

**STATE OF NEW  
MEXICO**



**ANNUAL FINANCIAL REPORT**

**JUNE 30, 2009**

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## **INTRODUCTORY SECTION**

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**STATE OF NEW MEXICO**  
**VILLAGE OF QUESTA**  
**ANNUAL FINANCIAL REPORT**  
For the Fiscal Year Ended June 30, 2009

**TABLE OF CONTENTS**

	Exhibit	Page
<b>INTRODUCTORY SECTION</b>		
Table of Contents		1
Official Roster		5
<b>FINANCIAL SECTION</b>		
Independent Auditors' Report		9
Management's Discussion and Analysis		13
<b>BASIC FINANCIAL STATEMENTS</b>		
Government-wide Financial Statements:		
Statement of Net Assets	A-1	22
Statement of Activities	A-2	24
Fund Financial Statements:		
Balance Sheet – Governmental Funds	B-1	26
Reconciliation of the Balance Sheet to the Statement of Net Assets		27
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	B-2	28
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities		29
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual:		
General Fund	C-1	31
Oversight Special Revenue Fund	C-2	33
Special Projects Special Revenue Fund	C-4	35
Statement of Net Assets-Proprietary Funds	D-1	37
Statement of Revenues, Expenses, and Changes in Fund Net Assets-Proprietary Funds	D-2	39
Statement of Cash Flows – Proprietary Funds	D-3	41
Statement of Fiduciary Net Assets – Agency Fund	E-1	43
<b>NOTES TO THE FINANCIAL STATEMENTS</b>		45
<b>SUPPLEMENTARY INFORMATION</b>		
Non-major Fund Descriptions		
Combining and Individual Fund Statements and Schedules:		
Combining Balance Sheet – Non-major Governmental Funds	A-1	68
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-major Governmental Funds	A-2	72

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**STATE OF NEW MEXICO**  
**VILLAGE OF QUESTA**  
**ANNUAL FINANCIAL REPORT**  
For the Fiscal Year Ended June 30, 2009

**TABLE OF CONTENTS**

<b>SUPPLEMENTARY INFORMATION</b>	Statement/ Schedule	Page
Statements of Revenue, Expenditures and Changes in Fund Balances:		
Local Corrections Special Revenue Fund	B-1	77
Environmental Gross Receipts Tax Special Revenue Fund	B-2	78
EMS Fire Special Revenue Fund	B-3	79
EMS County Special Revenue Fund	B-4	80
Library Special Revenue Fund	B-5	81
Fire Protection Special Revenue Fund	B-6	82
Beautification Special Revenue Fund	B-7	83
Law Enforcement Protection Special Revenue Fund	B-8	84
Municipal Judge Special Revenue Fund	B-9	85
Recreation Special Revenue Fund	B-10	86
Youth Facility Special Revenue Fund	B-11	87
Police Department Justice Special Revenue Fund	B-12	88
Municipal Streets Capital Projects Fund	B-13	89
Sewer Replacement Capital Projects Fund	B-14	90
C.F.R.P. Grant Capital Projects Fund	B-15	91
<b>SUPPORTING SCHEDULES</b>		
Schedule of Collateral Pledged by Depository for Public Funds	I	95
Schedule of Cash and Temporary Investment Accounts	II	97
Schedule of Changes in Assets and Liabilities-Agency Funds	III	101
<b>COMPLIANCE SECTION</b>		
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>		105
Schedule of Findings and Responses		109
Other Disclosures		112

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**STATE OF NEW MEXICO  
VILLAGE OF QUESTA**

**OFFICIAL ROSTER  
June 30, 2009**

Village Council

Malaquais V. Rael

Mayor

Louise T. Padilla

Council Member

Robert R. Ortega, Jr.

Mayor Pro-Tem

Mark Gallegos

Council Member

Julian J. Cisneros

Council Member

Village Officials

Brent Jaramillo

Village Administrator

Nadine Varela

Village Clerk/ Treasurer

Renee Martinez

Village Deputy Clerk

Michael Rael, Sr.

Village Judge

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**FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

Hector H. Balderas  
New Mexico State Auditor  
The Office of Management and Budget  
and  
The Village Council  
Village of Questa  
Questa, New Mexico

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village'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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of Village of Questa, as of June 30, 2009, and the respective changes in financial position and cash flows, thereof and the respective budgetary comparison statements for the General Fund and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each non-major governmental fund of Village of Questa as of June 30, 2009, and the respective changes in financial position thereof and the respective budgetary comparisons for each non-major governmental fund, major capital projects fund, and enterprise funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2009 on our consideration of the Village of Questa's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The *Management's Discussion and Analysis* on pages 13-21 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Questa's basic financial statements, the combining and individual fund financial statements, and the budgetary comparison statements. The accompanying financial information listed as supporting Schedules I through III in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Village of Questa. Such information has been subjected to the auditing procedures applied in the audit of the basic and each of the non-major governmental fund financial statements, and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements, taken as a whole. The Introductory Section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on it.

Precision Accounting, LLC  
Albuquerque, New Mexico  
October 23, 2009

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STATE OF NEW MEXICO  
Village of Questa  
Other Disclosures  
June 30, 2009  
Management's Discussion and Analysis  
Unaudited

As management of Village of Questa, we offer readers of Village of Questa financial statements this narrative overview and analysis of the financial activities of Village of Questa for the fiscal year ended June 30, 2009. We encourage readers to consider the information presented here in conjunction with the financial statements of Village of Questa and additional information provided.

#### FINANCIAL HIGHLIGHTS

- The assets of Village of Questa exceeded its liabilities at the close of the most recent fiscal year by \$7,483,967 (*net assets*). Of this amount, \$108,350 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$154,133 during the fiscal year. The majority of this increase is due to an increase in net assets for governmental activities.
- As of June 30, 2009, the Village's governmental funds reported combined ending fund balances of \$285,703.

#### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Village of Questa's basic financial statements. Village of Questa's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of Village of Questa's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of Village of Questa's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Village of Questa is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of Village of Questa that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of Village of Questa include general government, public safety, public works, culture and recreation, and health and welfare. The business-type activities of the Village include Joint Utility and Solid Waste.

The government-wide financial statements can be found at Exhibits A-1 and A-2 of this report.

The overall financial position of the Village of Questa has increased by \$108,350 primarily due to the increase of \$60K in the General Fund as a result of donations from Molycorp Mines.

STATE OF NEW MEXICO  
Village of Questa  
Other Disclosures  
June 30, 2009

Management's Discussion and Analysis  
Unaudited

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Village of Questa, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Village of Questa can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

*Governmental Funds.* *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in determining what financial resources are available in the near future to finance the Village's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Village of Questa maintains twenty-two individual governmental funds organized according to their type (special revenue, debt Service and capital projects). Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances for the General Fund, Lodger's Tax Fund, Sewer/AWWT Replacement Fund, Streets Tax Fund and Grants Fund, all of which are considered to be major funds. Data from the other nineteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

Village of Questa adopts an annual appropriated budget for its general fund and all other funds. A budgetary comparison statement has been provided for the General Fund, Oversight Fund, CDBG Water Fund and Special Projects to demonstrate compliance with this budget. In addition, the individual financial statements of the non-major governmental fund types include budgetary comparison data.

The basic governmental fund financial statements can be found at exhibits B-1 through D-3 of this report.

*Proprietary funds.* Proprietary funds are generally used to account for services for which the Village charges customers either outside customers or internal units or departments of the Village. Proprietary funds provide the same type of information as shown in the government-wide financial statements, only in more detail. The Village maintains 2 types of proprietary funds:

*Fiduciary funds.* Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support Village of Questa's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Village of Questa fiduciary funds account for the collection of motor vehicle fees and their remittance to other governmental agencies.

The basic fiduciary fund financial statements can be found at Exhibit E-1 of this report .

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 45-63 of this report.

Combining statements. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 66-75 of this report.

STATE OF NEW MEXICO  
Village of Questa  
Other Disclosures  
June 30, 2009

Management's Discussion and Analysis  
Unaudited

GOVERNMENT-WIDE FINANCIAL ANALYSIS

This is the third year that the Village has presented its financial statements under the new reporting model required by the Governmental Accounting Standards Board Statement No. 34 (GASB #34), *Basic Financial Statements -and Management's Discussion and Analysis (MD&A) -for State and Local Governments*.

Analysis of Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Village of Questa, assets exceeded liabilities by \$7,483,967 at the close of the current fiscal year.

The largest portion of Village of Questa's net assets represents the Village's investment of \$7,077,879 in capital assets (e.g., land improvements, buildings, infrastructure and machinery & equipment); less any related outstanding debt used to acquire those assets. Village of Questa uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although Village of Questa's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

<b>Village Of Questa's Net Assets</b>						
	June 30, 2009			June 30, 2008		
	Governmental	Business-Type	Total	Governmental	Business-Type	Total
<b>Assets</b>						
Current and other assets	444,350	141,876	586,266	329,901	171,949	501,749
Capital assets, net of accumulated depreciation	4,404,930	2,827,727	7,232,657	4,362,478	2,857,806	7,220,284
<b>Total Assets</b>	<b>4,849,280</b>	<b>2,969,603</b>	<b>7,799,366</b>	<b>4,692,379</b>	<b>3,029,654</b>	<b>7,220,033</b>
<b>Liabilities</b>						
Long-term liabilities outstanding	55,909	79,974	135,883	114,818	103,467	218,285
Other Liabilities	165,521	33,512	199,033	103,849	24,287	128,131
<b>Total Liabilities</b>	<b>221,430</b>	<b>113,486</b>	<b>334,916</b>	<b>218,662</b>	<b>127,754</b>	<b>346,416</b>
<b>Net Assets</b>						
Invested in capital assets, net of related debt	4,333,152	2,744,727	7,077,879	4,268,110	2,770,806	7,038,916
Restricted	90,636	(119,779)	(29,153)	1,449	-	1,449
Unrestricted	204,062	231,169	435,231	204,158	131,094	335,252
<b>Total Net Assets</b>	<b>4,627,850</b>	<b>2,856,117</b>	<b>7,483,967</b>	<b>4,473,717</b>	<b>2,901,900</b>	<b>7,375,617</b>
<b>Total Liabilities and Net Assets</b>	<b>4,849,280</b>	<b>2,969,603</b>	<b>7,818,883</b>	<b>4,692,379</b>	<b>3,029,654</b>	<b>7,722,033</b>

A portion of Village of Questa's net assets represents resources that are subject to restrictions. The restrictions relate to capital projects and debt service. At the end of the current fiscal year, Village of Questa is able to report positive balances in all of the categories of net assets, for the government as a whole as well as for the business-type activities.

STATE OF NEW MEXICO  
Village of Questa  
Other Disclosures  
June 30, 2009

Management's Discussion and Analysis  
Unaudited

Changes in Net Assets  
For the Year Ended June 30, 2009

	Governmental Activities	Business-Type Activities	Total
<b>Analysis of Changes in Net Assets</b>			
<b>Revenue</b>			
<b>Program revenue</b>			
Charges for Service	\$ 126,896	\$ 442,448	\$ 569,344
Operating grants and contributions	2,137,044	124,676	2,261,720
Capital Grants	-	-	-
<b>General Revenue</b>			
Property Tax	60,058	-	42,988
Franchise Tax	33,663	-	33,663
Gross Receipts Tax	356,463	-	356,463
Public Service Tax	69,624	-	69,624
Interest	148	20,918	21,066
Miscellaneous	27,105	24,046	51,151
Total Revenue	\$ 2,811,001	\$ 547,289	\$ 3,423,089
<b>Expenses</b>			
General Government	\$ 2,321,512	\$ -	\$ 2,321,512
Public Safety	390,041	-	390,041
Culture and Recreation	43,729	-	43,729
Public Works	22,743	-	22,743
Interest on long-term debt	323	-	323
Joint Utility	-	362,576	362,576
Solid Waste	-	173,815	173,815
Total Expenses	\$ 2,778,348	\$ 536,391	\$ 3,314,739
 (Decrease) Increase in Assets before transfer	 32,653	 75,697	 108,350
Transfers	121,480	(121,480)	-
(Decrease) Increase in Net Asset	154,133	(45,783)	108,350
 Net Assets, Beginning of Year (restated)	 4,473,717	 2,901,900	 7,375,617
Ending Net Assets	4,627,850	\$ 2,856,117	\$ 7,483,967

The Village of Questa's net assets increased by \$108,350 during the current fiscal year. This increase is explained in the government and business-type activities discussion below, and is primarily a result of the Village increasing revenues from the previous year by approximately \$855,000.

Governmental activities: Governmental activities increased the Village of Questa's net assets by \$154,133. The key element of this increase is increased revenues.

Business-type activities: Business-type activities increased the Village's net assets by \$(45,783). The key element of this increase was the transfer of \$121,480 from the governmental activities.

STATE OF NEW MEXICO  
Village of Questa  
Other Disclosures  
June 30, 2009

Management's Discussion and Analysis  
Unaudited

Changes in Net Assets  
For the Year Ended June 30, 2008

	Governmental Activities	Business-Type Activities	Total
<b>Revenue</b>			
<b>Program revenue</b>			
Charges for Service	\$ 202,683	\$622,575	\$ 825,258
Operating grants and contributions	1,728,737	-	1,728,737
Capital Grants and Contributions	30,000	-	30,000
<b>General Revenue</b>			
Property Tax	78,182	-	78,182
Franchise Tax	48,577	-	48,577
Gross Receipts Tax	327,735	-	327,735
Public Service Tax	50,019	-	50,019
Interest Income	799	676	1,475
Misc revenues	92,267	37,508	129,775
Total Revenue	2,558,999	660,759	3,219,758
<b>Expenses</b>			
General Government	1,134,154	-	1,134,154
Public Safety	527,209	-	527,209
Culture and Recreation	99,639	-	99,639
Public Works	458,031	-	458,031
Joint Utility	-	464,366	464,366
Solid Waste	-	160,753	160,753
Total Expenses	2,219,033	625,119	2,844,152
(Decrease) Increase in Assets before transfer	339,966	35,640	375,606
Transfers	(213,474)	213,474	-
(Decrease) Increase in Net Assets	126,492	249,114	375,606
Net Assets, Beginning of Year (restated)	4,347,225	2,652,786	7,000,011
Contributed Capital			
Ending Net Assets	4,473,717	2,901,900	7,375,617

STATE OF NEW MEXICO  
Village of Questa  
Other Disclosures  
June 30, 2009

Management's Discussion and Analysis  
Unaudited

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

As noted earlier, Village of Questa uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

*Governmental funds.* The focus of Village of Questa's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing Village of Questa's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Types of Governmental funds reported by the Village include the General Fund, Special Revenue Funds and Capital Project Funds.

As of the end of the current fiscal year, Village of Questa's governmental funds reported combined ending fund balances of \$284,254 an increase of \$80,961 in comparison with the prior year. The increase in government funds is due to reduced costs while increasing funding from prior year. This entire amount constitutes *unreserved fund balance*, which is available for spending at the government's discretion.

Revenues for governmental activities overall totaled \$3,423,089 in the fiscal year ended June 30, 2009, which represents an increase of \$855,606 from the fiscal year ended June 30, 2008. There was also a decrease in taxes of \$18,124 due to decreasing population in the area.

Expenditures for governmental activities, totaling \$3,314,739, increased by \$470,587 from the fiscal year ended June 30, 2008, again this was primarily due to a reduction in overall funding. Majority of the decrease, \$470,557, was in the general government line item. This was the result of reduced grant expenditures. In the fiscal year ended June 30, 2009, revenues exceeded expenditures by \$108,350.

The General Fund is the chief operating fund of Village of Questa. At the end of the current fiscal year, *unreserved* fund balance of the general fund was \$195,093, while total fund balance was \$195,093.

The fund balance of Village of Questa's general fund increased by \$60,625 during the current fiscal year, due to revenues and operating transfers in excess of expenditures. Overall, the general fund's performance resulted in revenues over expenditures in the fiscal year ended June 30, 2009 due to an increase in revenues and transfers.

*Oversight Fund.* The Oversight Fund has a deficit fund balance \$(13,911). The net increase in fund balance for the current year was \$7,827. The net increase in fund balance is due primarily to an excess of revenues over expenditures as most of the difference is in accounts payable at year end.

*Special Projects Fund.* The Special Projects Fund has a fund balance of \$2,873. The net increase in fund balance for the year was \$12,041. The increase was primarily due to transfers in.

*Proprietary Funds.* The Village's proprietary funds provide the same type of information found in the government-wide financial statement~, but in more detail.

At the end of the fiscal year, the unrestricted net assets for Joint Utility and Solid Waste were \$2,857,976, and \$(1,859) respectively. The total decrease in net assets for the proprietary funds was \$(45,783) Factors concerning the finances of this fund have been addressed previously in the discussion of the Village's business-type activities.

*Fiduciary Funds,* The Village maintains fiduciary funds for the assets of the Motor Vehicle Department funds. Changes to the fiduciary funds were immaterial for the fiscal year.

STATE OF NEW MEXICO  
Village of Questa  
Other Disclosures  
June 30, 2009

Management's Discussion and Analysis  
Unaudited

Budgetary Highlights

Village budgets reflect the same pattern as seen in the revenue and expenditures of the Village. The State of New Mexico budget process for each municipality is defined under state law and regulation. To enhance the process of developing a budget at the Village level, Village of Questa utilizes goals and objectives defined by the Village Councilors, community input meetings, long term plans and input from various staff groups to develop the Village budget. Village priorities are well defined through this process.

GASB Statement No. 34 does not require a statement presenting the overall result of the budget for each year; however, all major budgetary funds are required to be reported as a separate statement.

Budget Performance				
	Final Budget	Actual non-GAAP Cash Basis	Favorable (Unfavorable) Variance	
General Fund	\$ 809,462	\$ 801,014	\$ 8,448	
Oversight Fund	\$ 401,099	\$ 401,099	\$ -	
Special Projects	\$ 1,252,458	\$ 1,223,399	\$ 29,059	

The Village's final budget differs from the original budget due to budget increases and decreases that were made during the fiscal year.

The Capital Project Funds (non-major) were included in the original budget which is submitted to the Department of Finance, and Administration (DFA), however, they were under the heading of Special Projects. These funds are spent on a project-by-project basis so the budgets are constantly changing. Instead, the budgets for these funds are created during the year through budget adjustment requests (BAR's).

Capital Asset and Debt Administration

Capital assets. Village of Questa's capital assets for its governmental and business-type activities as of June 30, 2009 amount to \$7,232,657 (net of accumulated depreciation). Capital assets include land, infrastructure, buildings, and machinery & equipment and vehicles. The total increase in the Village's capital assets (excluding accumulated depreciation) for the current fiscal year was \$154,356 for governmental activities due primarily to increases in equipment and vehicles. The increase (excluding accumulated depreciation) in business-type capital assets during the current fiscal year was \$94,192

Capital Assets, Net of Depreciation  
June 30, 2009

	Governmental Activities	Business-like Activities	Total
Land	\$ 45,237	\$ -	\$ 45,237
Buildings and improvements	3,981,591	4,209,293	8,190,884
Furniture, Fixtures, and equipment	376,725	693,392	978,942
Vehicles	1,191,086	172,257	1,205,970
Total capital assets	5,594,639	5,074,942	10,421,033
Accumulated depreciation	(1,189,709)	(2,247,215)	(3,200,749)
Capital assets, net of accumulated depreciation	\$ 4,404,930	\$ 2,827,727	\$ 7,220,284

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STATE OF NEW MEXICO  
 Village of Questa  
 Other Disclosures  
 June 30, 2009

Management's Discussion and Analysis  
 Unaudited

For government-wide financial statement presentation, all depreciable capital assets were depreciated from acquisition date to the end of the current fiscal year. Fund financial statements record capital asset purchases as expenditures. See Note 6 in the accompanying Notes to the Financial Statements for further information regarding capital assets.

Debt Administration. At the end of the current fiscal year, Village of Questa had total long-term obligations outstanding of \$174,211. Of this amount, \$83,000 is revenue bonds.

Village of Questa's Outstanding Debt  
 As of June 30, 2008

	Governmental Activities		Business-like Activities		Total
Revenue Bonds	\$ -		\$ 83,000		\$ 83,000
NMFA notes	71,113		-		71,113
Accrued compensated absences	16,149		3,949		20,098
Total long-term liabilities	\$ 87,262		\$ 86,949		\$ 174,211

Long-term debt additions and retirements related to notes and capital leases for long term debt activities for the year ended June 30, 2009 and 2008, respectively were \$26,413 and \$16,250, respectively. Accrued compensated absences additions and retirements for the year ended June 30, 2009 and 2008, respectively were \$20,181 and \$37,340, respectively, for the long term debt.

See Note 7 in the accompanying Notes to the Financial Statements for further information regarding Village of Questa's long-term debt.

Currently known facts, decisions, or conditions, that are expected to have a significant effect on the financial position of the Village of Questa are as follows:

The Village of Questa is currently in the planning stages for a new business center development that is anticipated to bring more business to the area thereby generating future tax revenues.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Village of Questa's finances for all of those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Village of Questa Administration, Village of Questa, PO. Box 260 Questa, New Mexico, 87556.

## STATE OF NEW MEXICO

Exhibit A-1

Village of Questa  
Statement of Net Assets  
June 30, 2009

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Current Assets			
Cash and cash equivalents	\$ 354,920	\$ 84,165	\$ 439,085
Investments	-	18,817	18,817
Taxes receivable	22,748	-	22,748
Accounts receivable	66,682	38,894	105,576
	<u>444,350</u>	<u>141,876</u>	<u>586,226</u>
Total Current Assets			
Noncurrent Assets			
Capital assets	5,594,639	5,074,942	10,669,581
Less: accumulated depreciation	(1,189,709)	(2,247,215)	(3,436,924)
	<u>4,404,930</u>	<u>2,827,727</u>	<u>7,232,657</u>
Total Noncurrent Assets			
Total Assets	<u>\$ 4,849,280</u>	<u>\$ 2,969,603</u>	<u>\$ 7,818,883</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Exhibit A-1

Village of Questa  
Statement of Net Assets  
June 30, 2009

	Governmental Activities	Business-type Activities	Total
<b>Liabilities</b>			
Current Liabilities			
Accounts payable	\$ 110,524	\$ 20,430	\$ 130,954
Accrued salaries and benefits	22,978	6,108	29,086
Accrued interest	665	-	665
Accrued compensated absences	8,075	1,974	10,049
Current portion of bonds payable	-	5,000	5,000
Current portion of loans and notes payable	23,279	-	23,279
	<u>165,521</u>	<u>33,512</u>	<u>199,033</u>
Total Current Liabilities			
Noncurrent Liabilities			
Accrued Compensated Absences	8,075	1,974	10,049
Loans and notes payable	47,834	78,000	125,834
	<u>55,909</u>	<u>79,974</u>	<u>135,883</u>
Total Noncurrent Liabilities			
	<u>221,430</u>	<u>113,486</u>	<u>334,916</u>
Total Liabilities			
<b>Net Assets</b>			
Invested in capital assets, net of related debt	4,333,152	2,744,727	7,077,879
Restricted for:			
Special Revenue Funds	80,517	-	80,517
Capital projects Funds	10,119	(119,779)	(109,660)
Unrestricted	204,062	231,169	435,231
	<u>4,627,850</u>	<u>2,856,117</u>	<u>7,483,967</u>
Total Net Assets			
	<u>\$ 4,849,280</u>	<u>\$ 2,969,603</u>	<u>\$ 7,818,883</u>
Total Net Assets and Liabilities			

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
 Village of Questa  
 Statement of Activities  
 For the Year Ending June 30, 2009

Exhibit A-2

<u>Functions</u>	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary Government</b>				
General government	\$ 2,321,512	\$ 90,056	\$ 1,959,129	\$ -
Public safety	390,041	5,788	160,278	-
Public works	7,260	-	(10,000)	-
Culture and recreation	43,729	31,052	27,637	-
Health and welfare	-	-	-	-
Interest on long-term debt	323	-	-	-
Capital outlay:				
Depreciation	15,483	-	-	-
<i>Total governmental activities</i>	<u>2,778,348</u>	<u>126,896</u>	<u>2,137,044</u>	<u>-</u>
<b>Business-type Activities:</b>				
Joint Utility	362,576	310,856	124,676	-
Solid Waste	173,815	131,592	-	-
<i>Total business type activities</i>	<u>536,391</u>	<u>442,448</u>	<u>124,676</u>	<u>-</u>
<i>Total</i>	<u>\$ 3,314,739</u>	<u>\$ 569,344</u>	<u>\$ 2,261,720</u>	<u>\$ -</u>

**General Revenues:**

Taxes  
 Property taxes, levied for general purposes  
 Property taxes, levied for debt service  
 Franchise taxes  
 Gross receipts taxes  
 Public service taxes  
 Interest income  
 Miscellaneous income  
 Transfers

Total General Revenues and Transfers  
 Excess (deficiency) of revenues over expenses  
 Change in net assets

Net assets, beginning

Net assets, ending

The accompanying notes are an integral part of these financial statements

**Net (Expense) Revenue and Changes in Net Assets**

Primary Government		
Government Activities	Business Type Activities	Total
\$ (272,327)	\$ -	\$ (272,327)
(223,975)	-	(223,975)
(17,260)	-	(17,260)
14,960	-	14,960
-	-	-
(323)	-	(323)
<u>(15,483)</u>	<u>-</u>	<u>(15,483)</u>
<u>(514,408)</u>	<u>-</u>	<u>(514,408)</u>
-	72,956	72,956
-	(42,223)	(42,223)
<u>-</u>	<u>30,733</u>	<u>30,733</u>
<u>(514,408)</u>	<u>30,733</u>	<u>(483,675)</u>
60,058	-	60,058
-	-	-
33,663	-	33,663
356,463	-	356,463
69,624	-	69,624
148	20,918	21,066
27,105	24,046	51,151
<u>121,480</u>	<u>(121,480)</u>	<u>-</u>
<u>668,541</u>	<u>(76,516)</u>	<u>592,025</u>
<u>154,133</u>	<u>(45,783)</u>	<u>108,350</u>
154,133	(45,783)	108,350
<u>4,473,717</u>	<u>2,901,900</u>	<u>7,375,617</u>
<u>\$ 4,627,850</u>	<u>\$ 2,856,117</u>	<u>\$ 7,483,967</u>

## STATE OF NEW MEXICO

Village of Questa

Balance Sheet

Governmental Funds

June 30, 2009

	General Fund	Oversight Fund	Special Projects Fund	Other Governmental Funds	Total
<i>Assets</i>					
Cash and cash equivalents	\$ 171,892	\$ 52,503	\$ 27,113	\$ 103,412	\$ 354,920
Due from other funds	-	-	-	782	782
Accounts and taxes receivable	85,576	-	-	3,854	89,430
<i>Total assets</i>	<u>\$ 257,468</u>	<u>\$ 52,503</u>	<u>\$ 27,113</u>	<u>\$ 108,048</u>	<u>\$ 445,132</u>
<i>Liabilities and fund balances</i>					
<i>Liabilities</i>					
Accounts payable	\$ 19,660	\$ 66,414	\$ 24,240	\$ 210	\$ 110,524
Accrued salaries and benefits	19,247	-	-	3,731	22,978
Accrued compensated absences	6,398	-	-	1,677	8,075
Due to other funds	-	-	-	782	782
Deferred revenue	17,070	-	-	-	17,070
<i>Total liabilities</i>	<u>62,375</u>	<u>66,414</u>	<u>24,240</u>	<u>6,400</u>	<u>159,429</u>
<i>Fund balances</i>					
Reserved:					
Capital Projects Funds	-	-	-	10,093	10,093
Special Revenue Funds	-	-	-	91,555	91,555
Unreserved:					
Undesignated, reported in:					
General fund	195,093	-	-	-	195,093
Capital projects funds	-	-	-	-	-
Special revenue funds	-	(13,911)	2,873	-	(11,038)
<i>Total fund balances</i>	<u>195,093</u>	<u>(13,911)</u>	<u>2,873</u>	<u>101,648</u>	<u>285,703</u>
<i>Total liabilities and fund balances</i>	<u>\$ 257,468</u>	<u>\$ 52,503</u>	<u>\$ 27,113</u>	<u>\$ 108,048</u>	<u>\$ 445,132</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Village of Questa

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Assets

June 30, 2009

Exhibit B-1

Page 2 of 2

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

Fund balances - total governmental funds	\$	285,703
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		4,404,930
Other long-term assets are not available to pay for current period expenditures and therefore, are deferred in the funds:		
Accrued compensated absences		(8,075)
Deferred property taxes		17,070
Accrued interest		(691)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds		<u>(71,113)</u>
Net assets of governmental activities	\$	<u><u>4,627,824</u></u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
Village of Questa  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ending June 30, 2009

	General Fund	Oversight Fund	Special Projects Fund	Other Governmental Funds	Total
<i>Revenues:</i>					
Taxes					
Property taxes	\$ -	\$ -	\$ -	2,078	\$ 2,078
Gross receipts taxes	349,222	-	-	7,241	356,463
Public service taxes	20,013	-	-	30,993	51,006
Franchise taxes	33,663	-	-	-	33,663
Federal Sources	-	-	1,153,113	-	1,153,113
State Sources	276,047	461,794	-	244,979	982,820
Local Sources	-	-	-	-	-
Charges for Services	85,518	-	-	-	85,518
Licenses and Fees	4,538	-	-	37,190	41,728
Investment Income (Loss)	-	-	-	148	148
Miscellaneous	51,131	-	51,290	46,834	149,255
	<u>820,132</u>	<u>461,794</u>	<u>1,204,403</u>	<u>369,463</u>	<u>2,855,792</u>
<i>Expenditures:</i>					
Current:					
General Government	631,241	441,052	1,084,526	34,362	2,191,181
Public Safety	178,705	-	-	269,388	448,093
Public Works	-	-	18,486	31,020	49,506
Culture and Recreation	-	-	-	53,175	53,175
Health and Welfare	-	-	-	-	-
Capital Outlay	-	-	154,356	-	154,356
Debt Service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
	<u>809,946</u>	<u>441,052</u>	<u>1,257,368</u>	<u>387,945</u>	<u>2,896,311</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>10,186</u>	<u>20,742</u>	<u>(52,965)</u>	<u>(18,482)</u>	<u>(40,519)</u>
<i>Other financing sources (uses)</i>					
Transfers In	50,439	-	65,006	18,950	134,395
Transfers (Out)	-	(12,915)	-	-	(12,915)
<i>Total other financing sources (uses)</i>	<u>50,439</u>	<u>(12,915)</u>	<u>65,006</u>	<u>18,950</u>	<u>121,480</u>
<i>Net change in fund balance</i>	60,625	7,827	12,041	468	80,961
<i>Fund balance - beginning of year</i>	<u>134,468</u>	<u>(21,738)</u>	<u>(9,168)</u>	<u>101,180</u>	<u>204,742</u>
<i>Fund balance - end of year</i>	<u>\$ 195,093</u>	<u>\$ (13,911)</u>	<u>\$ 2,873</u>	<u>\$ 101,648</u>	<u>\$ 285,703</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO  
Village of Questa  
Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ending June 30, 2009

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

Net change in fund balances - total governmental funds	\$	80,961
<p>Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:</p>		
Capital expenditures		154,356
Depreciation expense		(111,904)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds:</p>		
Property taxes recorded as revenue in the Statement of Activities and deferred in the fund financial statements.		6,849
<p>The issuance of long-term debt (e.g. bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:</p>		
Increase in long term portion of accrued compensated absences		1,282
Increase in accrued interest		(324)
Principal payments on notes payable		22,913
		22,913
Change in net assets of governmental activities	\$	154,133

The accompanying notes are an integral part of these financial statements

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## STATE OF NEW MEXICO

Village of Questa

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget (Non-GAAP Basis) and Actual  
For the Year Ending June 30, 2009

	Budgeted Amounts		Actual	Variations Favorable (Unfavorable)
	Original	Final	(Non-GAAP Basis)	Final to Actual
<i>Revenues:</i>				
Taxes-Gross receipts	\$ 35,600	\$ 35,600	362,589	\$ 1,370
Taxes-Franchise	-	-	36,970	36,970
Taxes-other	-	-	20,596	20,596
Intergovernmental Income	176,081	301,474	247,560	(53,914)
Charges For Services	10,000	10,000	85,518	75,518
Licenses and Fees	4,000	4,000	3,745	(255)
Investment Income(Loss)	-	-	-	-
Miscellaneous	40,588	40,588	52,675	12,087
<i>Total revenues</i>	<u>266,269</u>	<u>391,662</u>	<u>809,653</u>	<u>92,372</u>
<i>Expenditures:</i>				
Current:				
General Government	481,902	607,295	622,823	(15,528)
Public Safety	202,167	202,167	178,191	23,976
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>684,069</u>	<u>809,462</u>	<u>801,014</u>	<u>8,448</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(417,800)</u>	<u>(417,800)</u>	<u>8,639</u>	<u>100,820</u>
<i>Other financing sources (uses)</i>				
Designated Cash	417,800	417,800	-	(417,800)
Transfers In	-	-	50,439	50,439
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>417,800</u>	<u>417,800</u>	<u>50,439</u>	<u>(367,361)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	59,078	(266,541)
<i>Cash Balance - Beginning of Year</i>	-	-	111,463	111,463
Payroll withholding accounts	-	-	1,351	-
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>171,892</u>	<u>\$ (155,078)</u>
Adjustment to expenditures for payables, taxes, prepaid expenses, and other accruals	-	-	1,805	-
Adjustment to revenue for receivables, and other deferrals and accruals	-	-	(258)	-
Excess(deficiency) of revenues over expenditures (GAAP basis)	-	-	<u>\$ 60,625</u>	-

The accompanying notes are an integral part of these financial statements

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**STATE OF NEW MEXICO**  
Village of Questa  
Oversight Fund Special Revenue Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget (Non-GAAP Basis) and Actual  
For the Year Ending June 30, 2009

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Federal Sources	-	-	-	-
State Sources	640,000	640,000	461,794	(178,206)
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	640,000	640,000	461,794	(178,206)
<i>Expenditures:</i>				
Current:				
General Government	635,400	401,099	401,099	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	635,400	401,099	401,099	-
<i>Excess (deficiency) of revenues over expenditures</i>	4,600	238,901	60,695	(178,206)
<i>Other financing sources (uses)</i>				
Designated Cash	(4,600)	(238,901)	-	238,901
Transfers In	-	-	-	-
Transfers Out	-	-	(12,915)	(12,915)
<i>Total other financing sources (uses)</i>	(4,600)	(238,901)	(12,915)	225,986
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	47,780	47,780
<i>Fund Balance - Beginning of Year</i>	-	-	4,723	4,723
<i>Fund Balance - End of Year</i>	\$ -	\$ -	\$ 52,503	\$ 52,503
Adjustment to expenditures for payables, taxes, prepaid expenses, and other accruals			(39,953)	
Adjustment to revenue for receivables, and other deferrals and accruals			-	
Excess(deficiency) of revenues over expenditures (GAAP basis)			\$ 7,827	

The accompanying notes are an integral part of these financial statements

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**STATE OF NEW MEXICO**  
 Village of Questa  
 Special Projects Special Revenue Fund  
 Statement of Revenues, Expenditures and Changes in Fund Balance  
 Budget (Non-GAAP Basis) and Actual  
 For the Year Ending June 30, 2009

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Federal Sources	-	-	-	-
State Sources	1,761,105	1,761,105	1,173,755	(587,350)
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>1,761,105</u>	<u>1,761,105</u>	<u>1,173,755</u>	<u>(587,350)</u>
<i>Expenditures:</i>				
Current:				
General Government	2,515,256	1,223,399	1,223,399	-
Public Safety	-	29,059	-	29,059
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>2,515,256</u>	<u>1,252,458</u>	<u>1,223,399</u>	<u>29,059</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(754,151)</u>	<u>508,647</u>	<u>(49,644)</u>	<u>(558,291)</u>
<i>Other financing sources (uses)</i>				
Designated Cash	754,151	(508,647)	-	508,647
Transfers In	-	-	65,006	65,006
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>754,151</u>	<u>(508,647)</u>	<u>65,006</u>	<u>573,653</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	15,362	15,362
<i>Fund Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>11,751</u>	<u>11,751</u>
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,113</u>	<u>\$ 27,113</u>
Adjustment to expenditures for payables, taxes, prepaid expenses, and other accruals			17,321	
Adjustment to revenue for receivables, and other deferrals and accruals			<u>(20,642)</u>	
Excess(deficiency) of revenues over expenditures (GAAP basis)			<u>\$ 12,041</u>	

The accompanying notes are an integral part of these financial statements

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**STATE OF NEW MEXICO**  
Village of Questa  
Proprietary Funds  
Statement of Net Assets  
June 30, 2009

	<u>Joint Utility</u>	<u>Solid Waste</u>	<u>Total</u>
<i>Assets</i>			
<i>Current assets</i>			
Cash	\$ 50,676	\$ 33,489	\$ 84,165
Investments	18,817	-	18,817
Accounts receivable (less allowance for doubtful accounts of \$20,618 and \$16,050)	24,949	13,945	38,894
Due from other funds	36,202	-	36,202
<i>Total current assets</i>	<u>130,644</u>	<u>47,434</u>	<u>178,078</u>
<i>Noncurrent assets</i>			
Capital assets	5,074,942	-	5,074,942
Accumulated depreciation	(2,247,215)	-	(2,247,215)
<i>Total noncurrent assets</i>	<u>2,827,727</u>	<u>-</u>	<u>2,827,727</u>
<i>Total Assets</i>	<u>\$ 2,958,371</u>	<u>\$ 47,434</u>	<u>\$ 3,005,805</u>
<i>Liabilities and Net Assets</i>			
<i>Liabilities:</i>			
<i>Current liabilities</i>			
Accounts payable	\$ 6,794	\$ 14,763	\$ 21,557
Accrued salaries and benefits	5,498	610	6,108
Accrued interest	-	-	-
Accrued compensated absences	1,974	-	1,974
Due to other funds	2,282	33,920	36,202
Current maturity of bonds payable	5,000	-	5,000
<i>Total current liabilities</i>	<u>21,548</u>	<u>49,293</u>	<u>70,841</u>
<i>Noncurrent liabilities</i>			
Accrued Compensated Absences	847	-	847
Bonds payable	78,000	-	78,000
<i>Total noncurrent liabilities</i>	<u>78,847</u>	<u>-</u>	<u>78,847</u>
<i>Total liabilities</i>	<u>100,395</u>	<u>49,293</u>	<u>149,688</u>
<i>Net Assets:</i>			
Net assets invested in capital assets, net of related debt			
Net assets unrestricted:	<u>2,857,976</u>	<u>(1,859)</u>	<u>2,856,117</u>
<i>Total net assets</i>	<u>2,857,976</u>	<u>(1,859)</u>	<u>2,856,117</u>
<i>Total Liabilities and Net Assets</i>	<u>\$ 2,958,371</u>	<u>\$ 47,434</u>	<u>\$ 3,005,805</u>

The accompanying notes are an integral part of these financial statements

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**STATE OF NEW MEXICO**  
 Village of Questa  
 Statement of Revenues, Expenses and Changes in Fund Net Assets  
 Proprietary Funds  
 For the Year Ended June 30, 2009

	<u>Joint Utility</u>	<u>Solid Waste</u>	<u>Total</u>
<i>Operating revenues:</i>			
Charges for services	\$ 310,856	\$ 140,459	\$ 451,315
<i>Total operating revenues</i>	<u>310,856</u>	<u>140,459</u>	<u>451,315</u>
<i>Operating expenses:</i>			
Depreciation	124,271	-	124,271
Personal services	157,507	-	157,507
Contractual services	18,016	-	18,016
Supplies and purchased power	11,598	173,815	185,413
Maintenance and materials	39	-	39
Heat, light and power	42,846	-	42,846
<i>Total operating expenses</i>	<u>354,277</u>	<u>173,815</u>	<u>528,092</u>
<i>Operating income (loss)</i>	<u>(43,421)</u>	<u>(33,356)</u>	<u>(76,777)</u>
<i>Non-operating revenues (expenses):</i>			
Taxes	13,540	-	13,540
Interest expense	(8,299)	-	(8,299)
Interest income	5,956	14,962	20,918
Government contributions	124,676	-	124,676
Miscellaneous income	628	1,011	1,639
Transfers Out	(121,480)	-	(121,480)
<i>Total non-operating revenues (expenses)</i>	<u>15,021</u>	<u>15,973</u>	<u>30,994</u>
<i>Change in net assets</i>	(28,400)	(17,383)	(45,783)
<i>Total net assets, beginning of year</i>	<u>2,886,376</u>	<u>15,524</u>	<u>2,901,900</u>
<i>Total net assets, end of year</i>	<u>\$ 2,857,976</u>	<u>\$ (1,859)</u>	<u>\$ 2,856,117</u>

The accompanying notes are an integral part of these financial statements

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**STATE OF NEW MEXICO**  
 Village of Questa  
 Statement of Cash Flows - Proprietary Funds  
 For the Year Ended June 30, 2009

	<u>Joint Utility</u>	<u>Solid Waste</u>	<u>Total</u>
<i>Cash flows from operating activities:</i>			
Cash received from user charges	\$ 332,939	\$ 158,648	\$ 491,587
Cash payments to employees for services	(153,061)	20	(153,041)
Cash payments to suppliers for goods and services	<u>(76,280)</u>	<u>(172,019)</u>	<u>(248,299)</u>
<i>Net cash used for operating activities</i>	<u>103,598</u>	<u>(13,351)</u>	<u>90,247</u>
<i>Cash flows from noncapital financing activities:</i>			
Accrued Compensated Absences	(12,370)	-	(12,370)
Additions to capital assets	(94,192)	-	(94,192)
Interest paid	(8,299)	-	(8,299)
Miscellaneous income	13,789	1,011	14,800
Government contributions	124,676	-	124,676
Transfers from other funds	<u>(121,480)</u>	<u>-</u>	<u>(121,480)</u>
<i>Net cash provided from noncapital financing activities:</i>	<u>(97,876)</u>	<u>1,011</u>	<u>(96,865)</u>
<i>Cash flows from capital and related financing activities:</i>			
Principal payments on bonds payable	<u>(4,000)</u>	<u>-</u>	<u>(4,000)</u>
<i>Net cash used by capital and related financing activities:</i>	<u>(4,000)</u>	<u>-</u>	<u>(4,000)</u>
<i>Cash flows from investing activities:</i>			
Interest on investments	<u>5,956</u>	<u>14,962</u>	<u>20,918</u>
<i>Net cash provided from investing activities:</i>	<u>5,956</u>	<u>14,962</u>	<u>20,918</u>
<i>Net increase in cash and cash equivalents</i>	7,678	2,622	10,300
<i>Cash and cash equivalents - beginning of year</i>	<u>61,815</u>	<u>30,867</u>	<u>92,682</u>
<i>Cash and cash equivalents - end of year</i>	<u>\$ 69,493</u>	<u>\$ 33,489</u>	<u>\$ 102,982</u>
<i>Reconciliation of operating income (loss) to net cash provided (used)</i>			
<i>by operating activities</i>			
Operating income (loss)	\$ (43,421)	\$ (33,356)	\$ (76,777)
Adjustments to reconcile operating (loss) to net cash (used)			
by operating activities			
Depreciation	124,271	-	124,271
Changes in assets and liabilities			
Receivables	22,083	18,189	40,272
Accrued expenses	4,446	20	4,466
Accounts payable	<u>(3,781)</u>	<u>1,796</u>	<u>(1,985)</u>
<i>Net cash (used) by operating activities</i>	<u>\$ 103,598</u>	<u>\$ (13,351)</u>	<u>\$ 90,247</u>

The accompanying notes are an integral part of these financial statements

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**STATE OF NEW MEXICO**  
Village of Questa  
Agency Funds  
Statement of Fiduciary Assets and Liabilities-Agency Funds  
June 30, 2009

	<u>Agency Funds</u>
<i>Assets</i>	
Cash	\$ 4,699
<i>Total assets</i>	<u>4,699</u>
<i>Liabilities</i>	
Due to other taxing units	<u>4,699</u>
<i>Total liabilities</i>	<u>\$ 4,699</u>

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO  
Village of Questa  
Notes to Financial Statements  
June 30, 2009

**NOTE 1. Summary of Significant Accounting Policies**

The Village of Questa (Village) was incorporated in 1971, under provisions of Chapter 3, Article 2, NMSA, 1978 as amended. The Village operates under a Council-Mayor form of government and provides the following services as authorized by its charter: public safety (police and fire); highways and streets; water and sewer services; refuse collection; health and social services; culture-recreation; public improvements; planning and zoning; and general administrative services.

The Village of Questa 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.

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.

STATE OF NEW MEXICO  
Village of Questa  
Notes to Financial Statements  
June 30, 2009

**NOTE 1. Summary of Significant Accounting Policies (continued)**

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

The government-wide financial statements (i.e., the statement of net assets and the statement of activities and changes in net assets) report information on all of the 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. 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.

**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 and fiduciary 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.

STATE OF NEW MEXICO  
Village of Questa  
Notes to Financial Statements  
June 30, 2009

**NOTE 1. Summary of Significant Accounting Policies (continued)**

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

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

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.

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.

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, Oversight Fund, and Special Projects 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.

STATE OF NEW MEXICO  
Village of Questa  
Notes to Financial Statements  
June 30, 2009

**NOTE 1. Summary of Significant Accounting Policies (continued)**

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

The *Oversight Fund* (Special Revenue Fund) is used to account for funds provided by Texaco, owner of a local mining company, to oversee the environmental impact of operations. Authorization is a contract between the Village and Texaco.

The *Special Projects Fund* (Special Revenue Fund) is used to account for the revenues and expenditures for all special projects. Funding is provided by grants under Section 18-2-4B NMSA, 1978.

The government reports its Joint Utility and Solid Waste enterprise fund as major governmental funds.

Additionally, the government reports the following fund types:

The *fiduciary funds* are purely custodial (assets equal liabilities) and do not involve measurement of results of operations. The Village's fiduciary funds are used to account for the collection and payment of motor vehicle fees to other governmental agencies.

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 interfund 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.

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*.

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 specifically identified function and is included in the direct expense of each 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 at 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.

STATE OF NEW MEXICO  
Village of Questa  
Notes to Financial Statements  
June 30, 2009

**NOTE 1. Summary of Significant Accounting Policies (continued)**

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

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.

**D. Overview of the Financial statements**

The Village adopted the provisions of GASB Statement No. 34, *Basic Financial Statements- and Management's Discussion and Analysis – for State and Local Governments*. This statement affects the manner in which the Village records transactions and presents financial information. State and local governments have traditionally used a financial reporting model substantially different from the one used to prepare private-sector financial reports. GASB Statement No. 34 established new requirements and a new reporting model for the annual financial reports of state and local governments. The statement was developed to make annual reports of state and local governments easier to understand and more useful to the people who use governmental financial information to make decisions, and include the following sections, which were not previously included in the basic financial statements. The governmental fund financial statements continue to be presented as a building block for the new GASB Statement No. 34 statements.

a. *Management's Discussion and Analysis* – GASB Statement No. 34 requires that financial statements be accompanied by a narrative introduction and analytical overview of the Village's financial activities in the form of "management's discussion and analysis" (MD&A). This analysis is similar to the analysis provided in the annual reports of private-sector organizations.

b. *Government-Wide Financial Statements*- The reporting model includes financial statements prepared using full accrual accounting for all of the Village's activities. This approach includes not just current assets and liabilities but also capital and other long-term assets as well as long-term liabilities. Accrual accounting also reports all of the revenues and costs of providing services each year, not just those received or paid in the current year or soon thereafter.

*Statement of Net Assets* - The statement of net assets is designed to display the financial position of the primary government (government and business-type activities). The Village now reports all capital assets in the government-wide statement of net assets and reports depreciation expense - the cost of "using up" capital assets - in the statement of activities. The net assets of the Village are broken down into three categories 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted.

*Statement of Activities* - The government-wide statement of activities reports expenses and revenues in a format that focuses on the cost of each of the Village's functions. The expense of individual functions is compared to the revenue generated directly by the function. Accordingly, the Village has recorded capital and certain other long-term assets and liabilities in the statement of net assets, and has reported all revenues and the cost of providing services under the accrual basis of accounting in the statement of activities.

STATE OF NEW MEXICO  
Village of Questa  
Notes to Financial Statements  
June 30, 2009

**NOTE 1. Summary of Significant Accounting Policies (continued)**

*E. 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.

**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 interfund loans) or "advances to/from other funds or internal balances" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

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.

Property taxes are levied on November 1 based on the assessed value of property as listed on the previous January 1 and are due in two payments by November 10<sup>th</sup> and April 10<sup>th</sup>. Property taxes uncollected after November 10<sup>th</sup> and April 10<sup>th</sup> are considered delinquent and the Village may assess penalties and interest. The taxes attach as an enforceable lien on property thirty (30) days thereafter, at which time they become delinquent. Taos County bills, collects, and remits the Village of Questa's 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.

**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 (amount not rounded) 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 cost 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.

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.

STATE OF NEW MEXICO  
 Village of Questa  
 Notes to Financial Statements  
 June 30, 2009

**NOTE 1. Summary of Significant Accounting Policies (continued)**

***E. Assets, Liabilities, and Net Assets or Equity (continued)***

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:

<u>Assets</u>	<u>Years</u>
Permanent Buildings	45
Land Improvements	20
Vehicles	6
Computer Equipment	5
Other Furniture and Equipment	5-20

**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 of ten days to twenty days per year, depending on length of service. Employees may accumulate unlimited of annual leave and carry that leave forward from calendar year to calendar year. Upon termination, employees will be paid for all days of accrued annual leave.

Qualified employees are entitled to accumulate sick leave at a rate of twelve days per year. Sick leave can be carried over from year to year. Upon termination employees receive no pay for sick time accumulated.

Vested or accumulated vacation leave that is expected to be liquidated within the next twelve months with expendable available financial resources is reported as expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated within the next twelve months are reported in the government-wide statement of net assets.

**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:** In the fund financial statements, governmental funds report reservations of fund balance that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

In the government-wide financial statements fund equity is classified as net assets and is displayed in three components:

*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.

*Restricted:* Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation.

STATE OF NEW MEXICO  
Village of Questa  
Notes to Financial Statements  
June 30, 2009

**NOTE 1. Summary of Significant Accounting Policies (continued)**

***E. Assets, Liabilities, and Net Assets or Equity (continued)***

*Unrestricted:* All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

**Interfund 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 interfund 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 interfund transfers are reported as operating transfers.

**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 Councilors, 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 Councilors 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 budget in total.

These budgets are prepared on the Non-GAAP cash basis, excluding 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, Debt Service 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, Expenditures, and Changes in Fund Balance – Budget (non-GAAP Budgetary Basis) and Actual presents comparisons of the legally adopted budget with actual data on a 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, a reconciliation of resultant basis, perspective, equity, and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended June 30, 2009 is presented.

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

STATE OF NEW MEXICO  
Village of Questa  
Notes to Financial Statements  
June 30, 2009

**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 properly followed State investment requirements as of June 30, 2009.

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 of 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.

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

	Centinel Bank	First Community Bank	Questa Credit
Total of deposits in the bank	\$ 428,551	\$ 33,745	\$ 652
Less FDIC coverage	(250,000)	(33,745)	(652)
	178,551	-	
Total uninsured public funds			
Collateral requirement	89,276		
Pledged collateral held by the pledging Bank's trust department but not in the Village's name	174,979		
 Custodial Credit Risk-Deposits			
Account Balance	\$ 462,948		
FDIC Insured	284,397		
Collateral:			
Collateral held by the pledging bank, not in the Village's name	174,979		
Uninsured and uncollateralized	3,572		
Total Deposits	<u>\$ 462,948</u>		

STATE OF NEW MEXICO  
 Village of Questa  
 Notes to Financial Statements  
 June 30, 2009

**NOTE 3. Deposits and Investments (continued)**

Custodial credit risk is the risk that in the event of a bank failure, the governments' deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2009, \$178,551 of the Village's bank balance of \$462,948 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 3,572
Uninsured and collateral held by pledging bank's trust department not in the Village's name	<u>174,979</u>
Total	<u>\$ 178,551</u>

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.

**Reconciliation of Cash and Temporary Investments**

Carrying amounts by fund per financial statement at June 30, 2009 is:

Cash and cash equivalents per Exhibit A-1	\$ 457,902
Cash and cash equivalents per Exhibit E-1	4,699
Less: State Treasurer Funds	(3,817)
Add outstanding checks and other reconciling items	<u>4,164</u>
	\$ 462,948

*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 investment in the State Treasurer's Local Government Investment Pool (LGIP). The LGIP is not subject to custodial credit risk and the custodial credit risk for the certificates of deposits is contemplated in *custodial risk – cash*.

*Interest Rate Risk and Credit Rating- Investment in State Treasurer's LGIP*

The Village does not have a formal policy limiting investment maturities to manage its exposure to fair value losses from increasing interest rates. The Village's investments at June 30, 2009 include the following:

State Treasurer LGIP	AAAm	50-day WAM	<u>\$ 3,817</u>
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The State Treasurer Local Government Investment Pool is not SEC registered. Section 6-10-10 I, NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment funds in securities that are issued by the United States government or by its departments or agencies and are either backed by the full faith and credit of the United States government or are agencies sponsored by the United States government. The Local Government Investment Pool investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments.

The pool does not have unit shares; at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the amounts of the fund were invested. Any unrealized gain or loss on the portfolio is distributed through the investment yield on distributed dates. The carrying amount of the portfolio approximates the fair value of all investments at June 30, 2009. Participation in the Local Government Investment Pool is voluntary.

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 year ended June 30, 2009.

STATE OF NEW MEXICO  
Village of Questa  
Notes to Financial Statements  
June 30, 2009

**NOTE 4. Accounts Receivable**

	General Fund	Special Projects Fund	Other Non-Major Projects	Total
Taxes:				
Property Taxes	\$ 20,670	\$ -	\$ 2,078	\$ 22,748
Other Taxes	33,058	-	1,776	34,834
Intergovernmental	29,597	-	-	29,597
Other	2,251	-	-	2,251
Net Receivables	<u>\$ 85,576</u>	<u>\$ -</u>	<u>\$ 3,854</u>	<u>\$ 89,430</u>

Enterprise accounts receivable at June 30, 2009 were \$38,894 net of allowance for uncollectible accounts of \$36,668

**NOTE 5. Transfers**

	Transfers In	Transfers Out
<b>Governmental Activities:</b>		
General Fund	\$ -	\$ 50,439
EMS County Fund	-	14,350
Library Fund	-	1,550
Fire Protection Fund	-	3,050
Oversight Fund	12,915	-
Special Projects Fund	-	65,006
Total Governmental Activities	12,915	134,395
<b>Business-like Activities:</b>		
Joint Utility	121,480	-
Total Business-like Activities	<u>\$ 134,395</u>	<u>\$ 134,395</u>

**NOTE 5. Interfund Receivables, Payables , and Transfers (continued)**

	Due from Other Funds	Due to Other Funds
Library Fund	\$ -	\$ 782
Local Corrections Fund	782	-
<b>Business-like Activities:</b>		
Solid Waste	-	36,202
Joint Utility	36,202	-
Total inter-fund receivables	<u>\$ 36,984</u>	<u>\$ 36,984</u>

The outstanding balances between funds result mainly from the time lag between the dates the (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. The Village Council authorizes transfers between funds to cover the expenditures in the receiving funds. Interfund balances are due within one year. Transfers are a result of the Village transferring money from the general fund and the joint utility fund to cover expenditures in other funds.

STATE OF NEW MEXICO  
Village of Questa  
Notes to Financial Statements  
June 30, 2009

**NOTE 6. Capital Assets**

A summary of capital assets and changes occurring during the year ended June 30, 2009 follows. Land is not subject to depreciation.

**Governmental Activities:**

	Balance June 30, 2008	Additions	Deletions	Balance June 30, 2009
Capital Assets, not being depreciated:				
Land	\$ 45,237	\$ -	\$ -	\$ 45,237
Capital Assets, being depreciated:				
Furniture, Fixture, & Equipment	361,242	15,483	-	376,725
Vehicles	1,052,213	138,873	-	1,191,086
Buildings & Improvements	3,981,591	-	-	3,981,591
Subtotal Capital Assets	5,440,283	154,356	-	5,594,639
Accumulated Depreciation:				
Furniture, Fixture, & Equipment	286,868	14,367	-	301,235
Vehicles	678,030	97,075	-	775,105
Buildings & Improvements	112,907	462	-	113,369
Subtotal Accumulated Depreciation	1,077,805	111,904	-	1,189,709
Net Capital Assets	<u>\$ 4,362,478</u>	<u>\$ 42,452</u>	<u>\$ -</u>	<u>\$ 4,404,930</u>

Depreciation expense for the year ended June 30, 2009 was charged to the following functions and funds:

Public safety	\$ 105,452
General	6,452
Total depreciation expense: governmental activities	<u>\$ 111,904</u>

STATE OF NEW MEXICO  
Village of Questa  
Notes to Financial Statements  
June 30, 2009

**NOTE 6. Capital Assets (continued)**

**Business-like Activities:**

	Balance June 30, 2008	Additions	Deletions	Balance June 30, 2009
Plant in Service	\$ 4,209,293	\$ -	\$ -	\$ 4,209,293
Capital Assets, being depreciated:				
Furniture, Fixture, & Equipment	617,700	75,692	-	693,392
Vehicles	153,757	18,500	-	172,257
Subtotal Business-like Activities	<u>4,980,750</u>	<u>94,192</u>	<u>-</u>	<u>5,074,942</u>
Accumulated Depreciation:				
Plant in Service	1,790,657	84,186	-	1,874,843
Furniture, Fixture, & Equipment	230,010	22,061	-	252,071
Vehicle	102,277	18,024	-	120,301
Subtotal Accumulated Depreciation	<u>2,122,944</u>	<u>124,271</u>	<u>-</u>	<u>2,247,215</u>
Net Capital Assets	<u>\$ 2,857,806</u>	<u>\$ (30,079)</u>	<u>\$ -</u>	<u>\$ 2,827,727</u>

Depreciation expense relating to business-like activities for the year ended June 30, 2009 totaled \$124,271.

**NOTE 7. Long-term Debt**

During the year ended June 30, 2009, the following changes occurred in the liabilities reported in the government-wide statement of net assets:

**Governmental activities:**

	Balance June 30, 2008	Additions	Retirements	Balance June 30, 2009	Amounts Due Within One Year
Loan Payable – NMFA 1.707%, Maturity 5/1/12	94,026	-	22,913	71,113	23,279
Accrued Compensated Absences	20,792	15,067	19,710	16,149	8,075
Total Long-term Debt	<u>\$ 114,818</u>	<u>\$ 15,067</u>	<u>\$ 42,623</u>	<u>\$ 87,262</u>	<u>\$ 31,354</u>

STATE OF NEW MEXICO  
Village of Questa  
Notes to Financial Statements  
June 30, 2009

**NOTE 7. Long-term Debt (continued)**

The annual requirements to amortize the loan payable to NMFA as of June 30, 2009, including interest payments are as follows:

Fiscal Year	Principal	Interest
2010	23,279	1,176
2011	23,691	823
2012	24,143	431
Total	\$ 71,113	\$ 2,430

In prior years, the general fund was typically used to liquidate long-term liabilities other than debt.

**Propriety Long-term Debt**

The Water and Sewer Fund has incurred various forms of debt, which were used for the purposed of constructing, expanding, repairing and making improvements to its property plant and equipment. The following schedule shows the changes to its various forms of debt during the fiscal year ended June 30, 2009.

	Balance June 30, 2008	Additions	Deletions	Balance June 30, 2009	Amounts Due Within One Year
\$140,000 original issue Series 1981 Water and Sewer Revenue Bonds payable in annual installments each June 1 <sup>st</sup> through the year 2022 Interest is at 5.0% per annum.	\$ 87,000	\$ -	\$ 4,000	\$ 83,000	\$ 5,000
Accrued Compensated Absences	16,467	5,114	17,632	3,949	1,974
Total	\$ 103,467	\$ 5,114	\$ 21,632	\$ 86,949	\$ 6,974

STATE OF NEW MEXICO  
Village of Questa  
Notes to Financial Statements  
June 30, 2009

**NOTE 7. Long-term Debt(continued)**

The annual requirements to amortize the loan payable to NMFA as of June 30, 2009, including interest payments are as follows:

Fiscal Year	Principal	Interest	Total
2010	5,000	4,025	9,025
2011	5,000	3,775	8,775
2012	5,000	3,525	8,525
2013	5,000	3,275	8,275
2014	6,000	3,000	9,000
2015-2019	33,000	13,275	46,275
2020-2023	24,000	1,450	25,450
	<u>\$ 83,000</u>	<u>\$ 32,325</u>	<u>\$ 115,325</u>

Each of the utility bonds has debt service and repair and replacement reserve requirements. The Village was current in making the required payments to its reserves. At June 30, 2009 the following schedule shows the maximum reserves and actual reserves held by the Village.

Series	Payment until Maximum	Required Minimum Reserves			Actual at June 30, 2009	
		Debt Service	Repair and Replacement	Total	Debt Service	Repair and Replacement
1981	\$ 232/Month	\$ 8,357	\$ -	\$ 8,357	\$ 8,742	\$ -
		<u>\$ 8,357</u>	<u>\$ -</u>	<u>\$ 8,357</u>	<u>\$ 8,742</u>	<u>\$ -</u>

STATE OF NEW MEXICO  
 Village of Questa  
 Notes to Financial Statements  
 June 30, 2009

**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 of Questa participates in the New Mexico Self-Insurer's Fund risk pool. Listed below is a summary of insurance coverage in force for the fiscal year ended June 30, 2009.

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 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.

At June 30, 2009, no unpaid claims have been filed which exceed the policy limits and to the best of management's knowledge and belief all known and unknown claims will be covered by insurance. No major lawsuits have been filed against the Village of Questa.

New Mexico Self-Insurers' Fund has not provided information or 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.

**NOTE 9. Other Required Individual Fund Disclosures**

Generally accepted accounting principles require disclosures as part of the Combining Statements - Overview of certain information concerning individual funds including:

A. *Deficit fund balance of individual funds:* The funds with deficit fund balances as of June 30, 2009 were as follows:

Library Fund	\$ (782)
Oversight Fund	(13,911)
Fire Protection Fund	(209)
Solid Waste Fund	<u>(1,859)</u>
Z	<u>\$ (16,761)</u>

Deficit

balances are generally covered by collection of grants or transfers from the general Fund.

B. Excess of expenditures over appropriations by fund.

Beautification Fund	\$ ( 91)
Fire Protection Fund	\$ ( 170)

**NOTE 10. PERA Pension Plans**

*Plan Description.* Substantially all of the Village of Questa'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, public available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, New Mexico 87504-2123.

STATE OF NEW MEXICO  
Village of Questa  
Notes to Financial Statements  
June 30, 2009

**NOTE 10. PERA Pension Plans (continued)**

Covered employees of the Village of Questa are eligible for receiving benefits when the age and service requirements have been met as follows:

- a. age sixty-five years or older and five or more years of credited service;
- b. age sixty-four years and eight or more years of credited service;
- c. age sixty-three and eleven or more years of credited service;
- d. age sixty-two years and fourteen or more years of credited service;
- e. age sixty-one years and seventeen or more years of credited service;
- f. age sixty years and twenty or more years of credited service;
- g. any age and twenty-five or more years of credited service;

Disability benefits are provided to members who are qualified for such coverage as determined by the disability review committee, pursuant to Chapter 10, Article 11.10.1 NMSA 1978.

*Funding Policy.* Regular employees, who are covered under “Municipal general member coverage plan 1” (Chapter 10, Article 11.45 through 11.49 NMSA 1978) contribute 7% of the employee’s defined gross salary to the plan. Employee contributions are 7% of the employee’s defined gross salary. Under municipal general member coverage plan 1, the amount of pension is equal to two percent of the final average salary multiplied by credited service. The amount shall not exceed sixty percent of the final average salary. The requirements may be amended by acts of the legislature. The Village’s contributions to PERA for the years ended June 30, 2009, 2008, and 2007 were \$49,425, \$44,466, and \$42,916 equal to the amount of the required contributions for the years, respectively.

**NOTE 11. 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. The purpose is to provide eligible retirees, their spouses, dependents, and surviving spouses and dependents with health insurance consisting of a plan, or optional plans, of benefits that can be purchased by funds flowing into Retiree Health Care Fund and by co-payments or out-of-pocket payments to eligible retirees. Monies flow to the Retiree Health Care Fund on a pay-as-you-go basis from eligible employers and eligible retirees.

Eligible employers are institutions of higher education, school districts, or other entities participating in the Public School Insurance Authority, state agencies, state courts, magistrate courts, municipalities or counties, which are covered by the Education Retirement Act, Public Employees Retirement Association (PERA), Volunteer Firefighters Retirement Act, Judicial Retirement Act, or the Magistrate Retirement Act. Eligible retirees are: (1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employee during that period of time made contributions as a participant in the Retiree Health Care Act on the person’s unless that person retired on or before July 1, 1995, in which event the time period required for contributions becomes the time between July 1, 1990 and the date of retirement; or (2) retirees defined by the Act who retired prior to July 1, 1990. Each participating employer makes contributions to the fund in the amount of 1.3% of each participating Employee’s annual salary. Each participating employee contributes to the fund an amount equal to 0.65% of the employee’s annual salary. Each participating retiree pays a monthly premium of \$57.65 for the basic single play and an addition \$5.00 if the eligible participant retired prior to July 1, 1990, and made no contributions to the plan.

STATE OF NEW MEXICO  
Village of Questa  
Notes to Financial Statements  
June 30, 2009

**NOTE 11. Post-Employment Benefits (continued)**

Contributions from participating employers and participating employees become the property of the Retiree Health Care Fund and are not refundable under any circumstances, including termination of employment or termination of the participating employer's operation or participation in the Retiree Health Care Act. The employer, employee, and retiree contributions are required to be remitted to the Retiree Health Care Authority on a monthly basis.

The Retiree Health Care Authority issued a separate, publicly available audited financial report that includes post employment benefit expenditures of premiums and claims paid, participant contributions (employer, employee, and retiree), and net expenditures for the fiscal year. The report also includes the approximate number of retirees participating in the plan. That report may be obtained by writing to the Retiree Health Care Authority, 4308 Carlisle Blvd, NE, Ste 104, Albuquerque, NM 87107.

The Village joined the Retiree Health Care Plan provided under the Retiree Health Care Act (Chapter 10, Article 7C, NMSA, 1978) starting in calendar year 2004. For the years ended June, 2009, 2008, and 2007, the Village remitted \$ 2,855, \$2,718, and \$2,592 in employee contributions respectively and \$ 5,709, \$5,436, and \$5,184 in employer contributions respectively.

**NOTE 12. 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 as described in Note 8.

**NOTE 13. 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 14. Joint Powers Agreements**

**EMS Rescue Units**

*Purpose*

Village of Questa agrees to provide facilities for housing an emergency medical services rescue unit to the County of Taos.

*Participants*

County of Taos and the Village of Questa

*Responsible Party for Operation and Audit*

Village of Questa

*Beginning and Ending Date of Agreement*

July 1, 2008 to June 30, 2009

*Total Estimated Amount of Project and Actual Amount Contributed*

None

STATE OF NEW MEXICO  
Village of Questa  
Notes to Financial Statements  
June 30, 2009

**NOTE 14. Joint Powers Agreements (continued)**

**C.A. Cisneros Youth and Family Center (Youth Center)**

*Purpose:*

To provide assistance and guidance in behavior and attitude, to promote the health, social, education, vocational, character and cultural development of boys and girls, without regard to race, color creed or national or ethnic origin; to prevent and combat juvenile delinquency; to operate one or more Boys and Girls Club sites in northern New Mexico communities for the conduct of Boys and Girls Club program activities serving these purposes.

*Participants*

Boys and Girls Club of Northern New Mexico and the Village of Questa

*Responsible Party for Operation and Audit*

Village of Questa

*Beginning and Ending Date of Agreement*

July 1, 2008 to June 30, 2009

*Total Estimated Amount of Project and Actual Amount Contributed*

Unknown

**NOTE 15. Subsequent Accounting Standard Pronouncements**

In August 2008, the Governmental Accounting Standards Board (GASB) issued Statement No 53, Accounting and Financial Reporting for Derivative Instruments, which is effective for financial statements for periods beginning after June 15, 2009. The Statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by State and Local Governments. The Village is analyzing the effect that this statement will have on its financial statements, and currently believes it will have no significant effect on the financial statements of the upcoming year.

In April 2009, the Governmental Standards Board (GASB) issued GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which is effective for financial statements for periods beginning after June 30, 2010. Early implementation is encouraged. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The Village is analyzing the effect that this statement will have on its financial statements, and currently believes it will have no significant effect on the financial statements of the upcoming year.

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**NON-MAJOR GOVERNMENTAL FUNDS**

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## FUND DESCRIPTIONS

**LOCAL CORRECTIONS FUND** – to establish an additional source of funds to municipalities to offset the costs of corrections. The source of the fund is a five dollar fee, which must be paid by all persons violating the law relating to the operations of a motor vehicle. Authority is NMSA 33-0-3.

**ENVIRONMENTAL GROSS RECEIPTS TAX FUND** – to account for the collection of one-eighth of one percent gross receipt tax dedicated for these acquisition, construction, operation, and maintenance of the solid waste facilities, water facilities, waste water facilities, or sewer systems. Authority NMSA Chapter 7, Article 20E.

**EMS FIRE FUND**– to account for grant revenues and expenditures for the purchase of medical supplies. Authority EMS Fund Act, DOH .24.4 NMAC.

**EMS (EMERGENCY MEDICAL SERVICES) COUNTY FUND** – to account for the acquisitions of the emergency medical equipment and the operation of the equipment financed through a grant from the State of New Mexico. Authority NMSA 24-10-A & 6-11-6.

**LIBRARY FUND** –is used to account for the operations and maintenance of the Village Library. Funding is provided by a state grant under Section 18-2-4B NMSA, 1978.

**FIRE PROTECTION FUND** –is used to account for the operations and maintenance of the Fire Department. Funding is provided by a state grant.

**BEAUTIFICATION FUND** – to account for the proceeds of a State Appropriation for Economic Development planning purposes. Authority is granted in prior years by the State of New Mexico.

**LAW ENFORCEMENT PROTECTION FUND** – to account for grant funds used for maintenance and development of the Village’s police force. Financing is provided by a grant from the State of New Mexico. Such revenue provides for purchase and repairs of equipment as well as classes to update the training of police personnel and may be used only for these purposes. Authority is NMSA 29-13-1.

**MUNICIPAL JUDGE FUND** – to account for the collection of court fines and forfeitures. Authority is the NMSA Chapter 7, Article 20E.

**RECREATION FUND** – to account for the operation and maintenance of recreational facilities in the Village. Financing is provided by a specific annual cigarette tax levy. Authority NMSA 7-12-1 & 7-12-15.

**YOUTH FACILITY FUND** – to account for the revenues and expenditures of the youth facilities activities of the Village. Authority is the Village Council Action.

**POLICE DEPARTMENT JUSTICE FUND**– to account for grant funds used for maintenance and development of the Village’s police force. Financing is provided by a grant from the State of New Mexico. Such revenue provides for purchase and repairs of equipment as well as classes to update the training of police personnel and may be used only for these purposes. Authority NMSA 29-13-1.

**MUNICIPAL STREET FUND** – to account for various projects funded by co-operative agreements with New Mexico State Department of Transportation.

**SEWER SYSTEM RESERVE FUND** – to account for reserve monies related to the Sewer System. The fund is being used to maintain a reserve per the loan agreement.

**C.F.R.P. GRANT FUND** – to account for proceeds from the New Mexico Environment Department for improvements to water system in Questa. Authority is by Section 74-1-6B, NMSA, 1978.

**STATE OF NEW MEXICO**  
**Village of Questa**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2009**

Statement A-1  
1 of 4

Special Revenue

	Local Corrections Fund	Environmental Gross Receipts Tax Fund	EMS Fire Fund	EMS County Fund
<i>Assets</i>				
Cash and cash equivalents	\$ 13,762	\$ 3,338	\$ 817	\$ 23,532
Investments	-	-	-	-
Accounts and taxes receivable	-	-	-	-
Other receivables	-	-	-	-
Due from other governments	-	-	-	-
Inventory	-	-	-	-
Prepaid insurance	-	-	-	-
Due from other funds	782	-	-	-
<i>Total assets</i>	<u>\$ 14,544</u>	<u>\$ 3,338</u>	<u>\$ 817</u>	<u>\$ 23,532</u>
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued salaries and benefits	-	-	-	3,089
Accrued compensated absences	-	-	-	1,160
Deferred revenue	-	-	-	-
Due to other funds	-	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,249</u>
<i>Fund balances</i>				
Unreserved				
Designated for subsequent year	-	-	-	-
Unreserved, undesignated	14,544	3,338	817	19,283
<i>Total fund balances</i>	<u>14,544</u>	<u>3,338</u>	<u>817</u>	<u>19,283</u>
<i>Total liabilities and fund balances</i>	<u>\$ 14,544</u>	<u>\$ 3,338</u>	<u>\$ 817</u>	<u>\$ 23,532</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

Library Fund	Fire Protection Fund	Beautification Fund	Law Enforcement Protection Fund
\$ -	\$ 1	\$ 5	\$ 15,849
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 5</u>	<u>\$ 15,849</u>
\$ -	\$ 210	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
782	-	-	-
<u>782</u>	<u>210</u>	<u>-</u>	<u>-</u>
-	-	-	-
(782)	(209)	5	15,849
<u>(782)</u>	<u>(209)</u>	<u>5</u>	<u>15,849</u>
<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 5</u>	<u>\$ 15,849</u>

**STATE OF NEW MEXICO**  
**Village of Questa**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2009**

Statement A-1  
3 of 4

	Special Revenue			
	Municipal Judge Fund	Recreation Fund	Youth Facility Fund	Police Department Justice Fund
<i>Assets</i>				
Cash and cash equivalents	\$ 6,057	\$ 315	\$ 2,062	\$ 1,485
Investments	-	-	-	-
Accounts and taxes receivable	-	-	-	-
Other receivables	-	-	2,078	-
Due from other governments	-	-	-	-
Inventory	-	-	-	-
Prepaid insurance	-	-	-	-
Due from other funds	-	-	-	-
<i>Total assets</i>	\$ 6,057	\$ 315	\$ 4,140	\$ 1,485
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued salaries and benefits	-	-	642	-
Accrued compensated absences	-	-	517	-
Deferred revenue	-	-	-	-
Due to other funds	-	-	-	-
<i>Total liabilities</i>	-	-	1,159	-
<i>Fund balances</i>				
Reserved				
Capital Projects Funds	-	-	-	-
Special Revenue Funds	6,057	315	2,981	1,485
<i>Total fund balances</i>	6,057	315	2,981	1,485
<i>Total liabilities and fund balances</i>	\$ 6,057	\$ 315	\$ 4,140	\$ 1,485

The accompanying notes are an integral part of these financial statements

Municipal Street Fund	Sewer System Reserve Fund	C.F.R.P. Grant Fund	Total Nonmajor Governmental Funds
\$ 26,096	\$ 8,749	\$ 1,344	\$ 103,412
-	-	-	-
-	-	-	-
1,776	-	-	3,854
-	-	-	-
-	-	-	-
-	-	-	782
<u>\$ 27,872</u>	<u>\$ 8,749</u>	<u>\$ 1,344</u>	<u>\$ 108,048</u>
\$ -	\$ -	\$ -	\$ 210
-	-	-	3,731
-	-	-	1,677
-	-	-	-
-	-	-	782
<u>-</u>	<u>-</u>	<u>-</u>	<u>6,400</u>
-	8,749	1,344	10,093
27,872	-	-	91,555
<u>27,872</u>	<u>8,749</u>	<u>1,344</u>	<u>101,648</u>
<u>\$ 27,872</u>	<u>\$ 8,749</u>	<u>\$ 1,344</u>	<u>\$ 108,048</u>

**STATE OF NEW MEXICO**  
Village of Questa  
Nonmajor Governmental Funds  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
For the Year Ended June 30, 2009

	Special Revenue			
	Local Corrections Fund	Environmental Gross Receipts Tax Fund	EMS Fire Fund	EMS County Fund
<i>Revenues:</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts taxes	-	7,241	-	-
Public service taxes	-	-	-	-
Franchise taxes	-	-	-	-
Federal Sources	-	-	-	-
State Sources	-	-	8,792	144,292
Local Sources	-	-	-	-
Charges for Services	-	-	-	-
Licenses and Fees	5,788	-	-	-
Investment Income (Loss)	-	-	10	-
Miscellaneous	-	-	-	(3,406)
<i>Total revenues</i>	<u>5,788</u>	<u>7,241</u>	<u>8,802</u>	<u>140,886</u>
<i>Expenditures:</i>				
Current:				
General Government	-	8,250	-	-
Public Safety	6,700	-	9,078	156,223
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>6,700</u>	<u>8,250</u>	<u>9,078</u>	<u>156,223</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(912)</u>	<u>(1,009)</u>	<u>(276)</u>	<u>(15,337)</u>
<i>Other financing sources (uses)</i>				
Bond Proceeds	-	-	-	-
Transfers In	-	-	-	14,350
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,350</u>
<i>Net change in fund balances</i>	(912)	(1,009)	(276)	(987)
<i>Fund balances - beginning of year</i>	<u>15,456</u>	<u>4,347</u>	<u>1,093</u>	<u>20,270</u>
<i>Fund balances - end of year</i>	<u>\$ 14,544</u>	<u>\$ 3,338</u>	<u>\$ 817</u>	<u>\$ 19,283</u>

The accompanying notes are an integral part of these financial statements

Special Revenue			
Library Fund	Fire Protection Fund	Beautification Fund	Law Enforcement Protection Fund
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
18,618	60,626	-	7,194
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	28,060
<u>18,618</u>	<u>60,626</u>	<u>-</u>	<u>35,254</u>
-	-	-	-
-	68,805	-	19,705
-	-	-	-
24,965	-	91	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>24,965</u>	<u>68,805</u>	<u>91</u>	<u>19,705</u>
<u>(6,347)</u>	<u>(8,179)</u>	<u>(91)</u>	<u>15,549</u>
-	-	-	-
1,550	3,050	-	-
-	-	-	-
<u>1,550</u>	<u>3,050</u>	<u>-</u>	<u>-</u>
(4,797)	(5,129)	(91)	15,549
<u>4,015</u>	<u>4,920</u>	<u>96</u>	<u>300</u>
<u>\$ (782)</u>	<u>\$ (209)</u>	<u>\$ 5</u>	<u>\$ 15,849</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
Village of Questa  
Nonmajor Governmental Funds  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
For the Year Ended June 30, 2009

	Special Revenue			
	Municipal Judge Fund	Recreation Fund	Youth Facility Fund	Police Department Justice Fund
<i>Revenues:</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ 2,078	\$ -
Gross receipts taxes	-	-	-	-
Public service taxes	-	871	-	-
Franchise taxes	-	-	-	-
Federal Sources	-	-	-	-
State Sources	-	-	-	-
Local Sources	-	-	-	-
Charges for Services	-	-	-	-
Licenses and Fees	31,402	-	-	-
Investment Income (Loss)	-	-	-	-
Miscellaneous	-	-	22,180	-
<i>Total revenues</i>	<u>31,402</u>	<u>871</u>	<u>24,258</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
General Government	26,112	-	-	-
Public Safety	-	-	-	8,877
Public Works	-	-	-	-
Culture and Recreation	-	2,325	25,794	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>26,112</u>	<u>2,325</u>	<u>25,794</u>	<u>8,877</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>5,290</u>	<u>(1,454)</u>	<u>(1,536)</u>	<u>(8,877)</u>
<i>Other financing sources (uses)</i>				
Bond Proceeds	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	5,290	(1,454)	(1,536)	(8,877)
<i>Fund balances - beginning of year</i>	<u>767</u>	<u>1,769</u>	<u>4,517</u>	<u>10,362</u>
<i>Fund balances - end of year</i>	<u>\$ 6,057</u>	<u>\$ 315</u>	<u>\$ 2,981</u>	<u>\$ 1,485</u>

The accompanying notes are an integral part of these financial statements

Capital Projects			Total Nonmajor Governmental Funds
Municipal Streets Fund	Sewer System Reserve Fund	C.F.R.P. Grant Fund	
\$ -	\$ -	\$ -	\$ 2,078
-	-	-	7,241
30,122	-	-	30,993
-	-	-	-
-	-	-	-
5,457	-	-	244,979
-	-	-	-
-	-	-	-
-	-	-	37,190
-	138	-	148
-	-	-	46,834
<u>35,579</u>	<u>138</u>	<u>-</u>	<u>369,463</u>
-	-	-	34,362
-	-	-	269,388
30,915	-	105	31,020
-	-	-	53,175
-	-	-	-
-	-	-	-
<u>30,915</u>	<u>-</u>	<u>105</u>	<u>387,945</u>
<u>4,664</u>	<u>138</u>	<u>(105)</u>	<u>(18,482)</u>
-	-	-	-
-	-	-	18,950
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>18,950</u>
4,664	138	(105)	468
<u>23,208</u>	<u>8,611</u>	<u>1,449</u>	<u>101,180</u>
<u>\$ 27,872</u>	<u>\$ 8,749</u>	<u>\$ 1,344</u>	<u>\$ 101,648</u>

The accompanying notes are an integral part of these financial statements

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**STATE OF NEW MEXICO**  
Village of Questa  
Local Corrections Special Revenue Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget (Non-GAAP Basis) and Actual  
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	6,000	75,900	6,308	(69,592)
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	6,000	75,900	6,308	(69,592)
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	6,000	75,900	7,400	68,500
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	6,000	75,900	7,400	68,500
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(1,092)	(1,092)
<i>Other financing sources (uses)</i>				
Designated Cash	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	(1,092)	(1,092)
<i>Cash Balance - Beginning of Year</i>	-	-	15,636	15,636
<i>Cash Balance - End of Year</i>	\$ -	\$ -	\$ 14,544	\$ 14,544
Adjustment to expenditures for payables, payroll taxes, prepaid expenses and other accruals			(520)	
Adjustment to revenues for tax accruals, earnings on investments, and other deferrals and accruals			700	
Excess (deficiency) of revenues over expenditures (GAAP basis)			\$ (912)	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
 Village of Questa  
 Environmental Gross Receipts Tax Special Revenue Fund  
 Statement of Revenues, Expenditures and Changes in Fund Balance  
 Budget (Non-GAAP Basis) and Actual  
 For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable)
				Final to Actual
<i>Revenues:</i>				
Taxes	\$ 8,000	\$ 8,250	\$ 8,070	\$ (180)
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	8,000	8,250	8,070	(180)
<i>Expenditures:</i>				
Current:				
General Government	8,000	8,250	8,250	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	8,000	8,250	8,250	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(180)	(180)
<i>Other financing sources (uses)</i>				
Designated Cash	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	(180)	(180)
<i>Cash Balance - Beginning of Year</i>	-	-	3,518	3,518
<i>Cash Balance - End of Year</i>	\$ -	\$ -	\$ 3,338	\$ 3,338
Adjustment to expenditures for payables, payroll taxes, prepaid expenses and other accruals			(829)	
Adjustment to revenues for tax accruals, earnings on investments, and other deferrals and accruals			-	
<i>Excess (deficiency) of revenues over expenditures (GAAP basis)</i>			\$ (1,009)	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
Village of Questa  
EMS Fire Special Revenue Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget (Non-GAAP Basis) and Actual  
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	18,000	18,000	8,792	(9,208)
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	10	10
Miscellaneous	-	-	-	-
<i>Total revenues</i>	18,000	18,000	8,802	(9,198)
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	18,000	18,000	9,078	8,922
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	18,000	18,000	9,078	8,922
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(276)	(276)
<i>Other financing sources (uses)</i>				
Designated Cash	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	(276)	(276)
<i>Cash Balance - Beginning of Year</i>	-	-	1,093	1,093
<i>Cash Balance - End of Year</i>	\$ -	\$ -	\$ 817	\$ 817
Adjustment to expenditures for payables, payroll taxes, prepaid expenses and other accruals			-	
Adjustment to revenues for tax accruals, earnings on investments, and other deferrals and accruals			-	
<i>Excess (deficiency) of revenues over expenditures (GAAP basis)</i>			\$ (276)	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
Village of Questa  
EMS County Special Revenue Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget (Non-GAAP Basis) and Actual  
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	145,182	144,890	144,292	(598)
Charges For Services	-	-	0	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	(2,100)	(2,100)	-	2,100
<i>Total revenues</i>	143,082	142,790	144,292	1,502
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	143,082	164,944	155,866	9,078
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	143,082	164,944	155,866	9,078
<i>Excess (deficiency) of revenues over expenditures</i>	-	(22,154)	(11,574)	10,580
<i>Other financing sources (uses)</i>				
Designated Cash	-	22,154	-	(22,154)
Transfers In	-	-	14,350	14,350
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	-	22,154	14,350	(7,804)
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	2,776	2,776
<i>Cash Balance - Beginning of Year</i>	-	-	20,756	20,756
<i>Cash Balance - End of Year</i>	\$ -	\$ -	\$ 23,532	\$ 23,532
Adjustment to expenditures for payables, payroll taxes, prepaid expenses and other accruals			49	
Adjustment to revenues for tax accruals, earnings on investments, and other deferrals and accruals			(3,812)	
<i>Excess (deficiency) of revenues over expenditures (GAAP basis)</i>			\$ (987)	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
 Village of Questa  
 Library Special Revenue Fund  
 Statement of Revenues, Expenditures and Changes in Fund Balance  
 Budget (Non-GAAP Basis) and Actual  
 For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variations
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	16,000	16,000	18,618	2,618
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	0	-
<i>Total revenues</i>	<u>16,000</u>	<u>16,000</u>	<u>18,618</u>	<u>2,618</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	15,821	24,965	24,965	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>15,821</u>	<u>24,965</u>	<u>24,965</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>179</u>	<u>(8,965)</u>	<u>(6,347)</u>	<u>2,618</u>
<i>Other financing sources (uses)</i>				
Designated Cash	(179)	7,365	-	(7,365)
Transfers In	-	1,600	1,550	(50)
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(179)</u>	<u>8,965</u>	<u>1,550</u>	<u>(7,415)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	(4,797)	(4,797)
<i>Cash Balance - Beginning of Year</i>	-	-	4,015	4,015
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (782)</u>	<u>\$ (782)</u>
Adjustment to expenditures for payables, payroll taxes, prepaid expenses and other accruals				
Adjustment to revenues for tax accruals, earnings on investments, and other deferrals and accruals				
<i>Excess (deficiency) of revenues over expenditures (GAAP basis)</i>			<u>\$ (4,797)</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
Village of Questa  
Fire Protection Special Revenue Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget (Non-GAAP Basis) and Actual  
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Basis)	Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	83,700	83,700	60,626	(23,074)
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	83,700	83,700	60,626	(23,074)
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	87,205	69,650	69,820	(170)
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	87,205	69,650	69,820	(170)
<i>Excess (deficiency) of revenues over expenditures</i>	(3,505)	14,050	(9,194)	(23,244)
<i>Other financing sources (uses)</i>				
Designated Cash	3,505	(14,050)	-	14,050
Transfers In	-	-	3,050	3,050
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	3,505	(14,050)	3,050	17,100
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	(6,144)	(6,144)
<i>Cash Balance - Beginning of Year</i>	-	-	6,145	6,145
<i>Cash Balance - End of Year</i>	\$ -	\$ -	\$ 1	\$ 1
Adjustment to expenditures for payables, payroll taxes, prepaid expenses and other accruals				
Adjustment to revenues for tax accruals, earnings on investments, and other deferrals and accruals			1,015	
<i>Excess (deficiency) of revenues over expenditures (GAAP basis)</i>			\$ (5,129)	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
 Village of Questa  
 Beautification Special Revenue Fund  
 Statement of Revenues, Expenditures and Changes in Fund Balance  
 Budget (Non-GAAP Basis) and Actual  
 For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	91	(91)
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>91</u>	<u>(91)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(91)</u>	<u>(91)</u>
<i>Other financing sources (uses)</i>				
Designated Cash	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	<u>-</u>	<u>-</u>	<u>(91)</u>	<u>(91)</u>
<i>Cash Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>96</u>	<u>96</u>
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5</u>	<u>\$ 5</u>
Adjustment to expenditures for payables, payroll taxes, prepaid expenses and other accruals			-	
Adjustment to revenues for tax accruals, earnings on investments, and other deferrals and accruals			-	
<i>Excess (deficiency) of revenues over expenditures (GAAP basis)</i>			<u>\$ (91)</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
Village of Questa  
Law Enforcement Protection Special Revenue Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget (Non-GAAP Basis) and Actual  
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	2,100	7,194	7,194	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	36,000	28,000	28,060	60
<i>Total revenues</i>	<u>38,100</u>	<u>35,194</u>	<u>35,254</u>	<u>60</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	20,961	19,705	19,705	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>20,961</u>	<u>19,705</u>	<u>19,705</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>17,139</u>	<u>15,489</u>	<u>15,549</u>	<u>60</u>
<i>Other financing sources (uses)</i>				
Designated Cash	(17,139)	(15,489)	-	15,489
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(17,139)</u>	<u>(15,489)</u>	<u>-</u>	<u>15,489</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	15,549	15,549
<i>Cash Balance - Beginning of Year</i>	-	-	300	300
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,849</u>	<u>\$ 15,849</u>
Adjustment to expenditures for payables, payroll taxes, prepaid expenses and other accruals			-	
Adjustment to revenues for tax accruals, earnings on investments, and other deferrals and accruals			-	
Excess (deficiency) of revenues over expenditures (GAAP basis)			<u>\$ 15,549</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
Village of Questa  
Municipal Judge Special Revenue Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget (Non-GAAP Basis) and Actual  
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	25,000	33,654	31,402	(2,252)
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>25,000</u>	<u>33,654</u>	<u>31,402</u>	<u>(2,252)</u>
<i>Expenditures:</i>				
Current:				
General Government	25,000	34,766	26,112	8,654
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>25,000</u>	<u>34,766</u>	<u>26,112</u>	<u>8,654</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(1,112)</u>	<u>5,290</u>	<u>6,402</u>
<i>Other financing sources (uses)</i>				
Designated Cash	-	1,112	-	(1,112)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>1,112</u>	<u>-</u>	<u>(1,112)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	<u>-</u>	<u>-</u>	<u>5,290</u>	<u>5,290</u>
<i>Cash Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>767</u>	<u>767</u>
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,057</u>	<u>\$ 6,057</u>
Adjustment to expenditures for payables, payroll taxes, prepaid expenses and other accruals			-	
Adjustment to revenues for tax accruals, earnings on investments, and other deferrals and accruals			-	
<i>Excess (deficiency) of revenues over expenditures (GAAP basis)</i>			<u>\$ 5,290</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
 Village of Questa  
 Recreation Special Revenue Fund  
 Statement of Revenues, Expenditures and Changes in Fund Balance  
 Budget (Non-GAAP Basis) and Actual  
 For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Basis)	Final to Actual
<i>Revenues:</i>				
Taxes	\$ 800	\$ 800	\$ 887	\$ 87
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	300	300	-	(300)
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	1,100	1,100	887	(213)
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	1,100	3,730	2,405	1,325
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	1,100	3,730	2,405	1,325
<i>Excess (deficiency) of revenues over expenditures</i>	-	(2,630)	(1,518)	1,112
<i>Other financing sources (uses)</i>				
Designated Cash	-	2,630	-	(2,630)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	-	2,630	-	(2,630)
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	(1,518)	(1,518)
<i>Cash Balance - Beginning of Year</i>	-	-	1,833	1,833
<i>Cash Balance - End of Year</i>	\$ -	\$ -	\$ 315	\$ 315
Adjustment to expenditures for payables, payroll taxes, prepaid expenses and other accruals			(16)	
Adjustment to revenues for tax accruals, earnings on investments, and other deferrals and accruals			80	
Excess (deficiency) of revenues over expenditures (GAAP basis)			\$ (1,454)	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
 Village of Questa  
 Youth Facility Special Revenue Fund  
 Statement of Revenues, Expenditures and Changes in Fund Balance  
 Budget (Non-GAAP Basis) and Actual  
 For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	23,000	23,000	22,180	(820)
<b>Total revenues</b>	<b>23,000</b>	<b>23,000</b>	<b>22,180</b>	<b>(820)</b>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	22,520	26,267	25,062	1,205
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>22,520</b>	<b>26,267</b>	<b>25,062</b>	<b>1,205</b>
<i>Excess (deficiency) of revenues over expenditures</i>	<b>480</b>	<b>(3,267)</b>	<b>(2,882)</b>	<b>385</b>
<i>Other financing sources (uses)</i>				
Designated Cash	(480)	3,267	-	(3,267)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(480)</b>	<b>3,267</b>	<b>-</b>	<b>(3,267)</b>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	(2,882)	(2,882)
<i>Cash Balance - Beginning of Year</i>	-	-	4,944	4,944
<i>Cash Balance - End of Year</i>	\$ -	\$ -	\$ 2,062	\$ 2,062
Adjustment to expenditures for payables, payroll taxes, prepaid expenses and other accruals			(382)	
Adjustment to revenues for tax accruals, earnings on investments, and other deferrals and accruals			1,728	
<b>Excess (deficiency) of revenues over expenditures (GAAP basis)</b>			<b>\$ (1,536)</b>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
Village of Questa  
Police Department Justice Special Revenue Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget (Non-GAAP Basis) and Actual  
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	(100)	(100)	-	100
<i>Total revenues</i>	<u>(100)</u>	<u>(100)</u>	<u>-</u>	<u>100</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	100	9,205	8,877	328
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>100</u>	<u>9,205</u>	<u>8,877</u>	<u>328</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(200)</u>	<u>(9,305)</u>	<u>(8,877)</u>	<u>428</u>
<i>Other financing sources (uses)</i>				
Designated Cash	200	9,305	-	(9,305)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>200</u>	<u>9,305</u>	<u>-</u>	<u>(9,305)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	(8,877)	(8,877)
<i>Cash Balance - Beginning of Year</i>	-	-	10,362	10,362
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,485</u>	<u>\$ 1,485</u>
Adjustment to expenditures for payables, payroll taxes, prepaid expenses and other accruals			-	
Adjustment to revenues for tax accruals, earnings on investments, and other deferrals and accruals			-	
<i>Excess (deficiency) of revenues over expenditures (GAAP basis)</i>			<u>\$ (8,877)</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
Village of Questa  
Municipal Streets Special Revenue Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget (Non-GAAP Basis) and Actual  
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ 32,000	\$ 32,000	\$ 31,094	\$ (906)
Intergovernmental Income	100	100	5,457	5,357
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>32,100</u>	<u>32,100</u>	<u>36,551</u>	<u>4,451</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	32,100	31,016	31,016	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>32,100</u>	<u>31,016</u>	<u>31,016</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>1,084</u>	<u>5,535</u>	<u>4,451</u>
<i>Other financing sources (uses)</i>				
Designated Cash	(3)	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(3)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	<u>(3)</u>	<u>1,084</u>	<u>5,535</u>	<u>4,451</u>
<i>Cash Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>20,561</u>	<u>20,561</u>
<i>Cash Balance - End of Year</i>	<u>\$ (3)</u>	<u>\$ 1,084</u>	<u>\$ 26,096</u>	<u>\$ 25,012</u>
Adjustment to expenditures for payables, payroll taxes, prepaid expenses and other accruals			(972)	
Adjustment to revenues for tax accruals, earnings on investments, and other deferrals and accruals			101	
Excess (deficiency) of revenues over expenditures (GAAP basis)			<u>\$ 4,664</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
Village of Questa  
Sewer Replacement Capital Projects Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget (Non-GAAP Basis) and Actual  
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP	Favorable
			Basis)	(Unfavorable)
				Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	138	138
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>138</u>	<u>138</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	30,000	-	30,000
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>30,000</u>	<u>-</u>	<u>30,000</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(30,000)</u>	<u>138</u>	<u>30,138</u>
<i>Other financing sources (uses)</i>				
Designated Cash	(3)	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(3)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	<u>(3)</u>	<u>(30,000)</u>	<u>138</u>	<u>30,138</u>
<i>Cash Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>8,611</u>	<u>8,611</u>
<i>Cash Balance - End of Year</i>	<u>\$ (3)</u>	<u>\$ (30,000)</u>	<u>\$ 8,749</u>	<u>\$ 38,749</u>
Adjustment to expenditures for payables, payroll taxes, prepaid expenses and other accruals			-	
Adjustment to revenues for tax accruals, earnings on investments, and other deferrals and accruals			-	
Excess (deficiency) of revenues over expenditures (GAAP basis)			<u>\$ 138</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
Village of Questa  
C.F.R.P. Grant Capital Projects Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget (Non-GAAP Basis) and Actual  
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	30,000	105	29,895
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>30,000</u>	<u>105</u>	<u>29,895</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(30,000)</u>	<u>(105)</u>	<u>29,895</u>
<i>Other financing sources (uses)</i>				
Designated Cash	(3)	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(3)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	<u>(3)</u>	<u>(30,000)</u>	<u>(105)</u>	<u>29,895</u>
<i>Cash Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash Balance - End of Year</i>	<u>\$ (3)</u>	<u>\$ (30,000)</u>	<u>\$ (105)</u>	<u>\$ 29,895</u>
Adjustment to expenditures for payables, payroll taxes, prepaid expenses and other accruals			-	
Adjustment to revenues for tax accruals, earnings on investments, and other deferrals and accruals			-	
Excess (deficiency) of revenues over expenditures (GAAP basis)			<u>\$ (105)</u>	

The accompanying notes are an integral part of these financial statements

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**SUPPORTING SCHEDULES**

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**STATE OF NEW MEXICO**  
**VILLAGE OF QUESTA**  
**SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY**  
**FOR PUBLIC FUNDS**  
**JUNE 30, 2009**

Schedule I

Name of Depository	Description of Pledged Collateral	Par Value June 30, 2009	Name and Location of Safekeeper
Centinel Bank	Estancia NM School Cusip 297326DC1 4.0% Due 10/1/2009 *	\$ 99,997	Federal Home Loan Bank Dallas, Texas
Centinel Bank	Estancia NM School Cusip 297326DC1 4.0% Due 10/1/2009 *	29,982	Federal Home Loan Bank Dallas, Texas
Centinel Bank	Texico NM MSD Cusip 883005BQ2 5.25% Due 8/1/2009 *	25,000	Federal Home Loan Bank Dallas, Texas
Centinel Bank	Los Alamos Nm School Cusip 544228AQ2 5.15% Due 8/1/2010 *	<u>20,000</u>	Federal Home Loan Bank Dallas, Texas
		<u>\$ 174,979</u>	

\* Stated at par value

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

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**STATE OF NEW MEXICO**  
**VILLAGE OF QUESTA**  
**SCHEDULE OF CASH AND TEMPORARY INVESTMENT ACCOUNTS**  
**JUNE 30, 2009**

Schedule II

Bank Account Type/Name	Centinel Bank	First Community Bank	Questa Credit Union	Total
Savings-General	\$ -	\$ -	\$ 652	\$ 652
Checking - General	239,195	-	-	239,195
Checking - Water, Sewer, Solid Waste	75,707	-	-	75,707
Checking - Motor Vehicle Division	9,434	-	-	9,434
Checking - Payroll Account	9,758	-	-	9,758
Checking - Municipal Court	6,095	-	-	6,095
Checking - Water Rights	1,412	-	-	1,412
Checking - Oversight Accounts	52,503	-	-	52,503
Checking - Police Department Justice Fund	1,485	-	-	1,485
Checking - Sewer System Reserve	8,749	-	-	8,749
Checking - EMS Account	24,213	-	-	24,213
Checking - Fire Protection Fund	-	1	-	1
Checking - EMS Fire Fund	-	1,551	-	1,551
Checking - Law Enforcement Protection Fund	-	15,849	-	15,849
Checking - CFRP Grant	-	1,344	-	1,344
Certificate of Deposit	-	15,000	-	15,000
Total On Deposit	<u>428,551</u>	<u>33,745</u>	<u>652</u>	<u>462,948</u>
Reconciling Items	<u>3,430</u>	<u>734</u>	<u>-</u>	<u>4,164</u>
Reconciled Balance at June 30, 2009	<u>\$ 425,121</u>	<u>\$ 33,011</u>	<u>\$ 652</u>	<u>\$ 458,784</u>
State Treasurer Fund				<u>3,817</u>
Total Cash and Investments				<u>\$ 462,601</u>

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

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**FIDUCIARY FUNDS**

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**STATE OF NEW MEXICO**  
 Village of Questa  
 Agency Fund  
 Schedule of Changes in Assets and Liabilities  
 For The Year Ended June 30, 2009

	<u>Balance</u> <u>July 1, 2008</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2009</u>
<b><u>ASSETS</u></b>				
Cash	\$ <u>5,266</u>	\$ <u>149,944</u>	\$ <u>150,511</u>	\$ <u>4,699</u>
<b><u>LIABILITIES</u></b>				
Deposits held in trust for others	\$ <u>5,266</u>	\$ <u>149,944</u>	\$ <u>150,511</u>	\$ <u>4,699</u>

The accompanying notes are an integral part of these financial statements

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**COMPLIANCE SECTION**

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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***

Hector H. Balderas  
New Mexico State Auditor  
The Office of Management and Budget and  
The Village Council  
Village of Questa  
Questa, New Mexico

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information and the budgetary comparison statements of the general fund and major special revenue funds of the Village of Questa (the Village), as of and for the year ended June 30, 2009, which collectively comprise the Village's basic financial statements as listed in the table of contents and have issued our report thereon dated October 23, 2009. We also have audited the financial statements of each of the Village's non-major governmental funds and all the budgetary comparisons presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2009 as listed in the table of contents. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village of Questa's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Village of Questa's financial statements that is more than inconsequential will not be prevented or detected by the Village of Questa's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting as FS 2007-02, FS 2008-02, FS 2009-01 and FS 2009-02.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Village of Questa's internal control.

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Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and, accordingly, would not disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider FS 2007-02 and FS-2008-02 to be material weaknesses.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Village of Questa's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance 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 FS 2009-03.

Village of Questa's responses to the findings identified in our audit are described in the accompanying schedule of findings and question costs. We did not audit Village of Questa's responses and accordingly, we do not express an opinion on them.

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

Precision Accounting LLC  
Albuquerque, New Mexico  
October 23, 2009

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STATE OF NEW MEXICO  
Village of Questa  
Schedule of Findings and Responses  
June 30, 2009

**A. FINDINGS-FINANCIAL STATEMENT AUDIT**

**FS-2007-02 Utility Billing (repeated and revised)**

CONDITION: During our Utilities test work we noted that the Village's failure to manually read meters that are not on the hand held electronic reading device has resulted in the Village billing only the base amount on one hundred and eighty-eight (188) water accounts out of seven hundred sixty-one (761) water accounts. It was also discovered that the software used to bill for water usage is billing at the wrong rate for residential and commercial customers who use more water than the base amount. In addition, the Village is not assessing disconnect, bank charges, and discontinuance fees as set out in the ordinance. The combination of these deficiencies results in the loss of revenue to the Village.

CRITERIA: Per the Village Ordinance, Water should be billed at a set rate of \$16.36 for the first 3000 gallons of use, and for each 1000 gallons past the base use a customer should be billed \$2.44, for residential usage. The Ordinance also states that the Village rounds to the nearest 1000 gallons of use and does not prorate water usage. The ordinance also sets put fees to be charge when service has to be re-connected, checks are returned by the bank, and a fee at the discontinuance of service.

EFFECT OF CONDITION: The Village has suffered a revenue loss from water consumption as a result of the Village not billing the proper usage to customers. The Village has also suffered a fee income loss because the normal fees are not being charged.

CAUSE OF CONDITION: The Village began to implement a new meter reading system throughout the Village but did not complete the implementation. The Village is only billing those customers who are on the electronic meter reading system. The implementation of the new meters did not render the old system inoperable but the Village failed to read the meters manually.

RECOMMENDATION: The Village should complete its implementation of the meter system immediately or begin to manually read the meters. The Village should contact the software manufacturer to verify that the software is working properly. In addition, the Village should implement internal controls to verify that the utility rates are properly input into the billing system and implement a monitoring system to ensure that the Village is capturing and billing all accounts.

MANAGEMENT'S RESPONSE: The Village will complete the implementation of the meter system and will manually read the meters until the implementation is complete. The Village will work with software vendor and consultants to ensure the Village is complying with its own ordinance. The Village will review and change its own ordinance to reflect water usage rounding to the nearest 1,000 gallons. The Village will hire necessary consultant to help write and implement internal controls to verify that the utility rates are properly input into the billing system and implement a monitoring system to ensure that the Village is capturing and billing all accounts.

STATE OF NEW MEXICO  
Village of Questa  
Schedule of Findings and Responses  
June 30, 2009

**FS-2008-02 Assets not Properly Safeguarded**

CONDITION: During fieldwork, we were informed by Village personnel that assets were not properly safeguarded.

CRITERIA: Per Village policies, assets must be properly safeguarded in order to prevent misappropriation or theft.

EFFECT OF CONDITION: The Village experienced a shortage of cash funds.

CAUSE OF CONDITION: Village personnel neglected to properly secure the Village's assets.

RECOMMENDATION: The Village needs to ensure that assets are properly safeguarded.

MANAGEMENT'S RESPONSE: The Village personnel will make necessary or have necessary changes made to safeguard Village assets. The Village will hire necessary consultant to ensure Village assets are protected.

**FS-2009-01 Excess Expenditures over Budget**

CONDITION: The Village has spent \$91 more than the budget for the Beautification Fund and \$170 more than budget in the Fire Protection Fund.

CRITERIA: NMSA 6-6-6 requires actual expenditures cannot exceed approved budget amounts by fund.

EFFECT OF CONDITION: The Village has violated state statutes and DFA regulations related to the budgetary process and did over spend a fund.

CAUSE OF CONDITION: The Village did not have adequate budgetary controls over the grant and its expenditures.

RECOMMENDATION: We recommend that the Village implement controls to monitor spending in all funds and take necessary steps whenever the budget needs adjusting.

MANAGEMENT'S RESPONSE: The Village will implement controls to monitor spending by having the Council and/or DFA approve spending in accordance with authorized budgets.

**FS-2009-02 Lack of Supporting documentation for Expenditures**

CONDITION: During our test work of cash disbursements, we noted that 19 instances out of 45 disbursements tested did not have adequate supporting documentation. We also noted that one of the 45 was recorded to the incorrect fund and another one was an inter fund transfer that was made without proper approval by the Council.

CRITERIA: Section 13-1 to 199 NMSA requires that actual expenditures should be properly authorized, processed and recorded and should have adequate supporting documentation.

EFFECT OF CONDITION: The Village has violated the procurement code and could potentially make an expenditure without proper approval.

CAUSE OF CONDITION: The Village did not adhere to the state procurement code not their own procurement policy.

RECOMMENDATION: We recommend that the Village implement controls to monitor expenditures to comply with state statutes and the Village's procurement policy.

STATE OF NEW MEXICO  
Village of Questa  
Schedule of Findings and Responses  
June 30, 2009

MANAGEMENT'S RESPONSE: The Village will adopt a written policy stating procedures to comply with State Procurement code and the Village will have a consultant review the Village's present policy and recommend any improvements.

**FS 2009-03 Mileage and Per Diem Act**

CONDITION: During our testwork of travel and per diem vouchers, we noted that six of the seven vouchers were in error. In two cases, the time leaving and the time returning were not noted on the form. On the other four travel vouchers examined the per diem was not calculated properly.

In addition, credit cards examined contained numerous expenditures for meals. The documentation required by Internal Revenue Service regulations was not attached. The regulations require the business purpose and the individuals involved, and what was discussed..

CRITERIA: The mileage and per diem Act, NMSA 1978 Section 6-6-6, and the Internal Revenue code.

EFFECT OF CONDITION: The Village has violated State Statutes and IRS regulations related to travel and per diem.

CAUSE OF CONDITION: The Village did not have adequate controls over the expenditure of funds, thereby allowing expenditures to be made without the proper documentation. In addition, the staff of the Village was not familiar with the per diem act and regulations

RECOMMENDATION: We recommend that the Village implement controls to properly control the expenditures for travel and per diem and expenditures on the credit cards..

MANAGEMENT'S RESPONSE: The Village will implement controls to monitor the expenditures for travel and per diem. Staff will receive training on paying travel and per diem.

**B. PRIOR YEAR AUDIT FINDINGS**

FS-2007-01 Accrued Vacation- Resolved

FS-2007-02 Utility Billing (Repeated and Revised)

STATE OF NEW MEXICO  
Village of Questa  
Other Disclosures  
June 30, 2009

**A. AUDITOR PREPARED FINANCIAL STATEMENTS**

It would be preferred and desirable for the Village to prepare its own GAAP-basis financial statements; however, the client believes that although they are capable of preparing, reviewing and taking responsibility for the financial statements it was included in the audit contract that the IPA would prepare the financial statements. These financial statements are the responsibility of the Village; however, the outside auditor prepared the GAAP-basis financial statements and footnotes for inclusion in the annual audit report.

**B. EXIT CONFERENCE**

The contents of this report were discussed on October 23, 2009. The following individuals were in attendance.

Village of Questa

Brent Jaramillo, Village Administrator  
Wilma Martinez, Acting Village Clerk/ Treasurer  
Malaquais Rael, Mayor  
Mark Gallegos, Village Councilor  
Renee Martinez, Human Resources

Precision Accounting LLC

Melissa R. Santistevan, CPA  
C. Jack Emmons, CPA, CFE