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STATE OF NEW MEXICO
Village of Floyd
JUNE 30, 2016

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STATE OF NEW MEXICO
VILLAGE OF FLOYD

OFFICIAL ROSTER

June 30, 2016

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
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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, 2016, 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, 2016, 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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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, 2016, 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, 2016, 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 March 16, 2017 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.

A handwritten signature in cursive script that reads "Woodward, Lauren E. Co.". The signature is written in dark ink on a white background.

Portales, New Mexico
March 16, 2017

STATE OF NEW MEXICO
 VILLAGE OF FLOYD
 STATEMENT OF NET POSITION

June 30, 2016

	Governmental Activities	Business Type Activities	Total
<u>ASSETS</u>			
Current Assets			
Cash and cash equivalents	\$ 151,569	\$ -	\$ 151,569
Accounts Receivable	1,942	-	1,942
Due From Other Agencies	-	-	-
	<u>153,511</u>	<u>-</u>	<u>153,511</u>
Total Current Assets	<u>153,511</u>	<u>-</u>	<u>153,511</u>
Restricted Assets (Cash)			
	<u>37,798</u>	<u>1,024</u>	<u>38,822</u>
Total Restricted Assets	<u>37,798</u>	<u>1,024</u>	<u>38,822</u>
Capital Assets			
Land	74,128	16,500	90,628
Land Improvements	18,877	-	18,877
Equipment	48,904	-	48,904
Vehicles	921,180	-	921,180
Heavy Equipment	100,520	-	100,520
Buildings and Improvements	664,349	70,000	734,349
Plant/Infrastructure	-	1,869,701	1,869,701
	<u>1,827,958</u>	<u>1,956,201</u>	<u>3,784,159</u>
Total Capital Assets	<u>1,827,958</u>	<u>1,956,201</u>	<u>3,784,159</u>
Less Accumulated depreciation	(1,108,539)	(842,705)	(1,951,244)
Total Capital Assets (net of accumulated depreciation)	<u>719,419</u>	<u>1,113,496</u>	<u>1,832,915</u>
TOTAL ASSETS	<u>\$ 910,728</u>	<u>\$ 1,114,520</u>	<u>\$ 2,025,248</u>
<u>LIABILITIES</u>			
Current Liabilities			
Accounts Payable	\$ 2,815	\$ 443	\$ 3,258
NMFA Loan (current portion)	31,865	2,453	34,318
	<u>111,569</u>	<u>34,222</u>	<u>145,791</u>
Non-current:			
NMFA Loan payable	<u>111,569</u>	<u>34,222</u>	<u>145,791</u>
TOTAL LIABILITIES	<u>146,249</u>	<u>37,118</u>	<u>183,367</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	575,985	1,076,821	1,652,806
Restricted for:			
Capital Projects	-	-	-
Debt Service	37,798	-	37,798
Unrestricted	<u>150,696</u>	<u>581</u>	<u>151,277</u>
TOTAL NET POSITION	<u>764,479</u>	<u>1,077,402</u>	<u>1,841,881</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 910,728</u>	<u>\$ 1,114,520</u>	<u>\$ 2,025,248</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, 2016

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	\$ 79,364	\$ 150	\$ -	\$ -	\$ (79,214)	\$ -	\$ (79,214)
Highways and streets	3,337	-	-	-	(3,337)	-	(3,337)
Public safety	49,607	4,612	110,217	-	65,222	-	65,222
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	25,986	225	24,167	-	(1,594)	-	(1,594)
Interest	4,678	-	-	-	(4,678)	-	(4,678)
Depreciation-unallocated	48,562	-	-	-	(48,562)	-	(48,562)
Total governmental activities	211,534	4,987	134,384	-	(72,163)	-	(72,163)
Business-type activities:							
Water services	116,615	22,465	-	-	-	(94,150)	(94,150)
Solid waste services	19,331	14,243	-	-	-	(5,088)	(5,088)
Total business-type activities	135,946	36,708	-	-	-	(99,238)	(99,238)
Total all activities	\$ 347,480	\$ 41,695	\$ 134,384	\$ -	\$ (72,163)	\$ (99,238)	\$ (171,401)
General revenues:							
Property taxes					\$ 7,071	\$ -	\$ 7,071
Gross receipts taxes					9,696	-	9,696
Gasoline taxes					-	-	-
Motor vehicle taxes					-	-	-
State aid not restricted to special purpose					91,000	-	91,000
General					-	-	-
Transfers					(8,737)	8,737	-
Refunds					11,742	14	11,756
Investment earnings					412	12	424
			Total general revenues		<u>111,184</u>	<u>8,763</u>	<u>119,947</u>
			Change in net position		39,021	(90,475)	(51,454)
			Net position - beginning		705,226	753,421	1,458,647
			Restatement		20,232	414,456	434,688
			Restated Beginning Net Position		<u>725,458</u>	<u>1,167,877</u>	<u>1,893,335</u>
			Net position - ending		<u>\$ 764,479</u>	<u>\$ 1,077,402</u>	<u>\$ 1,841,881</u>

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

STATE OF NEW MEXICO
VILLAGE OF FLOYD

BALANCE SHEET-- GOVERNMENTAL FUNDS

June 30, 2016

	GENERAL	FIRE PROTECTION	NON-MAJOR GOVERNMENTAL FUNDS	Total GOVERNMENTAL FUNDS
ASSETS				
Cash on Deposit	\$ 83,613	\$ 86,223	\$ 19,531	\$ 189,367
Due from Other Funds	-	-	-	-
Due from Other Governments	-	-	-	-
Due From External Funds	-	-	-	-
Accounts Receivable	1,942	-	-	1,942
TOTAL ASSETS	\$ 85,555	\$ 86,223	\$ 19,531	\$ 191,309
LIABILITIES				
Due to Other Funds	\$ -	\$ -	\$ -	\$ -
Accounts Payable	2,815	-	-	2,815
TOTAL LIABILITIES	2,815	-	-	2,815
DEFERRED INFLOWS OF RESOURCES				
Unearned Revenue	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	-
FUND BALANCE				
Non-spendable	-	-	-	-
Restricted	15,747	86,223	19,531	121,501
Committed	-	-	-	-
Unassigned	66,993	-	-	66,993
TOTAL FUND BALANCE	82,740	86,223	19,531	188,494
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 85,555	\$ 86,223	\$ 19,531	\$ 191,309

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, 2016

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

Fund Balances - total governmental funds		\$	188,494
 Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds			
Total cost of capital assets	1,827,958		
Accumulated depreciation	<u>(1,108,539)</u>		719,419
 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>(143,434)</u>
Net position of governmental activities		\$	<u><u>764,479</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, 2016

	GENERAL	FIRE PROTECTION	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUE				
Taxes	\$ 1,667	\$ -	\$ -	\$ 1,667
Charges for services	150	-	4,837	4,987
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Local sources	-	3,500	18,953	22,453
State sources	91,000	99,717	11,132	201,849
Federal sources	-	-	1,082	1,082
State shared taxes	15,100	-	-	15,100
Earnings from investments	157	255	-	412
Refunds	2,443	18	9,281	11,742
TOTAL REVENUES	110,517	103,490	45,285	259,292
EXPENDITURES				
Current				
General government	79,364	-	-	79,364
Highways and streets	3,337	-	-	3,337
Public safety	-	38,490	11,117	49,607
Health & welfare	-	-	-	-
Culture and recreation	12,502	-	13,484	25,986
Capital outlay				
NMFA principal	48,503	22,982	-	71,485
NMFA interest	1,010	3,668	-	4,678
TOTAL EXPENDITURES	144,716	65,140	24,601	234,457
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(34,199)	38,350	20,684	24,835
Other Financing Sources				
Bond Proceeds	-	-	-	-
Sale of Equipment	-	-	-	-
Bond Premium	-	-	-	-
Transfers In<Out>	(7,584)	-	(1,153)	(8,737)
Total Other Financial Sources	(7,584)	-	(1,153)	(8,737)
Net Change In Fund Balances	(41,783)	38,350	19,531	16,098
FUND BALANCE				
June 30, 2015	124,510	47,873	-	172,383
Restatement	13	-	-	13
Restated Fund Balance June 30, 2015	124,523	47,873	-	172,396
FUND BALANCE June 30, 2016	\$ 82,740	\$ 86,223	\$ 19,531	\$ 188,494

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, 2016

Net change in fund balance - total governmental funds \$ 16,098

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	(48,562)	
Capital outlays	<u> -</u>	
 Excess of capital outlay over depreciation expense		 <u> (48,562)</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> 71,485</u>	
		<u> 71,485</u>
 Change in net assets of governmental activities		 <u><u> \$ 39,021</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--GENERAL FUND

Year Ended June 30, 2016

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Taxes	\$ 1,580	\$ 1,580	\$ 1,667	\$ 87
Charges for services	-	-	150	150
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Local sources	5,000	5,000	-	(5,000)
State sources	90,000	90,000	91,000	1,000
Federal sources	-	-	-	-
State shared taxes	5,204	5,204	14,185	8,981
Earnings from investments	-	-	157	157
TOTAL REVENUE	\$ 101,784	\$ 101,784	\$ 107,159	\$ 5,375
EXPENDITURES				
Current				
General government	\$ 70,000	\$ 82,555	\$ 78,714	\$ 3,841
Highways and Streets	-	-	3,337	(3,337)
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	12,502	(12,502)
Capital outlay	-	-	-	-
Debt Service				
NMFA Principal	-	-	48,503	(48,503)
NMFA Interest	-	-	1,010	(1,010)
TOTAL EXPENDITURES	\$ 70,000	\$ 82,555	\$ 144,066	\$ (61,511)
OTHER FINANCING SOURCES				
Loan proceeds	\$ -	\$ -	\$ -	\$ -
Operating transfers in	-	1,693	1,153	540
Operating transfers out	27,053	46,040	8,737	37,303
TOTAL OTHER FINANCING SOURCES	\$ 27,053	\$ 47,733	\$ 9,890	\$ 37,843
BUDGETED CASH BALANCE	\$ -	\$ -		
 REVENUE				
Budgetary basis			\$ 107,159	
Prior year accounts receivable			(1,027)	
Current year accounts receivable			1,942	
Refunds			2,443	
Modified accrual basis			\$ 110,517	
 EXPENDITURES				
Budgetary basis			\$ 144,066	
Prior year accounts payable			(2,165)	
Current year accounts payable			2,815	
Modified accrual basis			\$ 144,716	

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, 2016

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Taxes	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Local sources	-	-	3,500	3,500
State sources	70,000	70,000	99,717	29,717
Federal sources	-	-	-	-
State shared taxes	-	-	-	-
Earnings from investments	-	-	255	255
TOTAL REVENUE	<u><u>\$ 70,000</u></u>	<u><u>\$ 70,000</u></u>	<u><u>\$ 103,472</u></u>	<u><u>\$ 33,472</u></u>
EXPENDITURES				
Current				
General government	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-
Health and welfare	70,000	70,000	38,490	31,510
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt Service				
NMFA Principal	-	-	22,982	(22,982)
NMFA Interest	-	-	3,668	(3,668)
TOTAL EXPENDITURES	<u><u>\$ 70,000</u></u>	<u><u>\$ 70,000</u></u>	<u><u>\$ 65,140</u></u>	<u><u>\$ 4,860</u></u>
OTHER FINANCING SOURCES				
Loan proceeds	\$ -	\$ -	\$ -	\$ -
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
BUDGETED CASH BALANCE	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>		

REVENUE			
Budgetary basis		\$	103,472
Prior year accounts receivable			-
Current year accounts receivable			-
Refunds			18
Modified accrual basis		<u><u>\$</u></u>	<u><u>103,490</u></u>
EXPENDITURES			
Budgetary basis		\$	65,140
Modified accrual basis		<u><u>\$</u></u>	<u><u>65,140</u></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, 2016

	WATER	SOLID WASTE	TOTAL
ASSETS			
Current Assets			
Cash	\$ -	\$ -	\$ -
Accounts Receivable	-	-	-
Inventory	-	-	-
Total Current Assets	-	-	-
Non-Current Assets			
Restricted Assets (Cash)			
NMFA Reserves	1,024	-	1,024
Total Non-Current Assets	1,024	-	1,024
Capital Assets			
Land	16,500	-	16,500
Buildings	70,000	-	70,000
Plant/infrastructure	1,869,701	-	1,869,701
Accumulated depreciation	(842,705)	-	(842,705)
Total Capital Assets	1,113,496	-	1,113,496
TOTAL ASSETS	\$ 1,114,520	\$ -	\$ 1,114,520
LIABILITIES			
Current Liabilities			
Due to other Funds	\$ -	\$ -	\$ -
Accounts Payable	443	-	443
NMFA Loan (current portion)	-	-	-
Total Current Liabilities	443	-	443
Long-Term Liabilities			
Compensated absences payable	-	-	-
NMFA Loan	36,675	-	36,675
Total Long-term Liabilities	36,675	-	36,675
TOTAL LIABILITIES	37,118	-	37,118
DEFERRED INFLOWS OF RESOURCES			
Unearned Revenue	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-
NET POSITION			
Net investment in capital assets	1,076,821	-	1,076,821
Restricted			
Debt Service	-	-	-
Unrestricted	581	-	581
TOTAL NET POSITION	1,077,402	-	1,077,402
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 1,114,520	\$ -	\$ 1,114,520

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 NET POSITION
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2016

	WATER	SOLID WASTE	TOTAL PROPRIETARY FUNDS
OPERATING REVENUE			
Sales and services	\$ 21,327	\$ 14,243	\$ 35,570
Local source	-	-	-
State source	-	-	-
TOTAL OPERATING REVENUES	21,327	14,243	35,570
 OPERATING EXPENSES			
Maintenance and operations	23,130	19,331	42,461
Depreciation	93,485	-	93,485
Total operating expense	116,615	19,331	135,946
Operating income (loss)	(95,288)	(5,088)	(100,376)
 NON-OPERATING REVENUE (EXPENSE)			
Investment income	12	-	12
Investment expense	-	-	-
Rent income	1,138	-	1,138
Refunds	14	-	14
Total Non-Operating Revenue (Expense)	1,164	-	1,164
 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(94,124)	(5,088)	(99,212)
 OTHER FINANCING SOURCES (USES) TRANSFERS IN/ TRANSFERS OUT	3,649	5,088	8,737
TOTAL OTHER FINANCING SOURCES (USES)	3,649	5,088	8,737
 Net Change In Net Position	(90,475)	-	(90,475)
 NET POSITION			
June 30, 2015	753,421	-	753,421
Restatement	414,456	-	414,456
Restated Net Position June 30, 2015	1,167,877	-	1,167,877
 June 30, 2016	\$ 1,077,402	\$ -	\$ 1,077,402

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, 2016

	WATER	SOLID WASTE	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 21,327	\$ 14,243	\$ 35,570
Cash received from local sources	1,152	-	1,152
Cash received from state sources	-	-	-
Cash payments to employees and to suppliers for goods and services	(22,394)	(19,331)	(41,725)
	-	-	-
Net cash provided by operating activities	<u>85</u>	<u>(5,088)</u>	<u>(5,003)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Principal paid	(2,429)	-	(2,429)
Acquisition of capital assets	-	-	-
Investment expense	(293)	-	(293)
	-	-	-
Net cash provided (used) by capital and related financing activities	<u>(2,722)</u>	<u>-</u>	<u>(2,722)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Operating transfers from other funds	3,649	5,088	8,737
Operating transfers to other funds	-	-	-
	-	-	-
Net cash provided (used) by noncapital financing activities	<u>3,649</u>	<u>5,088</u>	<u>8,737</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment income	12	-	12
	-	-	-
Net cash provided by investing activities	<u>12</u>	<u>-</u>	<u>12</u>
Net increase (decrease) in cash	1,024	-	1,024
Cash, beginning of year	-	-	-
Cash, end of year	<u>\$ 1,024</u>	<u>\$ -</u>	<u>\$ 1,024</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income (loss)	(95,288)	(5,088)	(100,376)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Rent Income	1,138	-	1,138
Refunds	14	-	14
Depreciation	93,485	-	93,485
Interest paid	293	-	293
Changes in assets and liabilities:			
(Increase) decrease in receivables	-	-	-
Increase (decrease) in accounts payable	443	-	-
Net cash provided (used) by operating activities	<u>\$ 85</u>	<u>\$ (5,088)</u>	<u>\$ (5,446)</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, 2016

ASSETS

Pooled Cash	<u>\$ 5,153</u>
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LIABILITIES AND FUND BALANCE

Liabilities:

Deposits Held for Others	<u>\$ 5,153</u>
Total Liabilities	<u>\$ 5,153</u>

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

STATE OF NEW MEXICO
VILLAGE OF FLOYD
Notes to the Financial Statements
June 30, 2016

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 if they are collected within 30 days of the end of the current fiscal period.

STATE OF NEW MEXICO
VILLAGE OF FLOYD
Notes to the Financial Statements
June 30, 2016

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

STATE OF NEW MEXICO
VILLAGE OF FLOYD
Notes to the Financial Statements
June 30, 2016

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.

STATE OF NEW MEXICO
VILLAGE OF FLOYD
Notes to the Financial Statements
June 30, 2016

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.

STATE OF NEW MEXICO
VILLAGE OF FLOYD
Notes to the Financial Statements
June 30, 2016

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 as 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

STATE OF NEW MEXICO
VILLAGE OF FLOYD
Notes to the Financial Statements
June 30, 2016

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.

STATE OF NEW MEXICO
VILLAGE OF FLOYD
Notes to the Financial Statements
June 30, 2016

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 \$153,853 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 \$17,275 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, 2016

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	5	-
Gross Receipts Tax	1,495	-
Gasoline Tax	417	-
Motor Vehicle	25	-
Subtotal	1,942	-
Total Accounts Receivable	<u>\$ 1,942</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, 2015	Adjustments	Additions	Deletions	BALANCE June 30, 2016
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	18,877	-	-	-	18,877
Buildings and improvements	664,349	-	-	-	664,349
Infrastructure	-	-	-	-	-
Vehicles	921,180	-	-	-	921,180
Heavy equipment	82,500	18,020	-	-	100,520
Equipment	48,904	-	-	-	48,904
Total capital assets being depreciated	1,735,810	18,020	-	-	1,753,830
Less: Accumulated depreciation					
Land Improvements	6,781	-	2,195	-	8,976
Buildings and improvements	253,570	(3,200)	13,775	-	264,145
Infrastructure	-	-	-	-	-
Vehicles	721,219	-	22,653	-	743,872
Heavy equipment	43,653	1,001	5,570	-	50,224
Equipment	36,953	-	4,369	-	41,322
Total Accumulated depreciation	1,062,176	(2,199)	48,562	-	1,108,539
Net capital assets being depreciated	673,634	20,219	(48,562)	-	645,291
Total Net Capital Assets	<u>747,762</u>	<u>20,219</u>	<u>(48,562)</u>	<u>-</u>	<u>719,419</u>

STATE OF NEW MEXICO
VILLAGE OF FLOYD
Notes to the Financial Statements
June 30, 2016

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

	BALANCE June 30, 2015	Adjustments	Additions	Deletions	BALANCE June 30, 2016
Capital assets not being depreciated					
Land	16,500	-	-	-	16,500
Total capital assets not being depreciated	16,500	-	-	-	16,500
Capital assets being depreciated					
Land Improvements	-	-	-	-	-
Buildings and improvements	70,000	-	-	-	70,000
Infrastructure	1,869,701	-	-	-	1,869,701
Vehicles	-	-	-	-	-
Heavy equipment	-	-	-	-	-
Equipment	-	-	-	-	-
Total capital assets being depreciated	1,939,701	-	-	-	1,939,701
Less: Accumulated depreciation					
Land Improvements	70,000	-	-	-	70,000
Buildings and improvements	-	-	-	-	-
Infrastructure	1,093,676	(414,456)	93,485	-	772,705
Vehicles	-	-	-	-	-
Heavy equipment	-	-	-	-	-
Equipment	-	-	-	-	-
Total Accumulated depreciation	1,163,676	(414,456)	93,485	-	842,705
Net capital assets being depreciated	776,025	414,456	(93,485)	-	1,096,996
Total Net Capital Assets	792,525	414,456	(93,485)	-	1,113,496

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, 2015	Additions	Deletions	Balance June 30, 2016	Due Within One Year
NMFA Loan	\$ 121,996	\$ -	\$ 22,982	\$ 99,014	\$ 23,667
NMFA Loan	92,923	-	48,503	44,420	8,198
Total	\$ 214,919	\$ -	\$ 71,485	\$ 143,434	\$ 31,865

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, 2016

Due Year Ending June 30	Principal	Interest	Total
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>\$ 99,014</u>	<u>\$ 7,586</u>	<u>\$ 106,600</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
2017	\$ 11,711	\$ 933	\$ 12,644
2018	11,957	687	12,644
2019	12,208	436	12,644
2020	8,544	179	8,723
Total	<u>\$ 44,420</u>	<u>\$ 2,235</u>	<u>\$ 46,655</u>

The liability will be liquidated by the General Fund.

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016	Due Within One Year
NMFA Loan	<u>\$ 39,104</u>	<u>\$ -</u>	<u>\$ 2,429</u>	<u>\$ 36,675</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, 2016

Due Year Ending June 30	Principal	Interest	Total
2017	\$ 2,545	\$ 275	\$ 2,820
2018	2,564	256	2,820
2019	2,583	237	2,820
2020	2,603	217	2,820
2021	2,622	198	2,820
2022-2026	13,411	691	14,102
2027-2030	10,347	186	10,533
Total	<u>\$ 36,675</u>	<u>\$ 2,060</u>	<u>\$ 38,735</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, 2016

9. TRANSFERS

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

Transfers Out		Transfers In		
		General Fund	Water	Solid Waste
General Fund	\$ 8,737	\$ -	\$ 3,649	\$ 5,088
Fire Fund	-	-	-	-
Senior Fund	1,153	1,153	-	-
Water Fund	-	-	-	-
		1,153	3,649	5,088
	\$ 9,890			\$ 9,890

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

General fund transferred \$3,649 to Water to cover fiscal year expenditures.
General fund transferred \$5,088 to Solid Waste to cover fiscal year expenditures.
Senior Fund transferred \$1,153 to General fund to reimburse payroll related expenditures paid by the General fund.

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	-	64,171	-	64,171
Cultural and recreation services	-	-	18,872	18,872
Emergency Medical Services	-	-	659	659
Debt Service	15,747	22,052	-	37,799
Capital Projects	-	-	-	-
Reserves	-	-	-	-
Total restricted	15,747	86,223	19,531	121,501
Unassigned	66,993	-	-	66,993
Total Fund Balances	\$ 82,740	\$ 86,223	\$ 19,531	\$ 188,494

STATE OF NEW MEXICO
VILLAGE OF FLOYD
Notes to the Financial Statements
June 30, 2016

11. FUND BALANCE RESTATEMENTS

The Village made the following fund balance restatements to correct the cash balance in the General Fund due to a prior year voided transaction. The restatement of the fund balance is as follows:

June 30, 2015 Fund Balance General Fund	\$ 124,510
Restatement of cash balance	<u>13</u>
July 1, 2015 Fund Balance General Fund restated	<u>\$ 124,523</u>

12. NET POSITION RESTATEMENTS

The Village made the following restatements to net position for the Governmental activities and the Business-type activities. The restatement of net position for Governmental Activities consist of a forklift aquired through the Hardship Auction in 2014 with a value of \$18,020 less accumulated depreciation of \$1,001, a correction of \$3,200 in accumulated depreciation, and a \$13 correction to the cash balance due do a prior year voided transaction. The restatement of net position for Business-type Activities was a \$414,456 correction to accumulated depreciation. The restatements of net position is as follows:

June 30, 2015 Net Position Governmental Activities	\$ 705,226
Restatement of Capital Assets	20,219
Restatement of Cash balance	<u>13</u>
July 1, 2015 Net Position Governmental Activities restated	<u>\$ 725,458</u>
June 30, 2015 Net Position Business-type Activities	\$ 753,421
Restatement of Capital Assets	<u>414,456</u>
July 1, 2015 Net Position Business-type Activities restated	<u>\$ 1,167,877</u>

13. BUDGET VIOLATIONS

The General Fund had a budget overrun of \$65,352 and the Senior Fund by \$1,665.

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, 2016

	EMS/ AMBULANCE	SENIORS	Total GOVERNMENTAL FUNDS
ASSETS			
Cash on Deposit	\$ 659	\$ 18,872	\$ 19,531
Due from Other Funds	-	-	-
Due from Other Governments	-	-	-
Due From External Funds	-	-	-
Accounts Receivable	-	-	-
TOTAL ASSETS	<u>\$ 659</u>	<u>\$ 18,872</u>	<u>\$ 19,531</u>
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	659	18,872	19,531
Committed	-	-	-
Unassigned	-	-	-
TOTAL FUND BALANCE	<u>659</u>	<u>18,872</u>	<u>19,531</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u>\$ 659</u>	<u>\$ 18,872</u>	<u>\$ 19,531</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, 2016

	EMS/ AMBULANCE	SENIORS	TOTAL GOVERNMENTAL FUNDS
REVENUE			
Taxes	\$ -	\$ -	\$ -
Charges for services	4,612	225	4,837
Licenses and permits	-	-	-
Fines and forfeitures	-	-	-
Local sources	-	18,953	18,953
State sources	7,000	4,132	11,132
Federal sources	-	1,082	1,082
State shared taxes	-	-	-
Earnings from investments	-	-	-
Refunds	164	9,117	9,281
TOTAL REVENUES	<u>11,776</u>	<u>33,509</u>	<u>45,285</u>
EXPENDITURES			
Current			
General government	-	-	-
Highways and streets	-	-	-
Public safety	11,117	-	11,117
Health & welfare	-	-	-
Culture and recreation	-	13,484	13,484
Capital outlay	-	-	-
NMFA principal	-	-	-
NMFA interest	-	-	-
TOTAL EXPENDITURES	<u>11,117</u>	<u>13,484</u>	<u>24,601</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	659	20,025	20,684
Other Financing Sources			
Bond Proceeds	-	-	-
Sale of Equipment	-	-	-
Bond Premium	-	-	-
Transfers In<Out>	-	(1,153)	(1,153)
Total Other Financial Sources	<u>-</u>	<u>(1,153)</u>	<u>(1,153)</u>
Net Change In Fund Balances	659	18,872	19,531
FUND BALANCE			
June 30, 2015	-	-	-
Restatement	-	-	-
Restated Fund Balance June 30, 2015	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE June 30, 2016	<u>\$ 659</u>	<u>\$ 18,872</u>	<u>\$ 19,531</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, 2016

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Taxes	\$ -	\$ -	\$ -	\$ -
Charges for services	1,200	1,200	4,612	3,412
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Local sources	-	-	-	-
State sources	7,200	7,000	7,000	-
Federal sources	-	-	-	-
State shared taxes	-	-	-	-
Earnings from investments	-	-	-	-
TOTAL REVENUE	\$ 8,400	\$ 8,200	\$ 11,612	\$ 3,412
EXPENDITURES				
Current				
General government	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-
Health and welfare	8,400	11,117	11,117	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
TOTAL EXPENDITURES	\$ 8,400	\$ 11,117	\$ 11,117	\$ -
OTHER FINANCING SOURCES				
Loan proceeds	\$ -	\$ -	\$ -	\$ -
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES	\$ -	\$ -	\$ -	\$ -
BUDGETED CASH BALANCE	\$ -	\$ -		
REVENUE				
Budgetary basis			\$ 11,612	
Prior year accounts receivable			-	
Current year accounts receivable			-	
Refunds			164	
Modified accrual basis			<u>\$ 11,776</u>	
EXPENDITURES				
Budgetary basis			\$ 11,117	
Modified accrual basis			<u>\$ 11,117</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, 2016

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Taxes	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	225	225
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Local sources	-	-	18,953	18,953
State sources	8,188	4,008	4,132	124
Federal sources	2,775	1,206	1,082	(124)
State shared taxes	-	-	-	-
Earnings from investments	-	-	-	-
TOTAL REVENUE	\$ 10,963	\$ 5,214	\$ 24,392	\$ 19,178
EXPENDITURES				
Current				
General government	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	10,963	11,819	13,484	(1,665)
Capital outlay	-	-	-	-
TOTAL EXPENDITURES	\$ 10,963	\$ 11,819	\$ 13,484	\$ (1,665)
OTHER FINANCING SOURCES				
Loan proceeds	\$ -	\$ -	\$ -	\$ -
Operating transfers in	-	-	-	-
Operating transfers out	-	-	1,693	(1,693)
TOTAL OTHER FINANCING SOURCES	\$ -	\$ -	\$ 1,693	\$ (1,693)
BUDGETED CASH BALANCE	\$ -	\$ -		
REVENUE				
Budgetary basis			\$ 24,392	
Prior year accounts receivable			-	
Current year accounts receivable			-	
Refunds			9,117	
Modified accrual basis			<u>\$ 33,509</u>	
EXPENDITURES				
Budgetary basis			\$ 13,484	
Modified accrual basis			<u>\$ 13,484</u>	

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, 2016

	<u>Balance 6/30/2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/2016</u>
Floyd Fire and EMS Donation Fund	\$ 7,581	\$ 58	\$ 2,486	\$ 5,153
Total	<u>\$ 7,581</u>	<u>\$ 58</u>	<u>\$ 2,486</u>	<u>\$ 5,153</u>

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

STATE OF NEW MEXICO
VILLAGE OF FLOYD

BANK SUMMARY

JUNE 30, 2016

Bank	ACCT TYPE	FUND	BANK BALANCE	OUTSTANDING CHECKS	OUTSTANDING DEPOSITS	CASH BALANCE
JAMES POLK STONE BANK	Checking	General	* \$ 153,382	\$ 2,284	\$ -	\$ 151,098
	Checking	General	* 471	-	-	471
Total James Polk Stone Bank			<u>153,853</u>	<u>2,284</u>	<u>-</u>	<u>151,569</u>
New Mexico Finance Authority	Checking	General	* 3,037	-	-	3,037
New Mexico Finance Authority	Checking	General	* 12,709	-	-	12,709
New Mexico Finance Authority	Checking	Water	* 1,024	-	-	1,024
New Mexico Finance Authority	Checking	Fire	* 504	-	-	504
New Mexico Finance Authority	Checking	Fire	* 21,548	-	-	21,548
Total NMFA			<u>38,822</u>	<u>-</u>	<u>-</u>	<u>38,822</u>
Amount on Deposit			<u>\$ 192,675</u>	<u>\$ 2,284</u>	<u>\$ -</u>	<u>\$ 190,391</u>

Total Cash

* Interest Bearing

See Independent Auditor's Report

STATE OF NEW MEXICO
 VILLAGE OF FLOYD

SCHEDULE OF PLEDGED COLLATERAL

JUNE 30, 2016

	TOTAL DEPOSITS	FDIC INSURANCE	UNINSURED DEPOSITS	COLLATERAL REQUIRED	COLLATERAL PLEDGED	UNINSURED & UNCOLLATERALIZED DEPOSITS	PLEDGED COLLATERAL DEFICIT
JAMES POLK STONE BANK	\$ 153,853	\$ 153,853	\$ -	\$ -	\$ -	\$ -	\$ -
COLLATERAL N/A	\$ -	CUSIP # N/A	MATURES N/A				
	\$ -						
	\$ -						
COLLATERAL IS HELD AT INDEPENDENT BANKERS BANK DALLAS TEXAS							
NEW MEXICO FINANCE AUTHORITY	\$ 17,275	\$ 17,275	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL ALL INSTITUTIONS	\$ 171,128	\$ 171,128	\$ -	\$ -	\$ -	\$ -	\$ -

STATE OF NEW MEXICO
VILLAGE OF FLOYD

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

Year Ended June 30, 2016

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Taxes	\$ -	\$ -	\$ -	\$ -
Sales and services	15,000	15,000	22,465	7,465
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Local sources	-	90	-	(90)
State sources	-	-	-	-
Federal sources	-	-	-	-
State shared taxes	-	-	-	-
Interest Income	-	-	12	12
TOTAL REVENUE	\$ 15,000	\$ 15,090	\$ 22,477	\$ 7,387
EXPENDITURES				
Personal services	\$ -	\$ -	\$ -	\$ -
Maintenance and operations	37,143	36,101	23,130	12,971
Capital outlay	-	-	-	-
TOTAL EXPENDITURES	\$ 37,143	\$ 36,101	\$ 23,130	\$ 12,971
OTHER FINANCING SOURCES				
Loan proceeds	\$ -	\$ -	\$ -	\$ -
Operating transfers in	22,053	36,101	3,649	32,452
Operating transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES	\$ 22,053	\$ 36,101	\$ 3,649	\$ 32,452
BUDGETED CASH BALANCE	\$ -	\$ -		
REVENUE				
Budgetary basis			\$ 22,477	
Prior year accounts receivable			-	
Current year accounts receivable			-	
Refunds			14	
Modified accrual basis			\$ 22,491	
EXPENDITURES				
Budgetary basis			\$ 23,130	
Depreciation			93,485	
Modified accrual basis			\$ 116,615	

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, 2016

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Taxes	\$ -	\$ -	\$ -	\$ -
Sales and services	13,000	13,000	14,243	1,243
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Local sources	-	-	-	-
State sources	-	-	-	-
Federal sources	-	-	-	-
State shared taxes	-	-	-	-
Interest Income	-	-	-	-
TOTAL REVENUE	<u>\$ 13,000</u>	<u>\$ 13,000</u>	<u>\$ 14,243</u>	<u>\$ 1,243</u>
EXPENDITURES				
Personal services	\$ -	\$ -	\$ -	\$ -
Maintenance and operations	18,030	19,331	19,331	-
Capital outlay	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 18,030</u>	<u>\$ 19,331</u>	<u>\$ 19,331</u>	<u>\$ -</u>
OTHER FINANCING SOURCES				
Loan proceeds	\$ -	\$ -	\$ -	\$ -
Operating transfers in	5,000	9,939	5,088	4,851
Operating transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES	<u>\$ 5,000</u>	<u>\$ 9,939</u>	<u>\$ 5,088</u>	<u>\$ 4,851</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>\$ -</u>		
REVENUE				
Budgetary basis			\$ 14,243	
Prior year accounts receivable			-	
Current year accounts receivable			-	
Modified accrual basis			<u>\$ 14,243</u>	
EXPENDITURES				
Budgetary basis			\$ 19,331	
Modified accrual basis			<u>\$ 19,331</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 Material Weaknesses Identified and 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, 2016, 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 March 16, 2017.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned 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. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be material weaknesses. 2016-001

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

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governance. We consider the deficiencies described in the accompany schedule of findings and questioned costs to be significant deficiencies. 2010-001, 2015-002, and 2016-002

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, 2015-002, and 2016-002.

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.

A handwritten signature in black ink that reads "Woodard, Cowen & Co." with a stylized flourish at the end.

Woodard, Cowen & Company
Portales, New Mexico
March 16, 2017

PRIOR 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.

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.

Status: Revised and repeated.

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.

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: Resolved.

PRIOR 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.

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: Resolved.

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.

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: Revised and repeated.

CURRENT YEAR FINDINGS

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

- Condition: The Village had overspent budgets in the General Fund by \$65,352 and the Senior Fund by \$1,665. The same number of funds as in the prior year had overspent budgets. Prior year the General Fund and the Fire Protection Fund had overspent budgets.
- Criteria: NMSA 1978 Section 22-8-11 B requires all funds be spent within the established guidelines set forth in the budgets.
- Cause: The budget for the General Fund appeared to excluded budgeted expenditures for Highways and Streets, Culture and Recreation, and expenditures related to debt service. The Senior Fund had an expenditure overrun and not adjustment was made.
- 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.

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

- Condition: The June 30, 2016 audit report was not received by the New Mexico Office of the State Auditor by the December 15, 2016 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.

CURRENT YEAR FINDINGS (continued)

**2016-001 – Village’s Books Are Not Sufficient to Create Financial Statements – Material Weakness
– Control**

Condition: Though individual balance sheet accounts such as cash, accounts receivable, and accounts payable reconciled and balanced to subsidiary detail and the Village’s books balanced as a whole; financial statements at the fund level did not balance. The General Fund was out-of-balance by \$17,600, the Water Fund was out-of-balance by \$44,000, and the Solid Waste Fund was out-of-balance by \$1,100 at the time the audit report was due. It was also noted that the note payable balances did not tie to the NMFA statement and capital assets were listed with a credit balance of \$712,960.21.

Criteria: Prudent accounting practice would keep all funds in balance and discrepancies in natural balances (assets carry a debit balance) would be investigated by management.

Cause: The village clerk communicated to the auditor several times during the year that the accounting program, QuickBooks, had crashed multiple times during the year and all entries had to be re-entered. However, the auditor had to go through general ledger line by line and noted multiple entries for individual checks written and numerous journal entries that made no sense with no clear purpose. Many journal entries were made in such a way that the debits and credits crossed funds. This created a situation where the journal entry balanced, but was one-sided within the funds.

Effect: While the books of the Village appear to balance, the books were in no condition to create presentable financial statements. Capital assets and long-term debt were materially misstated on the Village’s books. The audit report is substantially late due to the investigation and adjustments the auditor had to make.

Recommendation: The Village clerk needs to get one-on-one instruction as to the proper structure and organization of the Village’s books. The Village clerk also needs guidance in the proper structure of journal entries so that the balances of accounts will be correct and there will be no one-sided entries to the individual funds.

Initially the auditor made the recommendation that a new computer may be in order as the Village’s computer was approximately eight years old. However, that computer quit working during the mean time.

Response: The Village will seek help where ever possible and would welcome some one-on-one help. However, the Village clerk and the two council members at the exit conference voiced frustration that they receive differing opinions and directions from auditors, DFA, and NMFA. The Village clerk will work to have this corrected for the 2016-2017 fiscal year.

CURRENT YEAR FINDINGS (continued)

2016-002 – Inaccurate listing of capital assets – Significant Deficiency – Control and compliance

- Condition: The Village does not have an inventory and depreciation schedule for the Village's capital assets. The current auditor and it appears to be that prior auditors have relied on a listing that was updated by the auditor from year-to-year. The condition was discovered when the auditor found a capital asset listing in a notebook containing the DFA reports. That capital asset listing did not match nor roll forward from the prior year listing used or the prior year footnote disclosure. Six assets were not listed on the prior year listing, four assets had depreciation calculation errors resulting in net position restatements of \$3,200, two assets had midstream useful life changes with no explanation, and depreciation was calculated on land. Two assets were discovered to not be listed as the Village received them as part of the State's hardship. One asset was acquired in 2014 requiring a restatement of net position auction for the amount of \$18,020 and related depreciation of \$1,001.
- Criteria: GASB 34 requires that capital assets with individual cost over \$5,000 be inventoried and depreciated.
- Cause: Village management has not maintained an accurate listing of its capital assets and has not taken care to properly calculate the depreciation from year to year.
- Effect: The Village does not have an accurate listing of its capital assets for the purposes of safekeeping, insurance, and financial reporting.
- Recommendation: The Village management should take the current listing in use, inventory it for completeness and accuracy and update it with each change to capital assets.
- Response: The Village clerk is comparing the two listing and will update the listing to a correct and complete listing. The capital asset listing will be corrected for the 2016-2017 fiscal year.

STATE OF NEW MEXICO
VILLAGE OF FLOYD
OTHER DISCLOSURES
June 30, 2016

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 March 16, 2017. In attendance at the 10:00 a.m. meeting were James Love, Council; Mr. Harold Nixon, Council Member; and Ms. Toni Whitecotton, Clerk/Treasurer. John McKinley, Jr., CPA represented our firm at this meeting.