

**STATE OF NEW MEXICO
VILLAGE OF FLOYD**

**AUDITED FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION
JUNE 30, 2015**

Woodard , Cowen & Co.

Certified Public Accountants

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STATE OF NEW MEXICO
Village of Floyd
JUNE 30, 2015

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STATE OF NEW MEXICO
VILLAGE OF FLOYD

OFFICIAL ROSTER

June 30, 2015

VILLAGE COUNCIL

| | |
|--------------------------|--------|
| Mr. Colin Chandler | Mayor |
| Mr. Larry Griffin | Member |
| Mr. James Love | Member |
| Mr. Harold Nixon | Member |
| Ms. Yantie Love Mitchell | Member |

VILLAGE ADMINISTRATION

| | |
|----------------------|-----------------|
| Ms. Toni Whitecotton | Clerk/Treasurer |
|----------------------|-----------------|

Woodard, Cowen & Co.

Certified Public Accountants

Independent Auditor's Report

Mr. Timothy Keller
New Mexico State Auditor
Honorable Mayor and Village Council
Village of Floyd
Floyd, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of the Village of Floyd (the Village), as of and for the year ended June 30, 2015, and the related notes to the financial statements which collectively comprise the Village's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Village's nonmajor governmental, nonmajor enterprise, and the budgetary comparisons for the 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.

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 from material misstatement.

An audit involves performing procedures to obtain audit 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 entity'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 entity'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

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Clovis: PO Box 1874, 116 E. Grand Avenue Clovis NM, 88101 Phone: 575-762-3811 Fax: 575-762-3866

estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village, as of June 30, 2015, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental, nonmajor enterprise, and fiduciary fund of the Village as of June 30, 2015, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

The District has omitted the Management Discussion and Analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by the omission of the Management Discussion and Analysis.

Our audit was conducted for the purpose of forming opinions on the Village's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The Schedule of Changes in Assets and Liabilities – Agency Fund, the Bank Summary, and the Schedule of Pledged Collateral required by Section 2.2.2.NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Changes in Assets and Liabilities – Agency Fund, the Bank Summary and the Schedule of Pledged Collateral are the responsibility of management and were derived from and relate 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 statements 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 the auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Changes in Assets and Liabilities – Agency Fund, the Bank Summary and the Schedule of Pledged Collateral are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

The Schedule of Vendor Information schedule on pages 34 and 35 of this report has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 12, 2016 on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Village's internal control over financial reporting and compliance.

Woodard, Lawen & Co.

Portales, New Mexico
January 12, 2016

STATE OF NEW MEXICO
VILLAGE OF FLOYD
STATEMENT OF NET POSITION

June 30, 2015

| | Governmental Activities | Business Type Activities | Total |
|--|----------------------------|-----------------------------|----------------------------|
| <u>ASSETS</u> | | | |
| Current Assets | | | |
| Cash and cash equivalents | \$ 101,831 | \$ - | \$ 101,831 |
| Accounts Receivable | 1,027 | - | 1,027 |
| Due From Other Agencies | - | - | - |
| Total Current Assets | <u>102,858</u> | <u>-</u> | <u>102,858</u> |
| Restricted Assets (Cash) | <u>71,690</u> | <u>-</u> | <u>71,690</u> |
| Total Restricted Assets | <u>71,690</u> | <u>-</u> | <u>71,690</u> |
| Capital Assets | | | |
| Land | 74,128 | 16,500 | 90,628 |
| Land Improvements | 18,877 | 70,000 | 88,877 |
| Equipment | 48,904 | - | 48,904 |
| Vehicles | 921,180 | - | 921,180 |
| Heavy Equipment | 82,500 | - | 82,500 |
| Buildings and Improvements | 664,349 | - | 664,349 |
| Plant/Infrastructure | - | 1,869,701 | 1,869,701 |
| Total Capital Assets | <u>1,809,938</u> | <u>1,956,201</u> | <u>3,766,139</u> |
| Less Accumulated depreciation | (1,062,176) | (1,163,676) | (2,225,852) |
| Total Capital Assets (net of accumulated depreciation) | <u>747,762</u> | <u>792,525</u> | <u>1,540,287</u> |
| TOTAL ASSETS | <u><u>\$ 922,310</u></u> | <u><u>\$ 792,525</u></u> | <u><u>\$ 1,714,835</u></u> |
| <u>LIABILITIES</u> | | | |
| Current Liabilities | | | |
| Accounts Payable | \$ 2,165 | \$ - | \$ 2,165 |
| NMFA Loan (current portion) | 34,092 | 2,429 | 36,521 |
| Non-current: | | | |
| NMFA Loan payable | <u>180,827</u> | <u>36,675</u> | <u>217,502</u> |
| TOTAL LIABILITIES | <u>217,084</u> | <u>39,104</u> | <u>256,188</u> |
| <u>NET POSITION</u> | | | |
| Net Investment in Capital Assets | 532,843 | 753,421 | 1,286,264 |
| Restricted for: | | | |
| Capital Projects | 36,436 | - | 36,436 |
| Debt Service | 1,049 | - | 1,049 |
| Unrestricted | <u>134,898</u> | <u>-</u> | <u>134,898</u> |
| TOTAL NET POSITION | <u>705,226</u> | <u>753,421</u> | <u>1,458,647</u> |
| TOTAL LIABILITIES AND NET POSITION | <u><u>\$ 922,310</u></u> | <u><u>\$ 792,525</u></u> | <u><u>\$ 1,714,835</u></u> |

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

STATE OF NEW MEXICO
VILLAGE OF FLOYD
STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2015

| Functions/Programs | Program Revenues | | | | Net (Expenses) Revenue and Changes in Net Position | | |
|---|-------------------|----------------------|------------------------------------|----------------------------------|--|--------------------------|---------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Governmental Activities | Business-Type Activities | Total |
| Primary government: | | | | | | | |
| Governmental activities: | | | | | | | |
| General government | \$ 86,363 | \$ - | \$ 3,296 | \$ - | \$ (83,067) | \$ - | \$ (83,067) |
| Highways and streets | 7,508 | - | - | - | (7,508) | - | (7,508) |
| Public safety | 77,734 | 2,912 | 121,717 | - | 46,895 | - | 46,895 |
| Health and welfare | - | - | - | - | - | - | - |
| Culture and recreation | 15,722 | - | 11,998 | - | (3,724) | - | (3,724) |
| Interest | 5,929 | - | - | - | (5,929) | - | (5,929) |
| Depreciation-unallocated | 61,500 | - | - | - | (61,500) | - | (61,500) |
| Total governmental activities | 254,756 | 2,912 | 137,011 | - | (114,833) | - | (114,833) |
| Business-type activities: | | | | | | | |
| Water services | 128,225 | 22,926 | - | - | - | (105,299) | (105,299) |
| Solid waste services | 20,231 | 12,400 | - | - | - | (7,831) | (7,831) |
| Total business-type activities | 148,456 | 35,326 | - | - | - | (113,130) | (113,130) |
| Total all activities | \$ 403,212 | \$ 38,238 | \$ 137,011 | \$ - | \$ (114,833) | \$ (113,130) | \$ (227,963) |
| General revenues: | | | | | | | |
| Property taxes | | | | | \$ 1,913 | \$ - | \$ 1,913 |
| Gross receipts taxes | | | | | 13,472 | - | 13,472 |
| Gasoline taxes | | | | | 5,231 | - | 5,231 |
| Motor vehicle taxes | | | | | 242 | - | 242 |
| State aid not restricted to special purpose | | | | | 90,000 | - | 90,000 |
| General transfers | | | | | (10,656) | 10,656 | - |
| Investment earnings | | | | | 317 | 2 | 319 |
| Total general revenues | | | | | 100,519 | 10,658 | 111,177 |
| Change in net position | | | | | (14,314) | (102,472) | (116,786) |
| Net position - beginning | | | | | 722,397 | 853,036 | 1,575,433 |
| Restatement | | | | | (2,857) | 2,857 | - |
| Restated Beginning Net Position | | | | | 719,540 | 855,893 | 1,575,433 |
| Net position - ending | | | | | \$ 705,226 | \$ 753,421 | \$ 1,458,647 |

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

STATE OF NEW MEXICO
 VILLAGE OF FLOYD

BALANCE SHEET-- GOVERNMENTAL FUNDS

June 30, 2015

| | GENERAL | FIRE PROTECTION | NON-MAJOR GOVERNMENTAL FUNDS | Total GOVERNMENTAL FUNDS |
|---|-------------------|--------------------|------------------------------------|--------------------------------|
| ASSETS | | | | |
| Cash on Deposit | \$ 125,648 | \$ 47,873 | \$ - | \$ 173,521 |
| Due from Other Funds | - | - | - | - |
| Due from Other Governments | - | - | - | - |
| Due From External Funds | - | - | - | - |
| Accounts Receivable | 1,027 | - | - | 1,027 |
| TOTAL ASSETS | \$ 126,675 | \$ 47,873 | \$ - | \$ 174,548 |
| LIABILITIES | | | | |
| Due to Other Funds | \$ - | \$ - | \$ - | \$ - |
| Accounts Payable | 2,165 | - | - | 2,165 |
| TOTAL LIABILITIES | 2,165 | - | - | 2,165 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unearned Revenue | - | - | - | - |
| TOTAL DEFERRED INFLOWS OF RESOURCES | - | - | - | - |
| FUND BALANCE | | | | |
| Non-spendable | - | - | - | - |
| Restricted | 49,894 | 47,873 | - | 97,767 |
| Committed | - | - | - | - |
| Unassigned | 74,616 | - | - | 74,616 |
| TOTAL FUND BALANCE | 124,510 | 47,873 | - | 172,383 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE | \$ 126,675 | \$ 47,873 | \$ - | \$ 174,548 |

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

STATE OF NEW MEXICO
 VILLAGE OF FLOYD
 RECONCILIATION OF THE BALANCE SHEET
 ALL GOVERNMENTAL FUNDS TO THE
 STATEMENT OF NET POSITION

June 30, 2015

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

| | | | |
|--|--------------------|----|-----------------------|
| Fund Balances - total governmental funds | | \$ | 172,383 |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds | | | |
| Total cost of capital assets | 1,809,938 | | |
| Accumulated depreciation | <u>(1,062,176)</u> | | |
| | | | 747,762 |
| Long-term and certain other liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term and other liabilities and year-end consist of: | | | |
| NMFA Loan | | | <u>(214,919)</u> |
| Net position of governmental activities | | \$ | <u><u>705,226</u></u> |

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

STATE OF NEW MEXICO
VILLAGE OF FLOYD

STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE-- GOVERNMENTAL FUNDS

Year Ended June 30, 2015

| | GENERAL | FIRE PROTECTION | NON-MAJOR GOVERNMENTAL FUNDS | TOTAL GOVERNMENTAL FUNDS |
|---|-------------------|--------------------|------------------------------------|--------------------------------|
| REVENUE | | | | |
| Taxes | \$ 1,913 | \$ - | \$ - | \$ 1,913 |
| Charges for services | 100 | - | 2,912 | 3,012 |
| Licenses and permits | - | - | - | - |
| Fines and forfeitures | - | - | - | - |
| Local sources | 3,196 | 14,122 | 1,035 | 18,353 |
| State sources | 90,000 | 100,264 | 15,748 | 206,012 |
| Federal sources | - | - | 2,546 | 2,546 |
| State shared taxes | 18,945 | - | - | 18,945 |
| Earnings from investments | 140 | 177 | - | 317 |
| TOTAL REVENUES | 114,294 | 114,563 | 22,241 | 251,098 |
| EXPENDITURES | | | | |
| Current | | | | |
| General government | 86,363 | - | - | 86,363 |
| Highways and streets | 7,508 | - | - | 7,508 |
| Public safety | - | 65,326 | 12,408 | 77,734 |
| Health & welfare | - | - | - | - |
| Culture and recreation | 4,239 | - | 11,483 | 15,722 |
| Capital outlay | - | 10,455 | - | 10,455 |
| NMFA principal | 11,046 | 22,320 | - | 33,366 |
| NMFA interest | 1,598 | 4,331 | - | 5,929 |
| TOTAL EXPENDITURES | 110,754 | 102,432 | 23,891 | 237,077 |
| EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES | 3,540 | 12,131 | (1,650) | 14,021 |
| Other Financing Sources | | | | |
| Bond Proceeds | - | - | - | - |
| Sale of Equipment | - | - | - | - |
| Bond Premium | - | - | - | - |
| Transfers In<Out> | (9,964) | (2,165) | 1,473 | (10,656) |
| Total Other Financial Sources | (9,964) | (2,165) | 1,473 | (10,656) |
| Net Change In Fund Balances | (6,424) | 9,966 | (177) | 3,365 |
| FUND BALANCE | | | | |
| June 30, 2014 | 137,394 | 37,907 | (3,427) | 171,874 |
| Restatement | (6,460) | - | - | (6,460) |
| Restated Fund Balance June 30, 2013 | 130,934 | 37,907 | (3,427) | 165,414 |
| FUND BALANCE June 30, 2015 | \$ 124,510 | \$ 47,873 | \$ (3,604) | \$ 168,779 |

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

STATE OF NEW MEXICO
 VILLAGE OF FLOYD
 RECONCILIATION OF THE STATEMENT OF REVENUES,
 EXPENDITURES, AND CHANGES IN FUND BALANCE -
 ALL GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2015

| | | |
|---|----|-------|
| Net change in fund balance - total governmental funds | \$ | 3,365 |
|---|----|-------|

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which depreciation expense exceeds capital outlays in the period.

| | | |
|--|---------------|-----------------|
| Depreciation expense | (61,500) | |
| Capital outlays | <u>10,455</u> | |
| Excess of capital outlay over depreciation expense | | <u>(51,045)</u> |

The issuance of long-term debt provides current financial resources to governmental funds while the repayment of the principal of the principal of long-term debt consumes the current financial resources of governmental funds. Repayment of loans payable is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the Statement of Activities

| | | |
|-----------------------------|---------------|---------------|
| Loan proceeds | - | |
| Repayment of long-term debt | <u>33,366</u> | |
| | | <u>33,366</u> |

| | | |
|---|--|--------------------|
| Change in net assets of governmental activities | | <u>\$ (14,314)</u> |
|---|--|--------------------|

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

STATE OF NEW MEXICO
VILLAGE OF FLOYD

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL--GENERAL FUND

Year Ended June 30, 2015

| | ORIGINAL BUDGET | ADJUSTED BUDGET | ACTUAL | VARIANCE Favorable (Unfavorable) |
|--------------------------------------|--------------------|--------------------|-------------------|--|
| REVENUE | | | | |
| Taxes | \$ 1,451 | \$ 1,901 | \$ 1,901 | \$ - |
| Charges for services | - | 100 | 100 | - |
| Licenses and permits | - | - | - | - |
| Fines and forfeitures | - | - | - | - |
| Local sources | - | 2,161 | 3,196 | 1,035 |
| State sources | 90,000 | 90,000 | 90,000 | - |
| Federal sources | - | - | - | - |
| State shared taxes | 10,204 | 15,022 | 18,582 | 3,560 |
| Earnings from investments | - | - | 140 | 140 |
| TOTAL REVENUE | \$ 101,655 | \$ 109,184 | \$ 113,919 | \$ 4,735 |
| EXPENDITURES | | | | |
| Current | | | | |
| General government | \$ 95,000 | \$ 94,911 | \$ 84,198 | \$ 10,713 |
| Highways and Streets | - | - | 7,508 | (7,508) |
| Public safety | - | - | - | - |
| Health and welfare | - | - | - | - |
| Culture and recreation | - | - | 4,239 | (4,239) |
| Capital outlay | - | - | - | - |
| Debt Service | | | | |
| NMFA Principal | - | - | 11,046 | (11,046) |
| NMFA Interest | - | - | 1,598 | (1,598) |
| TOTAL EXPENDITURES | \$ 95,000 | \$ 94,911 | \$ 108,589 | \$ (13,678) |
| OTHER FINANCING SOURCES | | | | |
| Loan proceeds | \$ - | \$ - | \$ - | \$ - |
| Operating transfers in | 4,762 | 4,525 | 15,922 | (11,397) |
| Operating transfers out | (25,301) | (23,720) | (25,886) | 2,166 |
| TOTAL OTHER FINANCING SOURCES | \$ (20,539) | \$ (19,195) | \$ (9,964) | \$ (9,231) |
| BUDGETED CASH BALANCE | \$ - | \$ - | | |
| REVENUE | | | | |
| Budgetary basis | | | \$ 113,919 | |
| Prior year accounts receivable | | | (652) | |
| Current year accounts receivable | | | 1,027 | |
| Modified accrual basis | | | <u>\$ 114,294</u> | |
| EXPENDITURES | | | | |
| Budgetary basis | | | \$ 108,589 | |
| Prior year accounts payable | | | - | |
| Current year accounts payable | | | 2,165 | |
| Modified accrual basis | | | <u>\$ 110,754</u> | |

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

STATE OF NEW MEXICO
VILLAGE OF FLOYD

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL--FIRE PROTECTION

Year Ended June 30, 2015

| | ORIGINAL BUDGET | ADJUSTED BUDGET | ACTUAL | VARIANCE Favorable (Unfavorable) |
|--------------------------------------|--------------------|--------------------|-------------------|--|
| REVENUE | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Charges for services | - | - | - | - |
| Licenses and permits | - | - | - | - |
| Fines and forfeitures | - | - | - | - |
| Local sources | - | 15,788 | 14,122 | (1,666) |
| State sources | 70,000 | 71,997 | 100,264 | 28,267 |
| Federal sources | - | - | - | - |
| State shared taxes | - | - | - | - |
| Earnings from investments | - | - | 177 | 177 |
| TOTAL REVENUE | \$ 70,000 | \$ 87,785 | \$ 114,563 | \$ 26,778 |
| EXPENDITURES | | | | |
| Current | | | | |
| General government | \$ - | \$ - | \$ - | \$ - |
| Public safety | 86,288 | 75,831 | 65,326 | 10,505 |
| Health and welfare | - | - | - | - |
| Culture and recreation | - | - | - | - |
| Capital outlay | - | - | 10,455 | (10,455) |
| Debt Service | | | | |
| NMFA Principal | - | - | 22,320 | (22,320) |
| NMFA Interest | - | - | 4,331 | (4,331) |
| TOTAL EXPENDITURES | \$ 86,288 | \$ 75,831 | \$ 102,432 | \$ (26,601) |
| OTHER FINANCING SOURCES | | | | |
| Loan proceeds | \$ - | \$ - | \$ - | \$ - |
| Operating transfers in | - | - | - | - |
| Operating transfers out | - | (2,165) | (2,165) | - |
| TOTAL OTHER FINANCING SOURCES | \$ - | \$ (2,165) | \$ (2,165) | \$ - |
| BUDGETED CASH BALANCE | \$ - | \$ - | | |
| REVENUE | | | | |
| Budgetary basis | | | \$ 114,563 | |
| Modified accrual basis | | | <u>\$ 114,563</u> | |
| EXPENDITURES | | | | |
| Budgetary basis | | | \$ 102,432 | |
| Modified accrual basis | | | <u>\$ 102,432</u> | |

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

STATE OF NEW MEXICO
VILLAGE OF FLOYD

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

| | WATER | SOLID WASTE | TOTAL |
|---|--------------------------|--------------------|--------------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash | \$ - | \$ - | \$ - |
| Accounts Receivable | - | - | - |
| Inventory | - | - | - |
| Total Current Assets | <u>-</u> | <u>-</u> | <u>-</u> |
| Non-Current Assets | | | |
| Restricted Assets (Cash) | | | |
| NMFA Reserves | - | - | - |
| Total Non-Current Assets | <u>-</u> | <u>-</u> | <u>-</u> |
| Capital Assets | | | |
| Land | 16,500 | - | 16,500 |
| Buildings | 70,000 | - | 70,000 |
| Plant/infrastructure | 1,869,701 | - | 1,869,701 |
| Accumulated depreciation | (1,163,676) | - | (1,163,676) |
| Total Capital Assets | <u>792,525</u> | <u>-</u> | <u>792,525</u> |
| TOTAL ASSETS | <u>\$ 792,525</u> | <u>\$ -</u> | <u>\$ 792,525</u> |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Due to other Funds | \$ - | \$ - | \$ - |
| Accounts Payable | - | - | - |
| NMFA Loan (current portion) | 2,429 | - | 2,429 |
| Total Current Liabilities | <u>2,429</u> | <u>-</u> | <u>2,429</u> |
| Long-Term Liabilities | | | |
| Compensated absences payable | - | - | - |
| NMFA Loan | 36,675 | - | 36,675 |
| Total Long-term Liabilities | <u>36,675</u> | <u>-</u> | <u>36,675</u> |
| TOTAL LIABILITIES | <u>39,104</u> | <u>-</u> | <u>39,104</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Unearned Revenue | - | - | - |
| TOTAL DEFERRED INFLOWS OF RESOURCES | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCE | | | |
| Net investment in capital assets | 753,421 | - | 753,421 |
| Restricted | | | |
| Debt Service | - | - | - |
| Unrestricted | - | - | - |
| TOTAL FUND BALANCE | <u>753,421</u> | <u>-</u> | <u>753,421</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE | <u>\$ 792,525</u> | <u>\$ -</u> | <u>\$ 792,525</u> |

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

STATE OF NEW MEXICO
VILLAGE OF FLOYD

STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2015

| | WATER | SOLID WASTE | TOTAL PROPRIETARY FUNDS |
|--|-------------------|----------------|-------------------------------|
| OPERATING REVENUE | | | |
| Sales and services | \$ 22,914 | \$ 12,400 | \$ 35,314 |
| Local source | 13 | - | 13 |
| State source | - | - | - |
| TOTAL OPERATING REVENUES | 22,927 | 12,400 | 35,327 |
| OPERATING EXPENSES | | | |
| Maintenance and operations | 26,025 | 20,231 | 46,256 |
| Depreciation | 101,785 | - | 101,785 |
| Total operating expense | 127,810 | 20,231 | 148,041 |
| Operating income (loss) | (104,883) | (7,831) | (112,714) |
| NON-OPERATING REVENUE (EXPENSE) | | | |
| Investment income | 2 | - | 2 |
| Investment expense | (415) | - | (415) |
| State Grant | - | - | - |
| Federal Grant | - | - | - |
| Total Non-Operating Revenue (Expense) | (413) | - | (413) |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (105,296) | (7,831) | (113,127) |
| OTHER FINANCING SOURCES (USES) | | | |
| TRANSFERS IN/ TRANSFERS OUT | 3,376 | 7,280 | 10,656 |
| TOTAL OTHER FINANCING SOURCES (USES) | 3,376 | 7,280 | 10,656 |
| Net Change In Net Position | (101,920) | (551) | (102,471) |
| NET POSITION | | | |
| June 30, 2014 | 852,485 | 551 | 853,036 |
| Restatement | 2,856 | - | 2,856 |
| Restated Net Position June 30, 2014 | 855,341 | 551 | 855,892 |
| June 30, 2015 | \$ 753,421 | \$ - | \$ 753,421 |

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

STATE OF NEW MEXICO
VILLAGE OF FLOYD
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
June 30, 2015

| | WATER | SOLID WASTE | TOTALS |
|---|-----------------|-------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Cash received from customers | \$ 25,454 | \$ 12,951 | \$ 38,405 |
| Cash received from local sources | 13 | - | 13 |
| Cash received from state sources | - | - | - |
| Cash payments to employees and to suppliers for goods and services | (26,025) | (20,231) | (46,256) |
| Net cash provided by operating activities | <u>(558)</u> | <u>(7,280)</u> | <u>(7,838)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | |
| Loan proceeds | - | - | - |
| Principal paid | (2,405) | - | (2,405) |
| Acquisition of capital assets | - | - | - |
| Investment expense | (415) | - | (415) |
| Net cash provided (used) by capital and related financing activities | <u>(2,820)</u> | <u>-</u> | <u>(2,820)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | |
| Cash received from state sources | - | - | - |
| Cash received from federal sources | - | - | - |
| Operating transfers from other funds | 12,608 | 7,280 | 19,888 |
| Operating transfers to other funds | (9,232) | - | (9,232) |
| Net cash provided (used) by noncapital financing activities | <u>3,376</u> | <u>7,280</u> | <u>10,656</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Investment income | 2 | - | 2 |
| Net cash provided by investing activities | <u>2</u> | <u>-</u> | <u>2</u> |
| Net increase (decrease) in cash | - | - | - |
| Cash, beginning of year | - | - | - |
| Cash, end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES | | | |
| Operating income (loss) | (104,883) | (7,831) | (112,714) |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | |
| Depreciation | 101,785 | - | 101,785 |
| Changes in assets and liabilities: | | | |
| (Increase) decrease in receivables | 2,540 | 551 | 3,091 |
| Increase (decrease) in accounts payable | - | - | - |
| Net cash provided (used) by operating activities | <u>\$ (558)</u> | <u>\$ (7,280)</u> | <u>\$ (7,838)</u> |

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

STATE OF NEW MEXICO
VILLAGE OF FLOYD
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

June 30, 2015

ASSETS

| | |
|-------------|-----------------|
| Pooled Cash | <u>\$ 7,581</u> |
|-------------|-----------------|

LIABILITIES AND FUND BALANCE

Liabilities:

| | |
|--------------------------|-----------------|
| Deposits Held for Others | <u>\$ 7,581</u> |
|--------------------------|-----------------|

| | |
|-------------------|-----------------|
| Total Liabilities | <u>\$ 7,581</u> |
|-------------------|-----------------|

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Floyd is incorporated under Section 3 New Mexico State Statutes Annotated 1978 Compilation operating under a Mayor-Council form of government and provides the following services as authorized: public safety (police and fire), highways and streets, sanitation, health and social services, culture-recreation and general administrative services.

The financial statements of the Village of Floyd have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Reporting Entity

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. 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, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, the Village of Floyd had no component units.

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 assets) report information on all of the non-fiduciary activities of the Village. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which are normally 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.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reports using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are billed. 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 revenues to be available of they are collected within 30 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 judgements, 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 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.

The government reports the following major governmental funds:

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.

The *Fire Protection Fund* (Special Revenue Fund) is to account for the operations and maintenance of the Fire Department. It is financed by a special allotment from the State Fire Marshall's Office. The authority is NMSA 59Q-53-1.

The Village reports the following Proprietary Fund types:

Enterprise Fund – Water Fund – To account for the provision of water services to the residents of Floyd, New Mexico. All activities necessary to provide these services are accounted for in this fund.

Enterprise Fund – Solid Waste Fund – To account for revenue and expenditures for the maintenance of the solid waste operations. All activities necessary to provide services are accounted for in this fund.

Additionally, the Village reports the following fund types:

Fiduciary Funds – Agency Funds

Agency Funds – To account for assets held by the government in a trustee capacity or as an agent on behalf of outside parties, including other governments, or on behalf of other funds within the Village.

Private-sector standards of accounting and financial reporting issued prior to November 30, 1989, generally are followed in both government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of the following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected to follow subsequent private- sector guidance.

As a general rule the effect of interfund activity has been eliminated from government-wide financial statements.

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the Village's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Village's general revenues. Program revenues include: 1) charges for services to taxpayers or applicants who purchase, use or directly benefit from the goods or services provided by the given function 2) program-specific operating grants

and contributions and 3) program-specified capital grants contributions including special assessments.

Internally dedicated resources are reports as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund is charged to customers for sales and services. The enterprise fund also recognized as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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.

D. Budgets and Budgetary Accounting

The Village follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to June 1, the Village Clerk-Treasurer submits to the Village Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them based on previous year's history. Public hearings are conducted at the Village Hall to obtain taxpayer comments. Prior to July 1, the budget is legally enacted through passage of an ordinance.
2. The Village Clerk-Treasurer is authorized to transfer budgeted amounts between departments within any fund; however, and revisions that alter the total expenditures of and funds must be approved by the Village Council and New Mexico State Department of Finance, Division of Local Governments. The original budget that was adopted in July, 1998 was amended during the fiscal year in a legally permissible manner.
3. Formal budgetary integration is employed as a management control devise during the year for the General Fund, Special Revenue Funds, and Capital Project Funds.
4. Encumbrances are not reported in the budgets or financial statements.
5. The level of classification detail in which expenditures of expenses may not legally exceed appropriations for each budget is in budget total. Appropriations lapse at year end.
6. Budgets for the General and Special Revenue Funds are adopted on a basis not consistent with generally accepted accounting principles. Throughout the year the accounting records are maintained on the Non-GAAP basis of cash receipts and disbursements. Accordingly, certain revenues and he related assets are recognized when paid rather than when the obligation is incurred. The financial statements are presented on t eh modified accrual basis of accounting. Budgetary comparisons presented for General and Special Revenue Funds in this report are on the Non-GAAP budgetary basis and actual (cash basis). The budget of the Enterprise Fund is adopted on a Non-GAAP cash basis.

E. Cash and Investments

Cash includes amounts in demand deposits as well as short-term investments with a maturity of six months from the date acquired by the government. State statues authorize the government to invest in obligations of the U.S. Treasury, interest bearing accounts with local financial institutions and the State Treasurer Pool. New Mexico Statues require that financial institutions with public monies on deposit pledge collateral, to the owners of such monies, in an amount not less than 50% of the public monies held on deposit. Collateral pledges is held in safekeeping by other financial institutions, with safekeeping receipts held by the Village. The pledges securities remain in the name of the financial institution.

F. Inventories

The cost of inventories are recorded as expenditures when purchased rather than when consumed.

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns 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. This is an increase from the \$1,000 threshold reported in prior years. This is a change in accounting estimate. All previously reported Capital Assets that do not meet the updated amount will be depreciated currently and in future periods until they are fully depreciated. Donated Capital Assets are recorded at their estimated fair value at the date of donation. Additions improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1979) are included as part of the governmental capital assets reported in the government wide statements. The cost 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. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

| <u>Assets</u> | <u>Years</u> |
|------------------------------|--------------|
| Building | 50 |
| Building Improvements | 50 |
| Public domain infrastructure | 30 – 50 |
| System infrastructure | 30 – 50 |
| Vehicles | 3 to 15 |
| Equipment | 3 to 15 |

The Village does not capitalize computer software or software developed for internal use (if applicable) unless it exceeds the \$5,000 threshold.

H. Compensated Absences

The Village does not allow any vacation or sick leave to accrue and carry forward at the end of each fiscal year.

I. Long-Term Obligations

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

J. Taxes

Motor Vehicle Registration Fees – Under the provisions of Chapter 66, Article 6, NMSA 1978, the State of New Mexico collects various fees for the registration and regulation of motor vehicles in the state. Of the amount collected, certain specified amounts are distributed to various governmental agencies within the State, including; the Motor Vehicle Division, State Road fund, municipalities, and counties. After certain priority payments, as detailed in 66-6-23 NMSA 1978 have been made, a portion of the remaining fees held in the motor vehicle suspense fund are distributed as required in 66-23 B (4) and 66-6-23 B (5). These distributions are commonly referred to as the 10% and 15% motor vehicle tax distributions.

Gasoline – The State of New Mexico, by authority of Chapter 7, Article 13 NMSA 1978, imposed an excise tax on \$0.17 on each gallon of gasoline received in New Mexico. Of the total gasoline taxes received, a portion is distributed to the various municipalities within the State pursuant to Chapter 7, Article 1-6.9 NMSA 1978 and Chapter 7, Article 1-6.27 NMSA 1978.

Municipal Gross Receipts Tax – Under authority of Chapter 7, Articles 19 and 19D, NMSA 1978, The Village adopted gross receipts taxing through ordinance. Said ordinance provide for the imposition of gross receipts taxes on all non-exempt persons engaging in business in the municipality. The tax is collected by the state of New Mexico and remitted to the Village after deducting certain administrative costs.

State Gross Receipts Tax – Under authority of Chapter 7, Article 1, NMSA 1978, the State of New Mexico imposes a gross receipts tax on all businesses within the State. Of the total collected, 1.225% of the taxable gross receipts are distributed to the municipality reporting the taxable receipts.

K. Restricted Assets

Certain long-term assets in the proprietary funds are classified as restricted assets on the balance sheet because their use is limited to payments for debt service or other purpose such as “deposits held in trust for others”.

L. Net Position

The governmental activities and business-type activities financial statements utilize a net assets presentation. Net assets are categorized as follows:

Net Investment in Capital Assets – This category reflects the portion of net assets that are associated with capital assets less outstanding capital asset related debt.

Restricted Net Position – This category reflects the portion of net assets that have third party limitation on their use.

Unrestricted Net Position – This category reflects net assets of the Village not restricted for any project or other purpose.

M. Fund Balance

Fund balance is divided into five classifications based primarily in the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted – Fund balance is reported as restricted when constraints placed on the use of Resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (Village ordinance).

Enabling legislation authorizes the Village to assess, levy, charge, or otherwise mandates payment of resources (from external resource providers) and included a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Village can be compelled by an external party – such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposed specified legislation.

Committed – The committed fund balance classification includes amount that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of the Village Council. Those committed amounts cannot be used for any other purpose unless the Village Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the Village Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposed but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Village Council or the Village official delegated that authority by the Village Council or ordinance.

Unassigned – Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts have been restricted, committed, or assigned.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first

followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

N. 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.

O. Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village carries commercial insurance for these risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting for these risks have not exceeded commercial insurance coverage in the current fiscal year.

2. DEPOSITORY COLLATERAL

According to the Federal Deposit Insurance Authority, public unit deposits are funds owned by the Village's Time deposits, savings deposits and interest bearing NOW accounts of a public until 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.

Custodial Credit Risk – Deposits – Custodial Credit Risk is the risk that in the event of bank failure, the Village's deposits may not be returned to it. The Village does not have a deposit policy for custodial credit risk. As of June 30, \$0 of the Village's bank balance is \$174,571 was exposed to custodial credit.

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

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.

The amount held at the New Mexico Finance Authority totaling \$71,690 is collateralized within the NMFA guidelines. The information is not available by individual Agency but the financial statements for the NMFA are available by writing to the New Mexico Finance Authority, 207 Shelby Street, Santa Fe, NM 87501

STATE OF NEW MEXICO
VILLAGE OF FLOYD
Notes to the Financial Statements
June 30, 2015

3. ACCOUNTS RECEIVABLE

Receivables as of June 30, including the applicable allowances for uncollectible accounts, are as follows:

| | Governmental Activities | Business-type Activities |
|---------------------------------------|----------------------------|-----------------------------|
| Receivables from customers | \$ - | \$ - |
| Less: Allowance for doubtful accounts | - | - |
| Subtotal | - | - |
| Property tax | 12 | - |
| Gross Receipts tax | 586 | - |
| Gasoline tax | 424 | - |
| Motor Vehicle | 5 | - |
| Subtotal | 1,027 | - |
| Total Accounts Receivable | <u>1,027</u> | <u>-</u> |

4. CAPITAL ASSETS

The amount of property, plant and equipment in the Governmental-Type Activities consists of the following:

| | Balance June 30, 2014 | Additions | Deletions | Balance June 30, 2015 |
|--|--------------------------|-------------------|-------------|--------------------------|
| Capital assets not being depreciated | | | | |
| Land | \$ 74,128 | \$ - | \$ - | \$ 74,128 |
| Total capital assets not being depreciated | 74,128 | - | - | 74,128 |
| Capital assets being depreciated | | | | |
| Land Improvements | 8,422 | 10,455 | - | 18,877 |
| Buildings and improvements | 664,349 | - | - | 664,349 |
| Vehicles | 921,180 | - | - | 921,180 |
| Heavy equipment | 82,500 | - | - | 82,500 |
| Equipment | 48,904 | - | - | 48,904 |
| Total capital assets being depreciated | 1,725,355 | 10,455 | - | 1,735,810 |
| Less: Accumulated depreciation | | | | |
| Land improvements | 5,054 | 1,727 | - | 6,781 |
| Buildings and improvements | 238,995 | 14,575 | - | 253,570 |
| Vehicles | 685,233 | 35,986 | - | 721,219 |
| Heavy equipment | 38,810 | 4,843 | - | 43,653 |
| Equipment | 32,584 | 4,369 | - | 36,953 |
| Total Accumulated depreciation | 1,000,676 | 61,500 | - | 1,062,176 |
| Net Capital assets being depreciated | 724,679 | (51,045) | - | 673,634 |
| Total Net Capital assets | <u>\$ 798,807</u> | <u>\$(51,045)</u> | <u>\$ -</u> | <u>\$ 747,762</u> |

STATE OF NEW MEXICO
VILLAGE OF FLOYD
Notes to the Financial Statements
June 30, 2015

The amount of property, plant and equipment in the Business-Type Activities consists of the following:

| | Balance June 30, 2014 | Additions | Deletions | Balance June 30, 2015 |
|--|--------------------------|---------------------|-------------|--------------------------|
| Capital assets not being depreciated | | | | |
| Land | \$ 16,500 | \$ - | \$ - | \$ 16,500 |
| Total Capital assets not being depreciated | 16,500 | - | - | 16,500 |
| Capital assets being depreciated | | | | |
| Buildings and improvements | 70,000 | - | - | 70,000 |
| Infrastructure | 1,869,701 | - | - | 1,869,701 |
| Total Capital assets being depreciated | 1,939,701 | - | - | 1,939,701 |
| Less: Accumulated depreciation | | | | |
| Buildings and improvements | 70,000 | - | - | 70,000 |
| Infrastructure | 991,891 | 101,785 | - | 1,093,676 |
| Total Accumulated depreciation | 1,061,891 | 101,785 | - | 1,163,676 |
| Net Capital assets being depreciated | 877,810 | (101,785) | - | 776,025 |
| Total Net Capital assets | <u>\$ 894,310</u> | <u>\$ (101,785)</u> | <u>\$ -</u> | <u>\$ 792,525</u> |

5. LONG-TERM LIABILITIES

A. Changes in Long-Term Liabilities

Governmental Funds

During the year ended June 30, the following changes occurred in the liabilities reported in the Governmental Funds:

| | Balance June 30, 2014 | Additions | Deletions | Balance June 30, 2015 | Due Within One Year |
|-----------|--------------------------|-------------|------------------|--------------------------|------------------------|
| NMFA Loan | \$ 144,316 | \$ - | \$ 22,320 | \$ 121,996 | \$ 22,982 |
| NMFA Loan | 103,969 | - | 11,046 | 92,923 | 11,110 |
| Total | <u>\$ 248,285</u> | <u>\$ -</u> | <u>\$ 33,366</u> | <u>\$ 214,919</u> | <u>\$ 34,092</u> |

The Village entered into a loan agreement with the New Mexico Finance Authority evidencing a special limited obligation of the Village to pay a principal amount of \$213,507 and interest for the purpose of defraying the cost or acquiring a fire station for the Village's fire department. The Village has pledged future State Fire Fund revenues to pay the loan. The yearly payments are to be redirected from the Village's share of the State Fire Fund revenues to the NMFA. Total annual principal and interest payments for the repayment of the loan are expected to require 27% of the yearly State Fire Allotment. The interest rate is 2.86% to 3.30%. The maturity date is May 1, 2020.

STATE OF NEW MEXICO
VILLAGE OF FLOYD
Notes to the Financial Statements
June 30, 2015

| Due Year Ending June 30 | Principal | Interest | Total |
|----------------------------|-------------------|------------------|-------------------|
| 2016 | \$ 22,982 | \$ 3,668 | \$ 26,650 |
| 2017 | 23,667 | 2,983 | 26,650 |
| 2018 | 24,375 | 2,275 | 26,650 |
| 2019 | 25,107 | 1,543 | 26,650 |
| 2020 | 25,865 | 785 | 26,650 |
| Total | <u>\$ 121,996</u> | <u>\$ 11,254</u> | <u>\$ 133,250</u> |

The liability will be liquidated by the Fire Protection Fund.

The Village entered into a loan agreement with the New Mexico Finance Authority evidencing a special limited obligation of the Village to pay a principal amount of \$125,954 and interest for the purpose of defraying the cost of acquiring land and water improvements for the Village. The Village has pledged future Gross Receipts Tax revenues to pay the loan. The yearly payments are to be redirected from the Village's share of the General Fund Gross Receipts Tax Revenues to the NMFA. Total annual principal and interest payments for the repayment of the loan are expected to require 20% of the yearly Gross Receipts Tax. The interest rate is .210% to .2530%. The maturity date is May 1, 2023.

| Due Year Ending June 30 | Principal | Interest | Total |
|----------------------------|------------------|-----------------|-------------------|
| 2016 | \$ 11,110 | \$ 1,534 | \$ 12,644 |
| 2017 | 11,203 | 1,441 | 12,644 |
| 2018 | 11,311 | 1,333 | 12,644 |
| 2019 | 11,452 | 1,192 | 12,644 |
| 2020 | 11,625 | 1,019 | 12,644 |
| 2021 - 2013 | 36,222 | 1,709 | 37,931 |
| Total | <u>\$ 92,923</u> | <u>\$ 8,228</u> | <u>\$ 101,151</u> |

The liability will be liquidated by the General Fund.

| | Balance June 30, 2014 | Additions | Deletions | Balance June 30, 1015 | Due Within One Year |
|-----------|--------------------------|-------------|-------------------|--------------------------|------------------------|
| NMFA Loan | \$ <u>41,509</u> | \$ <u>-</u> | \$ <u>(2,405)</u> | \$ <u>39,104</u> | \$ <u>2,429</u> |

The Village entered into a loan agreement with the New Mexico Finance Authority evidencing a special limited obligation of the Village to pay a principal amount of \$50,000 and interest for the Village's water department. The Village has pledged future Water Usage charges/revenues to pay the loan. The yearly payments are to be paid from the Village's interest payments for the repayment of the loan is expected to require 13% of the yearly Water Services charges. The interest rate is .750%. The maturity date is May 1, 2030.

STATE OF NEW MEXICO
 VILLAGE OF FLOYD
 Notes to the Financial Statements
 June 30, 2015

| Due Year Ending June 30 | Principal | Interest | Total |
|----------------------------|------------------|-----------------|------------------|
| 2016 | \$ 2,429 | \$ 391 | \$ 2,820 |
| 2017 | 2,453 | 367 | 2,820 |
| 2018 | 2,478 | 342 | 2,820 |
| 2019 | 2,503 | 317 | 2,820 |
| 2020 | 2,528 | 292 | 2,820 |
| 2021-2025 | 13,024 | 1,078 | 14,102 |
| 2026-2030 | 13,689 | 413 | 14,102 |
| Total | <u>\$ 39,104</u> | <u>\$ 3,200</u> | <u>\$ 42,304</u> |

The liability will be liquidated by the Water Fund.

6. PROPERTY TAX

Property taxes attach as an enforceable lien on property as of January 1. Property tax rate for the year are set no later than September 1, each year by the Secretary of Finance and Administration. The rates of tax are then used by County Assessors to develop the property tax schedule by October 1. Taxes are payable in equal semi-annual installments by November 10 and April 10 of the subsequent year. Taxes are collected on behalf of the Village by the County Treasurer, and are remitted to the Village in the month following collection. Because the treasurer for the county in which the Village is located is statutorily required to collect taxes as an intermediary agency for all forms of government, distribution of taxes are made through the applicable County to the Village.

The Village is permitted to levy taxes for general operating purposes based on taxable value for both residential and nonresidential property, taxable value being defined as one-third of the fully assessed value. In addition, the Village is allowed to levy taxes for payments of bond principal and interest in amounts approved by voters of the Village.

The Village accounts for its share of property taxes in the General Fund. Only those collections received are recorded as revenues. The Village has no means of determining the amount of delinquent taxes, and no delinquent taxes are recorded on the Villages financial records.

7. RETIREMENT PLAN

The Village has elected not to participate in the New Mexico Public Employees Retirement Association Plan.

8. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN

The Village has elected not to participate in the New Mexico State Retiree Health Care Plan.

STATE OF NEW MEXICO
VILLAGE OF FLOYD
Notes to the Financial Statements
June 30, 2015

9. TRANSFERS

The composition of interfund transfers for the year is as follows:

| Transfers Out | | Transfers In | | | | |
|---------------------|-----------|--------------|---------------|--------------------|-----------|-------------|
| | | General Fund | EMS/Ambulance | Senior | Water | Solid Waste |
| General Fund | \$ 25,886 | \$ - | \$ 2,165 | \$ 3,833 | \$ 12,608 | \$ 7,280 |
| Fire Fund | 2,165 | 2,165 | - | - | - | - |
| Senior Fund | 4,525 | 4,525 | - | - | - | - |
| Water Fund | 9,232 | 9,232 | - | - | - | - |
| | | 15,922 | 2,165 | 3,833 | 12,608 | 7,280 |
| Total Transfers Out | \$ 41,808 | | | Total Transfers In | | \$ 41,808 |

In the year ended June 30, 2015 the Village made the following one-time transfers:

- General fund transferred \$2,165 to EMS/Ambulance to cover fiscal year expenditures.
- General fund transferred \$3,833 to Senior to cover fiscal year expenditures.
- General fund transferred \$12,608 to Water to cover fiscal year expenditures.
- General fund transferred \$7,280 to Solid Waste to cover fiscal year expenditures.
- Fire Fund transferred \$2,165 to General fund to provide funds to EMS/Ambulance.
- Senior Fund transferred \$4,525 to General fund to reimburse payroll related expenditures paid by the General fund.
- Water fund transferred \$9,232 to General fund to make NMFA loan payment.

10. FUND BALANCES CLASSIFIED

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented here.

| Fund Balances | General Fund | Fire Protection Fund | Non-major Governmental Funds | Totals |
|---------------------------------|--------------|----------------------|------------------------------|------------|
| Nonspendable: | | | | |
| Interfund loans | \$ - | \$ - | \$ - | \$ - |
| Inventory | - | - | - | - |
| Total nonspendable | - | - | - | - |
| Restricted for: | | | | |
| Road improvements | - | - | - | - |
| Fire protection | - | 47,873 | - | 47,873 |
| Culture and recreation services | - | - | - | - |
| Emergency Medical Services | - | - | - | - |
| Debt Service | 768 | - | - | 768 |
| Capital Projects | 36,436 | - | - | 36,436 |
| Reserves | 12,690 | - | - | 12,690 |
| Total restricted | 49,894 | 47,873 | - | 97,767 |
| Unassigned | 74,616 | - | - | 74,616 |
| Total Fund Balances | \$ 124,510 | \$ 47,873 | \$ - | \$ 172,383 |

STATE OF NEW MEXICO
 VILLAGE OF FLOYD
 Notes to the Financial Statements
 June 30, 2015

11. FUND BALANCE RESTATEMENTS

The Village made the following fund balance restatements to eliminate the interfund receivables and liabilities for temporary loans from the General Fund. The management of the Village opted to make the prior years' temporary loans permanent as the Special Revenue Funds and the Proprietary Funds would not effectively be able repay the temporary loans without subsequently borrowing funds during the fiscal year. The restatement of fund balances is as follows:

| | |
|---|-------------------|
| June 30, 2014 Fund Balance General Fund | \$ 137,394 |
| Restatement of Due from other funds | <u>(6,460)</u> |
| July 1, 2014 Fund Balance General Fund restated | <u>\$ 130,934</u> |
| June 30, 2014 Fund Balance EMS/Ambulance Fund | \$ (1,905) |
| Restatement of Due to other funds | <u>1,905</u> |
| July 1, 2014 Fund Balance EMS/Ambulance Fund restated | <u>\$ -</u> |
| June 30, 2014 Fund Balance Senior Fund | \$ (1,522) |
| Restatement of Due to other funds | <u>1,699</u> |
| July 1, 2014 Fund Balance Senior Fund restated | <u>\$ 177</u> |
| June 30, 2014 Fund Balance Water Fund | \$ 852,485 |
| Restatement of Due to other funds | <u>2,856</u> |
| July 1, 2014 Fund Balance Water Fund restated | <u>\$ 855,341</u> |

12. NET POSITION RESTATEMENTS

The Village made the following restatements to net position for the Governmental activities and the Business-type activities. The purpose of the restatement was to make the prior years' temporary loans permanent transfers to the Water and Solid Waste funds. The restatement of net position is as follows:

| | |
|---|-------------------|
| June 30, 2014 Net Position Governmental Activities | \$ 722,397 |
| Restatement of prior year loans | <u>(2,857)</u> |
| July 1, 2014 Net Position Governmental Activities restated | <u>\$ 719,540</u> |
| June 30, 2014 Net Position Business-type Activities | \$ 853,036 |
| Restatement of prior year loans | <u>2,857</u> |
| July 1, 2014 Net Position Business-type Activities restated | <u>\$ 855,893</u> |

13. BUDGET VIOLATIONS

The General Fund had a budget overrun of \$13,678 and the Fire Protection Fund by \$26,601.

FUND DESCRIPTIONS

SPECIAL REVENUE FUNDS

EMS/AMBULANCE FUND – To account for the operation and maintenance of the Village EMS Department. It is financed primarily by an annual EMS allotment and fees collected for emergency transportation. The authority is NMSA 59A-53-1.

SENIORS FUND – To account for grant funds received/used for the benefit of the Village’s Senior Citizens. The authority for the allocation and set-up of the fund is 9-2-5 through 9-2-19, NMSA 1978.

PROPRIETARY FUNDS

WATER FUND – To account for the provision of water services to the resident of Dora, New Mexico. All activities necessary to provide these services are accounted for in this fund.

SOLID WASTE FUND – To account for revenue and expenditures for the maintenance of the solid waste operations. All activities necessary to provide these services are accounted for in this fund.

STATE OF NEW MEXICO
 VILLAGE OF FLOYD

BALANCE SHEET-- NON-MAJOR GOVERNMENTAL FUNDS

June 30, 2015

| | EMS/ AMBULANCE | SENIORS | Total GOVERNMENTAL FUNDS |
|---|-------------------|-------------|--------------------------------|
| ASSETS | | | |
| Cash on Deposit | \$ - | \$ - | \$ - |
| Due from Other Funds | - | - | - |
| Due from Other Governments | - | - | - |
| Due From External Funds | - | - | - |
| Accounts Receivable | - | - | - |
| TOTAL ASSETS | \$ - | \$ - | \$ - |
| LIABILITIES | | | |
| Due to Other Funds | \$ - | \$ - | \$ - |
| Accounts Payable | - | - | - |
| TOTAL LIABILITIES | - | - | - |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Unearned Revenue | - | - | - |
| TOTAL DEFERRED INFLOWS OF RESOURCES | - | - | - |
| FUND BALANCE | | | |
| Non-spendable | - | - | - |
| Restricted | - | - | - |
| Committed | - | - | - |
| Unassigned | - | - | - |
| TOTAL FUND BALANCE | - | - | - |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE | \$ - | \$ - | \$ - |

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

STATE OF NEW MEXICO
VILLAGE OF FLOYD

STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE-- GOVERNMENTAL FUNDS

Year Ended June 30, 2015

| | EMS/ AMBULANCE | SENIORS | TOTAL GOVERNMENTAL FUNDS |
|---|-------------------|---------------|--------------------------------|
| REVENUE | | | |
| Taxes | \$ - | \$ - | \$ - |
| Charges for services | 2,912 | - | 2,912 |
| Licenses and permits | - | - | - |
| Fines and forfeitures | - | - | - |
| Local sources | - | 1,035 | 1,035 |
| State sources | 7,331 | 8,417 | 15,748 |
| Federal sources | - | 2,546 | 2,546 |
| State shared taxes | - | - | - |
| Earnings from investments | - | - | - |
| TOTAL REVENUES | <u>10,243</u> | <u>11,998</u> | <u>22,241</u> |
| EXPENDITURES | | | |
| Current | | | |
| General government | - | - | - |
| Highways and streets | - | - | - |
| Public safety | 12,408 | - | 12,408 |
| Health & welfare | - | - | - |
| Culture and recreation | - | 11,483 | 11,483 |
| Capital outlay | - | - | - |
| NMFA principal | - | - | - |
| NMFA interest | - | - | - |
| TOTAL EXPENDITURES | <u>12,408</u> | <u>11,483</u> | <u>23,891</u> |
| EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES | (2,165) | 515 | (1,650) |
| Other Financing Sources | | | |
| Bond Proceeds | - | - | - |
| Sale of Equipment | - | - | - |
| Bond Premium | - | - | - |
| Transfers In<Out> | 2,165 | (692) | 1,473 |
| Total Other Financial Sources | <u>2,165</u> | <u>(692)</u> | <u>1,473</u> |
| Net Change In Fund Balances | - | (177) | (177) |
| FUND BALANCE | | | |
| June 30, 2014 | (1,905) | (1,522) | (3,427) |
| Restatement | 1,905 | 1,699 | 3,604 |
| Restated Fund Balance June 30, 2014 | <u>-</u> | <u>177</u> | <u>177</u> |
| FUND BALANCE | | | |
| June 30, 2015 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

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

STATE OF NEW MEXICO
VILLAGE OF FLOYD

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL--EMS/AMBULANCE

Year Ended June 30, 2015

| | ORIGINAL BUDGET | ADJUSTED BUDGET | ACTUAL | VARIANCE Favorable (Unfavorable) |
|--------------------------------------|--------------------|--------------------|------------------|--|
| REVENUE | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Charges for services | 5,000 | 2,912 | 2,912 | - |
| Licenses and permits | - | - | - | - |
| Fines and forfeitures | - | - | - | - |
| Local sources | - | - | - | - |
| State sources | 7,200 | 7,331 | 7,331 | - |
| Federal sources | - | - | - | - |
| State shared taxes | - | - | - | - |
| Earnings from investments | - | - | - | - |
| TOTAL REVENUE | \$ 12,200 | \$ 10,243 | \$ 10,243 | \$ - |
| EXPENDITURES | | | | |
| Current | | | | |
| General government | \$ - | \$ - | \$ - | \$ - |
| Public safety | 7,385 | 12,409 | 12,408 | 1 |
| Health and welfare | - | - | - | - |
| Culture and recreation | - | - | - | - |
| Capital outlay | - | - | - | - |
| TOTAL EXPENDITURES | \$ 7,385 | \$ 12,409 | \$ 12,408 | \$ 1 |
| OTHER FINANCING SOURCES | | | | |
| Loan proceeds | \$ - | \$ - | \$ - | \$ - |
| Operating transfers in | - | 2,165 | 2,165 | - |
| Operating transfers out | (4,860) | - | - | - |
| TOTAL OTHER FINANCING SOURCES | \$ (4,860) | \$ 2,165 | \$ 2,165 | \$ - |
| BUDGETED CASH BALANCE | \$ - | \$ - | | |
| REVENUE | | | | |
| Budgetary basis | | | \$ 10,243 | |
| Modified accrual basis | | | <u>\$ 10,243</u> | |
| EXPENDITURES | | | | |
| Budgetary basis | | | \$ 12,408 | |
| Modified accrual basis | | | <u>\$ 12,408</u> | |

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

STATE OF NEW MEXICO
VILLAGE OF FLOYD

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL--SENIORS

Year Ended June 30, 2015

| | ORIGINAL BUDGET | ADJUSTED BUDGET | ACTUAL | VARIANCE Favorable (Unfavorable) |
|--------------------------------------|--------------------|--------------------|------------------|--|
| REVENUE | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Charges for services | - | - | - | - |
| Licenses and permits | - | - | - | - |
| Fines and forfeitures | - | - | - | - |
| Local sources | - | 996 | 1,035 | 39 |
| State sources | 8,188 | 8,634 | 8,594 | (40) |
| Federal sources | 2,775 | 2,546 | 2,546 | - |
| State shared taxes | - | - | - | - |
| Earnings from investments | - | - | - | - |
| TOTAL REVENUE | \$ 10,963 | \$ 12,176 | \$ 12,175 | \$ (1) |
| EXPENDITURES | | | | |
| Current | | | | |
| General government | \$ - | \$ - | \$ - | \$ - |
| Public safety | - | - | - | - |
| Health and welfare | - | - | - | - |
| Culture and recreation | 9,264 | 11,484 | 11,483 | 1 |
| Capital outlay | - | - | - | - |
| TOTAL EXPENDITURES | \$ 9,264 | \$ 11,484 | \$ 11,483 | \$ 1 |
| OTHER FINANCING SOURCES | | | | |
| Loan proceeds | \$ - | \$ - | \$ - | \$ - |
| Operating transfers in | - | 3,833 | 3,833 | - |
| Operating transfers out | (1,699) | (4,526) | (4,526) | - |
| TOTAL OTHER FINANCING SOURCES | \$ (1,699) | \$ (693) | \$ (693) | \$ - |
| BUDGETED CASH BALANCE | \$ - | \$ - | | |
| REVENUE | | | | |
| Budgetary basis | | | \$ 12,175 | |
| Prior year accounts receivable | | | (177) | |
| Current year accounts receivable | | | - | |
| Modified accrual basis | | | \$ 11,998 | |
| EXPENDITURES | | | | |
| Budgetary basis | | | \$ 11,483 | |
| Modified accrual basis | | | \$ 11,483 | |

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

STATE OF NEW MEXICO
 VILLAGE OF FLOYD
 SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUND

Year Ended June 30, 2015

| | <u>Balance</u> <u>6/30/2014</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance</u> <u>6/30/2015</u> |
|----------------------------------|------------------------------------|------------------|-------------------|------------------------------------|
| Floyd Fire and EMS Donation Fund | \$ 7,423 | \$ 158 | \$ - | \$ 7,581 |
| Total | <u>\$ 7,423</u> | <u>\$ 158</u> | <u>\$ -</u> | <u>\$ 7,581</u> |

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

STATE OF NEW MEXICO
HAGERMAN MUNICIPAL SCHOOLS

BANK SUMMARY

JUNE 30, 2014

| Bank | ACCT TYPE | FUND | | BANK BALANCE | OUTSTANDING CHECKS | OUTSTANDING DEPOSITS | CASH BALANCE |
|------------------------------|--------------|---------|---|-------------------|-----------------------|-------------------------|-------------------|
| JAMES POLK STONE BANK | Checking | General | * | \$ 76,804 | \$ 1,050 | \$ - | \$ 75,754 |
| | Checking | Fire | * | 26,077 | - | - | 26,077 |
| Total James Polk Stone Bank | | | | <u>102,881</u> | <u>1,050</u> | <u>-</u> | <u>101,831</u> |
| New Mexico Finance Authority | Checking | General | * | 768 | - | - | 768 |
| New Mexico Finance Authority | Checking | General | * | 12,690 | - | - | 12,690 |
| New Mexico Finance Authority | Checking | General | * | 36,436 | - | - | 36,436 |
| New Mexico Finance Authority | Checking | Fire | * | 281 | - | - | 281 |
| New Mexico Finance Authority | Checking | Fire | * | 21,515 | - | - | 21,515 |
| Total NMFA | | | | <u>71,690</u> | <u>-</u> | <u>-</u> | <u>71,690</u> |
| Amount on Deposit | | | | <u>\$ 174,571</u> | <u>\$ 1,050</u> | <u>\$ -</u> | <u>\$ 173,521</u> |

Total Cash

* Interest Bearing

See Independent Auditor's Report

STATE OF NEW MEXICO
 VILLAGE OF FLOYD

SCHEDULE OF PLEDGED COLLATERAL

JUNE 30, 2015

| | TOTAL DEPOSITS | FDIC INSURANCE | UNINSURED DEPOSITS | COLLATERAL REQUIRED | COLLATERAL PLEDGED | UNINSURED & UNCOLLATERALIZED DEPOSITS | PLEDGED COLLATERAL DEFICIT |
|---|-------------------|-------------------|-----------------------|------------------------|-----------------------|---|----------------------------------|
| JAMES POLK STONE BANK | <u>\$ 102,881</u> | <u>\$ 102,881</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| COLLATERAL | | CUSIP # | MATURES | | | | |
| N/A | \$ - | N/A | N/A | | | | |
| | <u>\$ -</u> | | | | | | |
| | <u>\$ -</u> | | | | | | |
| COLLATERAL IS HELD AT INDEPENDENT BANKERS BANK DALLAS TEXAS | | | | | | | |
| NEW MEXICO FINANCE AUTHORITY | <u>\$ 71,690</u> | <u>\$ 71,690</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| TOTAL ALL INSTITUTIONS | <u>\$ 174,571</u> | <u>\$ 174,571</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

STATE OF NEW MEXICO
VILLAGE OF FLOYD

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL--WATER

Year Ended June 30, 2015

| | ORIGINAL BUDGET | ADJUSTED BUDGET | ACTUAL | VARIANCE Favorable (Unfavorable) |
|--------------------------------------|--------------------|--------------------|-------------------|--|
| REVENUE | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Sales and services | 15,000 | 25,026 | 25,455 | 429 |
| Licenses and permits | - | - | - | - |
| Fines and forfeitures | - | - | - | - |
| Local sources | - | 352 | 13 | (339) |
| State sources | - | - | - | - |
| Federal sources | - | - | - | - |
| State shared taxes | - | - | - | - |
| Interest Income | - | - | - | - |
| TOTAL REVENUE | \$ 15,000 | \$ 25,378 | \$ 25,468 | \$ 90 |
| EXPENDITURES | | | | |
| Personal services | \$ - | \$ - | \$ - | \$ - |
| Maintenance and operations | 37,143 | 38,075 | 26,025 | 12,050 |
| Capital outlay | - | - | - | - |
| TOTAL EXPENDITURES | \$ 37,143 | \$ 38,075 | \$ 26,025 | \$ 12,050 |
| OTHER FINANCING SOURCES | | | | |
| Loan proceeds | \$ - | \$ - | \$ - | \$ - |
| Operating transfers in | 24,910 | 12,608 | 12,608 | - |
| Operating transfers out | (2,857) | - | - | - |
| TOTAL OTHER FINANCING SOURCES | \$ 22,053 | \$ 12,608 | \$ 12,608 | \$ - |
| BUDGETED CASH BALANCE | \$ - | \$ - | | |
| REVENUE | | | | |
| Budgetary basis | | | \$ 25,468 | |
| Prior year accounts receivable | | | (2,541) | |
| Current year accounts receivable | | | - | |
| Modified accrual basis | | | <u>\$ 22,927</u> | |
| EXPENDITURES | | | | |
| Budgetary basis | | | \$ 26,025 | |
| Depreciation | | | 101,785 | |
| Modified accrual basis | | | <u>\$ 127,810</u> | |

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

STATE OF NEW MEXICO
VILLAGE OF FLOYD

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL--WASTE MANAGEMENT

Year Ended June 30, 2015

| | ORIGINAL BUDGET | ADJUSTED BUDGET | ACTUAL | VARIANCE Favorable (Unfavorable) |
|--------------------------------------|--------------------|--------------------|------------------|--|
| REVENUE | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Sales and services | 13,000 | 12,745 | 12,951 | 206 |
| Licenses and permits | - | - | - | - |
| Fines and forfeitures | - | - | - | - |
| Local sources | 30 | 207 | - | (207) |
| State sources | - | - | - | - |
| Federal sources | - | - | - | - |
| State shared taxes | - | - | - | - |
| Interest Income | - | - | - | - |
| TOTAL REVENUE | \$ 13,030 | \$ 12,952 | \$ 12,951 | \$ (1) |
| EXPENDITURES | | | | |
| Personal services | \$ - | \$ - | \$ - | \$ - |
| Maintenance and operations | 18,030 | 20,231 | 20,231 | - |
| Capital outlay | - | - | - | - |
| TOTAL EXPENDITURES | \$ 18,030 | \$ 20,231 | \$ 20,231 | \$ - |
| OTHER FINANCING SOURCES | | | | |
| Loan proceeds | \$ - | \$ - | \$ - | \$ - |
| Operating transfers in | 5,000 | 7,280 | 7,280 | - |
| Operating transfers out | - | - | - | - |
| TOTAL OTHER FINANCING SOURCES | \$ 5,000 | \$ 7,280 | \$ 7,280 | \$ - |
| BUDGETED CASH BALANCE | \$ - | \$ - | | |
| REVENUE | | | | |
| Budgetary basis | | | \$ 12,951 | |
| Prior year accounts receivable | | | (551) | |
| Current year accounts receivable | | | - | |
| Modified accrual basis | | | <u>\$ 12,400</u> | |
| EXPENDITURES | | | | |
| Budgetary basis | | | \$ 20,231 | |
| Modified accrual basis | | | <u>\$ 20,231</u> | |

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

Woodard, Cowen & Co.

Certified Public Accountants

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 (with no Material Weaknesses Identified; with Significant Deficiencies and Reportable Instances of Noncompliance and Other Matters Identified)

Independent Auditor's Report

Mr. Timothy Keller
New Mexico State Auditor
Honorable Mayor and Village Council
Village of Floyd
Floyd, New Mexico

We have audited, 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, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds, of the Village of Floyd (the Village) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and the combining and individual funds and related budgetary comparisons of the Village, presented as supplementary information, and have issued our report thereon dated January 12, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit, of the financial statements, we considered the Village's internal control over financial reporting (internal control) to determine the audit 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 Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses, that we consider to be significant deficiencies. 2010-001, 2015-001, and 2015-002

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards which are described in the accompanying schedule of findings and responses as items 2010-001, 2012-005, and 2015-002.

The Village's Responses to Findings

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Village's responses were not subjected to the 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Handwritten signature in cursive script that reads "Woodard, Cowen & Co.".

Woodard, Cowen & Company
Portales, New Mexico
January 12, 2016

PRIOR YEAR FINDINGS

2010-001 Budget Overruns – Other Matter

Condition: The Village overspent the final approved budget of the General Fund by \$27,650, the Fire Protection Fund by \$20,688, and the Water Fund by \$4,101.

Recommendation: Management should review its budget quarterly and request all budget adjustments at that time to ensure budget overruns do not occur.

Status: Revised and repeated.

2012-004 Signed/Approved Contract for Solid Waste Removal Missing – Other Matter

Condition: Management purchases Solid Waste removal services from a particular source as the Village does not have a landfill. The Village does not have a signed/approved contract with this vendor.

Recommendation: A contract should be obtained as soon as possible.

Status: Resolved

2012-005 Depreciation Policy – Other Matter

Condition: The Village has not approved a depreciation policy so depreciation can be charged to capital assets according to Council approval.

Recommendation: The Village should approve a policy as soon as possible. Management should then implement that policy as soon as possible.

Status: Revised and repeated.

2014-001 Fire Department Agency Fund not Included in the Audit Report – Significant Deficiency

Condition: The Village has an Agency Fund that accepts donations and coke machine proceeds. The donations and coke machine proceeds are used by the fire department to sponsor the 4th of July festivities and other functions for the community. The Village, however, has not been reporting the fund in their audit report.

Recommendation: Management should start implementing procedures to have the Agency Fund bank statements reconciled, issuing receipts, preparing purchase orders, and keeping all supporting documents of the Agency Fund transactions.

Status: Resolved.

STATE OF NEW MEXICO
VILLAGE OF FLOYD
FINDINGS AND RESPONSES
June 30, 2015

PRIOR YEAR FINDINGS (continued)

2014-002 1099 Forms not Prepared and Submitted to the IRS – Other Matter

Condition: Management of the Village did not prepare the required IRS 1099 forms for the 2013 calendar year.

Recommendation: Management should prepare and submit those forms to the IRS as soon as possible.

Status: Resolved.

CURRENT YEAR FINDINGS

2010-001 – Overspent Budgets – Significant Deficiency – Control and compliance

| | |
|-----------------|---|
| Condition: | The Village had overspent budgets in the General Fund by \$13,678 and the Fire Protection Fund by \$26,601. This is only a decrease of one overspent fund from the prior fiscal year. |
| Criteria: | NMSA 1978 Section 22-8-11 B requires all funds be spent within the established guidelines set forth in the budgets. |
| Cause: | The budgets for both funds excluded the expenditures for payments on loans with the New Mexico Finance Authority. Additionally, the budgets excluded water and solid waste cost paid to the Village's proprietary funds. |
| Effect: | The Village has spending in excess of its budgetary authority. It was noted that the Village did have adequate cash to cover the expenditures. |
| Recommendation: | Management of the Village should include all spending, including debt service, capital projects, and interfund in its budget process. This will provide a complete picture of the Village's spending and ensure the Village has adequate resources to meet its obligations. |
| Response: | The Village clerk will submit the necessary budget adjustment request to include all spending before the close of the current budget fiscal year. |

2012-005 – Depreciation Policy – Other Matter

| | |
|-----------------|--|
| Condition: | The Village does not have a council approved depreciation policy. This finding has yet to be addressed by the Village's management or council from the prior fiscal year's audit. |
| Criteria: | GASB 34 requires capital assets with an individual cost of \$5,000 and greater be depreciated. |
| Cause: | Village management and the Council have not taken the time to establish a policy for depreciating its capital assets. |
| Effect: | Without an approved written policy in place, Village management does not have set guidelines on what capital assets will be depreciated and for what useful life. |
| Recommendation: | Management should put forth a capital asset and depreciation policy for the Council's approval as soon as possible. Management and the Council should consider the value of capital assets to be depreciated (but not greater than \$5,000) and reasonable useful lives. |
| Response: | A depreciation and capitalization policy will be addressed in the next Council meeting with adoption of a policy within the next two meetings. |

CURRENT YEAR FINDINGS (continued)

2015-001 – Transactions not recorded on the Village’s books – Significant deficiency - Control

- Condition: During the course of fieldwork the auditor found two areas with the funds where transactions were not recorded. The first area was the amounts owed from the Governmental funds to the proprietary funds for water service and trash pickup service. The actual bills were “paid” via cash transfer between the funds. This left out the corresponding revenues and expenditures. The second area was the debt payment arrangements with NMFA. In the General fund, a portion of gross receipts tax is intercepted by NMFA to pay a portion of the loan payment. In relationship to the loan, are three separate cash accounts in the Village’s name with NMFA. These accounts earn interest and handle the debt payment transactions. In the Fire Protection Fund, a portion of the State fire apportionment revenue is intercepted by NMFA to satisfy the loan payment for the Fire Protection Fund. In relationship to this loan, are two cash accounts in the Village’s name that earn interest and handle the debt payment transactions.
- Criteria: Prudent accounting practice is to include all accounts and all related transactions on the books of any entity.
- Cause: The Village clerk recorded the payments for water and trash services by the General, Fire, EMS/Ambulance, and Senior Funds as cash transfers to the Water and Waste management funds. Transactions and accounts with NMFA were only recorded to the extent the transactions effected the Village’s bank accounts.
- Effect: Revenue and expenditures in the funds were understated. Cash was understated in the General and Fire Protection funds. The understatements were adjusted by the auditor and adjustments and adjusted balances were provided to the Village clerk.
- Recommendation: The Village clerk should record all account balances Interest income and other revenues collected by/through the NMFA cash accounts should be recorded monthly. The cash accounts held by NMFA should be reconciled monthly just as the Village’s operating bank accounts. Principal and interest payments should be reported in the funds as debt service payments of principal and interest. The funds’ payments for water and trash collection services should be recorded as revenues and expenditures in the corresponding funds.
- Response: The Village clerk will immediately record the cash balances with NMFA as of June 30, 2015 and record the revenues and interest income in those accounts from July 1, 2015 to the present. The Village clerk will also correct the posting of payments for water and trash collection services to include the corresponding revenues and expenditures. When the debt payments are made (May 1, 2015) the Village clerk will record the expenditures for principal and interest in the funds.

CURRENT YEAR FINDINGS (continued)

2015-002 – Late Audit Report – Significant deficiency - Compliance

Condition: The June 30, 2015 audit report was not received by the New Mexico Office of the State Auditor by the December 15, 2015 deadline.

Criteria: Per OSA Rule 2.2.2.9 (C)(1) the deadline to receive an audit of the Village by the New Mexico Office of the State Auditor is December 15 following the fiscal year end.

Cause: As discussed in find 2015-001, the books of the Village were missing accounts and transactions necessary to make the books complete.

Effect: The audit report was not submitted by the deadline.

Recommendation: The Village clerk should follow the recommendation in finding 2015-001 to make sure the books are complete and all transactions have been accounted for. Management of the Village should complete the recommendation steps so the audit fieldwork can commence earlier thus giving more to time to complete the report in time.

Response: The Village clerk will begin correcting the books immediately using the auditor's adjustments and audited beginning balances to correct the Village's books. The Village clerk will record all transactions affecting the Village's books. These corrections will be on going and the books of the Villages should be substantially complete by the end of the June 30, 2016 fiscal year.

STATE OF NEW MEXICO
VILLAGE OF FLOYD
OTHER DISCLOSURES
June 30, 2015

AUDITOR PREPARED FINANCIAL STATEMENTS

These financial statements and related footnotes and supplemental information were prepared by the auditor. The auditor cannot be a part of the Village's internal control, thus the preparation of the report is not a substitute for managements' internal control and is not considered in the auditors' evaluation of the severity of the internal control deficiency.

EXIT CONFERENCE

An exit conference, to discuss the contents of this report, was held on January 12, 2016. In attendance at the 6:00 p.m. meeting were Mr. Harold Nixon, Council Member and Ms. Toni Whitecotton, Clerk/Treasurer. John McKinley, Jr., CPA represented our firm at this meeting.