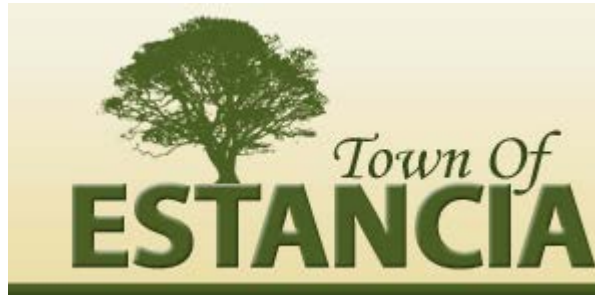


STATE OF NEW MEXICO



ANNUAL FINANCIAL REPORT

JUNE 30, 2015

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INTRODUCTORY SECTION

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STATE OF NEW MEXICO
Town of Estancia
ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2015

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STATE OF NEW MEXICO
Town of Estancia

OFFICIAL ROSTER
June 30, 2015

<u>Name</u>	<u>Town Council</u>	<u>Title</u>
Sylvia Chavez		Mayor
Josie Chavez		Mayor Pro Tem
J Morrow Hall		Trustee
Cory Dryden		Trustee
Stella Chavez		Trustee
	<u>Town Officials</u>	
Michelle Dunlap		Deputy Clerk/Treasurer
Aurora "Duda" Reese		Billing Clerk

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Timothy Keller
New Mexico State Auditor
The Office of Management and Budget and
The Governing Board
Town of Estancia
Estancia, New Mexico

Report on Financial Statements

We were engaged to audit the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, and the budgetary comparisons of the general fund and the major special revenue funds of the Town of Estancia (the "Town") as of and for the year ended June 30, 2015, and the related notes to the financial statements which collectively comprise the Town of Estancia's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Town of Estancia's nonmajor governmental funds and the budgetary comparisons for the major capital project funds, debt service funds, and all nonmajor funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2015, as listed in the table of contents. We did not audit the 2014 Schedule of Employer Allocations and Pension Amounts of the State of New Mexico Public Employee Retirement Association (PERA), the administrator of the cost sharing pension plan for the Town. The schedules and statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Town, is based solely on the report of the other auditors.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

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 involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town of Estancia's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Estancia's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Because of the matter described in the Basis for Disclaimer of Opinion paragraph, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an opinion.

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Basis for Disclaimer of Opinion

The Town of Estancia was unable to provide sufficient evidential matter in support of certain transactions and account balances, as presented in the Town's financial statements as of and for the year ended June 30, 2015, particularly with respect to the cash balances, capital assets and depreciation and current year activities; specifically for transactions that either did not clear the bank but were recorded in Quickbooks or for transactions reflected on the bank statement but not recorded in Quickbooks.

It was impracticable to extend our audit procedures sufficiently to determine the extent to which Town of Estancia's financial statements as of and for the year ended June 30, 2015 may have been affected by the matters discussed in the preceding paragraph; accordingly, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the accompanying financial statements as of and for the year ended June 30, 2015.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraphs, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 13-20, the *Schedule of the Town's Proportionate Share of the Net Pension Liability of PERA Fund Divisions* on pages 101-103, the *Schedule of Contributions* on pages 105-107, and the notes to required supplementary information on page 109 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with the auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on Town of Estancia's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The other schedules as required by 2.2.2 NMAC are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The other schedules required by 2.2.2 NMAC are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2015 on our consideration of the Town of Estancia'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* in considering the Town of Estancia's internal control over financial reporting and compliance.

Precision Accounting, LLC

Precision Accounting, LLC
Albuquerque, New Mexico
October 16, 2015

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STATE OF NEW MEXICO
Town of Estancia
Management's Discussion and Analysis
for the Year Ended June 30, 2015
Unaudited

As management of the Town of Estancia, we offer readers of the Town of Estancia's financial statements this narrative overview and analysis of the financial activities of the Town of Estancia for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with the financial statements of the Town of Estancia and additional information provided.

FINANCIAL HIGHLIGHTS

- The assets of the Town of Estancia exceeded its liabilities at the close of the most recent fiscal year by \$8,936,418 (*net position*). Of this amount, \$1,117,120 (*unrestricted*) is obligated to citizens and creditors.
- The government's total net position increased by \$798,193 during the fiscal year. The majority of this increase is due to a decrease in expenditures and an increase in taxes and debt forgiveness for governmental activities.
- As of June 30, 2015, the Town's governmental funds reported combined ending fund balances of \$2,392,051. Of this total, \$8,966 is restricted for capital projects, \$60,768 is restricted for special revenue funds and \$1,000,000 is restricted for the general fund.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Estancia's basic financial statements. The Town of Estancia'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 the Town of Estancia's finances, in a manner similar to a private-sector business.

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

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position 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 the Town of Estancia 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 the Town of Estancia include general government, public safety, public works, culture and recreation, and health and welfare. The business-type activities of the Town include Sewer/AWWT, Solid Waste, Water and Meter Deposits.

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

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. The Town of Estancia, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town of Estancia can be divided into two categories: governmental funds, and proprietary funds.

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Town of Estancia
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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 Town'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*.

The Town of Estancia maintains fifteen 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, and Grants Capital Projects Fund, all of which are considered to be major funds. Data from the other thirteen 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.

The Town of Estancia adopts an annual appropriated budget for its general fund and all other funds. A budgetary comparison statement has been provided for the General Fund, and Grants Capital Projects Fund, 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 Town charges customers either outside customers or internal units or departments of the Town. Proprietary funds provide the same type of information as shown in the government-wide financial statements, only in more detail. The Town maintains three types of proprietary funds.

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 39-62 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 70-97 of this report.

STATE OF NEW MEXICO
Town of Estancia
Management's Discussion and Analysis
for the Year Ended June 30, 2015
Unaudited

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Town 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 Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Estancia, assets exceeded liabilities by \$8,936,418 at the close of the current fiscal year.

The largest portion of the Town of Estancia's net position represents the Town's investment of \$6,795,189 in capital assets (e.g., land improvements, buildings, infrastructure and machinery & equipment); less any related outstanding debt used to acquire those assets. The Town of Estancia uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town of Estancia'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.

Statement of Net Position For the Year Ended June 30, 2015 and June 30, 2014						
June 30, 2015			June 30, 2014			
	Governmental	Business Type	Total	Governmental	Business Type	Total
Assets						
Current and other assets	\$ 1,814,509	\$ 274,347	\$ 2,088,856	\$ 2,042,122	\$ 249,041	\$ 2,291,163
Capital assets, net of accumulated depreciation	5,208,843	2,843,530	8,052,373	4,218,078	2,983,276	7,201,354
Deferred Outflows of resources	88,685	-	88,685	-	-	-
Total Assets	7,112,037	3,117,877	10,229,914	6,260,200	3,377,306	9,637,506
Liabilities						
Long-term liabilities outstanding	556,537	69,959	626,496	147,383	109,158	256,541
Other Liabilities	435,372	65,996	501,368	435,817	158,592	594,409
Total Liabilities	991,909	135,955	1,127,864	583,200	267,750	850,950
Deferred Inflows of Resources	165,632	-	165,632	-	-	-
Net Position						
Net investment in capital assets	4,035,719	2,759,470	6,795,189	4,059,485	2,834,806	6,894,291
Restricted	1,024,109	-	1,024,109	1,027,554	-	1,027,554
Unrestricted	894,668	222,452	1,117,120	589,961	274,750	864,711
Total Net Position	5,954,496	2,981,922	8,936,418	5,677,000	3,109,556	8,786,556
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 7,112,037	\$ 3,117,877	\$ 10,229,914	\$ 6,260,200	\$ 3,377,306	\$ 9,637,506

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A portion of the Town of Estancia's net position represents resources that are subject to restrictions. The restrictions relate to capital projects and debt service.

At the end of the current fiscal year, the Town of Estancia is able to report positive balances in all of the categories of net position, for the government as a whole as well as for the business-type activities.

The Town of Estancia's net position increased by \$798,193 during the current fiscal year. This increase is explained in the government and business-type activities discussion below and is primarily a result of an increase in expenditures.

Changes in Net Position
For the Year Ended June 30, 2015

	Governmental Activities	Business Type Activities	Total
<u>Revenue</u>			
Program revenue			
Charges for Service	\$ 128,175	\$ 661,443	\$ 789,618
Operating grants and contributions	1,209,785	-	1,209,785
Capital Grants	55,731	-	55,731
General Revenue			
Property Tax	17,487	-	17,487
Franchise Tax	3,174	-	3,174
Gross Receipts Tax	986,679	-	986,679
Public Service Tax	23,717	-	23,717
Miscellaneous	2,252	9	2,261
Total Revenue	\$ 2,365,843	\$ 661,452	\$ 3,027,295
<u>Expenses</u>			
General Government	434,455	-	434,455
Public Safety	620,207	-	620,207
Culture and Recreation	197,362	-	197,362
Health and Welfare	75,648	-	75,648
Public Works	180,392	-	180,392
Interest on Long-term debt	1,090	-	1,090
Business-type activities	-	799,105	799,105
Total Expenses	\$ 1,552,311	\$ 799,105	\$ 2,290,259
(Decrease) Increase in Assets before transfer	935,846	(137,653)	798,193
Transfers	(61,157)	61,157	-
(Decrease) Increase in Net Position	874,689	(76,496)	798,193
Net Position, Beginning of year	5,677,000	3,109,556	8,786,556
Restatement for Net Pension Liability	(541,133)	-	(541,133)
Restatement for Net Assets	(56,060)	(51,138)	(107,198)
Ending Net Position	\$ 5,079,807	\$ 2,981,922	\$ 8,061,729

STATE OF NEW MEXICO
Town of Estancia
Management's Discussion and Analysis
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Governmental activities: Governmental activities increased the Town of Estancia's net position by \$874,689. The key element of this increase was revenue exceeded expenses.

Business-type activities: Business-type activities decreased the Town's net position by \$76,496. The key element of this increase was the due to the expenses exceeded revenues.

Changes in Net Position
For the Year Ended June 30, 2014

	Governmental Activities	Business Type Activities	Total
<u>Revenue</u>			
Program revenue			
Charges for Service	\$ 55,989	\$ 680,916	\$ 736,905
Operating grants and contributions	319,892	-	319,892
Capital Grants	321,739	-	321,739
General Revenue			
Property Tax	15,940	-	15,940
Gross Receipts Tax	1,041,108	-	1,041,108
Motor Vehicle & Fuel Tax	-	-	-
Other taxes	118,233	-	118,233
Miscellaneous revenue	2,543	3,200	5,743
Debt Forgiveness	403,071	-	403,071
Investment earnings	1,354	-	1,354
Total Revenue	\$ 2,279,869	\$ 3,200	\$ 1,585,449
<u>Expenses</u>			
General Government	526,079	-	526,079
Public Safety	482,984	-	482,984
Culture and Recreation	166,222	-	166,222
Health and Welfare	27,426	-	27,426
Public Works	22,714	-	22,714
Interest on Long-term debt	2,944	-	2,944
Business-type activities	-	634,217	634,217
Total Expenses	\$ 1,228,369	\$ 634,217	\$ 1,862,586
(Decrease) Increase in Assets before transfer	1,051,500	49,899	1,101,399
Transfers	-	-	-
(Decrease) Increase in Net Position	1,051,500	49,899	1,101,399
Net Position, Beginning of year	5,572,842	2,894,197	8,467,039
Restatement	(947,342)	165,460	(781,882)
Ending Net Position	\$ 5,677,000	\$ 3,109,556	\$ 8,786,556

STATE OF NEW MEXICO
Town of Estancia
Management's Discussion and Analysis
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FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

Governmental funds. The focus of the Town of Estancia's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Town of Estancia'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. The types of Governmental funds reported by the Town include the General Fund, Special Revenue Funds, Debt Service Funds and Capital Project Funds.

As of the end of the current fiscal year, the Town of Estancia's governmental funds reported combined ending fund balances of \$2,392,051, an increase of \$747,970 in comparison with the prior year. \$1,322,317 constitutes *unreserved fund balance*, which is available for spending at the government's discretion.

Revenues for governmental activities overall totaled \$2,460,875 in the fiscal year ended June 30, 2015, which represents an increase of \$584,077 from the fiscal year ended June 30, 2014. Expenditures for governmental activities, totaling \$1,595,688, decreased by \$610,488 from the fiscal year ended June 30, 2014. In the fiscal year ended June 30, 2015, revenues exceeded expenditures by \$865,187.

The General Fund is the chief operating fund of the Town of Estancia. At the end of the current fiscal year, *unreserved* fund balance of the general fund was \$1,370,432, while total fund balance was \$2,370,432.

The fund balance of the Town of Estancia's general fund increased by \$709,287 during the current fiscal year due to revenues in excess of expenditures. Overall, the general fund's performance in the fiscal year ended June 30, 2015 is due to the increase in state grants and miscellaneous income.

Grants Fund. The Grants Fund has a fund deficit of \$(48,115). The deficit decreased by \$33,221 compared to the fiscal year ended June 30, 2014.

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

At the end of the fiscal year, the unrestricted net position for Sewer, Solid Waste, Water and Meter Deposits funds were \$28,414, \$137,945, \$(27,967) and \$0, respectively. The change in net position for the proprietary funds was \$(79,496). Factors concerning the finances of this fund have been addressed previously in the discussion of the Town's business-type activities.

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General Fund Budgetary Highlights

The Town budgets reflect the same pattern as seen in the revenue and expenditures of the Town. The State of New Mexico budget process is defined under state law and regulation. To enhance the process of developing a budget at the Town level, the Town of Estancia utilizes goals and objectives defined by the Town Trustees, community input meetings, long-term plans and input from various staff groups to develop the Town budget. The Town 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.

General Fund Expenditure Budget Performance

Final Budget	Actual non-GAAP Cash Basis	Favorable (Unfavorable) Variance
\$1,553,051	\$1,134,899	\$418,152

The Town'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 are included in the original budget which is submitted to the Department of Finance and Administration (DFA). 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 (BARs).

Capital Asset and Debt Administration

Capital assets. The Town of Estancia's capital assets for its governmental and business-type activities as of June 30, 2015 amount to \$8,052,373 (net of accumulated depreciation). Capital assets include land, infrastructure, buildings, and machinery & equipment. The total increase in the Town's capital assets (excluding accumulated depreciation) for the current fiscal year was \$107,647 for governmental activities due primarily to an addition to construction in progress placed in service in the fiscal year 2015. There was no changes in capital assets (excluding accumulated depreciation) in business-type capital assets during the current fiscal year.

Capital Assets, Net of Depreciation
June 30, 2015

	Governmental Activities	Business Type Activities	Total
General Capital Assets	\$ 5,103,458	\$ -	\$ 5,103,458
Land	-	1,177,316	1,177,316
Buildings & Improvements	-	206,200	206,200
Equipment & Vehicles	-	300,437	300,437
Utility Plant in service	-	3,272,673	3,272,673
Construction in progress	-	-	-
Total capital assets	13,722,939	4,956,626	10,060,084
Accumulated depreciation	(894,615)	(2,113,096)	(3,007,711)
Capital assets, net of accumulated depreciation	<u>\$ 4,208,843</u>	<u>\$ 2,843,530</u>	<u>\$ 8,052,373</u>

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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 7 in the accompanying Notes to the Financial Statements for further information regarding capital assets.

Debt Administration. At the end of the current fiscal year, the Town of Estancia had total debt obligations outstanding of \$262,567, of this \$33,620 is current portion of debt and \$396,327 is net pension liability.

Outstanding Debt
As of June 30, 2015

	Governmental Activities	Business Type Activities	Total
Loans and Notes payables	\$ 156,103	84,060	\$ 240,163
Accrued compensated absences	17,021	5,383	22,404
Total long-term liabilities	\$ 173,124	\$ 89,443	\$ 262,567

Long-term debt additions and retirements related to revenue bonds and loans for governmental activities for the current year were \$2,556 and \$5,046, respectively. Accrued compensated absences additions and retirements were \$20,172 and \$29,717, respectively, for governmental activities. Long-term debt additions and retirements related to notes and loans for business type activities for the current year were \$0 and \$64,410, respectively. Business type activities accrued compensated absences additions and retirements were \$1,433 and \$3,497, respectively.

See Note 8 in the accompanying Notes to the Financial Statements for further information regarding the Town of Estancia's long-term debt.

Economic Factors and Next Year's Budgets and Rates

Inflationary trends in the region compare favorably to national indices.

The above factors were considered in preparing the Town of Estancia's budget for the 2015 fiscal year. There are no currently known facts, decisions, or conditions that are expected to have a significant effect or impact on the Town's financial position or results of operations.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town of Estancia'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: Town of Estancia Administration, Town of Estancia, P.O. Box 166, Estancia, New Mexico, 87016.

**BASIC
FINANCIAL STATEMENTS**

STATE OF NEW MEXICO
TOWN OF ESTANCIA
STATEMENT OF NET POSITION
June 30, 2015

Exhibit A-1

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets			
Current Assets			
Cash and cash equivalents	\$ 720,123	\$ -	\$ 720,123
Internal pooled cash	52,512	218,209	270,721
Due from other funds for negative cash	58,255	-	58,255
Investments	855,047	-	855,047
Taxes receivable	-	-	-
Accounts receivable	128,572	56,138	184,710
Total Current Assets	<u>1,814,509</u>	<u>274,347</u>	<u>2,088,856</u>
Noncurrent Assets			
Restricted Cash for Library Building Fund	1,000,000	-	1,000,000
Capital assets	5,103,458	4,956,626	10,060,084
Less: accumulated depreciation	<u>(894,615)</u>	<u>(2,113,096)</u>	<u>(3,007,711)</u>
Total Noncurrent Assets	<u>5,208,843</u>	<u>2,843,530</u>	<u>8,052,373</u>
Deferred Outflows of Resources			
Change in Assumptions in Net Pension Liability	-	-	-
Post Measurement Date Contributions- Employer	<u>88,685</u>	<u>-</u>	<u>88,685</u>
Total Deferred Outflows of Resources	<u>88,685</u>	<u>-</u>	<u>88,685</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 7,112,037</u>	<u>\$ 3,117,877</u>	<u>\$ 10,229,914</u>

STATE OF NEW MEXICO
TOWN OF ESTANCIA
STATEMENT OF NET POSITION
June 30, 2015

Exhibit A-1

	Governmental Activities	Business-type Activities	Total
Liabilities			
Current Liabilities			
Internal pooled cash	\$ 270,721	\$ -	\$ 270,721
Due to other funds for negative cash	58,255	-	58,255
Accounts payable	55,520	8,363	63,883
Accrued salaries and wages	36,740	13,412	50,152
Accrued interest	-	-	-
Accrued compensated absences	1,222	442	1,664
Unearned Revenue	-	24,737	24,737
Current portion of bonds and loans payable	12,914	19,042	31,956
Total Current Liabilities	435,372	65,996	501,368
Noncurrent Liabilities			
Bonds payable	-	-	-
Accrued Compensated Absences	17,021	4,941	21,962
Loans and notes payable	143,189	65,018	208,207
Net Pension Liability	396,327	-	396,327
Total Noncurrent Liabilities	556,537	69,959	626,496
Total Liabilities	991,909	135,955	1,127,864
Deferred Inflows of Resources			
Unavailable revenue-property taxes	-	-	-
Actuarial Experience in Net Pension Liability	-	-	-
Investment Experience in Net Pension Liability	151,787	-	151,787
Change in Assumptions in Net Pension Liability	13,845	-	13,845
Total Deferred Inflows of Resources	165,632	-	165,632
Net Position			
Net Investment in Capital Assets	4,035,719	2,759,470	6,795,189
Restricted for:			
Debt Service	587	-	587
Capital Project Funds	(51,258)	-	(51,258)
Special Revenue Funds	74,780	-	74,780
General Fund- Library Building fund	1,000,000	-	1,000,000
Unrestricted	894,668	222,452	1,117,120
Total Net Position	5,954,496	2,981,922	8,936,418
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 7,112,037	\$ 3,117,877	10,229,914

STATE OF NEW MEXICO
TOWN OF ESTANCIA
STATEMENT OF ACTIVITIES
For the Year Ending June 30, 2015

Exhibit A-2

<u>Functions/Programs</u>	<u>Program Revenues</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Primary Government			
General government	\$ 434,455	\$ 94,082	\$ 1,010,100
Public safety	602,207	25,639	133,244
Public works	180,392	-	57,761
Culture and recreation	197,362	-	8,680
Health and welfare	75,648	8,454	-
Interest on long-term debt	1,090	-	-
	<u>1,491,154</u>	<u>128,175</u>	<u>1,209,785</u>
<i>Total governmental activities</i>			
Business-type Activities:			
Sewer/AWWT	98,483	121,029	-
Solid Waste	188,106	211,156	-
Water	512,516	329,258	-
	<u>799,105</u>	<u>661,443</u>	<u>-</u>
<i>Total business type activities</i>			
Total	<u><u>\$ 2,290,259</u></u>	<u><u>\$ 789,618</u></u>	<u><u>\$ 1,209,785</u></u>
General Revenues:			
Taxes			
Property taxes, levied for general purposes			
Franchise taxes			
Gross receipts taxes			
Public service taxes			
Interest income			
Transfers			
Miscellaneous income			
Total General Revenues and Transfers			
Excess (deficiency) of revenues over expenses			
Change in net position			
Net position, beginning			
Restatement for Net Pension Liability			
Restatement to Proprietary Net Assets			
Restatement for Interfund balances			
Net position-beginning as restated			
Net position, ending			

STATE OF NEW MEXICO
TOWN OF ESTANCIA
STATEMENT OF ACTIVITIES
For the Year Ending June 30, 2015

Exhibit A-2

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
<u>Capital Grants and Contributions</u>	<u>Government Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
\$ -	\$ 669,727	\$ -	\$ 669,727
-	(443,324)	-	(443,324)
55,731	(66,900)	-	(66,900)
-	(188,682)	-	(188,682)
-	(67,194)	-	(67,194)
-	(1,090)	-	(1,090)
<u>55,731</u>	<u>(97,463)</u>	<u>-</u>	<u>(97,463)</u>
-	-	22,546	22,546
-	-	23,050	23,050
-	-	(183,258)	(183,258)
-	-	(137,662)	(137,662)
<u>\$ 55,731</u>	<u>\$ (97,463)</u>	<u>\$ (137,662)</u>	<u>\$ (235,125)</u>
	17,487	-	17,487
	3,174	-	3,174
	986,679	-	986,679
	23,717	-	23,717
	1,564	9	1,573
	(61,157)	61,157	-
	688	-	688
	<u>972,152</u>	<u>61,166</u>	<u>1,033,318</u>
	874,689	(76,496)	798,193
	874,689	(76,496)	798,193
	5,677,000	3,109,556	8,786,556
	(541,133)	-	(541,133)
	-	(51,138)	(51,138)
	(56,060)	-	(56,060)
	<u>5,079,807</u>	<u>3,058,418</u>	<u>8,138,225</u>
	<u>\$ 5,954,496</u>	<u>2,981,922</u>	<u>\$ 8,936,418</u>

STATE OF NEW MEXICO
TOWN OF ESTANCIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015

	General Fund	Grants Capital Projects Fund	Other Governmental Funds	Total
<i>Assets</i>				
Cash and cash equivalents	1,701,564	\$ -	\$ 18,559	\$ 1,720,123
Due from Pooled Cash	58,255	-	52,512	110,767
Investments	855,047	-	-	855,047
Taxes receivable	-	-	-	-
Other receivables	78,891	13,196	36,485	128,572
<i>Total assets</i>	<u>\$ 2,693,757</u>	<u>\$ 13,196</u>	<u>\$ 107,556</u>	<u>\$ 2,814,509</u>
<i>Liabilities and fund balances</i>				
<i>Liabilities</i>				
Due to Pooled Cash	270,721	\$ 25,874	\$ 32,381	\$ 328,976
Accounts payable	14,642	35,437	5,441	55,520
Accrued salaries and benefits	36,740	-	-	36,740
Accrued compensated absences	1,222	-	-	1,222
Unearned revenue	-	-	-	-
<i>Total liabilities</i>	<u>323,325</u>	<u>61,311</u>	<u>37,822</u>	<u>422,458</u>
<i>Deferred inflows of resources</i>				
Unavailable revenue-property taxes	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund Balances</i>				
Fund Balance				
Restricted for:				
General Fund	1,000,000	-	-	1,000,000
Special Revenue Funds	-	-	92,449	92,449
Capital Projects Funds	-	-	8,966	8,966
Debt Service Funds	-	-	-	-
Committed for:				
General Fund	-	-	-	-
Special Revenue Funds	-	-	-	-
Capital Projects Funds	-	-	-	-
Assigned for:				
General Fund	-	-	-	-
Special Revenue Funds	-	-	-	-
Capital Projects Funds	-	-	-	-
Unassigned for:				
General Fund	1,370,432	(48,115)	(31,681)	1,290,636
<i>Total fund balances</i>	<u>2,370,432</u>	<u>(48,115)</u>	<u>69,734</u>	<u>2,392,051</u>
<i>Total liabilities and fund balances</i>	<u>\$ 2,693,757</u>	<u>\$ 13,196</u>	<u>\$ 107,556</u>	<u>\$ 2,814,509</u>

STATE OF NEW MEXICO

TOWN OF ESTANCIA

GOVERNMENTAL FUNDS

RECONCILIATION OF BALANCE SHEET TO THE STATEMENT OF POSITION

June 30, 2015

Exhibit B-1

Page 2 of 2

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

Fund balances - total governmental funds	\$	2,392,051
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		4,208,843
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Other long-term assets are not available to pay for current period expenditures and therefore, are liabilities in the funds:

Long-term liabilities, including notes payable, net pension liability and related deferrals which are not due and payable in the current period and, therefore, are not reported in the funds		<u>(646,398)</u>
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Net position of governmental activities	\$	<u><u>5,954,496</u></u>
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STATE OF NEW MEXICO
TOWN OF ESTANCIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ending June 30, 2015

	General Fund	Grants Capital Projects Fund	Other Governmental Funds	Total
<i>Revenues:</i>				
Taxes	\$ 1,024,643	\$ -	\$ 23,717	\$ 1,048,360
State Grants	1,031,678	58,874	199,685	1,290,237
Federal Grants	-	-	31,032	31,032
Charges for Services	23,276	-	-	23,276
Licenses and Fees	19,036	-	5,994	25,030
Investment Income (Loss)	1,479	-	11	1,490
Miscellaneous	24,816	-	16,634	41,450
Total Revenues	<u>2,124,928</u>	<u>58,874</u>	<u>277,073</u>	<u>2,460,875</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	502,406	-	-	502,406
Public Safety	443,587	-	164,456	608,043
Public Works	-	151,299	29,093	180,392
Culture and Recreation	188,264	-	40,130	228,394
Health and Welfare	51,708	-	23,940	75,648
Capital Outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	587	587
Interest	-	-	218	218
Total Expenditures	<u>1,185,965</u>	<u>151,299</u>	<u>258,424</u>	<u>1,595,688</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>938,963</u>	<u>(92,425)</u>	<u>18,649</u>	<u>865,187</u>
<i>Other financing sources (uses)</i>				
Transfers In	71,429	125,646	119,399	316,474
Transfers Out	(245,045)	-	(132,586)	(377,631)
<i>Total other financing sources (uses)</i>	<u>(173,616)</u>	<u>125,646</u>	<u>(13,187)</u>	<u>(61,157)</u>
<i>Net change in fund balance</i>	765,347	33,221	5,462	804,030
<i>Fund balance - beginning of year</i>	1,661,145	(81,336)	64,272	1,644,081
<i>Restatement</i>	(56,060)	-	-	(56,060)
<i>Fund balance - beginning of year, restated</i>	<u>1,605,085</u>	<u>(81,336)</u>	<u>64,272</u>	<u>1,588,021</u>
<i>Fund balance - end of year</i>	<u>\$ 2,370,432</u>	<u>\$ (48,115)</u>	<u>\$ 69,734</u>	<u>\$ 2,392,051</u>

STATE OF NEW MEXICO
TOWN OF ESTANCIA
RECONCILIATION OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ending June 30, 2015

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

Net change in fund balances - total governmental funds	\$	804,030
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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:

Capital expenditures		189,222
Depreciation expense		(116,882)

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 position. 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:

Change in deferred inflows/outflows for Net Pension Liability		(19,293)
Decrease in accrued compensated absences		9,545
Loan Proceeds		(3,143)
Principal payments on Notes payable		<u>11,210</u>

Change in net position of governmental activities	\$	<u><u>874,689</u></u>
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STATE OF NEW MEXICO
TOWN OF ESTANCIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ 1,000,806	\$ 1,000,806	\$ 950,534	\$ (50,272)
State Grants	101,900	1,010,100	1,031,678	21,578
Charges For Services	18,800	18,800	23,576	4,776
Licenses and Fees	26,947	26,947	19,036	(7,911)
Interest Income	-	-	-	-
Investment Income(Loss)	50	50	1,479	1,429
Miscellaneous	87,688	103,908	19,020	(84,888)
<i>Total revenues</i>	1,236,191	2,160,611	2,045,323	(115,288)
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	411,023	820,443	460,225	360,218
Public Safety	442,238	442,238	442,238	-
Public Works	-	-	-	-
Culture and Recreation	185,101	185,101	181,012	4,089
Health and Welfare	90,269	105,269	51,424	53,845
Capital Outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	1,128,631	1,553,051	1,134,899	418,152
<i>Excess (deficiency) of revenues over expenditures</i>	107,560	607,560	910,424	302,864
<i>Other financing sources (uses)</i>				
Designated Cash	(107,560)	(607,560)	(162,666)	444,894
Transfers In	-	(383,790)	(10,950)	372,840
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	(107,560)	(991,350)	(173,616)	817,734
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	(383,790)	736,808	1,120,598
<i>Cash Balance - Beginning of Year</i>	-	-	983,315	983,315
<i>Cash Balance - End of Year</i>	\$ -	\$ (383,790)	\$ 1,720,123	\$ 2,103,913
Excess (deficiency) of revenues over expenditures (Non-GAAP basis)			\$ 736,808	
Adjustment expenditures for payables, payroll taxes, prepaid expenses and other accruals			35,088	
Adjustment for revenues for tax accruals, earnings on investments, and other deferrals and accruals			(6,549)	
Net change in Fund Balances (GAAP basis)			\$ 765,347	

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STATE OF NEW MEXICO
TOWN OF ESTANCIA
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
June 30, 2015

	Sewer/AWWT Fund	Solid Waste Fund	Water Fund	Meter Deposits	Total Joint Utility
<i>Assets</i>					
<i>Current assets</i>					
Due From Pooled Cash Fund	\$ 32,067	\$ 125,372	\$ 36,033	\$ 24,737	\$ 218,209
Accounts receivable	11,598	15,419	29,121	-	56,138
<i>Total current assets</i>	<u>43,665</u>	<u>140,791</u>	<u>65,154</u>	<u>24,737</u>	<u>274,347</u>
<i>Capital assets</i>					
Capital assets	-	-	4,956,626	-	4,956,626
Accumulated depreciation	-	-	(2,113,096)	-	(2,113,096)
<i>Total Capital assets</i>	<u>-</u>	<u>-</u>	<u>2,843,530</u>	<u>-</u>	<u>2,843,530</u>
<i>Total Assets</i>	<u>\$ 43,665</u>	<u>\$ 140,791</u>	<u>\$ 2,908,684</u>	<u>\$ 24,737</u>	<u>\$ 3,117,877</u>
<i>Liabilities and Net Position</i>					
<i>Liabilities:</i>					
<i>Current liabilities</i>					
Due to Pooled Cash Fund	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	251	2,846	5,266	-	8,363
Accrued salaries and benefits	-	-	13,412	-	13,412
Accrued compensated absences	-	-	442	-	442
Meter Deposits Payable	-	-	-	24,737	24,737
Notes Payable	15,000	-	4,042	-	19,042
<i>Total current liabilities</i>	<u>15,251</u>	<u>2,846</u>	<u>23,162</u>	<u>24,737</u>	<u>65,996</u>
<i>Noncurrent liabilities</i>					
Accrued compensated absences payable	-	-	4,941	-	4,941
Notes Payable	-	-	65,018	-	65,018
<i>Total noncurrent liabilities</i>	<u>-</u>	<u>-</u>	<u>69,959</u>	<u>-</u>	<u>69,959</u>
<i>Total liabilities</i>	<u>15,251</u>	<u>2,846</u>	<u>93,121</u>	<u>24,737</u>	<u>135,955</u>
<i>Net Position:</i>					
Net Investment in Capital Assets	-	-	2,843,530	-	2,843,530
Unrestricted, undesignated	28,414	137,945	(27,967)	-	138,392
<i>Total net position</i>	<u>28,414</u>	<u>137,945</u>	<u>2,815,563</u>	<u>-</u>	<u>2,981,922</u>
<i>Total Liabilities and Net Position</i>	<u>\$ 43,665</u>	<u>\$ 140,791</u>	<u>\$ 2,908,684</u>	<u>\$ 24,737</u>	<u>\$ 3,117,877</u>

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STATE OF NEW MEXICO
TOWN OF ESTANCIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2015

	Sewer/AWWT Fund	Solid Waste Fund	Water Fund	Meter Deposits	Total Joint Utility
<i>Operating revenues:</i>					
Charges for services	\$ 121,029	\$ 211,156	\$ 329,267	\$ -	\$ 661,452
<i>Total operating revenues</i>	<u>121,029</u>	<u>211,156</u>	<u>329,267</u>	<u>-</u>	<u>661,452</u>
<i>Operating expenses:</i>					
Operating Expenses	97,812	188,106	154,701	-	440,619
Travel	-	-	818	-	818
Gross Receipts Tax	-	-	14,566	-	14,566
Depreciation	-	-	139,746	-	139,746
Purchases for Resale	-	-	-	-	-
Contract Services	-	-	-	-	-
Salaries	-	-	202,685	-	202,685
Supplies	-	-	-	-	-
<i>Total operating expenses</i>	<u>97,812</u>	<u>188,106</u>	<u>512,516</u>	<u>-</u>	<u>798,434</u>
<i>Operating income (loss)</i>	<u>23,217</u>	<u>23,050</u>	<u>(183,249)</u>	<u>-</u>	<u>(136,982)</u>
<i>Non-operating revenues (expenses):</i>					
Interest Income	-	-	-	-	-
Interest expense	(671)	-	-	-	(671)
Transfers	16,157	45,000	-	-	61,157
<i>Total non-operating revenues (expenses)</i>	<u>15,486</u>	<u>45,000</u>	<u>-</u>	<u>-</u>	<u>60,486</u>
<i>Change in net position</i>	38,703	68,050	(183,249)	-	(76,496)
<i>Total net position, beginning of year</i>	(10,289)	69,895	3,049,950	-	3,109,556
<i>Restatement</i>	-	-	(51,138)	-	(51,138)
<i>Total net position, beginning of year restated</i>	<u>(10,289)</u>	<u>69,895</u>	<u>2,998,812</u>	<u>-</u>	<u>3,058,418</u>
<i>Total net position, end of year</i>	<u>\$ 28,414</u>	<u>\$ 137,945</u>	<u>\$ 2,815,563</u>	<u>\$ -</u>	<u>\$ 2,981,922</u>

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STATE OF NEW MEXICO
TOWN OF ESTANCIA
STATEMENT OF CASH FLOWS-PROPRIETARY FUNDS
For the Year Ended June 30, 2015

	Sewer/AWWT Fund	Solid Waste Fund	Water Fund	Meter Fund	Total
<i>Cash flows from operating activities:</i>					
Cash received from user charges	\$ 120,599	\$ 210,705	\$ 338,908	\$ -	\$ 670,212
Cash payments to employees for services	-	-	(199,567)	(361)	(199,928)
Cash payments to suppliers for goods and services	(100,765)	(188,891)	(167,686)	-	(457,342)
<i>Net cash provided for operating activities</i>	<u>19,834</u>	<u>21,814</u>	<u>(28,345)</u>	<u>(361)</u>	<u>12,942</u>
<i>Cash flows from noncapital financing activities:</i>					
Change in long term accrued compensated absences	-	-	9	-	9
<i>Net cash provided (used) by noncapital financing activities:</i>	<u>-</u>	<u>-</u>	<u>9</u>	<u>-</u>	<u>9</u>
<i>Cash flows from investing activities:</i>					
Adjustment to Capital Assets	-	-	(5,997)	-	(5,997)
<i>Net cash used by investing activities:</i>	<u>-</u>	<u>-</u>	<u>(5,997)</u>	<u>-</u>	<u>(5,997)</u>
<i>Net increase (decrease) in cash and cash equivalents</i>	19,834	21,814	(34,333)	(361)	6,954
<i>Cash and cash equivalents - beginning of year</i>	\$ 12,233	\$ 103,558	\$ 70,366	\$ 25,098	\$ 211,255
<i>Cash and cash equivalents - end of year</i>	<u>\$ 32,067</u>	<u>\$ 125,372</u>	<u>\$ 36,033</u>	<u>\$ 24,737</u>	<u>\$ 218,209</u>
<i>Reconciliation of operating income (loss) to net cash provided (used)</i>					
<i>by operating activities:</i>					
Operating income (loss)	\$ 23,217	\$ 23,050	\$ (183,249)	\$ -	\$ (136,982)
Adjustments to reconcile operating (loss) to net cash provided (used)					
by operating activities					
Depreciation	-	-	139,746	-	139,746
Changes in assets and liabilities					
Receivables	(430)	(451)	9,641	-	8,760
Accrued expenses	-	-	3,118	-	3,118
Accounts payable	(2,953)	(785)	2,399	(361)	(1,700)
<i>Net cash provided by operating activities</i>	<u>\$ 19,834</u>	<u>\$ 21,814</u>	<u>\$ (28,345)</u>	<u>\$ (361)</u>	<u>\$ 12,942</u>

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STATE OF NEW MEXICO
Town of Estancia
Notes to the Financial Statements
June 30, 2015

NOTE 1. Summary of Significant Accounting Policies

The Town of Estancia (“Town”) was incorporated in 1909, under provisions of Chapter 3, Article 2, NMSA, 1978 as amended. The Town 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 Town of Estancia is a body politic and corporate under the name and form of government selected by its qualified electors. The Town 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 Town and its inhabitants;
7. Preserve peace and order within the Town; 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.

This summary of significant accounting policies of the Town is presented to assist in the understanding of the Town’s financial statements. The financial statements and notes are the representation of the Town’s management who is responsible for their integrity and objectivity. The financial statements of the Town 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 statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on accounting procedures. The more significant of the Town’s accounting policies are described below.

A. Financial Reporting Entity

In evaluating how to define the Town, 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. 61. Blended component units, although legally separate entities, are in substance part of the government’s operations. Each discreetly presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

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. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity. Based upon the application of these criteria, the Town has no component units, and is not a component unit of another governmental agency.

STATE OF NEW MEXICO
Town of Estancia
Notes to the Financial Statements
June 30, 2015

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities and changes in net position) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund 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 Position 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.

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.

STATE OF NEW MEXICO
Town of Estancia
Notes to the Financial Statements
June 30, 2015

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

The Agency Funds are custodial in nature (assets equal liabilities) and do not present results of operations or have measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. These funds are used to account for assets the Town holds for others in an agency capacity. The Town had no agency funds as of June 30, 2015.

Governmental funds are used to account for the Town'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 Town 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. 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 Town 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, 911 Grant Fund, Fire Protection Fund, Lodgers' Tax Fund, and the Capital Projects Fund. No other funds were required to be presented as major at the discretion of management.

General Fund – the Town'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 primarily through property, gross receipts and other miscellaneous taxes.

Major Capital Project Funds:

Grants Capital Projects Fund – To account for various grant collections and expenditures. Authorization varies with each grant award.

The Town reports its proprietary funds as a major business-type fund.

Major Enterprise Funds:

Sewer/AWWT Fund – to account for the provision of sewer services to the residents of the Town.

Solid Waste Fund – to account for the provision of solid waste services to the residents of the Town.

Water Fund – to account for the provision of water services to the residents of the Town.

Meter Deposits Fund – to account for the provision of meter deposits from the residents of the Town

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.

STATE OF NEW MEXICO
Town of Estancia
Notes to the Financial Statements
June 30, 2015

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

Program revenues reduce the cost of the function to be financed from the Town's general revenues. Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

The Town reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. The Town 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 Town's enterprise fund is charges for services for the Town's various 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.

D. Assets, Liabilities, and Net Position or Equity

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

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

Receivables and Payables: Activity between funds that are 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 and the amount is available and provided. 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 10th and April 10th. Property taxes uncollected after November 10th and April 10th are considered delinquent and the County may assess penalties and interest. The taxes attach as an enforceable lien on property thirty (30) days thereafter, at which time they become delinquent.

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

STATE OF NEW MEXICO
Town of Estancia
Notes to the Financial Statements
June 30, 2015

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

Capital Assets: Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (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. Donated capital assets are recorded at estimated fair market value at the date of donation. Information Technology Equipment including software is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.20.1.9 C (5). Library books are expensed as purchased. 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. Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction.

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

Assets	Years
Buildings & Building Improvements	39
Infrastructure & Plant in service	39
Land Improvements	20
Vehicles	5
Equipment and Furniture	5

Inventory: Inventory is reflected at historical cost.

Unearned 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 unearned revenues. In addition, property taxes receivable but uncollected within sixty (60) days of year-end are classified as unearned revenue.

Deferred Inflow/Outflows of Resources: GASB 63 amended previous guidance on Unearned Revenues in the Government-Wide Financial Statements to include deferred outflow of resources, which is the consumption of net assets by the government that is applicable to a future reporting period and deferred inflow of resources, which is acquisition of net assets by the government that is applicable to a future reporting period.

Compensated Absences: Qualified employees are entitled to accumulate annual leave according to a graduated schedule, depending on the length of service. Employees may accumulate annual leave and carry forward a maximum of 120 hours (15 days) from calendar year to calendar year. Upon termination employees will be paid up to 120 hours (15 days) of accrued annual leave.

Qualified employees are entitled to accumulate sick leave at a rate of eight days per year. Sick leave can be carried over from year to year with no limit. Upon resignation, lay off or involuntary dismissal, employees receive no pay for unused sick leave.

Vested or accumulated vacation is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. In prior years, substantially all of the related expenditures have been liquidated by the General Fund. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the government wide Statement of Net Position.

STATE OF NEW MEXICO
Town of Estancia
Notes to the Financial Statements
June 30, 2015

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

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 position. 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 Position or Fund Equity:

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

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

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

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

Net Investment in capital assets consists of net position 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.

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.

Tax Revenues: The Town receives mill levy and ad-valorem tax revenues. Property taxes are assessed on January 1st of each year and are payable in two equal installments, on November 10th of the year in which the tax bill is prepared and April 10th of the following year with the levies becoming delinquent 30 days (one month) thereafter. The Town recognizes tax revenues in the period for which they are levied in the government-wide financial statements. The Town records only the portion of the taxes considered 'measurable' and 'available' in the governmental fund financial statements. Descriptions of the individual debt service and capital outlay funds contained in these financial statements include information regarding the authority for the collection and use of these taxes. Property taxes classified as deferred inflows of resources are recorded only when the information is available and provided.

Pensions. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Mexico Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

STATE OF NEW MEXICO
Town of Estancia
Notes to the Financial Statements
June 30, 2015

NOTE 2. Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets of the Town are prepared prior to June 1 and must be approved by resolution of the Town 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 Town Councilors and the Department of Finance and Administration. The legal level of budgetary control is at the fund level. 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. The Town has the following unbudgeted funds: William Library and Garnet Library.

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, where applicable.

The Town 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 Town Council may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance.

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, 2015 is presented.

The reconciliations between the Non-GAAP budgetary basis amounts and the financial statements on the GAAP basis by fund are shown on each budgetary statement.

NOTE 3. Deposits and Investments

State statutes authorize the investment of the Town 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 Town properly followed State investment requirements as of June 30, 2015.

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 Town. 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.

STATE OF NEW MEXICO
Town of Estancia
Notes to the Financial Statements
June 30, 2015

NOTE 3. Deposits and Investments (continued)

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 Town 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 Town's deposits.

	Wells Fargo Bank	State Employees Credit Union	My Bank	US Bank	NMFA Reserves
Deposits, Checking	\$ 1,493,420	\$ 245,995	\$ -	\$ -	\$ 23,419
Savings and/or Certificate of Deposits	298,567	-	257,087	255,487	-
Total Deposits	1,791,987	245,995	257,087	255,487	23,419
Less: FDIC Coverage	(500,000)	(245,995)	(250,000)	(250,000)	(23,419)
Total uninsured public funds	1,291,987	-	7,087	5,487	-
50% Collateral requirement	645,994	-	3,543	2,743	-
Pledged Securities	791,760	-	25,829	26,625	-
(Over)Under collateralized	\$ (145,766)	\$ -	\$ (22,285)	\$ (23,882)	\$ -

Custodial Credit Risk-Deposits

Account Balance	\$ 2,573,975
FDIC Insured	1,269,414
Collateral:	
Collateral held by the pledging bank, not in the Town's name	844,215
Uninsured and uncollateralized	460,346
Total Deposits	<u>\$ 2,573,975</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, 2015 is:

Governmental Funds- Balance Sheet	
Cash and cash equivalents per Exhibit A-1	\$ 2,575,170
Less State Treasurer LGIP	(54,855)
Less Petty Cash	(450)
Add Reconciling items	54,110
	<u>\$ 2,573,975</u>

STATE OF NEW MEXICO
Town of Estancia
Notes to the Financial Statements
June 30, 2015

NOTE 3. Deposits and Investments (continued)

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that in the event of counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have an investment policy for custodial credit risk. New Mexico State Statutes require collateral pledged for bank accounts in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the Town for at least 50% of the amount on deposit with the institution.

The New MexiGrow Local Governmental Investment Pool’s (LGIP) investments are valued at fair value based on quoted market prices as of the valuation date. The LGIP is not SEC registered. The New Mexico State Treasurer is authorized to invest the short-term investment funds, with the advice and consent of the State Board of Finance. In accordance with Sections 6-10-10 I through 6-10-10-P and Section 6-10-10.1 A and E, NMSA 1978. The pool does not have unit shares. Per Section 6-10-10.1F, NMSA 19078, as 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 fund amounts were invested. Participation in the LGIP is voluntary.

As of June 30, 2015, the Town’s investment balances were exposed to custodial credit risk as follows:

NMFA reserves	\$ 23,419
State Investment Pool	\$ 54,855

Interest Rate Risk and Credit Rating

The Town does not have a formal policy limiting investment maturities to manage its exposure to fair value losses from increasing interest rates. The Town’s investments at June 30, 2015 include the following:

NMFA reserves	\$ 23,419
State Investment Pool, 54.6 day, WAM(R) AAAM	\$ 54,855

NOTE 5. Receivables

Receivables as of June 30, 2015, are as follows:

	General Fund	YCC Fund	Capital Outlay	Other Governmental Funds	Total
Property Taxes Receivables:	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments:	78,891	31,032	13,196	-	123,119
Other accounts receivable	-	-	-	5,453	5,453
Total	\$ 78,891	\$ 31,032	\$ 13,196	\$ 5,453	\$ 128,572

	Sewer/AWWT Fund	Solid Waste Fund	Water Fund	Total
Accounts Receivable	\$ 11,598	\$ 15,419	\$ 29,121	\$ 56,138

The above governmental receivables are deemed 100% collectible.

STATE OF NEW MEXICO
Town of Estancia
Notes to the Financial Statements
June 30, 2015

NOTE 4. Accounts Payables

Accounts payable as of June 30, 2015, are as follows:

	Governmental activities	Business-like activities
Payable to suppliers	\$ 55,520	\$ 8,363
Payables to employees	37,962	13,854
Total	\$ 93,485	\$ 22,217

NOTE 6. Interfund Receivables, Payables, and Transfers

“Due to” and “Due from” balances have primarily been recorded when funds overdraw their share of pooled cash. The composition of interfund balances as of June 30, 2015 is as follows:

	Interfund Receivables	Interfund Payables
General Fund	\$ 58,255	\$ 270,721
Corrections Fund	9,776	-
EMS Fund	512	-
Fire Fund	417	-
Law Enforcement	-	700
Intergovernmental Grants	-	31,681
State Gas Tax Fund	27,948	-
Capital Projects	-	25,874
YCC Fund	13,859	-
Solid Waste Fund	125,372	-
Water Fund	36,033	-
Sewer/AWWT Fund	32,067	-
Meter Deposits Fund	24,737	-
Total	\$ 328,976	\$ 328,976

Transfers

This schedule is reported on the government-wide basis of accounting due to the transfers of capital assets between governmental funds and business-type funds.

	Transfers In	Transfers Out
General Fund	\$ 71,429	\$ 245,045
State Gas Tax Fund	-	24,091
Intergovernmental Grants	-	36,629
DWI Program	-	10,709
Debt Service Fund	45,328	61,157
Law Enforcement Protection Fund	20,490	-
YCC Fund	42,631	-
Capital Project	125,646	-
Trolley Fund	10,950	-
Sewer/AWWT Fund	16,157	-
Solid Waste Fund	45,000	-
Total	\$ 377,631	\$ 377,631

STATE OF NEW MEXICO
Town of Estancia
Notes to the Financial Statements
June 30, 2015

NOTE 7. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2015 follows.

Governmental Activities	<u>June 30, 2014</u>	<u>Additions</u>	<u>Adjustments</u>	<u>Deletions</u>	<u>June 30, 2015</u>
General Capital Assets	\$ 4,417,986	\$ 685,472	\$ -	\$ -	\$ 5,103,458
Construction in Progress	577,825	-	-	577,825	-
Total Capital Assets	<u>4,995,811</u>	<u>685,472</u>	<u>-</u>	<u>577,825</u>	<u>5,103,458</u>
Less accumulated depreciation:					
General Capital Assets	777,733	116,882	-	-	894,615
Construction in Progress	-	-	-	-	-
Total Accumulated Depreciation	<u>777,733</u>	<u>116,882</u>	<u>-</u>	<u>-</u>	<u>894,615</u>
Total capital assets net of depreciation	<u>\$ 4,218,078</u>	<u>\$ 568,590</u>	<u>\$ -</u>	<u>\$ 577,825</u>	<u>\$ 4,208,843</u>
Business-Like Activities	<u>June 30, 2014</u>	<u>Additions</u>	<u>Adjustments</u>	<u>Deletions</u>	<u>June 30, 2015</u>
Land	\$ 1,177,316	\$ -	\$ -	\$ -	\$ 1,177,316
Building & Improvements	206,200	-	-	-	206,200
Equipment	249,969	-	-	-	249,969
Vehicles	50,468	-	-	-	50,468
Utility Plant in service	3,272,673	-	-	-	3,272,673
Total Capital Assets	<u>4,956,626</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,956,626</u>
Less accumulated depreciation:					
Building & Improvements	95,982	6,655	-	-	102,637
Equipment	249,969	-	-	-	249,969
Vehicles	31,812	7,948	-	-	39,760
Utility Plant in service	1,595,587	125,143	-	-	1,720,730
Total Accumulated Depreciation	<u>1,973,350</u>	<u>139,746</u>	<u>-</u>	<u>-</u>	<u>2,113,096</u>
Total capital assets net of depreciation	<u>\$ 2,983,276</u>	<u>\$ 139,746</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,843,530</u>

Depreciation expense for the year ended June 30, 2015 was charged to the following functions and funds:

General Government	<u>\$ 116,882</u>
Total depreciation expense governmental funds	<u>\$ 116,882</u>

Depreciation expense relating to business-like activities for the year ended June 30, 2015 totaled \$139,746.

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June 30, 2015

NOTE 8. Long-term Debt

During the year ended June 30, 2015, the following changes occurred in the liabilities reported in the government-wide statement of net position:

	Balance June 30, 2014	Additions	Retirements	Balance June 30, 2015	Due Within One Year
Governmental Activities					
LEP Revenue Bond Series 2014	\$ 24,236	\$ -	\$ 5,046	\$ 19,190	\$ 6,117
NMFA Water Tank	134,357	2,556	-	136,913	6,797
Accrued Compensated Absences	26,566	20,172	29,717	17,021	1,222
Total	<u>\$ 185,159</u>	<u>\$ 22,728</u>	<u>\$ 34,763</u>	<u>\$ 173,124</u>	<u>\$ 14,136</u>
	Balance June 30, 2014	Additions	Retirements	Balance June 30, 2015	Due Within One Year
Business-type Activities					
NMED Wastewater	\$ 45,000	\$ -	\$ 45,000	\$ -	\$ -
NMFA Road Grader	30,486	-	15,486	15,000	15,000
NMED RIP, Water Storage/ Delivery Tank	72,984	-	3,924	69,060	4,042
Accrued Compensated Absences	7,447	1,433	3,497	5,383	442
Total Long Term Debt	<u>\$ 155,917</u>	<u>\$ 1,433</u>	<u>\$ 67,907</u>	<u>\$ 89,443</u>	<u>\$ 19,484</u>

The annual requirements to amortize the long term debt of the LEP Revenue Bond Series 2014 as of June 30, 2015, including interest payments are as follows:

Fiscal Year	Principal	Interest	Total
2016	\$ 6,117	\$ 864	\$ 6,981
2017	6,392	588	6,980
2018	6,681	301	6,982
Total	<u>\$ 19,190</u>	<u>\$ 1,753</u>	<u>\$ 20,943</u>

The annual requirements to amortize the long term debt of NMFA Water Tank as of June 30, 2015, including interest payments are as follows:

Fiscal Year	Principal	Interest	Total
2016	\$ 6,797	\$ 330	\$ 7,127
2017	6,814	313	7,127
2018	6,831	296	7,127
2019	6,848	279	7,127
2020	6,845	262	7,107
2021-2025	34,586	1,052	35,638
2026-2030	35,021	617	35,638
Thereafter	33,171	178	33,349
Total	<u>\$ 136,913</u>	<u>\$ 3,328</u>	<u>\$ 140,241</u>

Retirements and adjustments shown above for the NMFA Water Tank represents a loan subsidy (principal debt forgiveness) by the Drinking Revolving Loan Fund administered through the NM Finance Authority.

STATE OF NEW MEXICO
Town of Estancia
Notes to the Financial Statements
June 30, 2015

NOTE 8. Long-term Debt (continued)

The annual requirements to amortize the long term debt of NMED RIP, Storage Water/Delivery Tank as of June 30, 2015, including interest payments are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 4,042	\$ 2,072	\$ 6,114
2017	4,163	1,951	6,114
2018	4,288	1,826	6,114
2019	4,417	1,697	6,114
2020	4,549	1,565	6,114
2021-2025	24,877	5,692	30,569
2026-2030	22,724	1,730	24,454
Total	\$ 69,060	\$ 16,533	\$ 85,593

Short-term Debt: The Town had no short-term debt activity during the year.

In prior years, the General Fund was typically used to liquidate governmental long-term liabilities other than debt.

NOTE 9. OPERATING LEASE

The Town entered into a lease agreement for a copy machine in October 2011. Payments of \$52 are due monthly and the lease matures in September 2016. The operating lease expense for the year ended June 30, 2015 was \$626. The minimum lease payments are as follows:

2016	\$ 626
2017	156
Total	\$ 782

NOTE 10. Risk Management

The Town 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 Town of Estancia participates in the New Mexico Self-Insurer's Fund risk pool. The Town pays an annual premium to the pool based on claim experience and the status of the pool. The Town is not liable for more than the premium paid.

The Town 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 Town which exceeds the insurance coverage, the Town 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, 2015, 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 Town of Estancia.

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.

STATE OF NEW MEXICO
Town of Estancia
Notes to the Financial Statements
June 30, 2015

NOTE 11. 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.	
Capital Projects Fund	(\$48,115)
EMS Fund	(\$ 1,130)
Fire Fund	(\$ 2,886)
Intergovernmental Grants Fund	(\$31,681)

Fund deficits will be funded by general fund transfers or by grant revenues.

B. No expenditures exceeded appropriations by fund.

NOTE 12. Contingent Liabilities

The Town is party to various claims and lawsuits arising in the normal course of business. Management and the Town's attorney are unaware of any material pending or threatened litigation, claims or assessments against the Town which are not covered by the Town's insurance as described in Note 9.

NOTE 13. Federal and State Grants

In the normal course of operations, the Town 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. Construction Commitments

As of June 30, 2015, there are no commitments.

NOTE 15. Negative Net Receipts

In September 2013, the Town entered into an agreement with the New Mexico Taxation and Revenue Department to repay negative net receipts revenue distributions made to the Town for \$1,799,677. This amount was to be paid in 27 monthly installments of \$67,000 and a final payment of \$57,677 in December 2015, which was to be intercepted from Town GRT distributions beginning in October 2013. The negative net receipts are related to gross receipts paid to the NM Taxation and Revenue Department by the Corrections Corporation of America (CCA) on federal inmates. It was determined that gross receipts should not have been paid on the federal inmates.

In July of 2013, the Town entered into an agreement with CCA that stated if CCA was refunded by NM Taxation & Revenue Department and the Town was liable to the NM Taxation & Revenue Department for negative net receipts, CCA would make a one-time payment to the Town for the amount due to NM Taxation & Revenue Department within 45 days of the invoice date. In addition, in July of 2013, CCA entered into an agreement with the Town to pay a public service fee in the amount of \$1.60 per inmate per day housed at the Torrance County Detention Facility as a payment in lieu of taxes should NM Taxation & Revenue Department agree that no gross receipts taxes are due.

CCA paid \$420,796 and \$1,442,373 to the Town in November 2013 and March 2014, respectively, totaling \$1,863,169. In turn, the Town remitted \$438,009 to NM Taxation & Revenue via GRT intercepts from October 2013 through April 2014 and cut a check for the remaining \$1,361,668 in April 2014, totaling the agreed upon amount due to the NM Taxation & Revenue Department of \$1,799,677. The excess of \$63,492 received from CCA has been recorded in revenues by the Town.

A payment of \$67,000 was intercepted from the Town's Municipal Gross Receipts in fiscal year 2014-2015 due to a miscalculation in repayment.

STATE OF NEW MEXICO
Town of Estancia
Notes to the Financial Statements
June 30, 2015

NOTE 14. PERA Pension Plans

Plan description. The Public Employees Retirement Fund (PERA Fund) is a **cost-sharing, multiple employer defined benefit pension plan**. This fund has six divisions of members, including State General, State Police/Adult Correction Officer, Municipal General, Municipal Police/Detention Officers, Municipal fire, and State Legislative Divisions, and offers 24 different types of coverage within the PERA plan. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the PERA Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978), the Judicial Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C- 1 to 10-12C-18, NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), and the provisions of Sections 29-4-1 through 29-4-11, NMSA 1978 governing the State Police Pension Fund, each employee and elected official of every affiliated public employer is required to be a member in the PERA Fund.

PERA issues a publicly available financial report and a comprehensive annual financial report that can be obtained at <http://saonm.org/> using the Audit Report Search function for agency 366.

Benefits provided. For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2014 available at http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2014.pdf.

Contributions. The contribution requirements of defined benefit plan members and the Town are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY14 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 29 through 31 of the PERA FY14 annual audit report at http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_2014.pdf. The PERA coverage options that apply to Town are: General Division, and Police Division. Statutorily required contributions to the pension plan from the Town were \$293,129 and employer paid member benefits that were “picked up” by the employer were \$19,758 for the year ended June 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2013. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2014, using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date June 30, 2014.

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred Inflows and Outflows were performed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members. The Town’s proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity’s percentage of that membership group’s total employer contributions for the fiscal year ended June 30, 2014. Only employer contributions for the pay period end dates that fell within the period of July 1, 2013 to June 30, 2014 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2014 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

STATE OF NEW MEXICO
Town of Estancia
Notes to the Financial Statements
June 30, 2015

NOTE 14. PERA Pension Plans (continued)

For PERA Fund Division – General Division, at June 30, 2015, the Town reported a liability of \$227,791 for its proportionate share of the net pension liability. At June 30, 2014, the Town’s proportion was 0.0292 percent, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference.

For the year ended June 30, 2015, the Town recognized PERA Fund Division – General Division pension expense of \$9,503. At June 30, 2015, the Town reported PERA Fund Division – General Division deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	154
Net difference between projected and actual earnings on pension plan investments	-	89,118
Changes in proportion and differences between the Town contributions and proportionate share of contributions	-	-
Town contributions subsequent to the measurement date	61,193	-
Total	\$ 61,193	\$ 89,272

\$61,193 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date June 30, 2015 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2016	\$	(22,318)
2017		(22,318)
2018		(22,318)
2019		(22,318)
2020		(1)
Thereafter	\$	-

STATE OF NEW MEXICO
Town of Estancia
Notes to the Financial Statements
June 30, 2015

NOTE 14. PERA Pension Plans (continued)

For PERA Fund Division – Police Division, at June 30, 2015, the Town reported a liability of \$168,536 for its proportionate share of the net pension liability. At June 30, 2014, the Town’s proportion was 0.0517 percent, which was an increase of zero from its proportion measured as of June 30, 2013, due to the insignificance of the difference.

For the year ended June 30, 2015, the Town recognized PERA Fund Division – Police Division pension expense of \$11,318. At June 30, 2015, the Town reported PERA Fund Division – Police Division deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	13,691
Net difference between projected and actual earnings on pension plan investments	-	62,669
Changes in proportion and differences between the Town contributions and proportionate share of contributions	-	-
Town contributions subsequent to the measurement date	27,492	-
Total	\$ 27,492	\$ 76,360

\$27,492 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date June 30, 2015 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2016	\$	(19,073)
2017		(19,073)
2018		(19,073)
2019		(19,073)
2020		(68)
Thereafter	\$	-

STATE OF NEW MEXICO
Town of Estancia
Notes to the Financial Statements
June 30, 2015

NOTE 14. PERA Pension Plans (continued)

Actuarial assumptions. As described above, the PERA Fund member group pension liabilities and net pension liabilities are based on actuarial valuations performed as of June 30, 2013 for each of the membership groups. Then each PERA Fund member group pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2014 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2014. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2014 actuarial valuation.

Actuarial valuation date	June 30, 2013
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay
Amortization period	Solved for based on statutory rates
Asset valuation method	Fair value
Actuarial assumptions:	
• Investment of rate of return	7.75% annual rate, net of investment expense
• Payroll growth	3.50% annual rate
• Projected salary increases	3.50% to 14.25% annual rate
• Includes inflation at	3.00% annual rate

The long-term expected rate of return on pension plan investments was determined using a statistical analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

ALL FUNDS – Asset Class	Target Allocation	Long-term Expected Real Rate of Return
US Equity	21.1%	5.00%
International Equity	24.8	5.20
Private Equity	7.0	8.20
Core and Global Fixed Income	26.1	1.85
Fixed Income Plus Sectors	5.0	4.80
Real Estate	5.0	5.30
Real Assets	7.0	5.70
Absolute Return	<u>4.0</u>	4.15
Total	100.0%	

Discount rate: The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan's fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASBS 67. Therefore, the 7.75% assumed long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

STATE OF NEW MEXICO
Town of Estancia
Notes to the Financial Statements
June 30, 2015

NOTE 14. PERA Pension Plans (continued)

Sensitivity of the Town's proportionate share of the net pension liability to changes in the discount rate. The following tables show the sensitivity of the net pension liability to changes in the discount rate. In particular, the tables present the Town's net pension liability in each PERA Fund Division that Town participates in, under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

PERA Fund Division – General Division	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Town's proportionate share of the net pension liability	\$ 429,438	\$ 227,791	\$ 72,010
PERA Fund Division – Police Division	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Town's proportionate share of the net pension liability	\$ 321,399	\$ 168,536	\$ 54,396

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued FY14 Restated PERA financial report. The report is available at <http://www.pera.state.nm.us/publications.html>.

Payables to the pension plan. At June 30, 2015, the Town had no outstanding amount of contributions to the pension plan and therefore, had no payables reported at fiscal year 2015.

STATE OF NEW MEXICO
Town of Estancia
Notes to the Financial Statements
June 30, 2015

NOTE 15. Post-Employment Benefits

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

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

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

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

The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirement for the contributions can be changed by the New Mexico State Legislature. Employers that chose to become participating employers after January 1, 1998 are required to make contributions to the RHCA fund in the amount determined to be appropriate by the Board.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plan 3, 4 or 5; municipal fire member coverage plan 3, 4, or 5; municipal detention office member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2015, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.0% of each employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15 (G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The Town's contributions to the RHCA for the years ended June 30, 2015, 2014 and 2013 were \$9,719, \$9,565 and \$11,211, respectively, which equal the required contributions for each year.

STATE OF NEW MEXICO
Town of Estancia
Notes to the Financial Statements
June 30, 2015

NOTE 16. Memorandum of Understanding/Joint Powers Agreements

Road Work Service

Purpose: To provide road work services.

Participants: Town of Estancia and Torrance County

Responsible Party for Operation and Audit: Torrance County

Beginning and Ending Date of Agreement: Started October 8, 2003, and continuous unless terminated by either party

Total Estimated Amount of Project and Actual Amount Contributed: Undetermined

House Inmates

Purpose: To provide support for house inmates.

Participants: Town of Estancia and Torrance County

Responsible Party for Operation and Audit: Torrance County

Beginning and Ending Date of Agreement: Started October 9, 1997 and continuous unless terminated by either party

Total Estimated Amount of Project and Actual Amount Contributed: Undetermined

Universal 911 addressing system

Purpose: To provide support for universal 911 addressing system.

Participants: Town of Estancia and Torrance County

Responsible Party for Operation and Audit: Torrance County

Beginning and Ending Date of Agreement: Started 1998 and continuous unless terminated by either party

Total Estimated Amount of Project and Actual Amount Contributed: Undetermined

911 Communicating System

Purpose: To provide support for 911 communicating system.

Participants: Town of Estancia and Torrance County

Responsible Party for Operation and Audit: Torrance County

Beginning and Ending Date of Agreement: Started 1999 and continuous unless terminated by either party

Total Estimated Amount of Project and Actual Amount Contributed: Undetermined

STATE OF NEW MEXICO
Town of Estancia
Notes to the Financial Statements
June 30, 2015

NOTE 16. Memorandum of Understanding/Joint Powers Agreements (continued)

Wildfire Suppression

Purpose: A joint powers agreement to assist and cooperate with wildland fire suppression and management assistance.

Participants: Town of Estancia, and NM Energy, Minerals and Natural Resource Development (EMNR)

Responsible Party for Operation and Audit: EMNR

Beginning and Ending Date of Agreement: Started 2007 and continuous unless terminated by either party

Total Estimated Amount of Project and Actual Amount Contributed: Undetermined

Solid Waste Authority

Purpose: Agreement between Torrance County Solid Waste Authority

Participants: Town of Estancia, Torrance County, Village of Encino, City of Moriarty, and Village of Willard

Responsible Party for Operation and Audit: Torrance County

Beginning and Ending Date of Agreement: Started December 16, 1993 and is continuous unless terminated by either party

Total Estimated Amount of Project and Actual Amount Contributed: Undetermined

Flood Plain Management Services

Purpose: To provide support for technical assistance, project coordination and other related Professional Engineering Services, including On call, as needed, certified flood plain management services.

Participants: Town of Estancia, and Wilson & Company Inc.

Responsible Party for Operation and Audit: Town of Estancia

Beginning and Ending Date of Agreement: January 2011 – January 2015

Total Estimated Amount of Project and Actual Amount Contributed: Undetermined

Flood Plain Management Services

Purpose: To provide support for the purchase, installation and maintenance of the water harvesting unit at the Town's Fire Department building to conserve its potable water for use.

Participants: Town of Estancia, and East Torrance Soil and Water Conservation District (the District)

Responsible Party for Operation and Audit: Town of Estancia

Beginning and Ending Date of Agreement: Effective July 9, 2014

Total Estimated Amount of Project and Actual Amount Contributed: Undetermined

STATE OF NEW MEXICO
Town of Estancia
Notes to the Financial Statements
June 30, 2015

NOTE 16. Memorandum of Understanding/Joint Powers Agreements (continued)

Police Patrol on School Campus

Purpose: To provide police officer patrol on school campus during the school day and during after school activities and sporting events.

Participants: Town of Estancia, and the Estancia Municipal Schools

Responsible Party for Operation and Audit: Town of Estancia

Beginning and Ending Date of Agreement: August 2014 – June 2015

Total Estimated Amount of Project and Actual Amount Contributed: Undetermined

Veterinary Services on Animal Control

Purpose: To provide veterinary services involving animal control.

Participants: Town of Estancia, and East Torrance Soil and Vista Larga Veterinary Hospital

Responsible Party for Operation and Audit: Town of Estancia

Beginning and Ending Date of Agreement: Effective October 2013 and expire October 2015 unless terminated by either party

Total Estimated Amount of Project and Actual Amount Contributed: Undetermined

Fire Suppression Assistance

Purpose: To provide automatic aid and assistance to one another in suppressing structural fire and to protect and promote public health, welfare, and safety to their citizens.

Participants: Town of Estancia, and Torrance County

Responsible Party for Operation and Audit: Town of Estancia, and Torrance County

Beginning and Ending Date of Agreement: Remain effective March 2015 unless terminated by either party

Total Estimated Amount of Project and Actual Amount Contributed: Undetermined

NOTE 17. Related Party Transactions

The Fee Accountant hired to provide accounting services to the Town also rents office space from the Town. Total rent of \$600 was paid to the Town as of June 30, 2015.

STATE OF NEW MEXICO
Town of Estancia
Notes to the Financial Statements
June 30, 2015

NOTE 18. Restatement of Net Position

GASB 68 requires a restatement of Net Position to include the net pension liability at June 30, 2015 as the Town is required to recognize the liability on their government-wide financial statements. Also the a prior period adjustment for capital assets were included in the Net Position restatement.

	Governmental Activities		Business-like Activities
Beginning Net Position	\$ 7,498,787	\$	1,770,752
Restatement for Net Pension Liability	(2,125,478)		-
Restatement for Capital Assets	45,988		82,503
Net Position, restated	\$ 5,419,297	\$	1,853,255

NOTE 19. Subsequent Review

The Town of Estancia has evaluated subsequent events through October 16, 2015, which is the date the financial statements were dated. There are no subsequent events to report.

SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

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STATE OF NEW MEXICO
TOWN OF ESTANCIA
June 30, 2015

SPECIAL REVENUE FUNDS

The Special Revenue Funds are used to account for Federal, State and Local funded grants. These grants are awarded to the Town with the purpose of accomplishing specific educational tasks. Grants accounted for in the Special Revenue Funds include:

Local Government Corrections Fund– To account for the operation and maintenance of the Town’s jail. Financing is provided by the assessment of correction fees which may be used only for prisoner care. Authorized by NMSA 1978 35-14-44. No minimum balance required according to legislation.

Emergency Medical Services Fund– To account for the acquisition of emergency medical equipment and the operation of the equipment financed through a grant from the State of New Mexico. Authorized by NMSA 24-10A & NMS 6-11-6. No minimum balance required according to legislation.

Fire Protection Fund– To account for the operations and maintenance of the fire department Contributions and grants from the state fire allotment and state forestry provide funding. Authorized by the Fire Protection Act, NMSA 1978 59A-53-1. No minimum balance required according to legislation.

Law Enforcement Protection Fund– To account for the grant funds used for maintenance and development of the Town’s police force. Financing is provided by a grant from the State of New Mexico. Such revenue provided for purchase and repairs of equipment as well as classes to upgrade the training of police personnel and may be used only for these purposes. Funding authority is NMSA 29-13-1. No minimum balance required according to legislation.

State Gasoline Tax Fund – To account for special gasoline tax distribution to be used for maintenance and improvement of the streets and highways. Funding is form State gasoline tax. Authorized by NMSA 1978 7-1-6.9 to 7-13-18. No minimum balance required according to legislation.

Intergovernmental Grants Fund – To account for grant funds received from state sources for various Town projects. Authorized by New Mexico State Department of Finance and Administration. No minimum balance required according to legislation.

DWI Program Fund – To account for the grant funds received from state sources for DWI related issues and awareness. Authorized by NM State Department of Finance and Administration. No minimum balance required according to legislation.

Garnett Library Grant Fund– To account for the operations and maintenance of the library. Financing is provided by a grant. The grant provides for payment of all current operating costs and may be used only for that purpose. Authorized by Town ordinance, NMSA 1978 section 18-2-4B. No minimum balance required according to legislation.

YCC Fund - To account for funding to support education and job opportunities to the youth of New Mexico through the conservation and enhancement of the state’s natural resources and community benefits. Authorized by New Mexico Energy, Minerals and Natural Resources Department. No minimum balance required according to legislation.

Trolley Fund - To account for revenues and expenditures of trolley maintenance and repairs and initial cost of gas station. Authority by the Town council action. No minimum balance required according to legislation.

Keep NM Beautiful Fund - To account for a grant to administer solid waste management and litter control activities, native landscaping and beautification activities, and educational recycling activities. Authority by NM Clean & Beautiful, a program of the NM Tourism Department. No minimum balance required according to legislation.

William Library Fund– To account for the operations and maintenance of the library. Financing is provided by a grant. The grant provides for payment of all current operating costs and may be used only for that purpose. Authorized by Town ordinance, NMSA 1978 section 18-2-4B. No minimum balance required according to legislation.

All funds are on a reimbursement basis, therefore there are no reverting fund requirements.

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STATE OF NEW MEXICO
TOWN OF ESTANCIA
June 30, 2015

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital projects.

The Town has one fund classified as non-major Capital Projects Funds as follows:

Grants Capital Projects Fund – To account for funds collected in prior years to fund the replacement of part of the waste water treatment plant.

DEBT SERVICE FUNDS

Debt Service Fund - To account for financial resources to be used for the acquisition and payment of long term bonds and notes of the Town.

PROPRIETARY FUNDS

Sewer/AWWT Fund– To account for the provision of sewer services to the residents of the Town. All utilities activities necessary to provide such services are accounted for in this fund including, but not limited to, administration, operation, billing and maintenance.

Solid Waste Fund– To account for the provision of solid waste services to the residents of the Town. All utilities activities necessary to provide such services are accounted for in this fund including, but not limited to, administration, operations, billing and maintenance.

Water Fund– To account for the provision of water services to the residents of the Town. All utilities activities necessary to provide such services are accounted for in this fund including, but not limited to, administration, operations, billing and maintenance.

Meter Deposits Fund– To account for the provision of meter deposits from the residents of the Town. All utilities activities necessary to provide such services are accounted for in this fund including, but not limited to, administration, operations, billing and maintenance.

STATE OF NEW MEXICO
TOWN OF ESTANCIA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2015

Schedule A-1

	Local Government Corrections Fund	Emergency Medical Services Fund	Fire Fund
<i>Assets</i>			
Cash and cash equivalents	\$ -	\$ -	\$ -
Due from Pooled Cash	9,776	512	417
Investments	-	-	-
Taxes receivable	-	-	-
Other receivables	-	-	-
<i>Total assets</i>	<u>\$ 9,776</u>	<u>\$ 512</u>	<u>\$ 417</u>
<i>Liabilities</i>			
Due to Pooled Cash	\$ -	\$ -	\$ -
Accounts payable	496	1,642	3,303
Accrued salaries and benefits	-	-	-
Accrued compensated absences	-	-	-
Unearned revenue	-	-	-
<i>Total liabilities</i>	<u>496</u>	<u>1,642</u>	<u>3,303</u>
<i>Fund Balances</i>			
Fund Balance			
Restricted for:			
General Fund	-	-	-
Special Revenue Funds	9,280	(1,130)	(2,886)
Capital Projects Funds	-	-	-
Debt Service Funds	-	-	-
Committed for:			
General Fund	-	-	-
Special Revenue Funds	-	-	-
Capital Projects Funds	-	-	-
Assigned for:			
General Fund	-	-	-
Special Revenue Funds	-	-	-
Capital Projects Funds	-	-	-
Unassigned for:			
General Fund	-	-	-
<i>Total fund balances</i>	<u>9,280</u>	<u>(1,130)</u>	<u>(2,886)</u>
<i>Total liabilities and fund balances</i>	<u>\$ 9,776</u>	<u>\$ 512</u>	<u>\$ 417</u>

STATE OF NEW MEXICO
TOWN OF ESTANCIA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
 June 30, 2015

Schedule A-1

Law Enforcement Protection Fund	State Gasoline Tax Fund	Intergovernmental Grants Fund
\$ 700	\$ -	\$ -
-	27,948	-
-	-	-
-	-	-
-	4,167	-
<u>\$ 700</u>	<u>\$ 32,115</u>	<u>\$ -</u>
\$ 700	\$ -	\$ 31,681
-	-	-
-	-	-
-	-	-
<u>700</u>	<u>-</u>	<u>31,681</u>
-	-	-
-	32,115	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	(31,681)
<u>-</u>	<u>32,115</u>	<u>(31,681)</u>
<u>\$ 700</u>	<u>\$ 32,115</u>	<u>\$ -</u>

STATE OF NEW MEXICO
TOWN OF ESTANCIA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2015

Schedule A-1

	<u>DWI Program Fund</u>	<u>Garnett Library Fund</u>	<u>YCC Fund</u>
<i>Assets</i>			
Cash and cash equivalents	\$ -	\$ 8,893	\$ -
Due from Pooled Cash	-	-	13,859
Investments	-	-	-
Taxes receivable	-	-	-
Other receivables	1,286	-	31,032
<i>Total assets</i>	<u>\$ 1,286</u>	<u>\$ 8,893</u>	<u>\$ 44,891</u>
<i>Liabilities</i>			
Due to Pooled Cash	\$ -	\$ -	\$ -
Accounts payable	-	-	-
Accrued salaries and benefits	-	-	-
Accrued compensated absences	-	-	-
Unearned revenue	-	-	-
<i>Total liabilities</i>	-	-	-
<i>Fund Balances</i>			
Fund Balance			
Restricted for:			
General Fund	-	-	-
Special Revenue Funds	1,286	8,893	44,891
Capital Projects Funds	-	-	-
Debt Service Funds	-	-	-
Committed for:			
General Fund	-	-	-
Special Revenue Funds	-	-	-
Capital Projects Funds	-	-	-
Assigned for:			
General Fund	-	-	-
Special Revenue Funds	-	-	-
Capital Projects Funds	-	-	-
Unassigned for:			
General Fund	-	-	-
<i>Total fund balances</i>	<u>1,286</u>	<u>8,893</u>	<u>44,891</u>
<i>Total liabilities and fund balances</i>	<u>\$ 1,286</u>	<u>\$ 8,893</u>	<u>\$ 44,891</u>

STATE OF NEW MEXICO
TOWN OF ESTANCIA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
 June 30, 2015

Schedule A-1

<u>Trolley Fund</u>	<u>Keep NM Beautiful Fund</u>	<u>Williams Library Fund</u>	<u>Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ 8,966	\$ -	\$ 18,559
-	-	-	-	52,512
-	-	-	-	-
-	-	-	-	-
-	-	-	-	36,485
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,966</u>	<u>\$ -</u>	<u>\$ 107,556</u>
\$ -	\$ -	\$ -	\$ -	\$ 32,381
-	-	-	-	5,441
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,822</u>
-	-	-	-	-
-	-	-	-	92,449
-	-	8,966	-	8,966
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(31,681)</u>
<u>-</u>	<u>-</u>	<u>8,966</u>	<u>-</u>	<u>69,734</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,966</u>	<u>\$ -</u>	<u>\$ 107,556</u>

STATE OF NEW MEXICO
TOWN OF ESTANCIA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2015

	Local Government Corrections Fund	Emergency Medical Services Fund	Fire Protection Fund
<i>Revenues:</i>			
Taxes	\$ -	\$ -	\$ -
State Grants	-	6,003	97,358
Federal Grants	-	-	-
Charges for Services	-	-	-
Licenses and Fees	5,994	-	-
Investment Income (Loss)	-	-	-
Miscellaneous	-	-	-
<i>Total revenues</i>	<u>5,994</u>	<u>6,003</u>	<u>97,358</u>
<i>Expenditures:</i>			
Current:			
General Government	-	-	-
Public Safety	7,755	7,135	99,779
Public Works	-	-	-
Culture and Recreation	-	-	-
Health and Welfare	-	-	-
Capital Outlay	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
<i>Total expenditures</i>	<u>7,755</u>	<u>7,135</u>	<u>99,779</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,761)</u>	<u>(1,132)</u>	<u>(2,421)</u>
<i>Other financing sources (uses)</i>			
Transfers In	-	-	-
Transfers Out	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	(1,761)	(1,132)	(2,421)
<i>Fund balances - beginning of year</i>	11,041	2	(465)
<i>Restatement</i>	-	-	-
<i>Fund balance-beginning of year, restated</i>	<u>11,041</u>	<u>2</u>	<u>(465)</u>
<i>Fund balances - end of year</i>	<u>\$ 9,280</u>	<u>\$ (1,130)</u>	<u>\$ (2,886)</u>

<u>Law Enforcement Protection Fund</u>	<u>State Gasoline Tax Fund</u>	<u>Intergovernmental Grants Fund</u>
\$ -	\$ 23,717	\$ -
22,400	57,761	7,780
-	-	-
-	-	-
-	-	-
-	-	-
<u>22,400</u>	<u>81,478</u>	<u>7,780</u>
-	-	-
43,590	-	-
-	29,093	-
-	-	7,725
-	-	23,940
-	-	-
-	-	-
<u>43,590</u>	<u>29,093</u>	<u>31,665</u>
<u>(21,190)</u>	<u>52,385</u>	<u>(23,885)</u>
20,490	-	-
-	(24,091)	(36,629)
<u>20,490</u>	<u>(24,091)</u>	<u>(36,629)</u>
(700)	28,294	(60,514)
700	3,821	28,833
-	-	-
<u>700</u>	<u>3,821</u>	<u>28,833</u>
<u>\$ -</u>	<u>\$ 32,115</u>	<u>\$ (31,681)</u>

STATE OF NEW MEXICO
TOWN OF ESTANCIA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2015

	DWI Program Fund	Garnett Library Fund	YCC Fund
<i>Revenues:</i>			
Taxes	\$ -	\$ -	\$ -
State Grants	7,483	-	-
Federal Grants	-	-	31,032
Charges for Services	-	-	-
Licenses and Fees	-	-	-
Investment Income (Loss)	-	5	-
Miscellaneous	-	-	-
<i>Total revenues</i>	<u>7,483</u>	<u>5</u>	<u>31,032</u>
<i>Expenditures:</i>			
<i>Current:</i>			
General Government	-	-	-
Public Safety	6,197	-	-
Public Works	-	-	-
Culture and Recreation	-	-	28,772
Health and Welfare	-	-	-
Capital Outlay	-	-	-
<i>Debt Service:</i>			
Principal	-	-	-
Interest	-	-	-
<i>Total expenditures</i>	<u>6,197</u>	<u>-</u>	<u>28,772</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>1,286</u>	<u>5</u>	<u>2,260</u>
<i>Other financing sources (uses)</i>			
Transfers In	-	-	42,631
Transfers Out	(10,709)	-	-
<i>Total other financing sources (uses)</i>	<u>(10,709)</u>	<u>-</u>	<u>42,631</u>
<i>Net change in fund balances</i>	(9,423)	5	44,891
<i>Fund balances - beginning of year</i>	10,709	8,888	-
<i>Restatement</i>	-	-	-
<i>Fund balance-beginning of year, restated</i>	<u>10,709</u>	<u>8,888</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ 1,286</u>	<u>\$ 8,893</u>	<u>\$ 44,891</u>

Trolley Fund	Keep NM Beautiful Fund	Williams Library Fund	Debt Service Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 23,717
-	900	-	-	199,685
-	-	-	-	31,032
-	-	-	-	-
-	-	-	-	5,994
-	-	6	-	11
-	-	-	16,634	16,634
-	900	6	16,634	277,073
-	-	-	-	-
-	-	-	-	164,456
-	-	-	-	29,093
-	900	2,733	-	40,130
-	-	-	-	23,940
-	-	-	-	-
-	-	-	587	587
-	-	-	218	218
-	900	2,733	805	258,424
-	-	(2,727)	15,829	18,649
10,950	-	-	45,328	119,399
-	-	-	(61,157)	(132,586)
10,950	-	-	(15,829)	(13,187)
10,950	-	(2,727)	-	5,462
(10,950)	-	11,693	-	64,272
-	-	-	-	-
(10,950)	-	11,693	-	64,272
\$ -	\$ -	\$ 8,966	\$ -	\$ 69,734

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STATE OF NEW MEXICO
TOWN OF ESTANCIA
LOCAL GOVERNMENT CORRECTIONS SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
State Grants	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	5,784	6,003	5,994	(9)
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	5,784	6,003	5,994	(9)
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	10,375	21,273	7,259	14,014
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	10,375	21,273	7,259	14,014
<i>Excess (deficiency) of revenues over expenditures</i>	(4,591)	(15,270)	(1,265)	14,005
<i>Other financing sources (uses)</i>				
Designated Cash	4,591	15,270	-	(15,270)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	4,591	15,270	-	(15,270)
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	(1,265)	(1,265)
<i>Cash Balance - Beginning of Year</i>	9,808	9,808	11,041	1,233
<i>Cash Balance - End of Year</i>	\$ 9,808	\$ 9,808	\$ 9,776	\$ (32)
Excess (deficiency) of revenues over expenditures (Non-GAAP basis)			\$ (1,265)	
Adjustment expenditures for payables, payroll taxes, prepaid expenses and other accruals			(496)	
Adjustment for revenues for tax accruals, earnings on investments, and other deferrals and accruals			-	
Net change in fund balances (GAAP basis)			\$ (1,761)	

STATE OF NEW MEXICO
TOWN OF ESTANCIA
EMERGENCY MEDICAL SERVICES SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
State Grants	-	-	6,003	6,003
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>6,003</u>	<u>6,003</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	5,784	6,005	5,493	512
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>5,784</u>	<u>6,005</u>	<u>5,493</u>	<u>512</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(5,784)</u>	<u>(6,005)</u>	<u>510</u>	<u>6,515</u>
<i>Other financing sources (uses)</i>				
Designated Cash	5,784	6,005	-	(6,005)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>5,784</u>	<u>6,005</u>	<u>-</u>	<u>(6,005)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	510	510
<i>Cash Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>2</u>	<u>2</u>
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 512</u>	<u>\$ 512</u>
Excess (deficiency) of revenues over expenditures (Non-GAAP basis)			\$ 510	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			(1,642)	
Net change in fund balances (GAAP Basis)			<u>\$ (1,132)</u>	

STATE OF NEW MEXICO
TOWN OF ESTANCIA
FIRE PROTECTION SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
State Grants	70,083	97,358	97,358	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	70,083	97,358	97,358	-
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	70,083	97,704	96,476	1,228
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	70,083	97,704	96,476	1,228
<i>Excess (deficiency) of revenues over expenditures</i>	-	(346)	882	1,228
<i>Other financing sources (uses)</i>				
Designated Cash	-	346	-	(346)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	-	346	-	(346)
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>				
	-	-	882	882
<i>Cash Balance - Beginning of Year</i>	-	-	(465)	(465)
<i>Cash Balance - End of Year</i>	\$ -	\$ -	\$ 417	\$ 417
Excess (deficiency) of revenues over expenditures (Non-GAAP basis)			\$ 882	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			(3,303)	
Net change in fund balances (GAAP Basis)			\$ (2,421)	

STATE OF NEW MEXICO
TOWN OF ESTANCIA
LAW ENFORCEMENT PROTECTION SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
State Grants	22,400	22,400	22,400	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	22,400	22,400	22,400	-
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	22,400	43,680	43,590	90
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	22,400	43,680	43,590	90
<i>Excess (deficiency) of revenues over expenditures</i>	-	(21,280)	(21,190)	90
<i>Other financing sources (uses)</i>				
Designated Cash	-	90	-	(90)
Transfers In	-	21,190	20,490	(700)
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	-	21,280	20,490	(790)
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>				
	-	-	(700)	(700)
<i>Cash Balance - Beginning of Year</i>	-	-	700	700
<i>Cash Balance - End of Year</i>	\$ -	\$ -	\$ -	\$ -
Excess (deficiency) of revenues over expenditures (Non-GAAP basis)			\$ (700)	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balances (GAAP Basis)			\$ (700)	

STATE OF NEW MEXICO
TOWN OF ESTANCIA
STATE GASOLINE TAX SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ 22,000	\$ 22,000	\$ 19,550	\$ (2,450)
State Grants	73,000	73,000	57,761	(15,239)
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	95,000	95,000	77,311	(17,689)
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	80,000	117,863	29,093	88,770
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	80,000	117,863	29,093	88,770
<i>Excess (deficiency) of revenues over expenditures</i>	15,000	(22,863)	48,218	71,081
<i>Other financing sources (uses)</i>				
Designated Cash	(15,000)	22,863	-	(22,863)
Transfers In	-	-	-	-
Transfers Out	-	(24,091)	(24,091)	-
<i>Total other financing sources (uses)</i>	(15,000)	(1,228)	(24,091)	(22,863)
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	(24,091)	24,127	48,218
<i>Cash Balance - Beginning of Year</i>	-	-	3,821	3,821
<i>Cash Balance - End of Year</i>	\$ -	\$ (24,091)	\$ 27,948	\$ 52,039
Excess (deficiency) of revenues over expenditures (Non-GAAP basis)			\$ 24,127	
Adjustment to revenue for accruals and other deferrals			4,167	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balances (GAAP Basis)			\$ 28,294	

STATE OF NEW MEXICO
TOWN OF ESTANCIA
INTERGOVERNMENTAL GRANTS SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ 60,000	\$ 60,000	\$ -	\$ (60,000)
Federal Grants	53,328	54,253	7,780	(46,473)
Charges For Services	-	-	-	-
Licenses and Fees	5,000	5,000	-	(5,000)
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	118,328	119,253	7,780	(111,473)
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	44,962	44,692	7,725	36,967
Health and Welfare	12,505	37,370	23,940	13,430
Capital Outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	57,467	82,062	31,665	50,397
<i>Excess (deficiency) of revenues over expenditures</i>	60,861	37,191	(23,885)	(61,076)
<i>Other financing sources (uses)</i>				
Designated Cash	(60,861)	(37,191)	-	37,191
Transfers In	-	-	-	-
Transfers Out	-	(36,629)	(36,629)	-
<i>Total other financing sources (uses)</i>	(60,861)	(73,820)	(36,629)	37,191
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	(36,629)	(60,514)	(23,885)
<i>Cash Balance - Beginning of Year</i>	-	-	28,833	28,833
<i>Cash Balance - End of Year</i>	\$ -	\$ (36,629)	\$ (31,681)	\$ 4,948
Excess (deficiency) of revenues over expenditures (Non-GAAP basis)			\$ (60,514)	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balances (GAAP Basis)			\$ (60,514)	

STATE OF NEW MEXICO
TOWN OF ESTANCIA
DWI PROGRAM SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
State Grants	3,908	10,422	6,197	(4,225)
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>3,908</u>	<u>10,422</u>	<u>6,197</u>	<u>(4,225)</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	3,908	10,371	6,197	4,174
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>3,908</u>	<u>10,371</u>	<u>6,197</u>	<u>4,174</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>51</u>	<u>-</u>	<u>(51)</u>
<i>Other financing sources (uses)</i>				
Designated Cash	-	(51)	-	51
Transfers In	-	-	-	-
Transfers Out	-	(10,709)	(10,709)	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>(10,760)</u>	<u>(10,709)</u>	<u>51</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	<u>-</u>	<u>(10,709)</u>	<u>(10,709)</u>	<u>-</u>
<i>Cash Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>10,709</u>	<u>10,709</u>
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ (10,709)</u>	<u>\$ -</u>	<u>\$ 10,709</u>
Excess (deficiency) of revenues over expenditures (Non-GAAP basis)			\$ (10,709)	
Adjustment to revenue for accruals and other deferrals			1,286	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balances (GAAP Basis)			<u>\$ (9,423)</u>	

STATE OF NEW MEXICO
TOWN OF ESTANCIA
GARNETT LIBRARY SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
State Grants	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	5	5
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	-	5	5
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	5	5
<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>	-	-	5	5
<i>Cash Balance - Beginning of Year</i>	-	-	8,888	8,888
<i>Cash Balance - End of Year</i>	\$ -	\$ -	\$ 8,893	\$ 8,893
Excess (deficiency) of revenues over expenditures (Non-GAAP basis)			\$ 5	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balances (GAAP Basis)			\$ 5	

STATE OF NEW MEXICO
TOWN OF ESTANCIA
YCC SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
State Grants	76,166	76,166	-	(76,166)
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>76,166</u>	<u>76,166</u>	<u>-</u>	<u>(76,166)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	76,166	76,166	28,772	47,394
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>76,166</u>	<u>76,166</u>	<u>28,772</u>	<u>47,394</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(28,772)</u>	<u>(28,772)</u>
<i>Other financing sources (uses)</i>				
Designated Cash	-	-	-	-
Transfers In	-	-	42,631	42,631
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>42,631</u>	<u>42,631</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	<u>-</u>	<u>-</u>	<u>13,859</u>	<u>13,859</u>
<i>Cash Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,859</u>	<u>\$ 13,859</u>
Excess (deficiency) of revenues over expenditures (Non-GAAP basis)			\$ 13,859	
Adjustment expenditures for payables, payroll taxes, prepaid expenses and other accruals			-	
Adjustment for revenues for tax accruals, earnings on investments, and other deferrals and accruals			<u>31,032</u>	
Net change in fund balances (GAAP basis)			<u>\$ 44,891</u>	

STATE OF NEW MEXICO
TOWN OF ESTANCIA
TROLLEY FUND SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
State Grants	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	-	-	-
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses)</i>				
Designated Cash	-	42,631	-	(42,631)
Transfers In	-	42,631	10,950	(31,681)
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	-	85,262	10,950	(74,312)
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	85,262	10,950	(74,312)
<i>Cash Balance - Beginning of Year</i>	-	-	(10,950)	(10,950)
<i>Cash Balance - End of Year</i>	\$ -	\$ 85,262	\$ -	\$ (85,262)
Excess (deficiency) of revenues over expenditures (Non-GAAP basis)			\$ 10,950	
Adjustment expenditures for payables, payroll taxes, prepaid expenses and other accruals			-	
Adjustment for revenues for tax accruals, earnings on investments, and other deferrals and accruals			-	
Net change in fund balances (GAAP basis)			\$ 10,950	

STATE OF NEW MEXICO
TOWN OF ESTANCIA
KEEP NM BEAUTIFUL SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
State Grants	700	900	900	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>700</u>	<u>900</u>	<u>900</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	700	900	900	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>700</u>	<u>900</u>	<u>900</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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>-</u>	<u>-</u>
<i>Cash Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Excess (deficiency) of revenues over expenditures (Non-GAAP basis)			\$ -	
Adjustment expenditures for payables, payroll taxes, prepaid expenses and other accruals			-	
Adjustment for revenues for tax accruals, earnings on investments, and other deferrals and accruals			-	
Net change in fund balances (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
TOWN OF ESTANCIA
WILLIAMS LIBRARY FUND SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
State Grants	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	6	6
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	-	6	6
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	11,693	2,733	8,960
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	11,693	2,733	8,960
<i>Excess (deficiency) of revenues over expenditures</i>	-	(11,693)	(2,727)	8,966
<i>Other financing sources (uses)</i>				
Designated Cash	-	11,693	-	(11,693)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	-	11,693	-	(11,693)
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	(2,727)	(2,727)
<i>Cash Balance - Beginning of Year</i>	-	-	11,693	11,693
<i>Cash Balance - End of Year</i>	\$ -	\$ -	\$ 8,966	\$ 8,966
Excess (deficiency) of revenues over expenditures (Non-GAAP basis)			\$ (2,727)	
Adjustment expenditures for payables, payroll taxes, prepaid expenses and other accruals			-	
Adjustment for revenues for tax accruals, earnings on investments, and other deferrals and accruals			-	
Net change in fund balances (GAAP basis)			\$ (2,727)	

STATE OF NEW MEXICO
TOWN OF ESTANCIA
CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
State Grants	1,138,400	1,231,200	45,678	(1,185,522)
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>1,138,400</u>	<u>1,231,200</u>	<u>45,678</u>	<u>(1,185,522)</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	1,138,400	1,051,200	115,862	935,338
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,138,400</u>	<u>1,051,200</u>	<u>115,862</u>	<u>935,338</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>180,000</u>	<u>(70,184)</u>	<u>(250,184)</u>
<i>Other financing sources (uses)</i>				
Designated Cash	-	(180,000)	-	180,000
Transfers In	-	-	125,646	125,646
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>(180,000)</u>	<u>125,646</u>	<u>305,646</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	<u>-</u>	<u>-</u>	<u>55,462</u>	<u>55,462</u>
<i>Cash Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>98,844</u>	<u>98,844</u>
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 154,306</u>	<u>\$ 154,306</u>
Excess (deficiency) of revenues over expenditures (Non-GAAP basis)			\$ 55,462	
Adjustment to revenue for accruals and other deferrals			(10,365)	
Adjustment to expenditures for payables, prepaids and other accruals			(11,876)	
Net change in fund balances (GAAP Basis)			<u>\$ 33,221</u>	

STATE OF NEW MEXICO
TOWN OF ESTANCIA
DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
State Grants	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	15,000	16,634	1,634
<i>Total revenues</i>	-	15,000	16,634	1,634
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	45,000	45,000	587	44,413
Interest	-	-	218	(218)
<i>Total expenditures</i>	45,000	45,000	805	44,195
<i>Excess (deficiency) of revenues over expenditures</i>	(45,000)	(30,000)	15,829	45,829
<i>Other financing sources (uses)</i>				
Designated Cash	45,000	30,000	-	(30,000)
Transfers In	67,674	157,674	45,328	(112,346)
Transfers Out	-	-	(61,157)	(61,157)
<i>Total other financing sources (uses)</i>	112,674	187,674	(15,829)	(203,503)
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	67,674	157,674	-	(157,674)
<i>Cash Balance - Beginning of Year</i>	-	-	-	-
<i>Cash Balance - End of Year</i>	\$ 67,674	\$ 157,674	\$ -	\$ (157,674)
Excess (deficiency) of revenues over expenditures (Non-GAAP basis)			\$ -	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balances (GAAP Basis)			\$ -	

STATE OF NEW MEXICO
TOWN OF ESTANCIA
SEWER/AWWT PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
State Grants	-	-	-	-
Charges For Services	157,983	157,983	120,599	(37,384)
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>157,983</u>	<u>157,983</u>	<u>120,599</u>	<u>(37,384)</u>
<i>Expenditures:</i>				
Current:				
Operating Expenses	157,133	157,133	100,765	56,368
Travel	-	-	-	-
Gross Receipts Tax	-	-	-	-
Depreciation	-	-	-	-
Purchases for Resale	-	-	-	-
Contract Services	-	-	-	-
Salaries	-	-	-	-
Supplies	-	-	-	-
Debt Service:				
Principal	-	-	15,486	(15,486)
Interest	-	-	671	(671)
<i>Total expenditures</i>	<u>157,133</u>	<u>157,133</u>	<u>116,922</u>	<u>40,211</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>850</u>	<u>850</u>	<u>3,677</u>	<u>2,827</u>
<i>Other financing sources (uses)</i>				
Designated Cash	(850)	(850)	-	850
Transfers In	-	-	-	-
Transfers Out	-	-	16,157	16,157
<i>Total other financing sources (uses)</i>	<u>(850)</u>	<u>(850)</u>	<u>16,157</u>	<u>17,007</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	19,834	19,834
<i>Cash Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>12,233</u>	<u>12,233</u>
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,067</u>	<u>\$ 32,067</u>

STATE OF NEW MEXICO
TOWN OF ESTANCIA
SOLID WASTE PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
State Grants	-	-	-	-
Charges For Services	248,000	248,000	209,091	(38,909)
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>248,000</u>	<u>248,000</u>	<u>209,091</u>	<u>(38,909)</u>
<i>Expenditures:</i>				
Current:				
Operating Expenses	217,649	242,649	187,277	55,372
Travel	-	-	-	-
Gross Receipts Tax	-	-	-	-
Depreciation	-	-	-	-
Purchases for Resale	-	-	-	-
Contract Services	-	-	-	-
Salaries	-	-	-	-
Supplies	-	-	-	-
Debt Service:				
Principal	-	-	45,000	(45,000)
Interest	-	-	-	-
<i>Total expenditures</i>	<u>217,649</u>	<u>242,649</u>	<u>232,277</u>	<u>10,372</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>30,351</u>	<u>5,351</u>	<u>(23,186)</u>	<u>(28,537)</u>
<i>Other financing sources (uses)</i>				
Designated Cash	(30,351)	(5,351)	-	5,351
Transfers In	-	-	45,000	45,000
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(30,351)</u>	<u>(5,351)</u>	<u>45,000</u>	<u>50,351</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	21,814	21,814
<i>Cash Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>103,558</u>	<u>103,558</u>
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 125,372</u>	<u>\$ 125,372</u>

STATE OF NEW MEXICO
TOWN OF ESTANCIA
WATER PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Basis)	Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
State Grants	-	-	-	-
Charges For Services	361,652	361,652	337,528	(24,124)
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>361,652</u>	<u>361,652</u>	<u>337,528</u>	<u>(24,124)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Operating Expenses	22,674	22,674	152,897	(130,223)
Travel	-	-	818	(818)
Gross Receipts Tax	-	-	12,591	(12,591)
Depreciation	-	-	-	-
Purchases for Resale	-	-	-	-
Contract Services	-	-	-	-
Salaries	380,642	380,642	201,631	179,011
Supplies	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	3,924	(3,924)
Interest	-	-	-	-
<i>Total expenditures</i>	<u>403,316</u>	<u>403,316</u>	<u>371,861</u>	<u>31,455</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(41,664)</u>	<u>(41,664)</u>	<u>(34,333)</u>	<u>7,331</u>
<i>Other financing sources (uses)</i>				
Designated Cash	41,664	41,664	-	(41,664)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>41,664</u>	<u>41,664</u>	<u>-</u>	<u>(41,664)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	(34,333)	(34,333)
<i>Cash Balance- Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>70,366</u>	<u>70,366</u>
<i>Cash Balance- End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,033</u>	<u>\$ 36,033</u>

STATE OF NEW MEXICO
TOWN OF ESTANCIA
METER DEPOSITS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Basis)	Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
State Grants	-	-	-	-
Charges For Services	361,652	361,652	5,418	(356,234)
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>361,652</u>	<u>361,652</u>	<u>5,418</u>	<u>(356,234)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Operating Expenses	1,705	7,605	5,779	1,826
Travel	-	-	-	-
Gross Receipts Tax	-	-	-	-
Depreciation	-	-	-	-
Purchases for Resale	-	-	-	-
Contract Services	-	-	-	-
Salaries	-	-	-	-
Supplies	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,705</u>	<u>7,605</u>	<u>5,779</u>	<u>1,826</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>359,947</u>	<u>354,047</u>	<u>(361)</u>	<u>(354,408)</u>
<i>Other financing sources (uses)</i>				
Designated Cash	(359,947)	(354,047)	-	354,047
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(359,947)</u>	<u>(354,047)</u>	<u>-</u>	<u>354,047</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	(361)	(361)
<i>Cash Balance- Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>25,098</u>	<u>25,098</u>
<i>Cash Balance- End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,737</u>	<u>\$ 24,737</u>

STATE OF NEW MEXICO
TOWN OF ESTANCIA
COMBINED JOINT UTILITY PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
State Grants	-	-	-	-
Charges For Services	361,652	361,652	667,234	305,582
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>361,652</u>	<u>361,652</u>	<u>667,234</u>	<u>305,582</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Operating Expenses	189,674	214,674	339,105	(124,431)
Travel	45,000	45,000	1,013	43,987
Gross Receipts Tax	50,649	50,649	28,372	22,277
Depreciation	-	-	-	-
Purchases for Resale	-	-	-	-
Contract Services	-	-	-	-
Salaries	492,775	492,775	245,372	247,403
Supplies	-	-	42,117	(42,117)
<i>Debt Service:</i>				
Principal	-	-	64,410	(64,410)
Interest	-	-	-	-
<i>Total expenditures</i>	<u>778,098</u>	<u>803,098</u>	<u>720,389</u>	<u>82,709</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(416,446)</u>	<u>(441,446)</u>	<u>(53,155)</u>	<u>388,291</u>
<i>Other financing sources (uses)</i>				
Designated Cash	416,446	441,446	-	(441,446)
Transfers In	-	-	61,157	61,157
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>416,446</u>	<u>441,446</u>	<u>61,157</u>	<u>(380,289)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	8,002	8,002
<i>Cash Balance- Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>210,207</u>	<u>210,207</u>
<i>Cash Balance- End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 218,209</u>	<u>\$ 218,209</u>

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PENSION LIABILITY
REQUIRED SUPPLEMENTARY INFORMATION

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STATE OF NEW MEXICO
Town of Estancia
Required Supplementary Information
June 30, 2015

**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY OF PERA FUND DIVISION – GENERAL**

Public Employees Retirement Association (PERA) Plan

Last 10 Fiscal Years*

	<u>2015</u>
Town's proportion of the net pension liability (asset)	0.0292%
Town's proportionate share of the net pension liability (asset)	\$ 227,791
Town's covered-employee payroll	\$ 332,763
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	68.45%
Plan fiduciary net position as a percentage of the total pension liability	81.29%

* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the State of New Mexico will present information for those years for which information is available.

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STATE OF NEW MEXICO
Town of Estancia
Required Supplementary Information
June 30, 2015

**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY OF PERA FUND DIVISION – POLICE
Public Employees Retirement Association (PERA) Plan
Last 10 Fiscal Years***

	<u>2015</u>
Town's proportion of the net pension liability (asset)	0.0517%
Town's proportionate share of the net pension liability (asset)	\$ 168,536
Town's covered-employee payroll	\$ 194,837
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	86.50%
Plan fiduciary net position as a percentage of the total pension liability	81.29%

* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the State of New Mexico will present information for those years for which information is available.

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STATE OF NEW MEXICO
Town of Estancia
Required Supplementary Information
June 30, 2015

SCHEDULE OF THE TOWN'S CONTRIBUTIONS
Public Employees Retirement Association (PERA) Plan
PERA Fund Division - General
Last 10 Fiscal Years*

	<u>2015</u>
Contractually required contribution	\$ 61,193
Contributions in relation to the contractually required contribution	\$ 61,193
Contribution deficiency (excess)	-
Town's covered-employee payroll	\$ 527,600
Contributions as a percentage of covered-employee payroll	2.53%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town will present information for those years for which information is available.

Note: The employee contribution is not included in the schedule.

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STATE OF NEW MEXICO
Town of Estancia
Required Supplementary Information
June 30, 2015

SCHEDULE OF THE TOWN'S CONTRIBUTIONS
Public Employees Retirement Association (PERA) Plan
PERA Fund Division - Police
Last 10 Fiscal Years*

	<u>2015</u>
Contractually required contribution	\$ 27,492
Contributions in relation to the contractually required contribution	\$ 27,492
Contribution deficiency (excess)	-
Town's covered-employee payroll	\$ 194,837
Contributions as a percentage of covered-employee payroll	15.22%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town will present information for those years for which information is available.

Note: The employee contribution is not included in the schedule.

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STATE OF NEW MEXICO
Town of Estancia
June 30, 2015

Notes to Required Supplementary Information

For the Year Ended June 30, 2015

Changes of benefit terms. The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY14 audit available at http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2014.pdf.

Changes of assumptions.

The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2014 report is available at http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2014%20PERA%20Valuation%20Report_FINAL.pdf. The summary of Key Findings for the PERA Fund (on page 2 of the report) states “based on a recent experience study for the five year period ending June 30, 2013, the economic and demographic assumptions were updated for this valuation. The changes in assumptions resulted in a decrease of \$30.8 million to Fund liabilities and an increase of 0.13% to the funded ratio. For details about changes in the actuarial assumptions, see Appendix B on page 60 of the report.

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SUPPORTING SCHEDULES

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STATE OF NEW MEXICO
TOWN OF ESTANCIA
SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY
FOR PUBLIC FUNDS
JUNE 30, 2015

Schedule I

Name of Depository	Description of Pledged Collateral	Market Value June 30, 2015	Name and Location of Safekeeper
Wells Fargo Bank	FN AP 4559, 3% 3138M8B51, 10/1/2042	\$ 54,651	BNY Mellon New York, NY
Wells Fargo Bank	FN AU 0924, 3.5% 3138X0A24, 7/1/2043	512,676	BNY Mellon New York, NY
Wells Fargo Bank	FN AB 3901, 3% 31417AKP3, 11/1/2026	93,698	BNY Mellon New York, NY
Wells Fargo Bank	FN AB 6848, 3% 31417DTE3, 11/1/2042	25,340	BNY Mellon New York, NY
Wells Fargo Bank	FN MA 1003, 3.5% 31418ADH8, 2/1/2042	105,395	BNY Mellon New York, NY
US Bank	FHLMC Gold Pool 31283KN46, 10/1/2017	459	Federal Reserve Bank Dallas, TX
US Bank	FNMA Pool AE9299 31419LKM4, 11/1/2025	26,167	Federal Reserve Bank Dallas, TX
My Bank	Luna Cnty NM Sch Dis 3.6% 550340DL4, 8/1/2016	25,829	Independent Bankers Bank Dallas, TX
		<u>\$ 844,215</u>	

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STATE OF NEW MEXICO
TOWN OF ESTANCIA
SCHEDULE OF CASH AND TEMPORARY INVESTMENT ACCOUNTS
JUNE 30, 2015

Schedule II

Bank Account Type/Name	Wells Fargo	State Employees Federal CU	My Bank	US Bank	State Treasurer	Total
Meter Deposits- Checking w/Interest Public Funds	24,737	-	-	-	-	\$ 24,737
Investment Acct, Choice IV Public Funds- Checking	1,421,839	-	-	-	-	1,421,839
Payroll- Choice IV- Public Funds, Checking	46,144	-	-	-	-	46,144
Willis Bequest-Bus Mkt Rate Pub Funds (Savings)	233,201	-	-	-	-	233,201
Library Williams-Bus Mkt Rate Pub Funds (Savings)	8,966	-	-	-	-	8,966
Library Savings-Bus Mkt Rate Pub Funds (Savings)	8,893	-	-	-	-	8,893
USDA Police- Checking PF	700	-	-	-	-	700
Certificate of Deposit- Wells Fargo	2,506	-	-	-	-	2,506
Certificate of Deposit Wells Fargo	45,000	-	-	-	-	45,000
Savings Reserve Account	-	5,883	-	-	-	5,883
Certificate of Deposit- SECU	-	240,112	-	-	-	240,112
Certificate of Deposit: My Bank	-	-	257,087	-	-	257,087
Certificate of Deposit- US Bank	-	-	-	255,487	-	255,487
State Treasurer's Office	-	-	-	-	54,855	54,855
Total On Deposit	<u>1,791,987</u>	<u>245,995</u>	<u>257,087</u>	<u>255,487</u>	<u>54,855</u>	<u>2,605,411</u>
Reconciling Items	<u>(54,110)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(54,110)</u>
Reconciled Balance	<u>\$ 1,737,877</u>	<u>\$ 245,995</u>	<u>\$ 257,087</u>	<u>\$ 255,487</u>	<u>\$ 54,855</u>	<u>\$ 2,551,301</u>
Utility Cash						\$ 450
NMFA Cash						23,419
Total cash and investments at June 30, 2015						<u>\$ 2,575,170</u>

This amount is reflected in the financial statements as follows:

Cash and cash equivalents-Exhibit A-1	1,720,123
Investments-Exhibit A-1	855,047
	<u>\$ 2,575,170</u>

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Town of Estancia
Schedule of Vendor Information for purchases exceeding \$60,000 (excluding GRT)
For the Year Ended June 30, 2015

RFP# RFB#/RFP# / State-Wide Price Agreement	Type of Procurement	Awarded Vendor	\$ Amount of Awarded Contract	\$ Amount of Amended Contract	Name and Physical Address of ALL Vendors that responded	In-State/ Out-of-State Vendor (Y or N) (Based on Statutory Definition)	Was the vendor instate and chose Veteran's preference (Y or N)	Brief Description of the Scope of Work
n/a	n/a	n/a	\$82,063*	n/a	Calhoun Accounting & Tax Services, P.O. Box 945, Estancia, NM 87016	Y	N	Professional Accounting Services

* This was based on a rate per hour contractual agreement - no bid process was performed.

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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***

INDEPENDENT AUDITOR'S REPORT

Timothy Keller
New Mexico State Auditor
The Office of Management and Budget and
The Governing Board
Town of Estancia
Estancia, NM

We were engaged to audit, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information and the budgetary comparisons of the General fund and Special Revenue funds, of the Town of Estancia as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town of Estancia's basic financial statements, and the combining and individual and related budgetary comparisons of the Town of Estancia, presented as supplemental information, and have issued our report thereon dated October 16, 2015. Our report disclaims an opinion on such financial statements because of the Town of Estancia was unable to provide sufficient evidential matter in support of certain transactions and account balances, as presented in the Town's financial statements as of and for the year ended June 30, 2015, particularly with respect to the cash balances, capital assets and depreciation and current year activities; specifically for transactions that either did not clear the bank but were recorded in Quickbooks or for transactions reflected on the bank statement but not recorded in Quickbooks.

Internal Control Over Financial Reporting

In connection with our engagement to audit of the financial statements, we considered the Town of Estancia's internal control over financial reporting to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Estancia's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Estancia's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned function, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal

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control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses. The material weaknesses are described as 2005-001, 2007-005, 2015-003, 2014-001, 2014-003 and 2015-005.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies and are items described as 2015-001, 2015-002, and 2015-004.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Estancia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and responses as items 2005-001, 2007-005, 2015-003, 2014-001, 2014-003, 2015-005, 2015-001, 2015-002, and 2015-004.

Town of Estancia's Response to Findings

The Town of Estancia's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Town of Estancia's responses were not subjected to auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Town of Estancia's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Town of Estancia's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Precision Accounting LLC

Precision Accounting LLC
Albuquerque, New Mexico
October 16, 2015

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STATE OF NEW MEXICO
Town of Estancia
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2015

Section I – PRIOR YEAR FINDINGS:

2005-001 [05-01] Capital Assets – Repeated and Revised
2007-003 [07-03] SAS 115 Auditing Standards Section 325 Compliance – Cleared
2007-005 [07-05] Trial Balances – Repeated and Revised
2014-001 Cash Disbursements – Repeated and Revised
2005-005 [05-05] Budget Deficits – Cleared
2009-003 [09-03] Pledged Collateral –Cleared
2014-002 Timeliness of Bank Account Reconciliations – Cleared
2014-003 Mileage and Per Diem – Repeated and Revised
2014-004 Authorized Bank Account Signers – Cleared
2014-005 Hiring Process – Cleared
2014-006 Payroll – Repeated and Revised

Note: For traceability purposes, the audit finding reference numbers reported in prior year audit reports are presented in brackets, and where applicable, have been renumbered to comply with reporting standards.

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STATE OF NEW MEXICO
Town of Estancia
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2015

Section II – CURRENT YEAR FINDINGS:

2005-001 [05-01] Capital Asset Depreciation Schedule – Material Weakness (repeated and revised)

CONDITION: The Town did not maintain a capital asset listing and related depreciation schedule for Town's assets. The Town acquired an asset management list and plan that included all assets except for vehicles, it was uploaded to a Town computer but depreciation had not been calculated on any of the assets.

CRITERIA: A capital asset listing and the related depreciation schedule is required by Generally Accepted Accounting Principles, GASB 34.177a and NMAC 2.20.1.15. In addition, control over the Town's capital assets is exercised through the maintenance of a detail capital asset schedule.

CAUSE: The Town had not previously maintained an inventory of capital assets and related depreciation. In the fiscal year 2014, the Town had implemented an asset management plan to obtain inventory of the Town's properties and the Town is currently working to update the schedule and review the reasonableness and accuracy of the list.

EFFECT: The financial statements of the Town do not reflect accurate capital asset costs, the related accumulated depreciation or depreciation expense for the year.

RECOMMENDATION: We recommend that the Town obtain assistance in compiling an accurate beginning capital asset listing and that the list and related depreciation schedules are updated and maintained regularly.

CLIENT RESPONSE: The Town Clerk is currently working on compiling an accurate capital asset listing, including updated depreciation schedules. The Town expects this to be completed prior to the end of fiscal year end June 30, 2016.

2007-005 [07-05] Lack of Internal Controls for Trial Balances – Material Weakness (repeated and revised)

CONDITION: The Town utilizes QuickBooks for its accounting software. During our audit, we noted that the trial balance was not classified by fund in order to track revenues and expenditures at the fund level. Additionally, there were revenues and expenditures that were recorded in QuickBooks but were not posted on the bank statements or posted on the bank statement but were not recorded in QuickBooks, indicating a lack of internal controls over financial reporting. In October 2014, the Town hired a fee accountant to help with the accounting and also to implement internal controls, they are in the process of implementation.

CRITERIA: Good accounting practices dictate that the Town's books should be maintained in such a way that a general ledger balances by fund. Also, proper reconciliation between the books using QuickBooks and the bank information should be in place.

CAUSE: The Town did not utilize good accounting practices to ensure that all reports and balances reconciled with the general ledger and tracking of accounts at the fund level.

EFFECT: The Town does not have an accurate day-to-day general ledger that allows them to make timely decisions based on sound financial information. Ultimately, this makes daily analysis difficult to perform.

RECOMMENDATION: The Town needs to implement internal controls over financial reporting to ensure that all revenue and expenses are properly recorded into QuickBooks and that each fund within QuickBooks is self-balancing. Note that the Town has considered and will implement a new accounting software system for the fiscal year 2016.

CLIENT RESPONSE: The Town has purchased a new accounting software system that will encompass all transactions into one file at the fund level and ensure that each fund is self-balancing. Implementaion is being done by the Fee Accountant. We expect this to be completed by June 30, 2016 fiscal year end.

STATE OF NEW MEXICO
Town of Estancia
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2015

2014-001 Lack of Internal Controls in Cash Disbursements and Cash Receipts – Material Weakness (repeated and revised)

CONDITION: During our test work, we noted the following issues:

In the testwork of Cash disbursements, we noted forty-five (45) invoices where the purchase order was authorized after the invoice was received. Also, within the samples tested, we noted that two hundred fifteen (215) invoices had inadequate or did not have any supporting documents associated with the purchase and five (5) instances where the transactions were coded to the incorrect general ledger account number. This results in a total of 265 errors over a sample of three hundred eight nine (389) transactions tested. The projected error rate is 68.1% or seven hundred ninety four (794) errors over a disbursement population of one thousand one hundred sixty five (1165) invoices.

In the testwork of Cash receipts, we noted that majority of the forty (40) transactions, totaling \$7,777, tested had no supporting documentation for monies received. Cash is decentralized where each department maintains their own receipt logs. Without supporting documentation, we were unable to determine whether monies were received and recorded accurately. We were only able to trace deposits to the bank statements for those monies received.

CRITERIA: NMSA 1978 section 6-5-2 states that proper internal controls should be designed and employed to prevent accounting errors and violations of state and federal law and rules related to financial matters.

CAUSE: The Town has no internal controls for cash disbursements or cash receipts.

EFFECT: With the lack of internal controls for cash disbursements, improperly account coding and preparation of purchase requests can cause over-budget issues and violate current procurement regulations. As for the lack of internal controls for cash receipts, it is difficult to determine whether the amount of monies received and deposited were intact which can lead to unaccounted and untimely deposits.

RECOMMENDATION: The Town should have written policies on internal controls for cash disbursements and receipts. The Town should implement those policies and procedures and properly train all staff and personnel on those policies and procedures. The Town is encouraged to have all personnel in charge of preparing, reviewing, and approving disbursements perform a review of all supporting documents to ensure accuracy and appropriate payments for purchases and reimbursements. Additionally, the Town should monitor the process on handling monies for all departments.

CLIENT RESPONSE: The Town agrees with the above mentioned recommendation. The Town Clerk is obtaining written policies and procedures on internal controls for cash disbursements and receipts. These policies and procedures will be obtained, implemented and monitored before the end of June 30, 2016 fiscal year end.

STATE OF NEW MEXICO
Town of Estancia
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2015

2014-003 Lack of Controls over Mileage and Per Diem - Control Deficiency (repeated and revised)

CONDITION: During our testwork of travel and per diem, we noted seven (7) vouchers out of twenty-one (21) vouchers, totaling \$1,070, tested where the employee travel reimbursements were not properly authorized. The purchase order and/or the purchase requisition forms were approved by management after the travel event(s) had been taken and expenses were reimbursed. Additionally within the samples tested, we noted one (1) instance where the meal reimbursement exceeded the \$30.00 per day limit. The results of our testwork as projected to the entire population represent an error rate of 33%. In October 2014, the Town hired a fee accountant to help with the accounting and also to implement internal controls, they are currently in the process of implementation.

CRITERIA: NMSA 1978 section 10-8-1 to 10-8-8 requires that 1) All travel expenses must be properly authorized prior to the execution of travel and the request for reimbursements and 2) Meal reimbursements cannot exceed \$30.00 per day.

CAUSE: The cause may be related to an oversight of review and approval process of travel and per diem reimbursements by management.

EFFECT: Lack of proper authorization for travel reimbursements could result in excess expenditures over budget in the Town processing payment for unauthorized or erroneous reimbursements.

RECOMMENDATION: The Town is required to have all personnel in charge of reviewing and approving travel reimbursements, perform a review of all supporting documents, including authorizations for such travels, to be reimbursed. All staff and employees should be trained on initiation and reimbursement processes for travel from appropriate policies and procedures and state statute.

CLIENT RESPONSE: The Town is implementing a new form for travel reimbursements that should help aid in the proper reporting of travel. The Town will train management and personnel in the proper procedures for travel reimbursement. This will be completed before the end of June 30, 2016.

2015-001 Lack of control for Contracts - Significant Deficiency

CONDITION: The Town did not have contracts on file for two (2) independent service contractors and one (1) rental agreement.

CRITERIA: NMAC 1978 section 1.4.1 "State Purchasing Regulations" indicate that proper procurement procedures should be in place, including executive of procurement contracts, in order to ensure that appropriate purchases are obtained for the business operations. Sound business practices also apply as this presents risk mitigation and assessments.

CAUSE: Management was did not maintain renewal service contracts or obtain updated contracts as necessary on an annual basis.

EFFECT: Failure to obtain written and signed contracts could create a liability for the Town. In certain instances, liability might be mitigated under contract agreement and conditions. In addition, it does not allow the Town to monitor costs with service contractors if services are not completed within time frame of projects, which can lead to over budgeted projects or insufficient funding for such projects or services.

RECOMMENDATION: The Town is required to maintain agreements and related documentation of all professional, independent contractors. This will allow the Town to budget for these expenses.

CLIENT RESPONSE: The Town Clerk will obtain contracts for all professional, independent contractors as required by the New Mexico State Purchasing Regulations. This will be completed by June 30, 2016.

STATE OF NEW MEXICO
Town of Estancia
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2015

2015-002 Noncompliance with Procurement Process- Significant Deficiency

CONDITION: During our testwork of bids for service contracts, we identified one vendor where payment for services was more than \$60,000 for the fiscal year 2014-2015. This professional service was more than \$60,000 in one year, and was not conducted through the appropriate procurement process. No written bid proposals for the service was documented or performed by the Town. We noted that the Town currently has no Chief Procurement Officer assigned and has not completed the procurement officer training course.

CRITERIA: NMAC section 1.4.1, NMSA 1978 sections 13-1-1 to 13-1-199 and NMSA 1978 section 13-1-95.2 states that all purchasing contract services greater than \$60,000 must be accompanied with written bid proposals. This also includes assignment of a chief procurement officer and obtaining updated procurement regulation training.

CAUSE: The Town has not been updated with the recent procurement processes and therefore, was not aware of the procurement processes for contract services greater than \$60,000 which requires bid proposals for such services.

EFFECT: The Town is in violation of the state statute regarding procurement processes, rules and regulations.

RECOMMENDATION: The Town must select an employee to become the certified Chief Procurement Officer by attending the CPO training course provided by the State of NM. In addition, the Town should have all personnel in charge of reviewing and approving purchases to perform a review of the state statute regarding procurement rules and regulations ensuring compliance with procurements of services and other purchases.

CLIENT RESPONSE: The Town Clerk will assign and train a procurement officer to assist in adherence to the state procurement regulations. This will be completed before the end of June 30, 2016 fiscal year end.

STATE OF NEW MEXICO
Town of Estancia
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2015

2015-003 Lack of Controls over cash - Material Weakness

CONDITION: During our audit, we found significant, irregularities in Cash. The total cash balance as per the general ledger could not be reconciled with the cash report as per the Department of Finance Authority or the prior year's audit report. This resulted in an unexplained shortage of \$33,695 in cash. We also noted that in prior year's audit report, a decrease by \$20,362 was made in the cash accounts.

CRITERIA: NMSA 1978 sections 6-10-1 to 6-10-63 require proper management, handling and accountability of cash. This includes good accounting practices and generally accepted accounting practices require that the bank balances be reconciled appropriately to the general ledger.

CAUSE: It appears that the changes to transactions occurred after the reconciliation process was completed, resulting in a discrepancy between the QuickBooks file and the bank statement and reconciliation.

EFFECT: Bank reconciliations did not balance to the general ledger and unexplained discrepancies and adjustment were made without documentation of reasons or audit trail.

RECOMMENDATION: We recommend that the bank reconciliations be prepared after all transactions for the month have been entered and that the reconciled balance be compared to the general ledger and that there be no changes to the individual transactions after the date of reconciliation. Necessary adjustments should be made via journal entry and all supporting documentation should be retained. We have also advised the Town's key staff of their responsibility to inform the State Auditor's Office of the irregularities observed during audit.

CLIENT RESPONSE: The Town Clerk will verify that all reconciliations trace to the general ledger on a monthly basis. The Office of the State Auditor will be notified of the unusual and significant discrepancies observed during the audit. This will be completed immediately.

STATE OF NEW MEXICO
Town of Estancia
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2015

2015-004 Noncompliance with revenue collection policy - Significant Deficiency

CONDITION: During the performance of test work on the accounts receivable for utility customers, it was determined that the revenue collection procedures were not followed according to the Town of Estancia Ordinance as written. During the test work, there were six (6) instances of delinquent accounts out of forty (40) accounts tested where water should have been shut off and a lien should have been placed. One account was found to have a balance which had been past due for over a year in the amount of \$6,712.67. As of June 30, 2015, there are uncollected water revenue and uncollected fees of \$3,912.61.

CRITERIA: The Town of Estancia Ordinance for Collection of Unpaid and Overdue Charges No. 9-1-6 and No. 9-1-7 states the Town will discontinue utility services for accounts that are delinquent 30 days. For utility services not paid within 60 days of the due date, then the Town shall place a lien on the property serviced. Upon collection of revenues the Town will release the lien from the property.

EFFECT: The Town was not in compliance with their own Ordinance for Collection of Unpaid and Overdue Charges No. 9-1-6 and No. 9-1-7. The Town could potentially have financial loss, should a property be sold with a balance on the account if there is no lien on the property for underpayment of the customer's account.

CAUSE: Management made exceptions to the policy by not turning off the water, waiving the shut off/on fees, or not filing a lien on the property without board approval. Note that the account with the overdue balance of over a year, the Town was able to collect on this account and the account is no longer delinquent.

RECOMMENDATION: The Town's Board of Trustees has an approved Town of Estancia Ordinance for Collection of Unpaid and Overdue Charges for revenue collections and Town management and all personnel should strictly adhere to the policy. All exceptions to the policy require Town Trustees approval, therefore, the appeal process should be followed and final determination should be documented as support for management to adhere to. There should be written documentation of the appeal outcome between the Town Trustees and customers that is maintained in the customer delinquency file for each exception.

CLIENT RESPONSE: The Town Clerk will adhere to the enacted ordinance for Collection of Unpaid and Overdue Charges and train personnel accordingly. Written documentation will be maintained in a customer delinquency file. This will be implemented immediately.

STATE OF NEW MEXICO
Town of Estancia
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2015

2015-005 Lack of Controls over Payroll - Material Weakness, Control Deficiency

CONDITION: During our test work of payroll employees, we noted that the Town did not offer all employees PERA (Public Employee Retirement Association) benefits and for those not interested in participating, the Town did not obtain signed PERA exclusion forms from those waiving participation. We noted that eighteen (18) paychecks out of fifty-eight (58) paychecks tested where PERA employee and employer contributions were not calculated correctly and therefore the Town had underpaid PERA in total by \$55.86. We noted that an employee time sheet had not been approved by a supervisor. Additionally, the Town utilizes a separate QuickBooks accounting record for payroll transactions. We noted that the journal entry to record the payroll information from one set of QuickBooks to the other is being done incorrectly resulting in discrepancies in the General Ledger balances.

CRITERIA: NMAC section 2.80 must be followed regarding PERA rules on eligibility, membership, administration, etc. Also, NMSA 1978 section 6-5-2 "Internal Controls" states that proper internal controls should be designed and employed to prevent accounting errors and violations of state and federal law and rules related to financial matters, including payroll. GAAP requirements and accounting principles must be followed for recording and maintaining proper accounting records.

CAUSE: Management was unaware of the PERA requirements associated with part time and seasonal/temporary employees. This appears to be a systemic issue on PERA coverages. Management was unaware of the new contribution rates for the fiscal year 2014-2015 and therefore PERA rates had been under reported. We did note that those PERA contributions appear to have been calculated and reported correctly as of February 2015. Management did not verify time sheet authorization prior to processing payroll. Management has two sets of QuickBooks, one for payroll and one for all other accounting records. Management did not ensure proper accounting practices, when conducting payroll transfers between, the payroll QuickBooks accounting file and the general ledger QuickBooks accounting file.

EFFECT: The Town is not in compliance with PERA requirements which can lead to missed opportunities for those interested in participating in PERA, inadequate documentation for those waiving to participate in PERA, and inaccurate reporting and contributions of PERA contributions affecting understated tax and benefit liabilities/expenditures on budgets and tax reporting reconciliation. By not reviewing all employee timesheets for proper authorization, management is unable to determine if the wages recorded are accurate and are eligible for payment. This can potentially lead to incorrect payroll disbursements. Separate files between payroll and the General Ledger can cause confusion and lead to inaccurate recordkeeping in the Town's accounting records.

RECOMMENDATION: We recommend that the appropriate Town staff acquire training on the requirements administered by the Public Employees Retirement Association (PERA). This will allow payroll staff to be knowledgeable with regards to PERA requirements which can include: PERA contribution rates for the employee and the employer, who is eligible to receive PERA benefits, what are the forms and the processes when hiring part time and/or seasonal/temporary employees. The Town should have payroll staff perform a review of all employee timesheets to ensure that all wages reported on the employee timesheets have been authorized and accurate. Additionally, the Town should consolidate the payroll QuickBooks accounting file and the General Ledger QuickBooks file. QuickBooks accounting software has the capabilities of conducting payroll transactions within the same file.

CLIENT RESPONSE: The Town Clerk will ensure that PERA requirements will be followed and properly maintained. Timesheets will be reviewed to ensure that all hours worked and recorded is authorized and accurate. Time clock will be installed to help with employee time worked records. The Town will be converting to a new accounting software before the end of the June 30, 2016 fiscal year end.

STATE OF NEW MEXICO
Town of Estancia
OTHER DISCLOSURES
Year Ended June 30, 2015

A. AUDITOR PREPARED FINANCIAL STATEMENTS

It would be preferred and desirable for the Town to prepare its own GAAP-basis financial statements; however, it was determined that the Town's Fee Accountant, a CPA, is qualified to perform this task, but does not have the time to prepare them. Although the financial statements are the responsibility of the Town, the preparation of those statements was included in the contract as services to be provided by the auditor. As such 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 16, 2015. The following individuals were in attendance.

Town of Estancia

Sylvia Chavez, Mayor

Stella Chavez, Trustee

Michelle Dunlap, Deputy Clerk/Treasurer

Renea Calhoun, Fee Accountant

Precision Accounting LLC

Melissa R. Santistevan, CPA, CFE, CICA,
CGMA

Steve Folkes, Quality Manager