

State of New Mexico
Village of Magdalena

Annual Financial Report
For the Year Ended June 30, 2011
(With Independent Auditors' Report)

INTRODUCTORY SECTION

State of New Mexico
Village of Magdalena
June 30, 2011

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Village of Magdalena
June 30, 2011

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State of New Mexico
Village of Magdalena
June 30, 2011

Official Roster

Name

Title

Board of Trustees

Sandy Julian
L. Diane Allen
Barbara Baca
Carmen Torres
Tommy Torres

Mayor
Trustee
Trustee
Trustee
Trustee

Village Officials

Robert Serna
Rita Broaddus

Municipal Judge
Clerk/Treasurer

FINANCIAL SECTION

Beckham & Penner, P. C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

Mr. Hector H. Balderas
New Mexico State Auditor, and
Village Trustees
Village of Magdalena
Magdalena, New Mexico

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue and capital project funds, of the Village of Magdalena (the 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 have also audited the financial statements and budgetary comparison statements of each of the Village's non major governmental funds and the budgetary comparisons for each 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.

Except as discussed in the following paragraph, 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 and the standards applicable to financial statement audits contained in the New Mexico State Audit Rule 2.2.2 NMAC. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

INDEPENDENT AUDITORS' REPORT

The Village of Magdalena, over the years has not maintained adequate detailed records of the Capital Assets. Accounting principles generally accepted in the United States of America require that adequate detailed records of the Capital Assets be maintained to provide for the verification and valuation of individual capital assets and to determine the adequacy of the related depreciation. The valuation of the Capital Assets and the related depreciation would affect the determination of the assets, net assets and expenses of the Village. The amount by which this would affect the assets, net assets and expenses is not reasonably determinable.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to audit the Capital Assets and related depreciation as described in the third paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial positions of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Magdalena, as of June 30, 2011, and the respective changes in financial position and cash flows thereof, and the respective budgetary comparison for the General Fund and major governmental funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to audit the Capital Assets and related depreciation as described in the third paragraph, the financial statements referred to above presented fairly, in all material respects, the respective financial position of the combining and each non-major governmental fund and combining proprietary funds of the Village of Magdalena, as of June 30, 2011, and the respective changes in financial position and cash flow thereof and the respective budgetary comparisons for each non-major governmental fund and 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 January 9, 2014 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 result of our audit.

INDEPENDENT AUDITORS' REPORT

For the year ended June 30, 2011, the Village of Magdalena has omitted the *Management's Discussion and Analysis (MD&A)* which is required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board (GASB) who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Magdalena's basic financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The accompanying Supporting Schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to audit the Capital Assets and related depreciation as described in the third paragraph, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



January 9, 2014

Beckham & Penner P.C.

Certified Public Accountants

State of New Mexico
Village of Magdalena
Statement of Net Assets
As of June 30, 2011

	Governmental Activities	Business Type Activities	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 556,556	\$ 98,336	\$ 654,892
Taxes receivable	25,490	-	25,490
Intergovernmental receivable	1,990	-	1,990
Other receivable	1,166	-	1,166
Accounts receivable (net)	15,591	50,389	65,980
Inventories	-	2,389	2,389
Total current assets	<u>600,793</u>	<u>151,114</u>	<u>751,907</u>
Restricted assets:			
Cash and cash equivalents	-	67,552	67,552
Total restricted assets	<u>-</u>	<u>67,552</u>	<u>67,552</u>
Capital assets:			
Capital assets not being depreciated:			
Land	269,889	6,025	275,914
Construction in progress	11,548	11,090	22,638
Capital assets being depreciated:			
Distributed system	-	3,886,863	3,886,863
Building and improvements	2,143,178	26,097	2,169,275
Furniture, fixtures and equipment	985,337	324,291	1,309,628
Less accumulated depreciation	<u>(1,652,956)</u>	<u>(1,965,854)</u>	<u>(3,618,810)</u>
Total capital assets	<u>1,756,996</u>	<u>2,288,512</u>	<u>4,045,508</u>
Total assets	<u>\$ 2,357,789</u>	<u>\$ 2,507,178</u>	<u>\$ 4,864,967</u>
LIABILITIES			
Current liabilities:			
Accounts Payable	72,495	12,587	85,082
Accrued interest payable	-	1,485	1,485
Wages and benefits payable	2,691	1,702	4,393
Compensated absences payable	33,922	6,462	40,384
Current portion of debt payable	6,038	5,000	11,038
Noncurrent liabilities:			
Customer meter deposits	-	28,965	28,965
Debt Payable, less current portion	<u>12,121</u>	<u>151,000</u>	<u>163,121</u>
Total liabilities	<u>127,267</u>	<u>207,201</u>	<u>334,468</u>
NET ASSETS			
Invested in capital assets, net of related debt	1,730,664	2,132,512	3,863,176
Restricted for:			
Debt service reserve	-	23,587	23,587
Landfill closure reserve	-	15,000	15,000
Special Revenue Funds	154,279	-	154,279
Unrestricted	<u>345,579</u>	<u>128,878</u>	<u>474,457</u>
Total net assets	<u>\$ 2,230,522</u>	<u>\$ 2,299,977</u>	<u>\$ 4,530,499</u>

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

State of New Mexico
Village of Magdalena
Statement of Activities
For the Year Ended June 30, 2011

Functions/Programs	Program Revenue				Net (Expenses) Revenues and Changes in Net Assets		
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government							
Governmental activities:							
General Government	\$ 91,320	\$ 17,785	\$ 160,376	\$ -	\$ 86,841	\$ -	\$ 86,841
Public safety	435,962	32,546	106,024	-	(297,392)	-	(297,392)
Public works	76,045	17	-	81,882	5,854	-	5,854
Public health	11,638	26,445	8,268	-	23,075	-	23,075
Culture and recreation	53,056	135	12,163	-	(40,758)	-	(40,758)
Interest and fees on long-term debt	60	-	-	-	(60)	-	(60)
Total governmental activities	668,081	76,928	286,831	81,882	(222,440)	-	(222,440)
Business-type activities:							
Water	170,577	185,217	-	11,090	-	25,730	25,730
Waste Water	134,729	81,466	-	-	-	(53,263)	(53,263)
Solid Waste	105,774	85,014	-	-	-	(20,760)	(20,760)
Interest on long-term obligations	7,204	-	-	-	-	(7,204)	(7,204)
Total business-type activities	418,284	351,697	-	11,090	-	(55,497)	(55,497)
Total primary government	\$ 1,086,365	\$ 428,625	\$ 286,831	\$ 92,972	(222,440)	(55,497)	(277,937)
General revenues:							
Taxes							
Property taxes, levied for general purposes					5,897	-	5,897
Gross receipts taxes					181,311	-	181,311
Franchise taxes					12,559	-	12,559
Other taxes					37,912	-	37,912
Investment Income					12	79	91
Transfers					-	-	-
Total general revenues					237,691	79	237,770
Changes in net assets					15,251	(55,418)	(40,167)
Net assets beginning of year					2,215,271	2,355,395	4,570,666
Net assets, end of year					\$ 2,230,522	\$ 2,299,977	\$ 4,530,499

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

State of New Mexico
Village of Magdalena
Balance Sheet
Governmental Funds
As of June 30, 2011

	General Funds	Fire Fund	Municipal Street Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 340,258	\$ 5,608	\$ 136,016	\$ 74,674	\$ 556,556
Taxes receivable	22,951	-	1,706	833	25,490
Intergovernmental receivables	1,990	-	-	-	1,990
Other receivable	15,591	-	-	1,166	16,757
Due from (to) other funds	-	-	-	-	-
Total assets	<u>380,790</u>	<u>5,608</u>	<u>137,722</u>	<u>76,673</u>	<u>600,793</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	7,256	5,086	47,514	12,639	72,495
Accrued payroll	2,468	-	-	223	2,691
Accrued interest payable	-	-	-	-	-
Total liabilities	<u>9,724</u>	<u>5,086</u>	<u>47,514</u>	<u>12,862</u>	<u>75,186</u>
Fund balances:					
Restricted for:					
Special revenue funds	-	522	90,208	63,549	154,279
Capital Project funds	-	-	-	262	262
Unassigned for:					
General Fund	<u>371,066</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>371,066</u>
Total fund balances	<u>371,066</u>	<u>522</u>	<u>90,208</u>	<u>63,811</u>	<u>525,607</u>
Total liabilities and fund balances	<u>\$ 380,790</u>	<u>\$ 5,608</u>	<u>\$ 137,722</u>	<u>\$ 76,673</u>	<u>\$ 600,793</u>

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

State of New Mexico
Village of Magdalena
Reconciliation of the Governmental Fund Balance Sheet to the
Statement of Net Assets
As of June 30, 2011

Total Fund balance for governmental funds		\$ 525,607
<p>Total net assets reported for governmental activities in the statement of net assets is different because:</p> <p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consists of:</p>		
Governmental capital assets	3,409,952	
Less accumulated depreciation	<u>(1,652,956)</u>	1,756,996
<p>Long-term and short-term liabilities applicable to the Village governmental activities that are not due and payable in the current period are not reported as fund liabilities. All liabilities- both current and long-term are reported in the statement of net assets.</p>		
Compensated absences payable	(33,922)	
Debt Payable	<u>(18,159)</u>	(52,081)
Total net assets of governmental activities		<u><u>\$ 2,230,522</u></u>

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

State of New Mexico
Village of Magdalena
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2011

	General Funds	Fire Funds	Municipal Street Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:					
Property taxes	\$ 5,897	\$ -	\$ -	\$ -	\$ 5,897
Gross receipts tax	181,311	-	-	-	181,311
Franchise tax	12,559	-	-	-	12,559
Other tax	2,058	-	27,362	8,492	37,912
Licenses and permits	2,502	-	-	-	2,502
Intergovernmental revenue and grants	160,376	71,522	62,617	74,198	368,713
Charges for service	26,445	-	-	-	26,445
Fines	31,740	-	-	-	31,740
Investment earnings	2	10	-	-	12
Other revenues	3,763	-	-	958	4,721
Total revenues	<u>426,653</u>	<u>71,532</u>	<u>89,979</u>	<u>83,648</u>	<u>671,812</u>
EXPENDITURES:					
Current-					
General government	80,405	-	-	-	80,405
Public safety	277,589	74,875	-	25,887	378,351
Public works	-	-	61,835	11,181	73,016
Public health	3,743	-	-	7,895	11,638
Culture and recreation	-	-	-	55,940	55,940
Capital outlay	2,332	-	2,332	46,561	51,225
Debt service-					
Principal	-	6,022	-	-	6,022
Interest and fiscal charges	-	60	-	-	60
Total expenditures	<u>364,069</u>	<u>80,957</u>	<u>64,167</u>	<u>147,464</u>	<u>656,657</u>
Excess (deficiency) of revenues over expenditures	<u>62,584</u>	<u>(9,425)</u>	<u>25,812</u>	<u>(63,816)</u>	<u>15,155</u>
OTHER FINANCING SOURCES (USES)					
Transfer in	-	-	-	46,083	46,083
Transfer out	(35,000)	-	(11,083)	-	(46,083)
Total other financing sources (uses)	<u>(35,000)</u>	<u>-</u>	<u>(11,083)</u>	<u>46,083</u>	<u>-</u>
Net changes in fund balances	27,584	(9,425)	14,729	(17,733)	15,155
Fund balances- beginning of year	343,482	9,947	75,479	81,544	510,452
Fund balances, end of year	<u>\$ 371,066</u>	<u>\$ 522</u>	<u>\$ 90,208</u>	<u>\$ 63,811</u>	<u>\$ 525,607</u>

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

State of New Mexico
Village of Magdalena
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances of the Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2011

Net changes in fund balances- total governmental funds \$ 15,155

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expenses.

Expenditures for capital assets	51,226	
Donated capital assets	11,521	
Cost basis on sale of capital assets	-	
Less current year depreciation	<u>(48,407)</u>	14,340

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

Compensated absences	<u>(20,265)</u>	(20,265)
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The proceeds of debt issuances provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of long-term debt principal are expenditures in the governmental funds but the payment reduces long-term liabilities in the Statement of Net Assets.

Notes payable retirement	<u>6,022</u>	6,022
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Change in net assets of governmental activities \$ 15,252

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

State of New Mexico
Village of Magdalena
Statement of Revenues and Expenditures
Budget (Non-GAAP Basis) and Actual (Cash Basis)
General Fund
For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>			Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES:				
Property taxes	\$ 5,539	\$ 5,539	\$ 5,676	\$ 137
Gross receipts taxes	170,000	170,000	172,141	2,141
Franchise taxes	17,000	17,000	14,989	(2,011)
Licenses and permits	1,800	1,800	1,882	82
Intergovernmental revenue and grants	137,400	137,400	162,453	25,053
Charges for services	31,000	31,000	16,842	(14,158)
Investment earning	-	-	2	2
Fines	25,000	25,000	31,740	6,740
Other revenue	1,450	1,450	4,383	2,933
Total revenue	<u>389,189</u>	<u>389,189</u>	<u>410,108</u>	<u>20,919</u>
EXPENDITURES:				
General government	98,444	98,444	82,204	16,240
Public safety	269,500	269,500	275,332	(5,832)
Public health	19,000	19,000	4,469	14,531
Capital outlay	-	-	-	-
Total expenditures	<u>386,944</u>	<u>386,944</u>	<u>362,005</u>	<u>24,939</u>
Excess (deficiency) of revenue over expenditures	<u>2,245</u>	<u>2,245</u>	<u>48,103</u>	<u>45,858</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	(35,000)	(35,000)	(35,000)	-
Total other financing sources (uses)	<u>(35,000)</u>	<u>(35,000)</u>	<u>(35,000)</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures and other financing sources (uses)	<u>(32,755)</u>	<u>(32,755)</u>	<u>13,103</u>	<u>45,858</u>
Budgeted cash carryover	<u>327,155</u>	<u>327,155</u>	<u>327,155</u>	<u>-</u>
Net	<u><u>\$ 294,400</u></u>	<u><u>\$ 294,400</u></u>	<u><u>\$ 340,258</u></u>	<u><u>\$ 45,858</u></u>

Budgetary to Fund Reporting Reconciliation:

Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - Budgetary Basis	\$ 13,103
Adjustments for revenue accruals	16,545
Adjustment for expenditures accruals	(2,064)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - Fund Reporting	<u><u>\$ 27,584</u></u>

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

State of New Mexico
Village of Magdalena
Statement of Revenues and Expenditures
Budget (Non-GAAP Basis) and Actual (Cash Basis)
Fire Protection Special Revenue Fund
For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>			Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES:				
Taxes:				
Intergovernmental revenue and grants	\$ 73,000	\$ 73,000	\$ 71,522	\$ (1,478)
Other	400	400	-	(400)
Investment earnings	-	-	10	10
Total revenues	<u>73,400</u>	<u>73,400</u>	<u>71,532</u>	<u>(1,868)</u>
EXPENDITURES:				
Public safety	57,267	57,267	69,984	(12,717)
Debt service	12,650	12,650	6,082	6,568
Capital outlay	12,514	12,514	-	12,514
Total expenditures	<u>82,431</u>	<u>82,431</u>	<u>76,066</u>	<u>6,365</u>
Excess (deficiency) of revenue over expenditures	<u>(9,031)</u>	<u>(9,031)</u>	<u>(4,534)</u>	<u>4,497</u>
OTHER FINANCING SOURCES (USES):				
Transfers In (Out)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures and other financing sources (uses)	<u>(9,031)</u>	<u>(9,031)</u>	<u>(4,534)</u>	<u>4,497</u>
Budgeted cash carryover	<u>10,142</u>	<u>10,142</u>	<u>10,142</u>	<u>-</u>
Net	<u><u>\$ 1,111</u></u>	<u><u>\$ 1,111</u></u>	<u><u>\$ 5,608</u></u>	<u><u>\$ 4,497</u></u>

Budgetary to Fund Reporting Reconciliation:

Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - Budgetary Basis	\$ (4,534)
Adjustments for revenue accruals	-
Adjustment for expenditures accruals	(4,891)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - Fund Reporting	<u><u>\$ (9,425)</u></u>

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

State of New Mexico
Village of Magdalena
Statement of Revenues and Expenditures
Budget (Non-GAAP Basis) and Actual (Cash Basis)
Municipal Streets Special Revenue Fund
For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>			Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES:				
Taxes:				
Other taxes	\$ 36,000	\$ 36,000	\$ 32,824	\$ (3,176)
Intergovernmental revenue and grants	-	-	62,617	62,617
Investment earnings	-	-	-	-
Total revenues	<u>36,000</u>	<u>36,000</u>	<u>95,441</u>	<u>59,441</u>
EXPENDITURES:				
Public works	18,769	19,569	14,434	5,135
Debt service	-	-	-	-
Capital outlay	3,000	3,000	2,332	668
Total expenditures	<u>21,769</u>	<u>22,569</u>	<u>16,766</u>	<u>5,803</u>
Excess (deficiency) of revenue over expenditures	<u>14,231</u>	<u>13,431</u>	<u>78,675</u>	<u>65,244</u>
OTHER FINANCING SOURCES (USES):				
Transfers in (Out)	<u>(28,150)</u>	<u>(28,150)</u>	<u>(11,083)</u>	<u>-</u>
Total other financing sources (uses)	<u>(28,150)</u>	<u>(28,150)</u>	<u>(11,083)</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures and other financing sources (uses)	(13,919)	(14,719)	67,592	65,244
Budgeted cash carryover	<u>68,424</u>	<u>68,424</u>	<u>68,424</u>	<u>-</u>
Net	<u>\$ 54,505</u>	<u>\$ 53,705</u>	<u>\$ 136,016</u>	<u>\$ 65,244</u>

Budgetary to Fund Reporting Reconciliation:

Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - Budgetary Basis	\$ 67,592
Adjustments for revenue accruals	(5,462)
Adjustment for expenditures accruals	(47,401)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - Fund Reporting	<u>\$ 14,729</u>

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

State of New Mexico
Village of Magdalena
Statement of Net Assets
Proprietary Funds
As of June 30, 2011

	Enterprise Funds			
	Water, Sewer & Solid Waste Utilities	Completed Projects	Well Improvements SAP-07-4590-GF	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 97,682	\$ 654	\$ -	\$ 98,336
Accounts receivable, net	50,389			50,389
Inventory	2,389			2,389
Intergovernmental receivable	-			-
Total current assets	<u>150,460</u>	<u>654</u>	<u>-</u>	<u>151,114</u>
Restricted cash and cash equivalents:				
Customer meter deposits	28,965			28,965
Revenue bond reserve	23,587			23,587
Landfill closure reserve	15,000			15,000
Total restricted cash	<u>67,552</u>	<u>-</u>	<u>-</u>	<u>67,552</u>
Noncurrent assets:				
Land	6,025			6,025
Distribution system	3,886,863			3,886,863
Building and improvements	26,097		11,090	37,187
Vehicles, furniture and equipment	324,291			324,291
Accumulated depreciation	(1,965,854)			(1,965,854)
Total noncurrent assets	<u>2,277,422</u>	<u>-</u>	<u>11,090</u>	<u>2,288,512</u>
Total assets	<u>\$ 2,495,434</u>	<u>\$ 654</u>	<u>\$ 11,090</u>	<u>\$ 2,507,178</u>
LIABILITIES and Net Assets				
Current liabilities:				
Accounts payable	\$ 12,587			\$ 12,587
Accrued salaries & benefits	1,485			1,485
Accrued interest payable	1,702			1,702
Compensated absences payable	6,462			6,462
Customer meter deposits	28,965			28,965
Revenue bonds payable	5,000			5,000
Total current liabilities	<u>56,201</u>	<u>-</u>	<u>-</u>	<u>56,201</u>
Noncurrent liabilities:				
Revenue bonds payable	151,000			151,000
Total non-current liabilities	<u>151,000</u>	<u>-</u>	<u>-</u>	<u>151,000</u>
Total liabilities	<u>207,201</u>	<u>-</u>	<u>-</u>	<u>207,201</u>
NET ASSETS				
Invested in capital assets, net of related debt	2,121,422		11,090	2,132,512
Restricted for:				
Landfill closure and post closure	15,000			15,000
Debt service reserve	23,587			23,587
Unrestricted	128,224	654		128,878
Total net assets	<u>2,288,233</u>	<u>654</u>	<u>11,090</u>	<u>2,299,977</u>
Total Liabilities and Net Assets	<u>\$ 2,495,434</u>	<u>\$ 654</u>	<u>\$ 11,090</u>	<u>\$ 2,507,178</u>

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

State of New Mexico
Village of Magdalena
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2011

	Enterprise Funds			Total
	Water, Sewer & Solid Waste Utilities	Completed Projects	Well Improvements SAP-07-4590-GF	
Operating revenues:				
Charges for services	\$ 351,697	\$ -	\$ -	\$ 351,697
Total operating revenues	<u>351,697</u>	<u>-</u>	<u>-</u>	<u>351,697</u>
Operating expenses:				
Salaries & Benefits	140,951			140,951
Operating expenses	153,316		17	153,333
Depreciation	116,796			116,796
Total operating expenses	<u>411,063</u>	<u>-</u>	<u>17</u>	<u>411,080</u>
Operating Income	<u>(59,366)</u>	<u>-</u>	<u>(17)</u>	<u>(59,383)</u>
<u>Non-operating revenues (expenses):</u>				
Interest expense	(7,204)			(7,204)
Interest Income	79			79
Intergovernmental-state	-		11,090	11,090
Total non-operating revenues (expenses)	<u>(7,125)</u>	<u>-</u>	<u>11,090</u>	<u>3,965</u>
Changes in net assets before transfers	(66,491)	-	11,073	(55,418)
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	(66,491)	-	11,073	(55,418)
Total net assets, beginning of year	<u>2,354,724</u>	<u>654</u>	<u>17</u>	<u>2,355,395</u>
Total net assets, end of year	<u>\$ 2,288,233</u>	<u>\$ 654</u>	<u>\$ 11,090</u>	<u>\$ 2,299,977</u>

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

State of New Mexico
Village of Magdalena
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2011

	Enterprise Funds			
	Water, Sewer & Solid Waste Utilities	Completed Project	Well Improvements SAP-07-4590-GF	Total
Cash flows from operating activities:				
Cash received from customers	\$ 350,114			\$ 350,114
Cash payments to employees for services	(144,285)			(144,285)
Cash payments to suppliers for goods and services	(160,067)		(17)	(160,084)
Net cash provided by (used for) operating activities	<u>45,762</u>	<u>-</u>	<u>(17)</u>	<u>45,745</u>
Cash flows from noncapital financing activities:				
Transfers In (Out)	-		-	-
Net cash provided by (used for) noncapital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from capital and related financing activities:				
Net acquisition of capital assets	(2,334)		(11,090)	(13,424)
Payment of principal on long-term debt	(5,000)		-	(5,000)
Interest paid on bonds	(7,285)		-	(7,285)
Cash provided from state grants	-		11,090	11,090
Net cash provided by (used for) capital and related financing activities	<u>(14,619)</u>	<u>-</u>	<u>-</u>	<u>(14,619)</u>
Cash flow from investing activities:				
Interest income	79			79
Net cash provided by investing activities	<u>79</u>	<u>-</u>	<u>-</u>	<u>79</u>
Net increase (decrease) in cash and cash equivalents	31,222	-	(17)	31,205
Cash and cash equivalents, beginning of year	<u>134,012</u>	<u>654</u>	<u>17</u>	<u>134,683</u>
Cash and cash equivalents, end of year	<u>\$ 165,234</u>	<u>\$ 654</u>	<u>\$ -</u>	<u>\$ 165,888</u>
Cash and cash equivalents as reported:				
Cash and cash equivalents	\$ 97,682	\$ 654	\$ -	\$ 98,336
Restricted cash - Customer meter deposits	28,965			28,965
Restricted cash - Revenue bond reserve	23,587			23,587
Restricted cash - Landfill closure reserve	15,000			15,000
Total reported cash and cash equivalents	<u>\$ 165,234</u>	<u>\$ 654</u>	<u>\$ -</u>	<u>\$ 165,888</u>

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

State of New Mexico
Village of Magdalena
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2011

	Enterprise Funds			Total
	Water, Sewer & Solid Waste Utilities	Completed Project	Well Improvements SAP-07-4590-GF	
Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities				
Operating income	\$ (59,366)	\$ -	\$ (17)	\$ (59,383)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:				
Depreciation	116,796			116,796
Increase in Reserve for Bad Debts	1,924			1,924
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(1,583)			(1,583)
(Increase) decrease in inventory	-			-
(Increase)decrease in intergovernmental receivable	-			-
Increase (decrease) in accounts payable - operations	(9,607)			(9,607)
Increase (decrease) in accrued salaries & benefits	(179)			(179)
Increase (decrease) in accrued compensated absences	(3,096)			(3,096)
Increase (decrease) in deposits held for others	873			873
Total adjustments	105,128	-	-	105,128
Net cash provided by (used for) operating activities	\$ 45,762	\$ -	\$ (17)	\$ 45,745

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

State of New Mexico
Village of Magdalena
Notes to Financial Statements
June 30, 2011

NOTE 1. Summary of Significant Accounting Policies

The Village of Magdalena (Village) was incorporated in 1918, under provisions of Chapter 3, Article 2, NMSA, 1978 as amended. The Village operates under a Mayor - Trustee form of government and provides the following services as authorized by its charter: public safety (police and fire); streets; water and sewer services; refuse collection; health and social services; culture-recreation; public improvements; and general administrative services.

The Village of Magdalena is a body politic and corporate under the name and form of government selected by its qualified electors. The Village may:

1. Sue or be sued;
2. Enter into contracts and leases;
3. Acquire and hold property, both real and personal;
4. Have common seal, which may be altered at pleasure;
5. Exercise such other privileges that are incident to corporations of like character or degree that are not inconsistent with the laws of New Mexico;
6. Protect generally the property of its municipality and its inhabitants;
7. Preserve peace and order within the municipality; and
8. Establish rates for services provided by municipal utilities and revenue-producing projects, including amounts which the governing body determines to be reasonable in the operation of similar facilities.

The financial statements of the Village have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements have incorporated all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on accounting procedures issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The more significant of the Village's accounting policies are described below.

A. Financial Reporting Entity

In evaluating how to define the Village, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB statements No. 14. The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters.

State of New Mexico
Village of Magdalena
Notes to Financial Statements
June 30, 2011

NOTE 1. Summary of Significant Accounting Policies (continued)

A. Financial Reporting Entity (continued)

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, the Village has no component units, and is not a component unit of another governmental agency.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities and changes in net assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity 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 Net Assets and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, Accounting and Financial Reporting for Non-exchange Transactions.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The Village does not have any fiduciary funds.

State of New Mexico
Village of Magdalena
Notes to Financial Statements
June 30, 2011

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and the susceptible to accrual criteria have been met.

Governmental funds are used to account for the Village's general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets and the servicing of general long-term debt. Governmental funds include:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are provided through property and other taxes, federal sources, state sources, charges for services, licenses and fees, and other miscellaneous recoveries and revenue. Expenditures include all costs associated with the daily operation of the Village except for items included in other funds.

State of New Mexico
Village of Magdalena
Notes to Financial Statements
June 30, 2011

NOTE 1. Summary of Significant Accounting Policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

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

The *Debt Service Funds* account for the services of general long-term debt not being financed by proprietary or nonexpendable trust funds. Currently the Village does not have any Debt Service Funds.

The *Capital Projects Funds* account for the acquisition of fixed assets or construction of major capital projects not being financed by the proprietary or nonexpendable trust funds.

Under the requirements of GASB No. 34, the Village is required to present certain of its governmental funds as major based upon certain criteria. The major funds presented in the fund financial statements include only the General Fund, Fire Protection Fund, Municipal Street Fund, and Joint Utility Fund. No other funds were required to be presented as major at the discretion of management.

The *General Fund* accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are provided through property and other taxes, federal sources, state sources, charges for services, licenses and fees, and other miscellaneous recoveries and revenue. Expenditures include all costs associated with the daily operation of the Village except for items included in other funds.

The *Fire Protection Fund* (Special Revenue Fund) accounts for the financial resources from a state grant and charges for services rendered. Expenditures include costs for the operations and maintenance of the fire department. Financing is provided by an allotment from the State of New Mexico Fire Marshal's Office. State Statute Section 59A-53-2, NMSA, 1978 compilation, requires the allotment be used only to operate fire departments.

The *Municipal Street Fund* (Special Revenue Fund) accounts for the receipts and expenditures of special gasoline tax, that is restricted for use in repairing and maintaining roads and streets within the Village. Additional funds are occasionally received from the New Mexico Department of Transportation for major improvements to roads and streets within the Village. This fund was created by state statute, NMSA 7-1-6.9 and 7-13-1 to 18.

The *Joint Utility Fund* (Enterprise Fund) accounts for charges from the delivery of water, sewer and solid waste services to the Village and the corresponding costs of delivering those services. The government reports its proprietary fund as a major fund.

State of New Mexico
Village of Magdalena
Notes to Financial Statements
June 30, 2011

NOTE 1. Summary of Significant Accounting Policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict the guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Village has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of inter fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes, because elimination of these charges would distort the direct costs and program revenues reported in the Statement of Activities.

Program revenues reduce the costs of the function to be financed from the Village's general revenues. Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. In particular, the Village receives various licenses and fees and collects ambulance fees.

The Village reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. The Village does not currently employ indirect cost allocation systems. Depreciation expense is unallocated because depreciation records do not specifically identify the function. Interest on general and long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing service in connection with the fund's principal ongoing operations. The principal operating revenue of the Village's enterprise fund is charges for services for the Village utilities. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

State of New Mexico
Village of Magdalena
Notes to Financial Statements
June 30, 2011

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, and Net Assets or Equity

Deposits and Investments: 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. State statutes authorize the Village to invest in Certificates of Deposit, obligations of the U.S. Government, and the State Treasurer's Investment Pool.

Investments for the Village are reported at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. The State Treasurer's Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Receivables and Payables: Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds or internal balances" (i.e., the current portion of inter-fund loans) or "advances to/from other funds or internal balances" (i.e., the non-current portion of inter-fund loans).

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. In the government-wide and governmental fund financial statements, delinquent property taxes are recorded when levied.

The Village receives mill levy and ad-valorem tax revenues. Property taxes are assessed on January 1 of each year and are based on the assessed value of property and are due in two equal payments by November 10th of the year in which the tax bill is prepared and April 10th of the following year. Property taxes uncollected thirty days after November 10th and April 10th are considered delinquent and may incur assessed penalties and interest. The taxes attach as an enforceable lien on the property. The Village recognizes tax revenues in the period in which they are levied in the government-wide financial statements. The Village records only the portion of taxes considered "measurable" and "available" in the governmental fund financial statements. Descriptions of the individual debt service and capital outlay funds contained in these financial statements include information regarding the authority for the collection and use of these taxes. Socorro County bills, collects, and remits to the Village its share of property taxes.

Prepaid Items: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and proprietary financial statements.

State of New Mexico
 Village of Magdalena
 Notes to Financial Statements
 June 30, 2011

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, and Net Assets or Equity (continued)

Capital Assets: Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Pursuant to the implementation of GASB Statement No. 34, the historical costs of infrastructure assets (retroactive to 1979) are to be included as part of the governmental capital assets reported in the government wide statements. Donated capital assets are recorded at estimated fair market value at the date of donation. Information Technology Equipment including software is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.20.1.9 C(5). The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Library books are expensed as purchased.

Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction.

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

Assets	Years
Infrastructure	50
Buildings and Improvements	40
Equipment	3-10
Vehicles	5-7
Software	5

Deferred Revenues: Accounting principles generally accepted in the United States of America require that grant revenue be recognized at the time the related expense is made if the expenditure of funds is the prime factor for determining eligibility for reimbursement; therefore, amounts received and not expended in the Special Revenue Funds are shown as deferred revenues. In addition, property taxes receivable but uncollected within sixty (60) days of year-end are classified as deferred revenue.

Compensated Absences: Qualified employees are entitled to accumulate annual leave, according to a graduated leave schedule, based on length of service. Employees may accumulate up to twenty four days of annual leave and carry that leave forward from fiscal year to fiscal year. Upon termination, employees will be paid for all days of accrued annual leave.

Qualified employees are entitled to accumulate sick leave up to forty days, at a rate of twelve days per year. Sick leave can be carried over from year to year. Upon termination employees forfeit all unused sick leave.

State of New Mexico
Village of Magdalena
Notes to Financial Statements
June 30, 2011

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, and Net Assets or Equity (continued)

All vacation leave is accrued when incurred in the government-wide financial statements. A liability for those amounts is reported in the governmental funds only if they have matured, for example, as a result of an employee retirements or terminations.

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

Net Asset or Fund Equity:

Committed fund balance represents amounts that are usable only for specified purposes by formal action of the government's highest level of decision-making authority.

Assigned fund balance represents amounts that are intended to be used for specific purpose, but are neither restricted nor committed. Intent is expressed by the governing body or a subordinate high level body or official whom the governing body has delegated.

Restricted fund balance represents amounts with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unassigned fund balance is the residual classification for the general fund and represents the amount that have not been assigned to other funds, and that have not been restricted, committed or assigned to specific purposes.

Invested in capital assets, net of related debt consists of net assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of these assets.

Inter-fund Transactions: Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund from expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other inter-fund transactions, except quasi-external transactions and reimbursements are reported as transfers. Nonrecurring or non routine permanent transfers of equity are reported as residual equity transfers. All other inter-fund transfers are reported as operating transfers.

State of New Mexico
Village of Magdalena
Notes to Financial Statements
June 30, 2011

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, and Net Assets or Equity (continued)

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

NOTE 2. Stewardship, Compliance, and Accountability

Budgetary Information:

Annual budgets of the Village are prepared prior to June 1 and must be approved by resolution of the Village Trustees, and submitted to the Department of Finance and Administration for State approval. Once the budget has been formally approved, any amendments must also be approved by the Village Trustees and the Department of Finance and Administration. A separate budget is prepared for each fund. Line items within each budget may be over-expended; however, it is not legally permissible to over-expend any fund budget in total.

These budgets are prepared on the Non-GAAP cash basis, excluding receivables, payables, other accruals and encumbrances, and secure appropriation of the funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year. The budgetary information presented in these financial statements has been amended in accordance with the above procedures.

Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, and Capital Projects Funds.

The Village is required to balance its budgets each year. Accordingly, amounts that are in excess or deficient are presented as changes in cash designated for expenditures, not as an excess or deficiency of revenues over expenditures.

The accompanying Statements of Revenues and Expenditures - Budget (Non-GAAP Budgetary Basis) and Actual presents comparisons of the legally adopted budget with actual data on the budgetary basis.

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with Generally Accepted Accounting Principles, reconciliations for the fiscal year are presented.

The reconciliation between the Non-GAAP budgetary basis amounts and the financial statements on the Fund basis is recorded on each budgetary statement.

State of New Mexico
Village of Magdalena
Notes to Financial Statements
June 30, 2011

NOTE 3. Deposits and investments

State statutes authorize the investment of Village funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States government obligations. All invested funds of the Village must properly follow State investment requirements.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the Village. Deposits may be made to the extent that they are insured by an agency of the United States or by collateral deposited as security or by bond given by the financial institution.

The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of deposit.

Excess funds may be temporarily invested in securities which are issued by the State or by the United States government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments.

According to the Federal Deposit Insurance Corporation, public unit deposits are funds owned by the public unit. Time deposits, savings deposits, and interest bearing NOW accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution. The Dodd-Frank Act of 2010 required that all public funds in a non-interest bearing bank account be fully insured by the FDIC through December 31, 2012.

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

The following schedule discloses the State of New Mexico, Office of the State Auditor's requirements on reporting the insured portion of the Village's deposits.

State of New Mexico
Village of Magdalena
Notes to Financial Statements
June 30, 2011

NOTE 3. Deposits and investments (continued)

	Wells Fargo Bank
Total of deposits in the bank	\$ 727,544
Less FDIC coverage	727,544
Total uninsured public funds	-
Collateral requirement at 50%	-
Pledge collateral held by the pledging Bank's trust department but not in the Village's name	341,277
Over (Under) Collateral Requirement	341,277
Uninsured and uncollateralized	-
Custodial Credit Risk-Deposit	\$ -

Carrying amounts of deposits and investments per financial statement at June 30, 2011 is:

Governmental Wide-Statement of Net Assets:

Cash and cash equivalents	\$ 654,892
Cash and cash equivalents Restricted	67,552
Subtract funds held by NMFA	(9)
Subtract cash on hand	(100)
Subtract deposits in transit	(572)
Add outstanding checks and other items	5,781
Balance per bank	\$ 727,544

The Village utilizes pooled accounts for their funds. The General, Special Revenue, Capital Projects, and Proprietary Funds are all in multiple accounts. A Schedule of Bank Accounts is listed on Schedule I of this report.

Custodial credit risk - cash is the risk that in the event of a bank failure, the Villages' deposits may not be returned to it. The Village does not have a deposit policy for custodial credit risk. As of June 30, 2011, none of the Village's bank balances were exposed to custodial credit risk.

The collateral pledged is listed on Schedule II of this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by an agency, district or political subdivision of the State of New Mexico.

State of New Mexico
Village of Magdalena
Notes to Financial Statements
June 30, 2011

NOTE 3. Deposits and investments (continued)

Custodial Credit Risk – Investments For an investment, custodial credit risk is the risk that in the event of counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Village does not have an investment policy for custodial credit risk. The Village’s investments are in certificates of deposits and the custodial credit risk for the certificates of deposits is contemplated in *custodial credit risk – cash*.

NM State Statutes require collateral pledged for repurchase agreements in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the Village for at least 102% of the amount on deposit with the institution. There are no repurchase agreements for the fiscal year.

NOTE 4. Accounts Receivable

	General Fund	Other Major Funds	Other Non-Major Funds	Total
Taxes receivables	\$ 22,951	\$ 1,706	\$ 833	\$ 25,490
Intergovernmental funds	1,990	-	-	1,990
Federal & State Grants	-	-	1,166	1,166
Ambulance receivables	15,591	-	-	15,591
Total Receivables	<u>\$ 40,532</u>	<u>\$ 1,706</u>	<u>\$ 1,999</u>	<u>\$ 44,237</u>

The above receivables are deemed 100% collectible. In accordance with GASB Statement No. 33, property tax receivables are presented net of deferred revenue.

In addition to the governmental funds accounts receivable above, the proprietary fund had receivables of \$50,389 (net allowance for uncollectible accounts of \$6,871) for the delivery of services to customers. This includes billed and unbilled services. The allowance for uncollectible accounts increased by \$1,925 during the fiscal year.

NOTE 5. Transfers:

Cash transfers are for operations or matching funds for capital projects. Cash transfers are included in the operating budgets for the effected funds.

Non-cash transfers are Capital Assets from completed Capital Projects Funds being transferred to the fund that receives the completed capital asset.

State of New Mexico
Village of Magdalena
Notes to Financial Statements
June 30, 2011

NOTE 5. Transfers, continued:

<u>Transfers:</u>	<u>Cash In</u>	<u>Cash Out</u>	<u>Non-Cash In</u>	<u>Non-Cash Out</u>
General Fund		35,000		
Municipal Street Fund		11,083	55,708	
Library Fund	35,000			
CDBG Planning Grant	7,708			55,708
CDBG Pine Street	3,375			

NOTE 6. Capital Assets

Governmental Funds:

A summary of capital assets and changes occurring during the fiscal year follows.

	<u>Balance June 30, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2011</u>
Capital Assets not depreciated:				
Land	\$ 269,889	\$ -	\$ -	\$ 269,889
Construction in Progress	28,736	38,520	55,708	11,548
Subtotal	<u>298,625</u>	<u>38,520</u>	<u>55,708</u>	<u>281,437</u>
Capital Assets being depreciated:				
Building & Improvements	2,087,470	55,708	-	2,143,178
Equipment & Vehicles	961,111	24,226	-	985,337
Subtotal	<u>3,048,581</u>	<u>79,934</u>	<u>-</u>	<u>3,128,515</u>
Total Capital Assets	<u>3,347,206</u>	<u>118,454</u>	<u>55,708</u>	<u>3,409,952</u>
Accumulated Depreciation:				
Building & Improvements	701,939	39,761	-	741,700
Equipment & Vehicles	902,610	8,646	-	911,256
Total Accumulated Depr	<u>1,604,549</u>	<u>48,407</u>	<u>-</u>	<u>1,652,956</u>
Net Capital Assets	<u>\$ 1,742,657</u>	<u>\$ 70,047</u>	<u>\$ 55,708</u>	<u>\$ 1,756,996</u>

State of New Mexico
Village of Magdalena
Notes to Financial Statements
June 30, 2011

NOTE 6. Capital Assets (continued)

Depreciation expense for the year ended June 30, 2011, was charged to the following functions and funds:

Public safety	\$ 12,720
General	32,657
Culture and Recreation	-
Public Works	3,030
Total depreciation expenses: governmental activities	\$ 48,407

Enterprise Funds - Business-like Activities:

A summary of capital assets and changes occurring during the fiscal year follows.

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
Capital Assets not depreciated:				
Land	\$ 6,025	\$ -	\$ -	\$ 6,025
Construction in Progress	-	11,090	-	11,090
Subtotal	6,025	11,090	-	17,115
Capital Assets being depreciated:				
Distribution System	3,886,863	-	-	3,886,863
Building & Improvements	26,097	-	-	26,097
Equipment & Vehicles	321,957	2,334	-	324,291
Subtotal	4,234,917	2,334	-	4,237,251
Total Capital Assets	4,240,942	13,424	-	4,254,366
Accumulated Depreciation:				
Distribution System	1,533,552	102,801	-	1,636,353
Building & Improvements	24,361	783	-	25,144
Equipment & Vehicles	291,145	13,212	-	304,357
Total Accumulated Depr	1,849,058	116,796	-	1,965,854
Net Capital Assets	\$ 2,391,884	\$ (103,372)	\$ -	\$ 2,288,512

Depreciation expense for the year ended June 30, 2011, totaled \$116,796; of which \$27,811 was for the water activity, and \$78,618 waste water activity and \$10,367 for the solid waste activity.

State of New Mexico
Village of Magdalena
Notes to Financial Statements
June 30, 2011

NOTE 7. Long-term Debt

Governmental Activities:

During the year ended June 30, 2011, the following changes occurred in the liabilities reported in the government-wide statement of net assets for the Governmental Funds:

	Balance 6/30/2010	Additions	Retirements	Balance 6/30/2011	Due Within One Year
Debt:					
NMFA loan B	24,181	-	6,022	18,159	6,038
Subtotal NMFA	24,181	-	6,022	18,159	6,038
Accrued Compensated Absence	13,657	32,611	12,346	33,922	33,922
Total	<u>\$ 37,838</u>	<u>\$ 32,611</u>	<u>\$ 18,368</u>	<u>\$ 52,081</u>	<u>\$ 39,960</u>

The annual requirements to amortize the above long-term debt as of June 30, 2011, including interest payments are as follows:

Fiscal Year End	Principal	Interest	Total
6/30/2012	6,038	45	6,083
6/30/2013	6,053	30	6,083
6/30/2014	6,068	15	6,083
TOTAL	<u>\$ 18,159</u>	<u>\$ 90</u>	<u>\$ 18,249</u>

The NMFA loan will be paid through an intercept of the Village's annual fire allotment from the State Fire Marshall.

State of New Mexico
Village of Magdalena
Notes to Financial Statements
June 30, 2011

NOTE 7. Long-term Debt (continued)

Governmental Activities:

A. New Mexico Finance Authority

Original Amount - \$61,540
Interim Loan Closing Date – May 4, 1999
First Coupon Date – November 11, 2000
Final Maturity – November 11, 2010
Interest Rate – 0.0%

The Village of Magdalena purchased a Fire Brush Truck in 1999, for \$90,899 in order to provide fire protection services within the Village. A \$60,000 loan was obtained from the New Mexico Finance Authority, which was combined with \$30,899 from the Village's Fire Protection Fund, to fund the purchase. The loan is secured with a pledge of the Fire Department's annual distribution of Fire Protection Fund Revenues. The cost of issuance of this loan was \$1,540, and an administration fee of 0.25% will be charges. The Village has entered into an intercept agreement with the New Mexico Finance Authority from the annual distribution of Fire Protection Fund Revenues for the annual debt service payment. The New Mexico Finance Authority maintains an interest bearing account in the name of the Village to receive and disburse those amounts. There are no reserve requirements. This note was paid off during the fiscal year ended June 30, 2010.

B. New Mexico Finance Authority

Original Amount - \$60,000
Interim Loan Closing Date – February 20, 2000
First Coupon Date – November 11, 2000
Final Maturity – November 11, 2014
Interest Rate – 0.0%

The Village of Magdalena purchased a Pumper Tanker Fire Truck in order to provide fire protection services within the Village. A \$60,000 loan was obtained from the New Mexico Finance Authority, which was combined with \$76,000 from the Village's Fire Protection Fund, to fund the purchase. The loan is secured with a pledge of the Fire Department's annual distribution of Fire Protection Fund Revenues. An administration fee of 0.25% will be charges. The Village has entered into an intercept agreement with the New Mexico Finance Authority for the annual distribution of Fire Protection Fund Revenues for the annual debt service payment. The New Mexico Finance Authority maintains an interest bearing account in the name of the Village to receive and disburse those amounts. There are no reserve requirements.

State of New Mexico
Village of Magdalena
Notes to Financial Statements
June 30, 2011

NOTE 7. Long-term Debt (continued)

Enterprise Fund Long Term Debt:

The following changes occurred in long-term obligations of the joint utility fund of the Village during the year ended June 30, 2011

	Balance at June 30, 2010	Additions	Reductions	Balance at June 30, 2011	Current Portion
Revenue Bonds Series 1974	\$ 8,000	\$ -	\$ 2,000	\$ 6,000	\$ 2,000
Revenue Bonds Series 1999	153,000	-	3,000	150,000	3,000
SubTotal	161,000	-	5,000	156,000	5,000
Accrued Compensated Absence	9,558	8,341	11,437	6,462	6,462
Total	\$ 170,558	\$ 8,341	\$ 16,437	\$ 162,462	\$ 11,462

Aggregate Debt Service Payments – Enterprise Fund

Due in Year	Series 1974	Series 1999	Total
2011-12	\$ 2,300	\$ 9,750	\$ 12,050
2012-13	2,200	9,615	11,815
2013-14	2,100	9,480	11,580
2014-15	-	9,345	9,345
2015-16	-	9,210	9,210
2016-2021	-	46,890	46,890
2021-2026	-	46,480	46,480
2026-2031	-	46,080	46,080
2031-2036	-	45,465	45,465
2036-2039	-	38,645	38,645
Total	\$ 6,600	\$ 270,960	277,560
Less Interest			(121,560)
Net Debt			\$ 156,000

State of New Mexico
Village of Magdalena
Notes to Financial Statements
June 30, 2011

NOTE 7. Long-term Debt (continued)

Enterprise Fund Long Term Debt:

A. Revenue Bond Series 1974 Enterprise Fund

Revenue Bonds – Enterprise Fund
Original Amount - \$50,000
Series – 1974
Dated – January 1, 1975
Principal Payable – January 1
Interest Payable – January 1
Interest Rate – 5%

The Revenue bonds issued for the purpose of improving and extending the utility systems, are to be retired from the income from operations of the utility system. The bonds create a lien on the net income of the system. The bonds mature \$1,000 annually through 2003 and \$2,000 annually thereafter through 2014.

Cash Requirements for Revenue Bonds Series 1974 Bond Payable

Due in Year	Principal	Interest	Total Payment
2011-12	2,000	300	2,300
2012-13	2,000	200	2,200
2013-14	2,000	100	2,100
Total	\$ 6,000	\$ 600	\$ 6,600

State of New Mexico
Village of Magdalena
Notes to Financial Statements
June 30, 2011

NOTE 7. Long-term Debt (continued)

Enterprise Fund Long Term Debt (continued):

B. Revenue Bond Series 1999 – Enterprise Fund

Original Amount - \$175,000
Series – 1999
Dated – April 7, 1999
Maturity Date – April 7, 2039
Principal Payable – April 7
Interest Payable – April 7
Interest Rate – 4.5%

The Revenue bonds issued for the purpose of improving the wastewater treatment systems, are to be retired from the income from operations of the utility system. The bonds create a lien on the net income of the system equal in rank to the lien created by issuance of the Series 1974 Revenue Bonds. The bonds mature \$2,000 annually through 2010, and then increasing annual amounts until the final \$19,000 is retired in 2039.

Cash Requirements for Revenue Bonds Series 1999 Bond Payable

Due in Year	Principal	Interest	Total Payment
2011-12	\$ 3,000	\$ 6,750	\$ 9,750
2012-13	3,000	6,615	9,615
2013-14	3,000	6,480	9,480
2014-15	3,000	6,345	9,345
2015-16	3,000	6,210	9,210
2016-2021	18,000	28,890	46,890
2021-2026	22,000	24,480	46,480
2026-2031	27,000	19,080	46,080
2031-2036	33,000	12,465	45,465
2036-2039	35,000	3,645	38,645
Total	\$ 150,000	\$ 120,960	\$ 270,960

State of New Mexico
Village of Magdalena
Notes to Financial Statements
June 30, 2011

NOTE 7. Long-term Debt (continued)

Enterprise Fund Long Term Debt (continued):

Reserve Requirement – Revenue Bonds – Enterprise Fund

Series	Reserve for Debt Service	Reserve for Repair & Replacement	Total
1974	\$ 1,150	\$ 10,000	\$ 11,150
1999	2,437	10,000	12,437
Total	\$ 3,587	\$ 20,000	\$ 23,587

The reserve for repair and replacement for the 1974 series bond is fully funded at \$10,000. The reserve for repair and replacement for the 1999 series bond is fully funded at \$10,000.

Note 8. Risk Management

The Village is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries and natural disasters. The Village participates in the New Mexico Self-Insurer's Fund risk pool.

The Village has not filed any claims for which the settlement amount exceeded the insurance coverage during the past three years. However, should a claim be filed against the Village which exceeds the insurance coverage, the Village would only be responsible for a loss in excess of the coverage amounts. As claims are filed, the New Mexico Self-Insurers' Fund assesses and estimates the potential for loss and handles all aspects of the claim. Insurance coverage's have not changed significantly from prior years and coverage's are expected to be continued.

New Mexico Self-Insurers' Fund has not provided information on an entity by entity basis that would allow for a reconciliation of changes in the aggregate liabilities for claims for the current fiscal year and the prior fiscal year.

State of New Mexico
Village of Magdalena
Notes to Financial Statements
June 30, 2011

NOTE 9. PERA Pension Plans

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 Employee 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, 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, New Mexico 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% to 8% (ranges from 4.0% to 16.65% depending upon the plan – i.e., state general, state hazardous duty, state police and adult correctional officers, municipal general, municipal police, municipal fire, municipal detention officers) of their gross salary. The Village is required to contribute 7% to 11% (ranges from 7.0% to 25.72% depending upon the plan) of gross covered salary. The contribution requirements of plan members and the Village are established in state statute under Chapter 10, Article 11, NMSA 1978. The requirement may be amended by the Legislature. The Village of Magdalena's contributions to PERA for the fiscal years ending June 30, 2011, 2010, and 2009 were \$21,056, \$21,171, and \$21,252, respectively, which equal the required contributions for each year.

NOTE 10. Post-Employment Benefits

The Retiree Health Care Act (the "Act") (Chapter 10, Article 7C, NMSA, 1978) provides comprehensive core group health insurance for persons who have retired from certain public service in New Mexico. As authorized under Section 9D of Chapter 6, Laws of 1990, the Village has elected not to participate in the program by adoption of an ordinance.

NOTE 11. Contingent Liabilities

The Village is party to various claims and lawsuits arising in the normal course of business. Management and the Village's attorney are unaware of any material pending or threatened litigation, claims or assessments against the Village which are not covered by the Village's insurance.

Solid Waste Landfill: The Village operates a transfer station where solid waste is collected and transferred to the landfill facility at the City of Socorro. The Village has also established a construction and demolition landfill. The landfill closure and post-closure care requirements are regulated by the State of New Mexico Solid Waste Management regulations. The recognition of the liability for closure and post-closure care cost are based on management's estimates of cost to close this landfill once it reaches capacity. The landfill has projected use for twenty years with the cost for closure and post-closure care cost estimated to be \$25,000. The costs are management's estimates and are subject to change due to

State of New Mexico
Village of Magdalena
Notes to Financial Statements
June 30, 2011

NOTE 11. Contingent Liabilities (continued)

inflation or deflation, technology, or applicable laws or regulations. The Village has established a reserve to be funded with an annual amount of \$1,250. The reserve balance at June 30, 2011, was \$15,000.

NOTE 12. Federal and State Grants

In the normal course of operations, the Village receives grant funds from various federal and state agencies. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as a result of these audits is not believed to be material.

NOTE 13. Subsequent Review

The Village has evaluated subsequent events through January 9, 2014, which is the date the financial statements were dated.

NOTE 14. Commitments

The Village has capital commitments totaling \$463,452 for a CDBG Drainage Planning Project which is expected to cost \$475,000. The costs through June 2011 were \$11,548. The project is funded with federal CDBG grant of \$450,000 and local matching funds. The project is scheduled for completion during the upcoming fiscal year.

The Village has capital commitments totaling \$38,910 for a Well Improvement Project which is expected to cost \$50,000. The costs through June 2011 were \$11,090. The project is funded with a state grant of \$50,000 SAP-07-4590-GF. The project is scheduled for completion during the upcoming fiscal year.

SUPPLEMENTAL INFORMATION

State of New Mexico
Village of Magdalena
Non-Major Governmental Funds
June 30, 2011

Special Revenue Funds

Correctional Fee Fund – To account for correctional fees collectable from persons convicted by the municipal judge for violating any motor vehicle ordinance. State Statute Section 35-14-11, NMSA, 1978 compilation restricts the expenditures to the purpose of paying for the care of municipal prisoners.

Environmental Fund - To account for the operations and maintenance of the solid waste facility. Financing is provided from the environmental services gross receipts tax. Authority – NMSA 7-19D-10.

Emergency Medical Services Fund – To account for the State grants received for the purchase, repair and maintenance of rescue units, ambulance vehicles and emergency equipment and communication system. State Statute Section 24-10A-7, NMSA, 1978 compilation restricts the expenditures to be used for that purpose.

Juvenile Recreation Fund – To account for the operations and maintenance of recreational activities in the Village. Financing is provided by program revenue and by a 1 cent tax on cigarette sales which is collected and distributed by the State of New Mexico. State statute Section 7-12-15, NMSA, 1978 compilation requires this tax be used in the above manner.

Law Enforcement Fund – To account for funds received from the state for law enforcement purpose. The fund was created by the authority of state grant provisions, NMSA 29-13-3.

Library Fund – To account for the operation and maintenance of the library. Financing is provided by state grants, transfers from General Fund, and library fines. Authority – NMSA 3-18-14.

Lodger's Tax Fund – To account for a lodger's tax which is used for cultural and recreational purposes. Authority NMSA 3-38-13 to 24.

Capital Projects Funds

Fire Complex Improvement Fund – To account for the construction improvements to the Village's Fire Station. Financing is provided by state grants and local funding.

The *CDBG Drainage Planning Grant* (Capital Project Fund) accounts for the financial resources from federal grants and local matching funds for the water drainage study for the village. Expenditures include all costs associated for the professional services for the study and planning project.

The *CDBG Pine Street Grant* (Capital Project Fund) accounts for the financial resources from federal grants and local matching funds for improvements to Pine Street in the Village. Expenditures include all costs associated for the project.

State of New Mexico
 Village of Magdalena
 Combining Balance Sheet
 Non Major Governmental Funds
 As of June 30, 2011

	Corrections Fund	Environmental Fund	Emergency Medical Services Fund	Juvenile Recreation Fund	Law Enforcement Protection Fund	Library Fund	Lodgers Tax Fund	Fire Improvement Fund	Planning Grant	CDBG Street Project	Total Non Major Governmental Funds
ASSETS											
Cash and cash equivalents	\$ 3,618	\$ 16,420	\$ 1,406	\$ 5,646	\$ 4,795	\$ 18,507	\$ 15,847	\$ 8,418	\$ -	\$ 17	\$ 74,674
Taxes receivable	-	559	-	-	-	-	274	-	-	-	833
Intergovernmental receivables	-	-	-	-	-	-	-	-	-	-	-
Other receivable	-	-	-	-	-	1,166	-	-	-	-	1,166
Due from (to) other funds	-	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 3,618	\$ 16,979	\$ 1,406	\$ 5,646	\$ 4,795	\$ 19,673	\$ 16,121	\$ 8,418	\$ -	\$ 17	\$ 76,673
LIABILITIES AND FUND BALANCES											
Liabilities:											
Accounts payable	\$ 691	\$ -	\$ 1,001	\$ -	\$ -	\$ 2,287	\$ 487	\$ -	\$ -	\$ 8,173	\$ 12,639
Accrued payroll	-	-	-	-	-	223	-	-	-	-	223
Accrued interest payable	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	691	-	1,001	-	-	2,510	487	-	-	8,173	12,862
Fund balances:											
Restricted for:											
Capital Projects	-	-	-	-	-	-	-	8,418	-	(8,156)	262
Debt Service	-	-	-	-	-	-	-	-	-	-	-
Special Revenue	2,927	16,979	405	5,646	4,795	17,163	15,634	-	-	-	63,549
Total fund balances	2,927	16,979	405	5,646	4,795	17,163	15,634	8,418	-	(8,156)	63,811
Total liabilities and fund balances	\$ 3,618	\$ 16,979	\$ 1,406	\$ 5,646	\$ 4,795	\$ 19,673	\$ 16,121	\$ 8,418	\$ -	\$ 17	\$ 76,673

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

State of New Mexico
Village of Magdalena
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non Major Governmental Funds
For the Year Ended June 30, 2011

	Corrections Fund	Environmental Fund	Emergency Medical Services Fund	Juvenile Recreation Fund	Law Enforcement Protection Fund	Library Fund	Lodgers Tax Fund	Fire Improvement Fund	CDBG Planning Grant	CDBG Street Project	Total Governmental Funds
REVENUES:											
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gross receipts tax	-	-	-	-	-	-	-	-	-	-	-
Franchise tax	-	-	-	-	-	-	-	-	-	-	-
Other tax	-	4,459	-	31	-	-	4,002	-	-	-	8,492
Licenses and permits	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental revenue	12,702	-	8,268	-	21,800	12,163	-	-	19,265	-	74,198
Charges for service	-	-	-	-	-	-	-	-	-	-	-
Fines	-	-	-	-	-	-	-	-	-	-	-
Investment earnings	-	-	-	-	-	-	-	-	-	-	-
Other revenues	-	-	-	-	806	135	-	-	-	17	958
Total revenues	12,702	4,459	8,268	31	22,606	12,298	4,002	-	19,265	17	83,648
EXPENDITURES:											
Current operations:											
General government	-	-	-	-	-	-	-	-	-	-	-
Public safety	14,191	-	-	-	11,696	-	-	-	-	-	25,887
Public works	-	11,181	-	-	-	-	-	-	-	-	11,181
Public health	-	-	7,895	-	-	-	-	-	-	-	7,895
Culture and recreation	-	-	-	1,839	-	45,673	8,428	-	-	-	55,940
Capital outlay	-	-	-	-	8,040	-	-	-	26,973	11,548	46,561
Debt service:											
Principal	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	14,191	11,181	7,895	1,839	19,736	45,673	8,428	-	26,973	11,548	147,464
Excess (deficiency) of revenues over expenditures	(1,489)	(6,722)	373	(1,808)	2,870	(33,375)	(4,426)	-	(7,708)	(11,531)	(63,816)
OTHER FINANCING SOURCES (USES):											
Transfer in	-	-	-	-	-	35,000	-	-	7,708	3,375	46,083
Transfer out	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	35,000	-	-	7,708	3,375	46,083
Net changes in fund balances	(1,489)	(6,722)	373	(1,808)	2,870	1,625	(4,426)	-	-	(8,156)	(17,733)
Fund balances- beginning of year	4,416	23,701	32	7,454	1,925	15,538	20,060	8,418	-	-	81,544
Fund balances, end of year	2,927	16,979	405	5,646	4,795	17,163	15,634	8,418	-	(8,156)	63,811

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

State of New Mexico
Village of Magdalena
Statement of Revenues and Expenditures
Budget (Non-GAAP Basis) and Actual (Cash Basis)
Corrections Fund - Special Revenue Fund
For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>			Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue and grants	12,500	12,500	12,702	202
Other revenue	-	-	-	-
Total revenue	<u>12,500</u>	<u>12,500</u>	<u>12,702</u>	<u>202</u>
EXPENDITURES:				
General government	-	-	-	-
Public safety	12,000	14,800	13,500	1,300
Capital outlay	-	-	-	-
Total expenditures	<u>12,000</u>	<u>14,800</u>	<u>13,500</u>	<u>1,300</u>
Excess (deficiency) of revenue over expenditures	<u>500</u>	<u>(2,300)</u>	<u>(798)</u>	<u>1,502</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures and other financing sources (uses)	500	(2,300)	(798)	1,502
Budgeted cash carryover	<u>4,416</u>	<u>4,416</u>	<u>4,416</u>	<u>-</u>
Net	<u><u>\$ 4,916</u></u>	<u><u>\$ 2,116</u></u>	<u><u>\$ 3,618</u></u>	<u><u>\$ 1,502</u></u>

Budgetary to Fund Reporting Reconciliation:

Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - Budgetary Basis	\$ (798)
Adjustments for revenue accruals	-
Adjustment for expenditures accruals	<u>(691)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - Fund Reporting	<u><u>\$ (1,489)</u></u>

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

State of New Mexico
Village of Magdalena
Statement of Revenues and Expenditures
Budget (Non-GAAP Basis) and Actual (Cash Basis)
Environmental Fund - Special Revenue Fund
For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>			Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	4,000	4,000	4,224	224
Other revenue	-	-	-	-
Total revenue	<u>4,000</u>	<u>4,000</u>	<u>4,224</u>	<u>224</u>
EXPENDITURES:				
General government	-	-	-	-
Public Works	-	3,681	11,181	(7,500)
Capital outlay	7,500	7,500	-	7,500
Total expenditures	<u>7,500</u>	<u>11,181</u>	<u>11,181</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures	<u>(3,500)</u>	<u>(7,181)</u>	<u>(6,957)</u>	<u>224</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures and other financing sources (uses)	<u>(3,500)</u>	<u>(7,181)</u>	<u>(6,957)</u>	<u>224</u>
Budgeted cash carryover	<u>23,377</u>	<u>23,377</u>	<u>23,377</u>	<u>-</u>
Net	<u><u>\$ 19,877</u></u>	<u><u>\$ 16,196</u></u>	<u><u>\$ 16,420</u></u>	<u><u>\$ 224</u></u>

Budgetary to Fund Reporting Reconciliation:

Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - Budgetary Basis	\$ (6,957)
Adjustments for revenue accruals	235
Adjustment for expenditures accruals	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - Fund Reporting	<u><u>\$ (6,722)</u></u>

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

State of New Mexico
Village of Magdalena
Statement of Revenues and Expenditures
Budget (Non-GAAP Basis) and Actual (Cash Basis)
Emergency Medical Service Fund - Special Revenue Fund
For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>			Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue and grants	8,795	8,795	8,268	(527)
Other revenue	-	-	-	-
Total revenue	<u>8,795</u>	<u>8,795</u>	<u>8,268</u>	<u>(527)</u>
EXPENDITURES:				
General government	-	-	-	-
Public safety	8,827	8,827	6,894	1,933
Capital outlay	-	-	-	-
Total expenditures	<u>8,827</u>	<u>8,827</u>	<u>6,894</u>	<u>1,933</u>
Excess (deficiency) of revenue over expenditures	<u>(32)</u>	<u>(32)</u>	<u>1,374</u>	<u>1,406</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures and other financing sources (uses)	<u>(32)</u>	<u>(32)</u>	<u>1,374</u>	<u>1,406</u>
Budgeted cash carryover	<u>32</u>	<u>32</u>	<u>32</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,406</u>	<u>\$ 1,406</u>

Budgetary to Fund Reporting Reconciliation:

Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - Budgetary Basis	\$ 1,374
Adjustments for revenue accruals	-
Adjustment for expenditures accruals	(1,001)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - Fund Reporting	<u>\$ 373</u>

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

State of New Mexico
Village of Magdalena
Statement of Revenues and Expenditures
Budget (Non-GAAP Basis) and Actual (Cash Basis)
Juvenile Recreation Fund - Special Revenue Fund
For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>			Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	58	58
Other revenue	-	-	-	-
Total revenue	<u>-</u>	<u>-</u>	<u>58</u>	<u>58</u>
EXPENDITURES:				
General government	-	-	-	-
Culture and recreation	2,500	2,500	1,839	661
Capital outlay	-	-	-	-
Total expenditures	<u>2,500</u>	<u>2,500</u>	<u>1,839</u>	<u>661</u>
Excess (deficiency) of revenue over expenditures	<u>(2,500)</u>	<u>(2,500)</u>	<u>(1,781)</u>	<u>719</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures and other financing sources (uses)	<u>(2,500)</u>	<u>(2,500)</u>	<u>(1,781)</u>	<u>719</u>
Budgeted cash carryover	<u>7,427</u>	<u>7,427</u>	<u>7,427</u>	<u>-</u>
Net	<u>\$ 4,927</u>	<u>\$ 4,927</u>	<u>\$ 5,646</u>	<u>\$ 719</u>

Budgetary to Fund Reporting Reconciliation:

Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - Budgetary Basis	\$ (1,781)
Adjustments for revenue accruals	(27)
Adjustment for expenditures accruals	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - Fund Reporting	<u>\$ (1,808)</u>

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

State of New Mexico
Village of Magdalena
Statement of Revenues and Expenditures
Budget (Non-GAAP Basis) and Actual (Cash Basis)
Law Enforcement Protection Fund - Special Revenue Fund
For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>			Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue and grants	21,800	21,800	21,800	-
Other revenue	-	806	806	-
Total revenue	<u>21,800</u>	<u>22,606</u>	<u>22,606</u>	<u>-</u>
EXPENDITURES:				
General government	-	-	-	-
Public safety	23,999	24,805	20,010	4,795
Capital outlay	-	-	-	-
Total expenditures	<u>23,999</u>	<u>24,805</u>	<u>20,010</u>	<u>4,795</u>
Excess (deficiency) of revenue over expenditures	<u>(2,199)</u>	<u>(2,199)</u>	<u>2,596</u>	<u>4,795</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures and other financing sources (uses)	<u>(2,199)</u>	<u>(2,199)</u>	<u>2,596</u>	<u>4,795</u>
Budgeted cash carryover	<u>2,199</u>	<u>2,199</u>	<u>2,199</u>	<u>-</u>
Net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,795</u>	<u>\$ 4,795</u>

Budgetary to Fund Reporting Reconciliation:

Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - Budgetary Basis	\$ 2,596
Adjustments for revenue accruals	-
Adjustment for expenditures accruals	274
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - Fund Reporting	<u>\$ 2,870</u>

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

State of New Mexico
Village of Magdalena
Statement of Revenues and Expenditures
Budget (Non-GAAP Basis) and Actual (Cash Basis)
Library Fund - Special Revenue Fund
For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>			Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue and grants	11,232	11,232	10,997	(235)
Other revenue	-	-	135	135
Total revenue	<u>11,232</u>	<u>11,232</u>	<u>11,132</u>	<u>(100)</u>
EXPENDITURES:				
General government	-	-	-	-
Culture and recreation	45,105	45,105	44,413	692
Capital outlay	-	-	-	-
Total expenditures	<u>45,105</u>	<u>45,105</u>	<u>44,413</u>	<u>692</u>
Excess (deficiency) of revenue over expenditures	<u>(33,873)</u>	<u>(33,873)</u>	<u>(33,281)</u>	<u>592</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	35,000	35,000	35,000	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures and other financing sources (uses)	1,127	1,127	1,719	592
Budgeted cash carryover	<u>16,788</u>	<u>16,788</u>	<u>16,788</u>	<u>-</u>
Net	<u>\$ 17,915</u>	<u>\$ 17,915</u>	<u>\$ 18,507</u>	<u>\$ 592</u>

Budgetary to Fund Reporting Reconciliation:

Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - Budgetary Basis	\$ 1,719
Adjustments for revenue accruals	1,166
Adjustment for expenditures accruals	(1,260)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - Fund Reporting	<u>\$ 1,625</u>

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

State of New Mexico
Village of Magdalena
Statement of Revenues and Expenditures
Budget (Non-GAAP Basis) and Actual (Cash Basis)
Lodgers Tax Fund - Special Revenue Fund
For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>			Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	6,000	6,000	4,282	(1,718)
Other revenue	-	-	-	-
Total revenue	<u>6,000</u>	<u>6,000</u>	<u>4,282</u>	<u>(1,718)</u>
EXPENDITURES:				
General government	-	-	-	-
Culture and recreation	18,438	18,438	8,341	10,097
Capital outlay	-	-	-	-
Total expenditures	<u>18,438</u>	<u>18,438</u>	<u>8,341</u>	<u>10,097</u>
Excess (deficiency) of revenue over expenditures	<u>(12,438)</u>	<u>(12,438)</u>	<u>(4,059)</u>	<u>8,379</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures and other financing sources (uses)	<u>(12,438)</u>	<u>(12,438)</u>	<u>(4,059)</u>	<u>8,379</u>
Budgeted cash carryover	<u>19,906</u>	<u>19,906</u>	<u>19,906</u>	<u>-</u>
Net	<u><u>\$ 7,468</u></u>	<u><u>\$ 7,468</u></u>	<u><u>\$ 15,847</u></u>	<u><u>\$ 8,379</u></u>

Budgetary to Fund Reporting Reconciliation:

Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - Budgetary Basis	\$ (4,059)
Adjustments for revenue accruals	(280)
Adjustment for expenditures accruals	<u>(87)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - Fund Reporting	<u><u>\$ (4,426)</u></u>

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

State of New Mexico
Village of Magdalena
Statement of Revenues and Expenditures
Budget (Non-GAAP Basis) and Actual (Cash Basis)
Fire Complex Improvement Fund - Capital Project Fund
For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>			Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES:				
Intergovernmental revenue and grants:				
State Grant	\$ 5,104	\$ 5,104	\$ -	\$ (5,104)
Other revenue	-	-	-	-
Total revenue	<u>5,104</u>	<u>5,104</u>	<u>-</u>	<u>(5,104)</u>
EXPENDITURES:				
Engineering	13,522	13,522	-	13,522
Construction	-	-	-	-
Total expenditures	<u>13,522</u>	<u>13,522</u>	<u>-</u>	<u>13,522</u>
Excess (deficiency) of revenue over expenditures	<u>(8,418)</u>	<u>(8,418)</u>	<u>-</u>	<u>8,418</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures and other financing sources (uses)	<u>(8,418)</u>	<u>(8,418)</u>	<u>-</u>	<u>8,418</u>
Budgeted cash carryover	<u>8,418</u>	<u>8,418</u>	<u>8,418</u>	<u>-</u>
Net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,418</u>	<u>\$ 8,418</u>

Budgetary to Fund Reporting Reconciliation:

Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - Budgetary Basis	\$ -
Adjustments for revenue accruals	-
Adjustment for expenditures accruals	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - Fund Reporting	<u>-</u>

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

State of New Mexico
Village of Magdalena
Statement of Revenues and Expenditures
Budget (Non-GAAP Basis) and Actual (Cash Basis)
CDBG Drainage Planning Grant Capital Project Fund
For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>			Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES:				
Taxes:				
Intergovernmental revenue and grants	\$ 48,000	\$ 48,000	\$ 48,000	\$ -
Other	-	-	-	-
Investment earnings	-	-	-	-
Total revenues	<u>48,000</u>	<u>48,000</u>	<u>48,000</u>	<u>-</u>
EXPENDITURES:				
Public safety	-	-	-	-
Debt service	-	-	-	-
Capital outlay	51,150	55,708	55,708	-
Total expenditures	<u>51,150</u>	<u>55,708</u>	<u>55,708</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures	<u>(3,150)</u>	<u>(7,708)</u>	<u>(7,708)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):				
Transfers In (Out)	3,150	7,708	7,708	-
Total other financing sources (uses)	<u>3,150</u>	<u>7,708</u>	<u>7,708</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures and other financing sources (uses)	-	-	-	-
Budgeted cash carryover	-	-	-	-
Net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Budgetary to Fund Reporting Reconciliation:

Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - Budgetary Basis	\$ -
Adjustments for revenue accruals	28,735
Adjustment for expenditures accruals	(28,735)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - Fund Reporting	<u>\$ -</u>

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

State of New Mexico
Village of Magdalena
Statement of Revenues and Expenditures
Budget (Non-GAAP Basis) and Actual (Cash Basis)
CDBG Pine Street Capital Project Fund
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES:				
Taxes:				
Intergovernmental revenue and grants	\$ 450,000	\$ 450,000	\$ -	\$ (450,000)
Other	-	-	-	-
Investment earnings	-	-	17	17
Total revenues	450,000	450,000	17	(449,983)
EXPENDITURES:				
Public safety	-	-	-	-
Debt service	-	-	-	-
Capital outlay	475,000	475,000	3,375	471,625
Total expenditures	475,000	475,000	3,375	471,625
Excess (deficiency) of revenue over expenditures	(25,000)	(25,000)	(3,358)	21,642
OTHER FINANCING SOURCES (USES):				
Transfers In (Out)	25,000	25,000	3,375	(21,625)
Total other financing sources (uses)	25,000	25,000	3,375	(21,625)
Excess (deficiency) of revenue over expenditures and other financing sources (uses)	-	-	17	17
Budgeted cash carryover	-	-	-	-
Net	\$ -	\$ -	\$ 17	\$ 17

Budgetary to Fund Reporting Reconciliation:

Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - Budgetary Basis	\$ 17
Adjustments for revenue accruals	-
Adjustment for expenditures accruals	(8,173)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - Fund Reporting	\$ (8,156)

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

State of New Mexico
Village of Magdalena
Statement of Revenues and Expenditures
Budget (Non-GAAP Basis) and Actual (Cash Basis)
Joint Utility Fund - Proprietary Fund
For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>			Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES:				
Water Sales	\$ 150,000	\$ 150,000	\$ 166,297	\$ 16,297
Sewer Charges	65,000	65,000	74,333	9,333
Trash services	75,000	75,000	82,599	7,599
Connection Fees	3,600	3,600	2,025	(1,575)
Late Payment Fees	7,500	7,500	7,925	425
Governmental Gross Receipts Tax	15,250	15,250	16,251	1,001
Investment earning	-	-	79	79
Other revenue	2,800	2,800	1,557	(1,243)
Total revenue	<u>319,150</u>	<u>319,150</u>	<u>351,066</u>	<u>31,916</u>
EXPENDITURES:				
Salaries & Benefits	149,073	149,073	144,285	4,788
Operation Expenses	160,490	160,490	160,940	(450)
Interest Expense	6,475	6,475	7,285	(810)
Bond Principal Payments	5,000	5,000	5,000	-
Capital Outlay	-	-	2,334	(2,334)
Total expenditures	<u>321,038</u>	<u>321,038</u>	<u>319,844</u>	<u>1,194</u>
Excess (deficiency) of revenue over expenditures	<u>(1,888)</u>	<u>(1,888)</u>	<u>31,222</u>	<u>33,110</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures and other financing sources (uses)	<u>(1,888)</u>	<u>(1,888)</u>	<u>31,222</u>	<u>33,110</u>
Budgeted cash carryover	<u>134,012</u>	<u>134,012</u>	<u>134,012</u>	<u>-</u>
NET	<u>\$ 132,124</u>	<u>\$ 132,124</u>	<u>\$ 165,234</u>	<u>\$ 33,110</u>
Budgetary - GAAP Reporting Reconciliation:				
Excess (deficiency) of revenues over expenditures and other financing sources (uses)			\$ 31,222	
Adjustments for revenue accruals			710	
Adjustment for expenditures accruals			11,039	
Adjustment for Bond Principal Payments			5,000	
Adjustment for Capital Assets Purchased			2,334	
Adjustment for Depreciation			(116,796)	
Non-cash Transfers of Completed Capital Assets			-	
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)			<u>\$ (66,491)</u>	

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

State of New Mexico
Village of Magdalena
Statement of Revenues and Expenditures
Budget (Non-GAAP Basis) and Actual (Cash Basis)
Well Improvements Fund SAP-07-4590-GF - Proprietary Fund
For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Intergovernmental revenue and grants:				
State Grant	\$ 11,756	\$ 11,756	\$ 11,090	\$ (666)
Other revenue	-	-		
Total revenue	<u>11,756</u>	<u>11,756</u>	<u>11,090</u>	<u>(666)</u>
EXPENDITURES:				
Operating	-	-	17	(17)
Construction	11,756	11,756	11,090	666
Total expenditures	<u>11,756</u>	<u>11,756</u>	<u>11,107</u>	<u>649</u>
Excess (deficiency) of revenue over expenditures	<u>-</u>	<u>-</u>	<u>(17)</u>	<u>(17)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures and other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(17)</u>	<u>(17)</u>
Budgeted cash carryover	<u>17</u>	<u>17</u>	<u>17</u>	<u>-</u>
Net	<u>\$ 17</u>	<u>\$ 17</u>	<u>\$ -</u>	<u>\$ (17)</u>
Budgetary - GAAP Reporting Reconciliation:				
Excess (deficiency) of revenues over expenditures and other financing sources (uses)			\$ (17)	
Adjustments for revenue accruals			-	
Adjustment for expenditures accruals			-	
Adjustment for Capital Assets Construction			11,090	
Non-cash Transfer of Completed Capital Assets			-	
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)			<u>\$ 11,073</u>	

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

SUPPORTING SCHEDULES

State of New Mexico
Village of Magdalena
Schedule of Bank Accounts
June 30, 2011

Schedule I

Account Name

Wells Fargo Bank	Balance	Deposits	Outstanding	Balance
<u>Checking Accounts:</u>	<u>Per Bank</u>	<u>In Transit</u>	<u>Checks</u>	<u>Per Books</u>
Governmental Funds	\$ 557,905	\$ 44	\$ 5,040	\$ 552,909
Enterprise Funds	96,134	528	666	95,996
Meter Deposits	29,040	-	75	28,965
CDBG Account	17	-	-	17
Construction Account	468	-	-	468
Special Projects	186	-	-	186
				-
Wells Fargo Bank				-
<u>Certificates of Deposits:</u>				-
Water Fund	20,086	-	-	20,086
Bond Reserve	20,087	-	-	20,087
Airport	<u>3,621</u>	<u>-</u>	<u>-</u>	<u>3,621</u>
Sub-Total	<u>\$ 727,544</u>	<u>\$ 572</u>	<u>\$ 5,781</u>	\$ 722,335
Cash Held By NMFA				9
Cash on Hand				100
Total Cash and Cash Equivalents				<u>\$ 722,444</u>
Financial Statements:				
Cash and Cash Equivalents				\$ 654,892
Cash and Cash Equivalents - Restricted				67,552
Total Cash and Cash Equivalents				<u>\$ 722,444</u>

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

State of New Mexico
Village of Magdalena
Schedule of Collateral
Pledged by Depository for Public Funds
June 30, 2011

Schedule II

Pledge collateral by Wells Fargo Bank is held by Wells Fargo Trust in California for the bank on behalf of the Village of Magdalena.

Pledged Security Description:			Original	Current	Current	Moody	Maturity
<u>CUSIP</u>	<u>Description</u>		<u>Face</u>	<u>Face</u>	<u>Market</u>	<u>Rating</u>	<u>Date</u>
3128MS7G9	FGIOHO00895	5.50	50,000	47,773	46,993	AAA	06/01/37
31409UUZ6	FNCL 879100	6.00	210,000	166,786	169,393	AAA	05/01/36
31410SA98	FNCL 895632	6.00	145,000	122,970	<u>124,891</u>	AAA	05/01/36
					<u>\$ 341,277</u>		

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

State of New Mexico
Village of Magdalena
Schedule of Changes in Capital Assets
Used in the Operations of Governmental Funds
For the Year Ended June 30, 2011

Schedule III

	Balance			Balance
	<u>June 30, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2011</u>
Governmental Fund Capital Assets				
Land	\$ 269,889	\$ -	\$ -	\$ 269,889
Construction in Progress	28,736	38,520	55,708	11,548
Building and Improvements	2,087,470	55,708	-	2,143,178
Vehicles, furniture and equipment	<u>961,111</u>	<u>24,226</u>	<u>-</u>	<u>985,337</u>
Total Governmental Fund Capital Assets	<u>3,347,206</u>	<u>118,454</u>	<u>55,708</u>	<u>3,409,952</u>
Investment in Capital Assets				
General Fund	2,248,747	13,853	-	2,262,600
Fire Fund	714,157	-	-	714,157
Juvenile Recreation Fund	6,137	-	-	6,137
Lodgers Tax Fund	-	-	-	-
Street Fund	133,615	58,040	-	191,655
EMS Fund	26,064	-	-	26,064
Law Enforcement Fund	142,966	8,040	-	151,006
Corrections Fund	-	-	-	-
Environmental Fund	29,993	-	-	29,993
Library	16,791	-	-	16,791
Capital Project Fund - CDBG Drainage Plan	28,736	26,972	55,708	-
Capital Project Fund - CDBG Pine Street	<u>-</u>	<u>11,549</u>	<u>-</u>	<u>11,549</u>
Total Investment in Capital Assets	<u>\$ 3,347,206</u>	<u>\$ 118,454</u>	<u>\$ 55,708</u>	<u>\$ 3,409,952</u>

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

COMPLIANCE SECTION

Beckham & Penner, P. C.

CERTIFIED PUBLIC ACCOUNTANTS

103 6TH ST. N.E., P.O. BOX 179

SOCORRO, NEW MEXICO 87801

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

Mr. Hector H. Balderas
New Mexico State Auditor, and
Village Trustees
Village of Magdalena
Magdalena, New Mexico

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, the budgetary comparison of the general fund and major special revenue and capital project funds, and the combining and individual funds and related budgetary comparisons presented as supplemental information of the Village of Magdalena (Village) as of and for the year ended June 30, 2011, which collectively comprise the Village's financial statements, and have issued our report thereon dated January 9, 2014. The report was qualified for the effect as might have been determined necessary had we been able to audit the Capital Asset and related depreciation records which have not been maintained by the Village. Except as discussed in the preceding sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Village is responsible for establishing and maintaining effective 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

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

**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***

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Village's financial statement will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses; item 2004-01.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2004-02.

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

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

Beckham & Penner P.C.

January 9, 2014
Beckham & Penner P.C.
Certified Public Accountants

State of New Mexico
Village of Magdalena
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

SUMMARY OF FINDINGS:

PRIOR YEAR FINDINGS:

Status

2004-01 Capital Asset Inventory

Repeated

2004-02 Untimely Submission of Audit Report

Repeated

CURRENT YEAR FINDINGS:

2004-01 Capital Asset Inventory

2004-02 Untimely Submission of Audit Report

State of New Mexico
Village of Magdalena
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

2004-01 Capital Assets Inventory

Statement of Condition:

Detailed records of capital assets of the Village have not been maintained in prior years. A property inventory control listing for the last few years' additions has been prepared by the Village. The inventory listing, however, does not include all the land and building and the older equipment and therefore has not been reconciled with the accounting records to assure that the listing includes all property of the Village, valued at historical costs, and that property no longer held by the Village has been excluded from the accounting records.

Criteria:

An effective system on internal control provides for the proper safeguarding of the entity's assets. Such control is established through the inventory listing and the reconciliation with control accounts along with an annual physical inventory inspection.

Cause:

Accounting records for the capital assets of the Village over the past years has reflected additions acquired and only some deletions. There previously had been no inventory of the capital assets to establish control after acquisitions. Accordingly, the financial records include the cumulative cost of capital assets acquired, with only some of the disposition removed. The balance of the capital asset accounts does not necessarily reflect the appropriate cost of the Village's capital asset inventory. Therefore, the depreciation calculations based on the asset control amounts may not reflect the appropriate accumulated and current depreciation of the Village's capital assets.

Effect:

Historical records for the capital assets were not maintained, and procedures and policies for appropriate accounting of capital assets had not been in operation for many prior years.

Recommendation:

The detailed capital asset inventory listing should be completed and verified, then reconciled to the control accounts in the financial records. The detailed capital asset inventory should continue to be adjusted periodically to reflect the additions of new equipment, deletions of equipment and other changes. The land, buildings and older equipment not currently on the detail property inventory should be identified and included at their historical cost.

Management's Response:

The Village of Magdalena agrees with the auditor's comment and will continue to update the detail capital asset inventory control listing for current additions and deletions. The Village has begun the process to ascertain the historical information needed to include the land, buildings and older equipment in the inventory.

State of New Mexico
Village of Magdalena
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

2004-02 Untimely Submission of Audit Report

Statement of Condition - The audit report of The Village of Magdalena for the fiscal year ended June 30, 2011 was not delivered to the State Auditor by the due date of December 1, 2011.

Criteria – The State Auditor Rule NMAC Subsection 2.2.2.9.A requires the audit reports be submitted by the due date.

Cause - The audit for the fiscal year ended June 30, 2010 was not completed until August 5, 2013, therefore the subsequent audits were delayed.

Effect - Noncompliance with State Auditor Rule NMAC Subsection 2.2.2.9.A. Timely audit reports were needed by management, the State of New Mexico, and others to properly monitor and evaluate the performance of the Village.

Recommendation - The prior year audits need to be caught up to date to insure that the current audit report can be submitted in a timely manner.

Management's Response - The Village concurs with the recommendation above.

FINANCIAL STATEMENT PREPARATION:

The financial statements together with the related notes and supplementary information were prepared by Beckham & Penner, P.C. for the Village for the fiscal year; however, management acknowledges and accepts responsibility for the financial statements

EXIT CONFERENCE:

The exit conference was held on January 9, 2014 at the Village of Magdalena and was attended by:

Village of Magdalena:

Sandy Julian, Mayor
Jeanie Johnston, Clerk/Treasurer

Beckham & Penner P.C. CPA's:

Rick Penner, CPA.