>	<u>9,551</u>
Financial Department				
Personnel Services	163,131	163,131	166,582	(3,451)
Operating Expenses	33,800	33,800	28,670	5,130
Accounts Payable	1,000	1,000	946	54
Total Financial Department	<u>197,931</u>	<u>197,931</u>	<u>196,198</u>	<u>1,733</u>
Police Department				
Personnel Services	259,712	259,712	240,858	18,854
Operating Expenses	38,200	38,200	46,223	(8,023)
Accounts Payable	1,000	1,000	1,712	(712)
Capital Outlay	0	0	9,000	(9,000)
Total Police Department	<u>298,912</u>	<u>298,912</u>	<u>297,793</u>	<u>1,119</u>
Highway & Streets				
Personnel Services	32,683	32,683	41,070	(8,387)
Operating Expenses	43,700	43,700	29,647	14,053
Accounts Payable	1,000	1,000	1,897	(897)
Capital Outlay	100,000	100,000	0	100,000
Total Highway & Streets	<u>\$ 177,383</u>	<u>\$ 177,383</u>	<u>\$ 72,614</u>	<u>\$ 104,769</u>

STATE OF NEW MEXICO
VILLAGE OF LOGAN
GENERAL

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

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Motor Vehicle Department				
Personnel Services	\$ 26,902	\$ 26,902	\$ 30,207	\$ (3,305)
Operating Expenses	3,400	3,400	2,759	641
Accounts Payable	200	200	94	106
Total Motor Vehicle Department	<u>30,502</u>	<u>30,502</u>	<u>33,060</u>	<u>(2,558)</u>
Civic Center				
Personnel Services	13,030	13,030	11,583	1,447
Operating Expenses	6,200	6,200	5,307	893
Accounts Payable	200	200	293	(93)
Capital Outlay	5,000	5,000	0	5,000
Total Civic Center	<u>24,430</u>	<u>24,430</u>	<u>17,183</u>	<u>7,247</u>
Insurance				
Employee Bonds	800	800	450	350
General Fund	15,000	15,000	19,148	(4,148)
Risk Management	10,000	10,000	0	10,000
Workers Compensation	16,000	16,000	8,971	7,029
Total Insurance	<u>41,800</u>	<u>41,800</u>	<u>28,569</u>	<u>13,231</u>
Miscellaneous				
Election Expense	3,000	3,000	0	3,000
Asst to Chamber of Commerce	700	700	700	0
Fees	5,000	5,000	0	5,000
Ute Commission	600	600	700	(100)
Dilipated Building Expense	30,000	30,000	0	30,000
EPCOG	443	443	0	443
NM State Library	300	300	600	(300)
Capital Outlay	12,000	12,000	6,990	5,010
Total Miscellaneous	<u>52,043</u>	<u>52,043</u>	<u>8,990</u>	<u>43,053</u>
Economic Development				
Operating Expenses	3,000	3,000	0	3,000
Total Economic Development	<u>3,000</u>	<u>3,000</u>	<u>0</u>	<u>3,000</u>
Total Expenditures	<u>888,562</u>	<u>888,562</u>	<u>707,417</u>	<u>181,145</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(264,037)</u>	<u>(264,037)</u>	<u>39,801</u>	<u>303,838</u>
Other Financing Sources (Uses)				
Transfers In/(Out)	(21,000)	(21,000)	(21,000)	0
Total Other Sources (Uses)	<u>\$ (21,000)</u>	<u>\$ (21,000)</u>	<u>\$ (21,000)</u>	<u>\$ 0</u>

STATE OF NEW MEXICO
VILLAGE OF LOGAN
 GENERAL

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

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Net Change in Cash Balance	\$ (285,037)	\$ (285,037)	\$ 18,801	\$ 303,838
Cash Balance Beginning of Year	780,978	780,978	780,978	0
Cash Balance End of Year	<u>\$ 495,941</u>	<u>\$ 495,941</u>	<u>\$ 799,779</u>	<u>\$ 303,838</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net Change in Cash Balance			\$ 18,801	
Net Change in Interest Receivables			(1,662)	
Net Change in Taxes Receivables			(5,502)	
Net Change in Accounts Payable			(438)	
Net Change in Accrued Salaries and Benefits			4,430	
Net Change in Fund Balance			<u>\$ 15,629</u>	

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

STATE OF NEW MEXICO
VILLAGE OF LOGAN
SPECIAL REVENUE FUND-FIRE
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Non-GAAP-Budgetary Basis)
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Interest Income	\$ 500	\$ 500	\$ 504	\$ 4
State Grant	166,021	166,021	214,566	48,545
Miscellaneous	500	500	26	(474)
Total Revenues	<u>167,021</u>	<u>167,021</u>	<u>215,096</u>	<u>(474)</u>
Expenditures				
Public Safety				
Operating Expenses	170,200	170,200	102,168	68,032
Accounts Payable	2,000	2,000	676	1,324
Debt Service				
Principal	0	0	44,049	(44,049)
Interest	0	0	4,556	(4,556)
Capital Outlay	69,865	69,865	19,300	50,565
Total Expenditures	<u>242,065</u>	<u>242,065</u>	<u>170,749</u>	<u>71,316</u>
Excess (Deficiency) of Revenues Over Expenditures	(75,044)	(75,044)	44,347	119,391
Cash Balance Beginning of Year	<u>94,511</u>	<u>94,511</u>	<u>94,511</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 19,467</u>	<u>\$ 19,467</u>	<u>\$ 138,858</u>	<u>\$ 119,391</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 44,347	
Net Change in Accounts Payable			676	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 45,023</u>	

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

STATE OF NEW MEXICO
VILLAGE OF LOGAN
SPECIAL REVENUE FUND-HEALTH CLINIC
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Non-GAAP-Budgetary Basis)
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Charge for Services	\$ 6,000	\$ 6,000	\$ 4,500	\$ (1,500)
State Grant	158,700	158,700	134,100	(24,600)
Total Revenues	<u>164,700</u>	<u>164,700</u>	<u>138,600</u>	<u>(26,100)</u>
Expenditures				
Public Works				
Operating Expenses	164,700	164,700	134,232	30,468
Total Expenditures	<u>164,700</u>	<u>164,700</u>	<u>134,232</u>	<u>30,468</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	4,368	4,368
Cash Balance Beginning of Year	<u>2,966</u>	<u>2,966</u>	<u>2,966</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 2,966</u>	<u>\$ 2,966</u>	<u>\$ 7,334</u>	<u>\$ 4,368</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			<u>\$ 4,368</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 4,368</u>	

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

STATE OF NEW MEXICO
VILLAGE OF LOGAN
 PROPRIETARY FUND
 Statement of Net Assets
 June 30, 2011

ASSETS	Water and Sewer Fund	Landfill Fund	Total
Current Assets			
Cash and Cash Equivalents	\$ 711,410	\$ 378,108	\$ 1,089,518
Receivables			
Accounts	103,558	11,866	115,424
Taxes	0	879	879
Inventory	6,076	0	6,076
Total Current Assets	<u>821,044</u>	<u>390,853</u>	<u>1,211,897</u>
Noncurrent Assets			
Restricted Cash	16,925	0	16,925
Capital Assets	15,759,500	194,027	15,953,527
Less Accumulated Depreciation	(844,783)	(93,709)	(938,492)
Total Noncurrent Assets	<u>14,931,642</u>	<u>100,318</u>	<u>15,031,960</u>
Total Assets	<u>15,752,686</u>	<u>491,171</u>	<u>16,243,857</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	6,351	1,545	7,896
Accrued Salaries & Benefits	2,973	569	3,542
Accrued Interest	44,605	0	44,605
Current Amount Due	79,589	0	79,589
Total Current Liabilities	<u>133,518</u>	<u>2,114</u>	<u>135,632</u>
Noncurrent Liabilities			
Compensated Absences	9,849	3,672	13,521
Customer Deposits	16,925	0	16,925
Bonds and Loans	5,590,095	0	5,590,095
Total Noncurrent Liabilities	<u>5,616,869</u>	<u>3,672</u>	<u>5,620,541</u>
Total Liabilities	<u>5,750,387</u>	<u>5,786</u>	<u>5,756,173</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	9,261,958	100,318	9,362,276
Unrestricted	740,341	385,067	1,125,408
Total Net Assets	<u>\$ 10,002,299</u>	<u>\$ 485,385</u>	<u>\$ 10,487,684</u>

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

STATE OF NEW MEXICO
VILLAGE OF LOGAN
 PROPRIETARY FUND
 Statement of Revenue, Expenses and Changes in Fund Net Assets
 For the Year Ended June 30, 2011

	Water and Sewer Fund	Landfill Fund	Total
Revenues			
Sales & Service	\$ 712,887	\$ 167,764	\$ 880,651
Connection Fees	607,798	0	607,798
Total Revenues	<u>1,320,685</u>	<u>167,764</u>	<u>1,488,449</u>
Expenses			
Personnel Services	185,365	43,311	228,676
Operating Expenses	131,436	85,254	216,690
Depreciation	53,313	10,203	63,516
Total Expenses	<u>370,114</u>	<u>138,768</u>	<u>508,882</u>
Operating Income (Loss)	<u>950,571</u>	<u>28,996</u>	<u>979,567</u>
Nonoperating Revenue (Expenses)			
Environmental Gross Receipts Tax	2,671	11,269	13,940
Federal Grant	2,747,300	0	2,747,300
Interest Income	2,670	1,818	4,488
Interest Expense	(197,165)	0	(197,165)
Transfer In/(Out)	100,000	(100,000)	0
Total Nonoperating Revenue (Expense)	<u>2,655,476</u>	<u>(86,913)</u>	<u>2,568,563</u>
Change in Net Assets	3,606,047	(57,917)	3,548,130
Total Net Assets - Beginning	<u>6,396,252</u>	<u>543,302</u>	<u>6,939,554</u>
Total Net Assets - Ending	<u>\$ 10,002,299</u>	<u>\$ 485,385</u>	<u>\$ 10,487,684</u>

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

STATE OF NEW MEXICO
VILLAGE OF LOGAN
 PROPRIETARY FUND
 Combined Statement of Cash Flows
 For the Year Ended June 30, 2011

	Water and Sewer Fund	Landfill Fund	Total
Cash Flows from Operating Activities			
Cash Received From Customers	\$ 1,249,564	\$ 171,271	\$ 1,420,835
Cash Paid to Suppliers and Employees	315,759	128,876	444,635
Net Cash Provided by Operating Activities	<u>933,805</u>	<u>42,395</u>	<u>976,200</u>
Cash Flows from Noncapital Financing Activities			
Taxes	2,671	11,269	13,940
Net Cash Provided by Noncapital Financing Activities	<u>2,671</u>	<u>11,269</u>	<u>13,940</u>
Cash Flows from Capital & Related Financing Activities			
Grants for Construction Projects	2,747,300	0	2,747,300
Loan Proceeds for Construction Projects	361,784	0	361,784
Transfers	100,000	(100,000)	0
Acquisition and Construction of Capital Assets	(3,578,421)	(12,600)	(3,591,021)
Principal Paid	(105,100)	0	(105,100)
Interest Paid	(197,165)	0	(197,165)
Net Cash Provided by Capital & Related Financing Activities	<u>(671,602)</u>	<u>(112,600)</u>	<u>(784,202)</u>
Cash Flows from Investing Activities			
Interest Received	2,670	1,818	4,488
Net Cash Provided by Investing Activities	<u>2,670</u>	<u>1,818</u>	<u>4,488</u>
Net Increase (Decrease) in Cash	267,544	(57,118)	210,426
Cash, Beginning of Year	460,791	435,226	896,017
Cash, End of Year	<u>\$ 728,335</u>	<u>\$ 378,108</u>	<u>\$ 1,106,443</u>
Cash and Cash Equivalents	\$ 711,410	\$ 378,108	\$ 1,089,518
Restricted Cash	16,925	0	16,925
Total Cash	<u>\$ 728,335</u>	<u>\$ 378,108</u>	<u>\$ 1,106,443</u>
Reconciliation of Net Income to Net Cash Provided by Operating Activities			
Operating Income (Loss)	\$ 950,571	\$ 28,996	\$ 979,567
Depreciation	53,314	10,203	63,517
Change in Assets and Liabilities			
(Increase) Decrease in Taxes Receivable	0	(230)	(230)
(Increase) Decrease in Accounts Receivable	(68,268)	3,507	(64,761)
(Increase) Decrease in Inventories	(654)	0	(654)
Increase (Decrease) in Accounts Payable	1,332	220	1,552
Increase (Decrease) in Accrued Salaries & Benefits	(917)	(399)	(1,316)
Increase (Decrease) in Compensated Absences	3,952	98	4,050
Increase (Decrease) in Customer Deposits	(5,525)	0	(5,525)
Net Cash Provided by Operating Activities	<u>\$ 933,805</u>	<u>\$ 42,395</u>	<u>\$ 976,200</u>

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

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Financial Reporting Entity

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

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

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

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

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

Basis of Presentation

Government-Wide Financial Statements (GWFS)

The government-wide financial statements (the statement of net assets and the statement of changes in net assets) report information on all of the activities of the Village. Fiduciary funds are not included in the GWFS. Fiduciary Funds are reported only in the Statement of Fiduciary Net Assets at the fund financial statement level. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given program 2) operating grants and contributions that are restricted to meeting the operational requirements of a particular program which includes public safety grants for the fire protection and law enforcement and 3) capital grants or contributions restricted to meeting capital requirements of a particular program including the USDA grant to construct a sewer system. Taxes and other items not properly included amount program revenues are reported instead as general revenues.

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

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

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

Health Clinic - To account for the receipts and expenditures related to the Village Health Clinic. Funding is provided by the State Department of Health, Public Health Division, to provide primary health care services. The fund was created by State Grant Provision. NMSA 24-1A-3.1.

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

Water & Sewer - The funds are used to account for the provision of water and sewer to the residents of the Village. Activities of the funds include administration, operations and maintenance of the water and sewer system and billing and collection activities. The funds also account for the accumulation of resources for, and the payment of, long-term debt principal and interest for water and sewer debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds.

Landfill - The Funds are used to account for the provision of garbage services to the residents of the Village. All costs are financed through charges to customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds.

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

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

Measurement Focus and Basis of Accounting

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

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

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

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

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

Budgetary Control

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

3. The Village treasurer is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Village Trustees and the State Department of Finance and Administration.

4. Formal budgetary integration is employed as a management control device during the year for all funds.

5. The level of budget authority is at the fund level.

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

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

2. Internal Service Fund (ISF). An ISF accounts for financing goods or services provided by an organizational unit of the Village to other units of the Village, on a self-liquidating, fee-for-service basis. The Village of Logan does not have an ISF 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, interfund loans that are expected to be paid back and amount due from state government agencies related to various grant agreements. Payables represent routine monthly bills for services rendered and products purchased and accrued salaries and benefits.

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 interfund 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.

Inventory

Purchased inventory is valued at the lower of cost (first-in, first-out) or market. Inventory consists of pipe and other maintenance items used to maintain the system. Costs are recorded as expenditures at the time individual inventory items are used (consumption method).

Capital Assets

Capital assets, which includes property, plant, equipment (including software), and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. Capital assets are recorded at historical costs and depreciated over their estimated useful lives (with no salvage value). Capital assets are defined by the Village as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Donated capital assets are recorded at their estimated fair market value on the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The construction period interest is not capitalized in the proprietary funds.

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

Buildings, Improvements and Infrastructure	20-50 Years
Equipment and Vehicles	3-15 Years

Use of Restricted Funds

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

Revenue

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water, Waste Water and the Solid Waste Fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

Compensated Absences

All full-time employees are entitled to five to twenty days (depending on employment) a maximum of 20 days can be accrued. Non-salaried employees are eligible for compensation time.

Each permanent employee of the Village accrues sick leave as working days with full pay on the basis of one (1) day per each month of employment. Sick leave may be granted only from duty because of personal illness, legal quarantine, or medical, dental, or optical appointments. In case of an extended sickness in excess of the accumulated sick leave, annual leave may be applied to sick leave. The employee may be eligible to sell sick leave in excess of 10 days at the rate of 75% of regular pay, only upon approval of the board.

Net Assets

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

NOTE B: RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS STATEMENTS

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

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

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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).

NOTE C: CASH AND INVESTMENTS

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

Name of Account	Balance	Reconciled	Type
	Per Bank 06/30/11	Balance	
General Fund	\$ 1,559,819	\$ 1,557,549	Checking
Primary Care Unit	1	1	Checking
Sewer Phase I	1	1	Checking
Sewer Phase I Operations	40,839	40,839	Checking
Sewer Phase II	1	1	Checking
Sewer Phase II Operations	146,432	146,432	Checking
Village of Logan	100,000	100,000	Savings
Village of Logan	200,000	200,000	Savings
Village of Logan	150,000	150,000	Savings
Village of Logan	100,000	100,000	Savings
Village of Logan	100,000	100,000	Savings
TOTAL Deposited	2,397,093	\$ 2,394,823	
Less: FDIC Coverage	(250,000)		
Uninsured Amount	2,147,093		
50% collateral requirement	1,073,547		
Pledged securities	1,244,494		
Over (Under) requirement	\$ 170,948		

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

The following securities are pledged at **First National Bank**:

Description	CUSIP #	Par/Market	Maturity Date
		Value	
Vaughn NM Sch Dist 33	9ZZ382BX3	\$ 90,564	8/1/2014
Eastern NM University Revs	276785UA8	54,541	4/1/2014
Logan NM Sch Dist No 32	541066BC9	139,803	4/15/2019
Logan NM Sch Dist No 32	541066BD7	136,388	4/15/2020
Los Lunas Sch Dist No 001	545562ND8	353,155	4/15/2016
Bernalillo NM Mun Sch Dist 1	085279MW4	25,957	8/1/2017
Roosevelt Cnty NM Gross Recpts	776461AL9	131,528	6/1/2017
Roosevelt Cnty NM Gross Recpts	776461AL9	52,611	6/1/2017
FNMA ARM-Pool#729128	31402HA50	11,480	11/1/1933
FNMA Fixed Rate Note	3136FPKV8	248,467	10/8/2025
		\$ 1,244,494	

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Bank of Albuquerque

<u>Name of Account</u>	Balance Per Bank 06/30/11	Reconciled Balance	Type
NMFA 3	\$ 35	\$ 35	Savings
NMFA 4	1,982	1,982	Savings
NMFA 6	27	27	Savings
NMFA 7	19,485	19,485	Savings
TOTAL Deposited	<u>21,529</u>	<u>\$ 21,529</u>	
Less: FDIC Coverage	<u>(21,529)</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>	Bank Balance
Insured	\$ 271,529
Collateralized:	
Collateral held by the pledging bank in Village's name	1,244,494
Uninsured and uncollateralized	902,599
Total Deposits	<u>\$ 2,418,622</u>

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2011 \$902,602 of the Village's bank balance of \$2,418,622 was exposed to custodial credit risk.

State Treasurer

<u>Name of Account</u>	Balance Per Bank 06/30/11	Reconciled Balance	Type
Village of Logan	\$ 206	\$ 206	Savings
Village of Logan Reserve	644	644	Savings
TOTAL Deposited	<u>\$ 850</u>	<u>\$ 850</u>	

GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, relates to how deposits and investments are reported in the annual financial statements of governmental entities. GASB Statement No. 40 disclosures inform financial statement users about deposit and investment risks that could affect a government's ability to provide services and meet its obligations as they become due. GASB Statement No. 40 requires governments to disclose deposit and investment risks related to credit risk (including custodial credit risk), concentration of credit risk, interest rate risk, and foreign currency risk. The State Treasurer's Office provides the following information regarding the LGIP:

1. With respect to credit risk, the LGIP, a government investment pool, is rated AAAM by Standard & Poor's. Therefore, the LGIP reports AAAM for credit risk. Public funds are not required to disclose custodial credit risk for external investment pools. Therefore, the LGIP is exempt from this requirement.

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2. GASB Statement No. 40 defines concentration of credit risk as investments of more than 5% in any one issuer. External investment pools, such as the LGIP, are excluded from the requirement of disclosing concentration of credit risk. Therefore, the LGIP is exempt from this disclosure. However, our portfolio is posted on the State Treasurer's website www.stonm.org and available for review by participants at any time.

3. GASB Statement No. 40 defines interest rate risk as the risk that interest rate variations may adversely affect the fair value of an investment. According to GASB Statement No. 40, an acceptable method for reporting interest rate risk is weighted average maturity ("WAM"). The State Treasurer's Office uses this method for reporting purposes for the LGIP. The WAM of the LGIP is identified on the monthly LGIP investment report found on the State Treasurer's Office website at www.stonm.org. As of June 30, 2011, the LGIP WAM is 50 days.

4. Finally, with respect to foreign currency risk, all investments in the LGIP are in U.S. dollar denominated assets. Therefore, the LGIP has no foreign currency risk.

NOTE D: RESTRICTED CASH

There was \$19,548 restricted cash in the Fire Fund and \$1,982 restricted cash in the EMS Ambulance Fund. This money is restricted for the purpose of retiring debt for the fire truck and ambulance financed by New Mexico Finance Authority. The restricted cash in the Water and Sewer Fund of \$16,925 is reserved for customer deposits.

NOTE E: CAPITAL ASSETS

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

	Balance 6/30/10	Increases	Decreases	Balance 6/30/11
Governmental Activities				
Capital Assets, not being Depreciated				
Land	\$ 56,500	\$ 0	\$ 0	\$ 56,500
Total Capital Assets, not being Depreciated	56,500	0	0	56,500
Capital Assets, being Depreciated				
Infrastructure	4,032,369	29,989	0	4,062,358
Buildings & Improvements	1,936,703	10,000	0	1,946,703
Equipment	1,159,667	72,691	0	1,232,358
Vehicles	507,453	9,000	0	516,453
Total Capital Assets, being Depreciated	7,636,192	121,680	0	7,757,872
Total Capital Assets	7,692,692	121,680	0	7,814,372
Less Accumulated Depreciation				
Infrastructure	2,813,499	181,657	0	2,995,156
Buildings & Improvements	704,418	51,211	0	755,629
Equipment	483,045	55,450	0	538,495
Vehicles	238,312	28,866	0	267,178
Total Accumulated Depreciation	4,239,274	317,184	0	4,556,458
Capital Assets, net	\$ 3,453,418	\$ (195,504)	\$ 0	\$ 3,257,914

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Depreciation expense was charged to governmental activities as follows:

General	\$ 14,528
Public Safety	74,336
Public Works	193,542
Health & Welfare	12,739
Culture & Recreation	22,039
Total depreciation expenses	<u>\$ 317,184</u>

	Balance 6/30/10	Increases	Decreases	Balance 6/30/11
Water & Sewer				
Capital Assets not being Depreciated				
Land	\$ 193,412	\$ 0	\$ 0	\$ 193,412
Construction in Progress	9,814,704	3,578,421	0	13,393,125
Total Capital Assets not being Depreciated	<u>\$ 10,008,116</u>	<u>\$ 3,578,421</u>	<u>\$ 0</u>	<u>\$ 13,586,537</u>
Other Capital Assets				
Buildings & Improvements	\$ 2,032,560	\$ 0	\$ 0	\$ 2,032,560
Equipment	80,794	0	0	80,794
Vehicles	59,609	0	0	59,609
Total Capital Assets, being Depreciated	<u>2,172,963</u>	<u>3,578,421</u>	<u>0</u>	<u>2,172,963</u>
Total Capital Assets	<u>12,181,079</u>	<u>7,156,842</u>	<u>0</u>	<u>15,759,500</u>
Less Accumulated Depreciation				
Buildings & Improvements	736,835	44,657	0	781,492
Equipment	32,877	3,927	0	36,804
Vehicles	21,757	4,730	0	26,487
Total Accumulated Depreciation	<u>791,469</u>	<u>53,314</u>	<u>0</u>	<u>844,783</u>
Capital Assets, net	<u>\$ 11,389,610</u>	<u>\$ 7,103,528</u>	<u>\$ 0</u>	<u>\$ 14,914,717</u>
	Balance	Increases	Decreases	Balance
Landfill	6/30/10			6/30/11
Capital Assets not being Depreciated				
Land	\$ 25,000	\$ 0	\$ 0	\$ 25,000
Total Capital Assets not being Depreciated	<u>25,000</u>	<u>0</u>	<u>0</u>	<u>25,000</u>
Other Capital Assets				
Equipment	146,177	12,600	0	158,777
Vehicles	10,250	0	0	10,250
Total Capital Assets, being Depreciated	<u>156,427</u>	<u>12,600</u>	<u>0</u>	<u>169,027</u>
Capital Assets, net	<u>181,427</u>	<u>12,600</u>	<u>0</u>	<u>194,027</u>
Less Accumulated Depreciation				
Equipment	75,308	9,520	0	84,828
Vehicles	8,198	683	0	8,881
Total Accumulated Depreciation	<u>83,506</u>	<u>10,203</u>	<u>0</u>	<u>93,709</u>
Capital Assets, net	<u>\$ 97,921</u>	<u>\$ 2,397</u>	<u>\$ 0</u>	<u>\$ 100,318</u>

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NOTE E: LONG TERM DEBT

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

	Balance 6/30/10	Additions	Reductions	Balance 6/30/11	Amounts Due Within One Year
Governmental Activities					
Notes Payable	\$ 447,774	\$ 0	\$ 63,792	\$ 383,982	\$ 53,461
Total Notes Payable	447,774	0	63,792	383,982	53,461
Other Liabilities					
Compensated Absences	61,575	23,467	11,511	73,531	0
Total Other Liabilities	61,575	23,467	11,511	73,531	0
Long-Term Liabilities	\$ 509,349	\$ 23,467	\$ 75,303	\$ 457,513	\$ 53,461

The compensated absences ultimately will be liquidated by the General Fund as they have been in the past.

Description	Fund	Maturity Date	Original Amount	Interest Rate	Balance
Fire Truck	Fire	05-12-2014	\$ 125,593	2.02%	\$ 64,771
Fire 81-8927-15-4	Fire	08-15-2024	101,500	0.00%	88,855
Fire 81-8763-23-7	Fire	08-15-2023	260,000	3.4%-3.84%	212,703
Kansas State Bank	LEPF	04-01-2011	34,500	5.00%	0
EMS	EMS	06-01-2013	43,969	3.00%	0
CNH Capital	Streets	11-03-2010	\$ 29,123	6.37%	17,653
					<u>\$ 383,982</u>

The fire allotment grant has been pledged to cover the payments for the three fire truck loans. The LEPF grant has been pledged to cover the payments for the Kansas State Bank loan. The EMS grant has been pledged to cover the loan payment for the ambulance. CNH Capital has a lien on the equipment they finance.

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

	Principal	Interest	Total
2012	\$ 53,461	\$ 4,099	\$ 57,560
2013	54,130	3,206	57,336
2014	45,983	2,572	48,555
2015	24,054	1,897	25,951
2016	24,232	1,719	25,951
2017-2021	124,107	5,687	129,794
2022-2024	58,015	730	58,745
	<u>\$ 383,982</u>	<u>\$ 19,910</u>	<u>\$ 403,892</u>

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Proprietary Funds

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

	Balance 6/30/10	Additions	Reductions	Balance 6/30/11	Amounts Due Within One Year
Business-Type Activities					
Loans Payable	\$ 5,413,000	\$ 361,784	\$ 105,100	\$ 5,669,684	\$ 79,589
Total Notes Payable	<u>5,413,000</u>	<u>361,784</u>	<u>105,100</u>	<u>5,669,684</u>	<u>79,589</u>
Other Liabilities					
Compensated Absences	9,470	7,402	3,351	13,521	0
Total Other Liabilities	<u>9,470</u>	<u>7,402</u>	<u>3,351</u>	<u>13,521</u>	<u>0</u>
Long-Term Liabilities	<u>\$ 5,422,470</u>	<u>\$ 369,186</u>	<u>\$ 108,451</u>	<u>\$ 5,683,205</u>	<u>\$ 79,589</u>

The compensated absences ultimately will be liquidated by the Water & Sewer Fund as they have been in the past.

USDA loan Phase I in the amount of \$4,340,000 is for the construction of sewer lines for the Village. The loan matures in 2050, the interest rate is 4.125% and payments vary from \$222,900 to \$223,800. The balance of the loan on June 30, 2010 was \$4,340,000.

USDA loan Phase II in the amount of \$1,782,560 is for the construction of sewer lines for the Village. The loan matures in 2050, the interest rate is 2.75% and payments vary from \$44,530 to \$44,620. The balance of the loan on June 30, 2010 was \$1,073,000.

ARRA loan in the amount of \$361,784 is for the construction of sewer lines for the Village. The loan matures in 2031, the interest rate is 0% and payments are \$18,089.

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

	Principal	Interest	Total
2012	\$ 79,589	\$ 206,400	\$ 285,989
2013	81,989	204,070	286,059
2014	84,389	201,630	286,019
2015	86,889	199,090	285,979
2016	89,389	196,520	285,909
2017-2021	490,046	929,640	1,419,686
2022-2026	572,646	857,530	1,430,176
2027-2032	671,146	758,170	1,429,316
2033-2037	702,700	637,630	1,340,330
2038-2042	849,100	491,090	1,340,190
2043-2047	1,025,500	313,780	1,339,280
2048-2050	982,300	98,100	1,080,400
	<u>\$ 5,715,683</u>	<u>\$ 5,093,650</u>	<u>\$ 10,809,333</u>

NOTE F: LEASE PURCHASE AGREEMENTS

The Village entered into a lease purchase agreement to purchase a piece of equipment called a Vac-Tron for \$39,500. The lease payments are \$924.22 monthly and are paid from the Streets Fund. The lease matures in 2015 and the Village will own the equipment. The equipment has been included in capital assets this fiscal year.

Following is a summary of the changes in extended term lease obligation for the year:

	Balance 06/30/10	New Leases	Payments	Balance 06/30/11	Amounts Due Within One Year
Equipment	\$ 0	\$ 39,500	\$ 2,210	\$ 37,290	9,166
	\$ 0	\$ 39,500	\$ 2,210	\$ 37,290	9,166
Schedule of Payments:					
		2012			11,091
		2013			11,091
		2014			11,091
		2015			8,318
		TOTAL Lease Payments			41,591
		Less: Imputed Interest			(4,301)
		Present Value of Net Minimum Lease Payments			\$ 37,290

NOTE G: 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 H: PENSION PLAN

Plan Description. Substantially all of the Village's full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, NM 87504-2123. The report is also available on PERA's website at www.pera.state.nm.us.

Funding Policy. Plan members are required to contribute 7% of their gross salary. The Village is required to contribute 10% of the gross covered salary, and 9.5% for all police employees. The Village's contributions to PERA for the year's ending June 30, 2011, 2010, and 2009, were \$94,662 \$88,766 and \$78,785 respectively, equal to the amount of the required contributions for each year.

NOTE I: POST-EMPLOYMENT BENEFITS

The Village contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

Eligible retirees are: 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which the event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; 2) retirees defined by the Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years.

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at www.nmrhca.state.nm.us.

The Retiree Health Care Authority issues a separate, publicly available audited financial report that includes post employment benefit expenditures of premiums and claims paid, participant contributions (employer, employee, and retiree), and net expenditures for the fiscal year. The report also includes the approximate number of retirees participating in the plan. That report may be obtained by writing to the RHCA, Albuquerque State Government Center, 401 Roma, NW, Suite 200, Albuquerque, New Mexico 87102.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. During the fiscal year ended June 30, 2010, the statute required each participating employer to contribute 1.3% of each participating employee's annual salary; each participating employee was required to contribute .65% of their salary. In the fiscal years ending June 30, 2011 through June 30, 2013 the contribution rates for employees and employers will rise as follows:

For employees who are not members of an enhanced retirement plan the contribution rates will be:

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Fiscal Year	Employer Contribution Rate	Employee Contribution Rate
2012	1.834%	0.917%
2013	2.000%	1.000%

Also, employers joining the program after 1/1/98 are also required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

The RHCA plan is financed on a pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature.

The Village's contributions to the RHCA for the years ended June 30, 2011, 2010 and 2009 were \$12,906, \$9,494 and \$8,432 respectively, which equal the required contributions for each year.

NOTE J: RECEIVABLES

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

<u>Receivables</u>	<u>General</u>	<u>Non-Major</u>
Property	\$ 3,262	\$ 0
Gross Receipts	37,446	0
Gasoline	0	3,572
Other Taxes	839	9,325
Accounts	0	37,096
Due from Grantor-State	0	390
	<u>\$ 38,285</u>	<u>\$ 50,383</u>

NOTE K: INTERFUND TRANSFERS

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

<u>Transfers Out</u>		<u>Transfer In</u>		
		<u>Senior Citizens</u>	<u>Lodgers Promotion</u>	<u>Total</u>
General Fund	\$ 21,000	\$ 21,000	\$ 0	\$ 21,000
Lodgers Tax	8,000	0	8,000	8,000
	<u>\$ 21,000</u>	<u>\$ 21,000</u>	<u>\$ 8,000</u>	<u>\$ 29,000</u>

The transfers out from the General Fund to the Senior Citizens Fund for financial support.

NOTE L: 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 M: SURETY BOND

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

NOTE N: JOINT POWERS AGREEMENTS
Quay County Gaming Authority

The Village of San Jon and the communities of Logan, San Jon and Tukumcari have entered into an Agreement with the Quay County Gaming Authority on April 1, 2007. Whereas, all parties are interested in creating economic development in Quay County after years of economic stagnation; and whereas the State of New Mexico have entered into gambling compacts with the New Mexico Indian Tribes, which allows the State of New Mexico to issue an additional license to conduct Para-mutual horse racing in the State of New Mexico, and whereas a study completed by the Greater Tukumcari Economic Development Corporation has determined that Quay County would be an ideal place for a Para-mutual horse racing track and casino; whereas the Parties believe that it would be in the best interest of the State of New Mexico as well as each Party to this Agreement that the license, track facility and casino be owned and operated by the entities which are Parties to this Agreement; and whereas the Parties desire to pursue the acquisition of a license and ownership of a race track and casino by a Joint Powers Agreement; and whereas it is the desire that Quay County Gaming Authority have the power to carry out the purposes and functions as set forth herein.

The Purposes: The purposes of this Agreement are to pursue through all appropriate means an application for a license to conduct a horse racing meet pursuant to the New Mexico Horse Racing Act and regulations of the State Racing Commission. Also to provide a mechanism, upon being granted a license to conduct a horse racing track and casino for the benefit of the State of New Mexico and Parties to this Agreement.

Contributions: The initial contribution for each entity is as follows: 1.City of Tukumcari: \$24,000 2.County of Quay: \$18,000 3.Village of Logan \$9,000 4.Village of San Jon \$6,000. This shall be the full amount of the project for all communities.

Income Distribution: The Parties anticipate there will be income to distribute to each Party on an annual basis after the payment of all operating expenses, debt service and management fees. The amount subject to distribution, or "net profit", shall be distributed to each Party on an annual basis as follows: 1.City of Tukumcari 40% 2.County of Quay 30% 3.Village of Logan 15% 4.Village of San Jon 10% 5.Quay County Gaming Authority 5%.

Books and Records: Detailed records of all transactions made pursuant to this Joint Powers Agreement shall be kept and maintained by the Authority Board. Books and records shall be available for inspection subject to applicable statues and shall be available to any of the member's Party to this Agreement upon reasonable request for access to the records. The financial records of the Authority shall be audited annually in accordance with the Single Audit Act and reviewed and approved by the State Auditor's Office. The results of the audit shall be reported to the Authority Board. Quay County shall be responsible for all operations, audit responsibility, and shall act as the fiscal agent. All Revenues and Expenditures shall be reported to the Department of Finance- Local Government Division.

Termination and Distribution of Assets

In the event of dissolution of the Authority, for any reason, or termination of this Agreement, the assets of the Authority shall be distributed to the Parties, with each receiving as its share of the distribution the same percentage of that Party's share of the distributable income as set forth in Article VI. An independent appraisal of all of the properties, improvements, equipment and other assets of the Authority shall be conducted and shall form the basis of the distribution of the assets according to this termination section. In the event of dissolution, termination or withdrawal, the Parties shall not be entitled to a refund of the amounts paid. In the event that all the Parties to the Agreement should elect

to terminate this Agreement, the Authority Board shall undertake to immediately establish the conditions under which distribution of assets shall be undertaken in accordance with the provisions of this section. During and after termination is shall be the responsibility of the Authority Board to coordinate the distribution of the assets and conduct a final audit on the operations of the Authority and to deliver such audit to the appropriate state authorities and local jurisdictions that were party to the Agreement during the year in which the termination occurred. Until this occurs this agreement shall be ongoing.

Severability

It is hereby declared to be the intention of the Parties that the articles, sections, subsections, paragraphs, sentences, clauses, and phrases of this Agreement are severable, and if any phrase, clause, sentence, paragraph, section, or article of this Agreement shall be declared unconstitutional by the valid judgment or decree of any court of competent jurisdiction, such unconstitutionality shall not affect any of the remaining phrases, clauses, sentences, paragraphs, sections, and articles of this Agreement, since the same would have been entered into by the Parties without such invalid portion.

San Jon Cooperative Ambulance and The Village of Logan

The Village entered into a joint powers agreement with the San Jon Cooperative Ambulance on December 10th, 1996. The Village of Logan which represents the Logan Fire Department and Logan Ambulance Service, and the County of Quay which represents the Bard-Endee Fire Department and the Nara Visa Fire Department. The purpose of the agreement states that the departments involved provide fire, rescue, and ambulance services for approximately 1165 square miles. Currently, all services are dispatched by the Quay County Sheriff's Department. Several areas within the service area of these departments are unable have radio communication with the Quay County Sheriff's Department due to the distance and locations involved. The village of San Jon acting as the lead agency applied for and received funding from the Emergency Medical Services Fund Act in the amount of \$17,000.00 These funds are to erect a Tower and install a Repeater Unit. The purpose of this agreement is to equally divide between the San Jon Fire Department, San Jon Cooperative Ambulance Service, Bard-Endee Fire Department, Logan Ambulance Service, Logan Fire Department, and the Nara Visa Fire Department all operation and maintenance costs for the duration of the agreement. The Village of San Jon is the fiscal agent, responsible for operations, as well has having Audit Responsibilities. The Local Government Division is the government agency where revenues and expenditures are reported. The Village of Logan contributed \$281 dollars to the San Jon Cooperative Ambulance Service. The Joint Powers agreement shall remain in effect until January 1, 2092 or until this tower and repeater is no longer needed.

NOTE O: COMMITMENTS

The Village is building a sewer system. To date the costs have been over \$13,000,000. It is expected \$2,000,000 will finish the project. The funding is provided by grants and loans from USDA and ARRA funds.

NOTE P. BUDGET

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

The following funds maintained a deficit fund balance as of June 30, 2011.

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

<u>Major Funds</u>	<u>Amount</u>
Health Clinic	\$ <u><u>30,468</u></u>

**SUPPLEMENTAL INFORMATION RELATED TO
NON MAJOR FUNDS**

NONMAJOR SPECIAL REVENUE FUNDS

EMS - 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)

Law Enforcement - To account for funds received from the State of New Mexico for law enforcement purposes. The fund was created by the authority of state grant provisions. (NMSA 29-13-3)

Correction - To account for the collection of fines which are used to supplement the cost of prisoner housing. The fund was created by the authority of state statute. (Section 29-1301 NASA 1978)

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

Cemetery - To account for the operations and maintenance of the cemetery. Financing is primarily from the sale of burial lots. The fund was authorized by NMSA 1978 3-40-1 through 9.

Lodgers Tax - To account for a Lodger's Tax which is to be used for cultural and recreational purposes. The fund was created by the authority of state statute. (NMSA 3-38-13 to 24)

Lodgers Tax Promotional - To account for revenues and expenditures provided by a Lodger's Tax Fund for the advertising and promotion of the Village. The fund was created by the authority of state statute.

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

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

Infrastructure - To account for a reserve account used to improvements to roads, sewer system, and the water system. The fund was created by the authority of state statute.

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

	EMS Fund	Law Enforcement	Correction
ASSETS			
Cash and Cash Equivalents	\$ 50,600	\$ 946	\$ 427
Receivables			
Taxes	0	0	0
Accounts	37,096	0	0
Due from Grantor	0	0	0
Inventory	2,295	0	0
Restricted Cash	1,982	0	0
Total Assets	<u>\$ 91,973</u>	<u>\$ 946</u>	<u>\$ 427</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts Payable	\$ 55	\$ 0	\$ 0
Total Liabilities	<u>55</u>	<u>0</u>	<u>0</u>
Fund Balance			
Nonspendable-Inventory	2,295	0	0
Restricted for, reported in:			
Special Revenue Fund	89,623	946	427
Total Fund Balance	<u>91,918</u>	<u>946</u>	<u>427</u>
Total Liabilities and Fund Balance	<u>\$ 91,973</u>	<u>\$ 946</u>	<u>\$ 427</u>

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

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

	<u>Street Gas Tax</u>	<u>Cemetery</u>	<u>Lodgers Tax</u>
ASSETS			
Cash and Cash Equivalents	\$ 72,268	\$ 4,091	\$ 19,677
Receivables			
Taxes	3,572	0	1,048
Accounts	0	0	0
Due from Grantor	0	0	0
Inventory	0	0	0
Restricted Cash	0	0	0
Total Assets	<u>\$ 75,840</u>	<u>\$ 4,091</u>	<u>\$ 20,725</u>
 LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts Payable	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
 Fund Balance			
Nonspendable-Inventory	0	0	0
Restricted for, reported in:			
Special Revenue Fund	<u>75,840</u>	<u>4,091</u>	<u>20,725</u>
Total Fund Balance	<u>75,840</u>	<u>4,091</u>	<u>20,725</u>
 Total Liabilities and Fund Balance	 <u>\$ 75,840</u>	 <u>\$ 4,091</u>	 <u>\$ 20,725</u>

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

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

	Lodgers Tax Promotional	Recreation	Senior Citizens
ASSETS			
Cash and Cash Equivalents	\$ 5,571	\$ 9,535	\$ 485
Receivables			
Taxes	0	0	0
Accounts	0	0	0
Due from Grantor	0	0	390
Inventory	0	0	0
Restricted Cash	0	0	0
Total Assets	<u>\$ 5,571</u>	<u>\$ 9,535</u>	<u>\$ 875</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts Payable	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance			
Nonspendable-Inventory	0	0	0
Restricted for, reported in:			
Special Revenue Fund	<u>5,571</u>	<u>9,535</u>	<u>875</u>
Total Fund Balance	<u>5,571</u>	<u>9,535</u>	<u>875</u>
Total Liabilities and Fund Balance	<u>\$ 5,571</u>	<u>\$ 9,535</u>	<u>\$ 875</u>

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

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

	<u>Infrastructure</u>	<u>Total</u>
ASSETS		
Cash and Cash Equivalents	\$ 199,206	\$ 362,806
Receivables		
Taxes	5,405	10,025
Accounts	0	37,096
Due from Grantor	0	390
Inventory	0	2,295
Restricted Cash	0	1,982
Total Assets	<u>\$ 204,611</u>	<u>\$ 414,594</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts Payable	\$ 0	\$ 55
Total Liabilities	<u>0</u>	<u>55</u>
Fund Balance		
Nonspendable-Inventory	0	2,295
Restricted for, reported in:		
Special Revenue Fund	204,611	412,244
Total Fund Balance	<u>204,611</u>	<u>414,539</u>
Total Liabilities and Fund Balance	<u>\$ 204,611</u>	<u>\$ 414,594</u>

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

STATE OF NEW MEXICO
VILLAGE OF LOGAN
NONMAJOR SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the Year Ended June 30, 2011

	EMS Fund	Law Enforcement	Correction
Revenues			
Taxes			
Cigarette	0	0	0
Lodgers	0	0	0
Gasoline	0	0	0
Infrastructure	0	0	0
Interest Income	132	12	0
State Grants	12,488	22,400	0
Charges for Services	103,705	0	0
Miscellaneous	0	0	0
Total Revenues	<u>116,325</u>	<u>22,412</u>	<u>0</u>
Expenditures			
Current			
Public Safety	34,603	13,657	0
Public Works	0	0	0
Culture & Recreation	0	0	0
Capital Outlay	13,891	0	0
Debt Service			
Principal	8,794	8,674	0
Interest	0	551	0
Total Expenditures	<u>57,288</u>	<u>22,882</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>59,037</u>	<u>(470)</u>	<u>0</u>
Other Financing Sources (Uses)			
Transfer In/(Out)	0	0	0
Loan Proceeds	0	0	0
Total Other Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	59,037	(470)	0
Fund Balances at Beginning of Year	<u>32,881</u>	<u>1,416</u>	<u>427</u>
Fund Balance End of Year	<u>\$ 91,918</u>	<u>\$ 946</u>	<u>\$ 427</u>

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

STATE OF NEW MEXICO
VILLAGE OF LOGAN
NONMAJOR SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the Year Ended June 30, 2011

	Street Gas Tax	Cemetery	Lodgers Tax
Revenues			
Taxes			
Cigarette	\$ 0	\$ 0	\$ 0
Lodgers	0	0	8,548
Gasoline	33,115	0	0
Infrastructure	0	0	0
Interest Income	0	11	0
State Grants	0	0	0
Charges for Services	0	1,500	0
Miscellaneous	139	350	50
Total Revenues	<u>33,254</u>	<u>1,861</u>	<u>8,598</u>
Expenditures			
Current			
Public Safety	0	0	0
Public Works	9,725	3,157	0
Culture & Recreation	0	0	0
Capital Outlay	39,500	0	0
Debt Service			
Principal	4,484	0	0
Interest	593	0	0
Total Expenditures	<u>54,302</u>	<u>3,157</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(21,048)</u>	<u>(1,296)</u>	<u>8,598</u>
Other Financing Sources (Uses)			
Transfer In/(Out)	0	0	(8,000)
Loan Proceeds	39,500	0	0
Total Other Sources (Uses)	<u>39,500</u>	<u>0</u>	<u>(8,000)</u>
Net Change in Fund Balance	18,452	(1,296)	598
Fund Balances at Beginning of Year	<u>57,388</u>	<u>5,387</u>	<u>20,127</u>
Fund Balance End of Year	<u>\$ 75,840</u>	<u>\$ 4,091</u>	<u>\$ 20,725</u>

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

STATE OF NEW MEXICO
VILLAGE OF LOGAN
NONMAJOR SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the Year Ended June 30, 2011

	<u>Lodgers Tax Promotional</u>	<u>Recreation</u>	<u>Senior Citizens</u>
Revenues			
Taxes			
Cigarette	\$ 0	\$ 281	\$ 0
Lodgers	0	0	0
Gasoline	0	0	0
Infrastructure	0	0	0
Interest Income	8	21	0
State Grants	0	0	5,890
Charges for Services	0	0	0
Miscellaneous	0	0	4,500
Total Revenues	<u>8</u>	<u>302</u>	<u>10,390</u>
Expenditures			
Current			
Public Safety	0	0	0
Public Works	0	0	0
Culture & Recreation	8,901	944	20,609
Capital Outlay	0	0	10,000
Debt Service			
Principal	0	0	0
Interest	0	0	0
Total Expenditures	<u>8,901</u>	<u>944</u>	<u>30,609</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(8,893)</u>	<u>(642)</u>	<u>(20,219)</u>
Other Financing Sources (Uses)			
Transfer In/(Out)	8,000	0	21,000
Loan Proceeds	0	0	0
Total Other Sources (Uses)	<u>8,000</u>	<u>0</u>	<u>21,000</u>
Net Change in Fund Balance	(893)	(642)	781
Fund Balances at Beginning of Year	<u>6,464</u>	<u>10,177</u>	<u>94</u>
Fund Balance End of Year	<u>\$ 5,571</u>	<u>\$ 9,535</u>	<u>\$ 875</u>

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

STATE OF NEW MEXICO
VILLAGE OF LOGAN
NONMAJOR SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the Year Ended June 30, 2011

	<u>Infrastructure</u>	<u>Total</u>
Revenues		
Taxes		
Cigarette	\$ 0	\$ 281
Lodgers	0	8,548
Gasoline	0	33,115
Infrastructure	65,499	65,499
Interest Income	968	1,152
State Grants	0	40,778
Charges for Services	0	105,205
Miscellaneous	0	5,039
Total Revenues	<u>66,467</u>	<u>259,617</u>
Expenditures		
Current		
Public Safety	0	48,260
Public Works	0	12,882
Culture & Recreation	0	30,454
Capital Outlay	29,989	93,380
Debt Service		
Principal	0	21,952
Interest	0	1,144
Total Expenditures	<u>29,989</u>	<u>208,072</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>36,478</u>	<u>51,545</u>
Other Financing Sources (Uses)		
Transfer In/(Out)	0	21,000
Loan Proceeds	0	39,500
Total Other Sources (Uses)	<u>0</u>	<u>60,500</u>
Net Change in Fund Balance	36,478	112,045
Fund Balances at Beginning of Year	<u>168,133</u>	<u>302,494</u>
Fund Balance End of Year	<u>\$ 204,611</u>	<u>\$ 414,539</u>

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

STATE OF NEW MEXICO
VILLAGE OF LOGAN
SPECIAL REVENUE FUND-EMS
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Non-GAAP-Budgetary Basis)
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Interest Income	\$ 500	\$ 500	\$ 132	\$ (368)
State Grant	8,757	8,757	12,488	3,731
Ambulance Services	34,515	34,515	70,695	36,180
Miscellaneous	1,500	1,500	0	(1,500)
Total Revenues	<u>45,272</u>	<u>45,272</u>	<u>83,315</u>	<u>38,043</u>
Expenditures				
Public Safety				
Personnel Services	1,441	1,441	1,293	148
Operating Expenses	62,450	62,450	33,454	28,996
Debt Service				
Principal	0	0	8,794	(8,794)
Interest	0	0	0	0
Accounts Payable	1,000	1,000	799	201
Capital Outlay	0	0	13,891	(13,891)
Total Expenditures	<u>64,891</u>	<u>64,891</u>	<u>58,231</u>	<u>6,660</u>
Excess (Deficiency) of Revenues Over Expenditures	(19,619)	(19,619)	25,084	44,703
Cash Balance Beginning of Year	<u>27,498</u>	<u>27,498</u>	<u>27,498</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 7,879</u>	<u>\$ 7,879</u>	<u>\$ 52,582</u>	<u>\$ 44,703</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 25,084	
Net Change in Receivables			2,581	
Net Change in Inventory			124	
Net Change in Accounts Payable			799	
Net Change in Accrued Salaries and Benefits			21	
Net Change in Deferred Revenue			30,428	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 59,037</u>	

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

STATE OF NEW MEXICO
VILLAGE OF LOGAN
SPECIAL REVENUE FUND-LAW ENFORCEMENT
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Non-GAAP-Budgetary Basis)
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Interest Income	\$ 500	\$ 500	\$ 12	\$ (488)
State Grant	22,400	22,400	22,400	0
Total Revenues	<u>22,900</u>	<u>22,900</u>	<u>22,412</u>	<u>(488)</u>
Expenditures				
Public Safety				
Operating Expenses	5,675	5,675	13,657	(7,982)
Capital Outlay	8,000	8,000	0	8,000
Debt Service				
Principal	9,225	9,225	8,674	551
Interest	0	0	551	(551)
Accounts Payable	0	0	18	(18)
Total Expenditures	<u>22,900</u>	<u>22,900</u>	<u>22,900</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(488)	(488)
Cash Balance Beginning of Year	<u>1,434</u>	<u>1,434</u>	<u>1,434</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 1,434</u>	<u>\$ 1,434</u>	<u>\$ 946</u>	<u>\$ (488)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (488)	
Net Change in Accounts Payable			18	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (470)</u>	

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

STATE OF NEW MEXICO
VILLAGE OF LOGAN
SPECIAL REVENUE FUND-CORRECTION
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Non-GAAP-Budgetary Basis)
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Fees	\$ 41	\$ 41	\$ 0	\$ (41)
Total Revenues	<u>41</u>	<u>41</u>	<u>0</u>	<u>(41)</u>
Expenditures				
Public Safety				
Housing of Prisoners	41	41	0	41
Total Expenditures	<u>41</u>	<u>41</u>	<u>0</u>	<u>41</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year	<u>427</u>	<u>427</u>	<u>427</u>	<u>0</u>
Cash Balance End of Year	\$ <u><u>427</u></u>	\$ <u><u>427</u></u>	\$ <u><u>427</u></u>	\$ <u><u>0</u></u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ <u>0</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u><u>0</u></u>	

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

STATE OF NEW MEXICO
VILLAGE OF LOGAN
SPECIAL REVENUE FUND-STREET GAS TAX FUND
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Non-GAAP-Budgetary Basis)
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Gas Tax	\$ 33,000	\$ 33,000	\$ 32,942	\$ (58)
Miscellaneous	600	600	139	(461)
Total Revenues	<u>33,600</u>	<u>33,600</u>	<u>33,081</u>	<u>(519)</u>
Expenditures				
Public Works				
Operating Expenses	61,000	61,000	9,726	51,274
Debt Service				
Principal	0	0	4,484	(4,484)
Interest	0	0	593	(593)
Total Expenditures	<u>61,000</u>	<u>61,000</u>	<u>14,803</u>	<u>46,197</u>
Excess (Deficiency) of Revenues Over Expenditures	(27,400)	(27,400)	18,278	45,678
Cash Balance Beginning of Year	<u>53,990</u>	<u>53,990</u>	<u>53,990</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 26,590</u>	<u>\$ 26,590</u>	<u>\$ 72,268</u>	<u>\$ 45,678</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 18,278	
Net Change in Taxes Receivables			<u>174</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 18,452</u>	

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

STATE OF NEW MEXICO
VILLAGE OF LOGAN
SPECIAL REVENUE FUND-CEMETERY
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Non-GAAP-Budgetary Basis)
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Interest Income	\$ 200	\$ 200	\$ 11	\$ (189)
Charges for Services	1,500	1,500	1,500	0
Miscellaneous	1,100	1,100	350	(750)
Total Revenues	<u>2,800</u>	<u>2,800</u>	<u>1,861</u>	<u>0</u>
Expenditures				
Public Works				
Operating Expenses	5,000	5,000	3,157	1,843
Accounts Payable	0	0	128	(128)
Total Expenditures	<u>5,000</u>	<u>5,000</u>	<u>3,285</u>	<u>1,715</u>
Excess (Deficiency) of Revenues Over Expenditures	(2,200)	(2,200)	(1,424)	776
Cash Balance Beginning of Year	<u>5,515</u>	<u>5,515</u>	<u>5,515</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 3,315</u>	<u>\$ 3,315</u>	<u>\$ 4,091</u>	<u>\$ 776</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (1,424)	
Net Change in Account Payable			128	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (1,296)</u>	

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

STATE OF NEW MEXICO
VILLAGE OF LOGAN
SPECIAL REVENUE FUND-LODGERS TAX
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Non-GAAP-Budgetary Basis)
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Lodgers Tax	\$ 10,000	\$ 10,000	\$ 8,770	\$ (1,230)
Miscellaneous	300	300	51	(249)
Total Revenues	<u>10,300</u>	<u>10,300</u>	<u>8,821</u>	<u>(1,479)</u>
Expenditures				
Culture & Recreation				
Operating	0	0	0	0
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>10,300</u>	<u>10,300</u>	<u>8,821</u>	<u>(1,479)</u>
Other Financing Sources (Uses)				
Transfer to Promotional	<u>(8,000)</u>	<u>(8,000)</u>	<u>(8,000)</u>	<u>0</u>
Total Other Sources (Uses)	<u>(8,000)</u>	<u>(8,000)</u>	<u>(8,000)</u>	<u>0</u>
Net Change in Cash Balance	2,300	2,300	821	(1,479)
Cash Balance Beginning of Year	<u>18,856</u>	<u>18,856</u>	<u>18,856</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 21,156</u>	<u>\$ 21,156</u>	<u>\$ 19,677</u>	<u>\$ (1,479)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net Change in Cash Balance			\$ 821	
Net Change in Taxes Receivables			<u>(223)</u>	
Net Change in Fund Balance			<u>\$ 598</u>	

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

STATE OF NEW MEXICO
VILLAGE OF LOGAN
SPECIAL REVENUE FUND-LODGERS TAX PROMOTIONAL
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Non-GAAP-Budgetary Basis)
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Interest Income	\$ 100	\$ 100	\$ 8	\$ (92)
Total Revenues	<u>100</u>	<u>100</u>	<u>8</u>	<u>(92)</u>
Expenditures				
Culture & Recreation				
Operating Expenses	9,900	9,900	8,901	999
Accounts Payable	<u>0</u>	<u>0</u>	<u>53</u>	<u>(53)</u>
Total Expenditures	<u>9,900</u>	<u>9,900</u>	<u>8,954</u>	<u>946</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(9,800)</u>	<u>(9,800)</u>	<u>(8,946)</u>	<u>854</u>
Other Financing Sources (Uses)				
Transfer In/(Out)	<u>8,000</u>	<u>8,000</u>	<u>8,000</u>	<u>0</u>
Total Other Sources (Uses)	<u>8,000</u>	<u>8,000</u>	<u>8,000</u>	<u>0</u>
Net Change in Cash Balance	(1,800)	(1,800)	(946)	854
Cash Balance Beginning of Year	<u>6,517</u>	<u>6,517</u>	<u>6,517</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 4,717</u>	<u>\$ 4,717</u>	<u>\$ 5,571</u>	<u>\$ 854</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net Change in Cash Balance			\$ (946)	
Net Change in Accounts Payable			<u>53</u>	
Net Change in Fund Balance			<u>\$ (893)</u>	

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

STATE OF NEW MEXICO
VILLAGE OF LOGAN
SPECIAL REVENUE FUND-RECREATION
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Non-GAAP-Budgetary Basis)
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Cigarette Taxes	\$ 400	\$ 400	\$ 281	\$ (119)
Interest Income	0	0	21	21
Total Revenues	<u>400</u>	<u>400</u>	<u>302</u>	<u>(98)</u>
Expenditures				
Culture & Recreation				
Operating Expenses	900	900	944	(44)
Accounts Payable	100	100	56	44
Total Expenditures	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	(600)	(600)	(698)	(98)
Cash Balance Beginning of Year	<u>10,233</u>	<u>10,233</u>	<u>10,233</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 9,633</u>	<u>\$ 9,633</u>	<u>\$ 9,535</u>	<u>\$ (98)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (698)	
Net Change in Account Payable			56	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (642)</u>	

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

STATE OF NEW MEXICO
VILLAGE OF LOGAN
SPECIAL REVENUE FUND-SENIOR CITIZENS
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Non-GAAP-Budgetary Basis)
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 5,500	\$ 5,500	\$ 5,500	\$ 0
Miscellaneous	0	0	4,500	4,500
Total Revenues	<u>5,500</u>	<u>5,500</u>	<u>10,000</u>	<u>4,500</u>
Expenditures				
Culture & Recreation				
Operating Expenses	36,360	36,360	20,609	15,751
Accounts Payable	0	0	771	(771)
Capital Outlay	0	0	10,000	(10,000)
Total Expenditures	<u>36,360</u>	<u>36,360</u>	<u>31,380</u>	<u>4,980</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(30,860)</u>	<u>(30,860)</u>	<u>(21,380)</u>	<u>9,480</u>
Other Financing Sources (Uses)				
Transfer In/(Out)	30,000	30,000	21,000	(9,000)
Total Other Sources (Uses)	<u>30,000</u>	<u>30,000</u>	<u>21,000</u>	<u>(9,000)</u>
Net Change in Cash Balance	(860)	(860)	(380)	480
Cash Balance Beginning of Year	<u>865</u>	<u>865</u>	<u>865</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 5</u>	<u>\$ 5</u>	<u>\$ 485</u>	<u>\$ 480</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net Change in Cash Balance			\$ (380)	
Net Change in Receivables			390	
Net Change in Accounts Payable			771	
Net Change in Fund Balance			<u>\$ 781</u>	

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

STATE OF NEW MEXICO
VILLAGE OF LOGAN
SPECIAL REVENUE FUND-INFRASTRUCTURE
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Non-GAAP-Budgetary Basis)
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Gross Receipts Tax	\$ 60,000	\$ 60,000	\$ 66,029	\$ 6,029
Interest Income	500	500	1,115	615
Total Revenues	<u>60,500</u>	<u>60,500</u>	<u>67,144</u>	<u>6,644</u>
Expenditures				
Public Works				
Capital Outlay	80,000	80,000	29,989	50,011
Total Expenditures	<u>80,000</u>	<u>80,000</u>	<u>29,989</u>	<u>50,011</u>
Excess (Deficiency) of Revenues Over Expenditures	(19,500)	(19,500)	37,155	56,655
Cash Balance Beginning of Year	<u>162,051</u>	<u>162,051</u>	<u>162,051</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 142,551</u>	<u>\$ 142,551</u>	<u>\$ 199,206</u>	<u>\$ 56,655</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 37,155	
Net Change in Taxes Receivables			<u>(677)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 36,478</u>	

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

ENTERPRISE FUNDS

Water and Sewer and Landfill

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

STATE OF NEW MEXICO

VILLAGE OF LOGAN

PROPRIETARY FUND-WATER AND SEWER FUND

Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Non-GAAP-Budgetary Basis)

For the Year Ended June 30, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Charges for Services	\$ 597,329	\$ 597,329	\$ 639,095	\$ 41,766
Connection Fees	0	0	607,798	607,798
Interest Income	10,000	10,000	2,670	(7,330)
Federal Grant	5,000,000	5,000,000	3,109,084	(1,890,916)
Loan Proceeds				0
Miscellaneous	2,671	2,671	2,671	0
Total Revenues	<u>5,610,000</u>	<u>5,610,000</u>	<u>4,361,318</u>	<u>(1,248,682)</u>
Expenditures				
Public Works				
Personnel Services	230,273	230,273	182,330	47,943
Operating Expenses	182,100	182,100	130,758	51,342
Capital Outlay	5,400,000	5,400,000	3,578,421	1,821,579
Debt Service				
Principal	0	0	105,100	(105,100)
Interest	0	0	197,165	(197,165)
Total Expenditures	<u>5,812,373</u>	<u>5,812,373</u>	<u>4,193,774</u>	<u>1,618,599</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(202,373)</u>	<u>(202,373)</u>	<u>167,544</u>	<u>369,917</u>
Other Financing Sources (Uses)				
Transfers	0	0	100,000	100,000
Total Other Sources (Uses)	<u>0</u>	<u>0</u>	<u>100,000</u>	<u>100,000</u>
Net Change in Cash Balance	(202,373)	(202,373)	267,544	469,917
Cash Balance Beginning of Year	<u>460,791</u>	<u>460,791</u>	<u>460,791</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 258,418</u>	<u>\$ 258,418</u>	<u>\$ 728,335</u>	<u>\$ 469,917</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net Change in Cash Balance			\$ 267,544	
Net Change in Accounts Receivables			68,267	
Net Change in Inventory			654	
Net Change in Accounts Payable			(1,332)	
Net Change in Accrued Salaries and Benefits			917	
Net Change in Compensated Absences			(3,952)	
Net Change in Customer Deposits			5,525	
Capital Outlay			3,578,421	
Loan Proceeds			(361,784)	
Depreciation			(53,313)	
Principal			105,100	
Change in Net Assets-GAAP Basis			<u>\$ 3,606,047</u>	

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

STATE OF NEW MEXICO
VILLAGE OF LOGAN
 PROPRIETARY FUND-LANDFILL FUND
 Statement of Revenues, Expenditures, and Changes in Cash Balance -
 Budget and Actual (Non-GAAP-Budgetary Basis)
 For the Year Ended June 30, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Charges for Services	\$ 168,500	\$ 168,500	\$ 171,271	\$ 2,771
Environmental Gross Receipts Tax	7,000	7,000	11,039	4,039
Interest Income	4,000	4,000	1,818	(2,182)
Total Revenues	<u>179,500</u>	<u>179,500</u>	<u>184,128</u>	<u>4,628</u>
Expenditures				
Public Works				
Personnel Services	42,664	42,664	44,279	(1,615)
Operating Expenses	148,500	148,500	83,042	65,458
Accounts Payable	2,000	2,000	1,325	675
Capital Outlay	0	0	12,600	(12,600)
Total Expenditures	<u>193,164</u>	<u>193,164</u>	<u>141,246</u>	<u>51,918</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(13,664)</u>	<u>(13,664)</u>	<u>42,882</u>	<u>56,546</u>
Other Financing Sources (Uses)				
Transfers	0	0	(100,000)	(100,000)
Total Other Sources (Uses)	<u>0</u>	<u>0</u>	<u>(100,000)</u>	<u>(100,000)</u>
Net Change in Cash Balance	(13,664)	(13,664)	(57,118)	(43,454)
Cash Balance Beginning of Year	<u>435,226</u>	<u>435,226</u>	<u>435,226</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 421,562</u>	<u>\$ 421,562</u>	<u>\$ 378,108</u>	<u>\$ (43,454)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net Change in Cash Balance			\$ (57,118)	
Net Change in Taxes Receivables			230	
Net Change in Accounts Receivable			(3,507)	
Net Changes in Accounts Payables			(220)	
Net Change in Accrued Salaries and Benefits			399	
Net Changes in Compensated Absences			(98)	
Capital Outlay			12,600	
Depreciation			(10,203)	
Change in Net Assets-GAAP Basis			<u>\$ (57,917)</u>	

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

STATE OF NEW MEXICO
VILLAGE OF LOGAN
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2011

Federal Agency/Pass Through Grantor/Program Title	Federal CFDA Number	State ID Number	Total Federal Awards Expended
<u>U. S. Department of Agriculture</u>			
Pass-Through Program from:			
New Mexico Environment Department			
ARRA-Water & Waste Disposal Systems for Rural Communities-Loan	10.760	NM-9200	\$ 361,784
ARRA-Water & Waste Disposal Systems for Rural Communities	10.760	NM-9200	<u>2,747,300</u>
Total Federal Assistance			<u>\$ 3,109,084</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards

STATE OF NEW MEXICO

VILLAGE OF LOGAN

Notes to the Schedule of Expenditures of Federal Awards

June 30, 2011

Note 1: Significant Accounting Policies used in preparing the Schedule of Expenditure of Federal Awards

The modified accrual basis was used to prepare the Schedule of Expenditures of Federal Awards

Note 2: Insurance Requirements

Insurance requirements have been met.

Note 3: Loans or Loan Guarantees

There were three loans outstanding at the end of the year for a total of \$5,713,684.

De'Aun Willoughby CPA, PC

Certified Public Accountant

P.O. Box 223 Melrose, NM 88124

(575) 253-4313

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

Mr. Hector Balderas
State Auditor of the State of New Mexico
Board Members of the Village of Logan

Mr. Balderas and Members of the Board

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds and the combining and individual funds and related budgetary comparison presented as supplemental information of the Village of Logan (Village) as of and for the year ended June 30, 2011, and have issued our report thereon dated November 8, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting; 11-1, 11-2 and 11-3. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs; 11-1, 11-2 and 11-3.

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

This report is intended solely for the information and use of the administration, the board members, the Public Education Department, the Office of the State Auditor, the New Mexico State Legislature and federal grantors and is not intended to be and should not be used by anyone other than these specified parties.

De'Ann Willoughby CPA PC

November 8, 2011

De'Aun Willoughby CPA, PC

Certified Public Accountant

P.O. Box 223 Melrose, NM 88124

(575) 253-4313

Report on Compliance with Requirements
Applicable to Each Major Program and Internal Control
Over Compliance in Accordance With OMB Circular A-133

Mr. Hector Balderas
State Auditor of the State of New Mexico
Board Members of the Village of Logan

Mr. Balderas and Members of the Board

Compliance

We have audited Village of Logan (Village) compliance with the types of compliance requirements described in the OMB A-133 Compliance Supplement that could have a direct and material effect on each of the Village's major federal programs for the year ended June 30, 2011. The Village's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Village's management. Our responsibility is to express an opinion on the Village's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Village's compliance with those requirements.

In our opinion, the Village, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

Management of the Village, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Village's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

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

De'Ann Willoughby CPA PC

November 8, 2011

STATE OF NEW MEXICO
VILLAGE OF LOGAN
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2011

A. SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued Unqualified

Internal control over financial reporting

* Material weaknesses identified? No

* Significant deficiencies identified? Yes

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

* Material weaknesses identified? No

* Significant deficiencies identified? No

Type of auditor's report issued on compliance for major programs Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133 No

Identification of major programs:

<u>CFDA Numbers)</u>	<u>Name of Federal Program of Cluster</u>
66.418	ARRA-Water & Waste Disposal Systems for Rural Communities

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Audited qualified as low risk auditee No

Federal Award Findings

Prior Year Audit Findings	<u>Status</u>
10-1 Late Filed Data Collection Form and Reporting Package to the Federal Clearinghouse-Compliance	Resolved

Current Year Audit Findings
 There are no current year audit findings.

Financial Statement Audit Findings

Prior Year Audit Findings	<u>Status</u>
10-2 Late Audit Report-Compliance and Internal Control-Material Weakness	Resolved
10-3 Expenditures Over Budget-Compliance and Internal Control-Material Weakness	Resolved

Current Year Audit Findings

11-1 Compensated Absences-Compliance and Internal Control-Significant Deficiency

Condition

As per the Villages books 8 employees have over the 160 hours accrued compensated absences as per board policy. The Board Policy states that 20 day (160 hours) can be accrued. This is causing the Village to have an overstatement of liabilities of \$42,773.67.

Criteria

Good internal controls and sound business practice requires that the Village provide adequate control over personnel policy.

Cause

The council may have changed how the compensated absences were calculated in a board meeting.

Effect

The Village failed to follow the current personnel policy or to pass an amendment to the personnel policy the Village has allowed compensated absences to accrue at a hire amount.

Recommendation

The policy should be rewritten to the council's agreed compensated absences rather than basing the calculation of a conversation in a board meeting.

Response

The policy will be rewritten.

11-2 Stale Dated Transactions - Internal Control & Compliance

Condition

The Village is in violation of state statutes regarding stale-dated checks. The Village maintained 4 checks that were dated over one year old at June 30, 2011. The checks totaled \$386.79 respectively.

Criteria

Section 6-10-57(A), NMSA 1978, and related regulations require that the Village provide information about the payees and the related funds to Unclaimed Property Division of the New Mexico Taxation and Revenue Department for outstanding checks that were distributed but not cashed within one year.

Cause

The Village did not implement an internal control policy to account for stale dated outstanding checks and did not clear these checks on a timely basis.

Effect

Carrying numerous bank reconciling items could result in a misstatement in the accounting records or related misappropriation of funds.

Recommendation

We recommend that the Village implement a procedure to review the outstanding check listings for all bank accounts and track stale-dated checks. If checks on the outstanding check listings are greater than one year old we recommend these checks be voided.

Response

We will void the stale checks in accordance with Section 7-8 A, NMSA 1978.

11-3 Insurance - Internal Control & Compliance**Condition**

It appears that proper procedure are not being followed concerning withholding and reporting of NM Self Insurers Fund. 3 of the 17 paying into insurance did not pay the correct amount, this caused the district to over pay their portion by 369.00 for the month.

Criteria

Good accounting practices rely on a deduction authorization and the correct amount is withheld each pay period and remitted to the various vendors.

Cause

The Village updated their accounting software. During the course of such, withholdings were incorrect causing employees to be overpaid.

Effect

The employees were overpaid and the Village paid more than they should have for the employees' benefits.

Recommendation

All payroll checks for the last fiscal year should be reviewed and any overpayment should subsequently be collected from the employees. All payroll checks should be reviewed before issuing them to employees.

Response

We will collect the overpayments from employees and will implement better internal controls by reviewing the payroll checks before issuance.

Financial Statement Preparation

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

Exit Conference

An exit conference was held on November 8, 2011. In attendance were Darrel Boulware-Trustee , Larry Wallin-Village Administrator, Angelina Cordova-Clerk and De'Aun Willoughby, CPA.