

**STATE OF NEW MEXICO
VILLAGE OF FLOYD
AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION
JUNE 30, 2018**

INTRODUCTORY SECTION

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VILLAGE OF FLOYD
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JUNE 30, 2018**

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VILLAGE OF FLOYD
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**STATE OF NEW MEXICO
VILLAGE OF FLOYD
OFFICIAL ROSTER
JUNE 30, 2018**

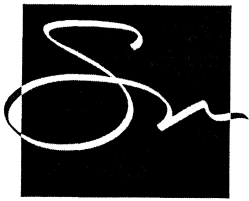
VILLAGE COUNCIL

Name	Title
Colin Chandler	Mayor
Seth Chandler	Councilor
Alice Visser	Councilor
Deborah Moore	Councilor
James Love	Councilor

VILLAGE OFFICIAL

Name	Title
Toni Whitecotton	Village Clerk/Treasurer

FINANCIAL SECTION



SCOTT NORTHAM, CPA, PC
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Wayne Johnson, New Mexico State Auditor, and
Honorable Mayor and Councilors of
Village of Floyd
Floyd, New Mexico

Report on the 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, enterprise funds, and major special revenue funds of the Village of Floyd, New Mexico as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements 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 misstatement, 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 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, the aggregate remaining fund information and the respective budgetary comparison for the General Fund and major special revenue funds of the Village of Floyd, New Mexico as of June 30, 2018, and, the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information

Management has elected to omit the MD&A for the year ended June 30, 2018, which is required to be presented to supplement the basic financial statements by accounting principles generally accepted in the United States of America. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it an essential part of financial reporting. Our opinion on the basic financial statements is not affected by this omitted information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements the combining and individual fund financial statements, and the budgetary comparisons. The supplemental information as noted in the table of contents required by Section 2.2.2 NMAC 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 auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules required by Section 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2018 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.



Scott Northam, CPA, PC
Ruidoso, New Mexico
September 14, 2018

**STATE OF NEW MEXICO
VILLAGE OF FLOYD
STATEMENT OF NET POSITION
JUNE 30, 2018**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 117,594	\$ 2,877	\$ 120,471
Accounts Receivable, Net	-	3,792	3,792
Taxes Receivable			
Gross Receipts	6,343	-	6,343
Property	16	-	16
Motor Vehicle	24	-	24
Gasoline	877	-	877
Total Current Assets	<u>124,854</u>	<u>6,669</u>	<u>131,523</u>
NONCURRENT ASSETS			
Restricted Cash and Cash Equivalents			
NMFA Cash Deposits	12,930	1,624	14,554
Capital Assets, Net	673,601	926,526	1,600,127
Total Noncurrent Assets	<u>686,531</u>	<u>928,150</u>	<u>1,614,681</u>
Total Assets	<u>\$ 811,385</u>	<u>\$ 934,819</u>	<u>\$ 1,746,204</u>
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES			
Accrued Liabilities	\$ 8,771	\$ 2,370	\$ 11,141
Current Portion of Long-Term Debt	11,452	2,503	13,955
Total Current Liabilities	<u>20,223</u>	<u>4,873</u>	<u>25,096</u>
NONCURRENT LIABILITIES			
Long-Term Debt, Net of Current Portion	10,454	29,240	39,694
Total Noncurrent Liabilities	<u>10,454</u>	<u>29,240</u>	<u>39,694</u>
Total Liabilities	<u>30,677</u>	<u>34,113</u>	<u>64,790</u>
NET POSITION			
Net Investment in Capital Assets	651,695	894,783	1,546,478
Restricted for:			
Special Revenue Funds	68,704	-	68,704
Debt Service	12,930	1,624	14,554
Unrestricted	47,379	4,299	51,678
Total Net Position	<u>780,708</u>	<u>900,706</u>	<u>1,681,414</u>
Total Liabilities and Net Position	<u>\$ 811,385</u>	<u>\$ 934,819</u>	<u>\$ 1,746,204</u>

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

**STATE OF NEW MEXICO
VILLAGE OF FLOYD
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018**

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<i>Primary Government</i>				
Governmental Activities:				
General Administration	\$ 75,167	\$ 150	\$ 90,000	
Culture and Recreation	5,773	-	-	-
Streets	4,989	-	-	-
Senior Citizens	13,388	-	-	-
Public Safety	95,033	-	165,524	-
Interest and Administrative Fees	1,423	-	-	-
Depreciation	50,891	-	-	-
<i>Total Governmental Activities</i>	<u>246,664</u>	<u>150</u>	<u>255,524</u>	<u>-</u>
Business-Type Activities:				
Water Fund	119,413	27,734	-	-
Solid Waste Fund	20,718	15,076	-	-
Interest and Administrative Fees	342	-	-	-
<i>Total Business-Type Activities</i>	<u>140,473</u>	<u>42,810</u>	<u>-</u>	<u>-</u>
Total - Primary Government	<u>\$ 387,137</u>	<u>\$ 42,960</u>	<u>\$ 255,524</u>	<u>\$ -</u>

General Revenues

Taxes:

Gross Receipts

Property

Motor Vehicle

Gasoline

Miscellaneous

Interest

Transfers, Net

Total General Revenues

Change in Net Position

Net Position Beginning of Year

Net Position End of Year

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

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ 14,983	\$ -	\$ 14,983
(5,773)	-	(5,773)
(4,989)	-	(4,989)
(13,388)	-	(13,388)
70,491	-	70,491
(1,423)	-	(1,423)
(50,891)	-	(50,891)
<u>9,010</u>	<u>-</u>	<u>9,010</u>
-	(91,679)	(91,679)
-	(5,642)	(5,642)
-	(342)	(342)
<u>-</u>	<u>(97,663)</u>	<u>(97,663)</u>
<u>9,010</u>	<u>(97,663)</u>	<u>(88,653)</u>
18,484	-	18,484
1,646	-	1,646
274	-	274
5,583	-	5,583
20,230	-	20,230
101	115	216
(9,612)	9,612	-
<u>36,706</u>	<u>9,727</u>	<u>46,433</u>
45,716	(87,936)	(42,220)
<u>734,992</u>	<u>988,642</u>	<u>1,723,634</u>
<u>\$ 780,708</u>	<u>\$ 900,706</u>	<u>\$ 1,681,414</u>

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

**STATE OF NEW MEXICO
VILLAGE OF FLOYD
BALANCE SHEETS
GOVERNMENTAL FUNDS
JUNE 30, 2018**

	General Fund	Fire Protection Fund	Emergency Medical Services Fund	Senior Citizens Fund	Total Governmental Funds
ASSETS					
ASSETS					
Cash and Cash Equivalents	\$ 48,890	\$ 55,603	\$ -	\$ 13,101	\$ 117,594
NMFA Cash Deposits	12,930	-	-	-	12,930
Taxes Receivable					
Gross Receipts	6,343	-	-	-	6,343
Property	16	-	-	-	16
Motor Vehicle	24	-	-	-	24
Gasoline	877	-	-	-	877
Total Assets	<u>\$ 69,080</u>	<u>\$ 55,603</u>	<u>\$ -</u>	<u>\$ 13,101</u>	<u>\$ 137,784</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accrued Liabilities	<u>\$ 8,771</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,771</u>
Total Liabilities	<u>8,771</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,771</u>
FUND BALANCES					
Restricted for:					
Senior Citizens	-			13,101	13,101
Emergency Services	-	-	-	-	-
Fire Protection	-	55,603	-	-	55,603
Unassigned	60,309	-	-	-	60,309
Total Fund Balances	<u>60,309</u>	<u>55,603</u>	<u>-</u>	<u>13,101</u>	<u>129,013</u>
Total Liabilities and Fund Balances	<u>\$ 69,080</u>	<u>\$ 55,603</u>	<u>\$ -</u>	<u>\$ 13,101</u>	<u>\$ 137,784</u>

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

STATE OF NEW MEXICO
VILLAGE OF FLOYD
RECONCILIATION OF GOVERNMENTAL FUNDS
FUND BALANCES TO GOVERNMENT ACTIVITIES
STATEMENT OF NET POSITION
JUNE 30, 2018

Total Fund Balance - Governmental Funds	\$	129,013
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		673,601
Certain liabilities are not due and payable in the current period and therefore are not reported in the Governmental Funds. Those long-term liabilities include:		
NMFA Notes Payable		(21,906)
Net Position of Governmental Activities	\$	<u>780,708</u>

**STATE OF NEW MEXICO
VILLAGE OF FLOYD
STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018**

	General Fund	Fire Protection Fund	Emergency Medical Services Fund	Senior Citizens Fund	Total Governmental Funds
REVENUES					
Charges for Service	\$ 150	\$ -	\$ -	\$ -	\$ 150
Taxes					
Gross Receipts	18,484	-	-	-	18,484
Property	1,646	-	-	-	1,646
Motor Vehicle	274	-	-	-	274
Gasoline	5,583	-	-	-	5,583
Intergovernmental					
State	90,000	158,524	7,000	-	255,524
Interest Income	101	-	-	-	101
Miscellaneous	1,375	18,605	250	-	20,230
Total Revenues	<u>117,613</u>	<u>177,129</u>	<u>7,250</u>	<u>-</u>	<u>301,992</u>
EXPENDITURES					
Current					
General Administration	75,167	-	-	-	75,167
Culture and Recreation	5,773	-	-	-	5,773
Streets	4,989	-	-	-	4,989
Senior Citizens	13,388	-	-	-	13,388
Public Safety	-	84,580	10,453	-	95,033
Debt Service					
Principal	11,311	75,347	-	-	86,658
Interest and Administrative Fees	488	935	-	-	1,423
Capital Outlay	<u>-</u>	<u>38,735</u>	<u>-</u>	<u>-</u>	<u>38,735</u>
Total Expenditures before Transfers	<u>111,116</u>	<u>199,597</u>	<u>10,453</u>	<u>-</u>	<u>321,166</u>
	<u>6,497</u>	<u>(22,468)</u>	<u>(3,203)</u>	<u>-</u>	<u>(19,174)</u>
OTHER FINANCING USES					
Transfers In	-	-	1,805	-	1,805
Transfers Out	(11,417)	-	-	-	(11,417)
Total Other Financing Uses	<u>(11,417)</u>	<u>-</u>	<u>1,805</u>	<u>-</u>	<u>(9,612)</u>
Deficiency of Revenues over Expenditures After Transfers	(4,920)	(22,468)	(1,398)	-	(28,786)
Fund Balance, Beginning of Year	<u>65,229</u>	<u>78,071</u>	<u>1,398</u>	<u>13,101</u>	<u>157,799</u>
Fund Balance, End of Year	<u>\$ 60,309</u>	<u>\$ 55,603</u>	<u>\$ -</u>	<u>\$ 13,101</u>	<u>\$ 129,013</u>

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

STATE OF NEW MEXICO
VILLAGE OF FLOYD
RECONCILIATION OF GOVERNMENTAL FUNDS
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE TO THE GOVERNMENTAL ACTIVITIES
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018

Net Changes in Fund Balance - Governmental Funds	\$	(28,786)
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
Governmental funds report capital outlays over \$5,000 as expenditures in the Governmental Funds, but the cost of those assets is reported as capital assets in the Statement of Net Position.		38,735
Depreciation Expense allocated the cost of capital assets over their useful lives in the Statement of Activities, but the cost of the capital assets has already been expended in prior periods in the Governmental Funds.		(50,891)
Payments on long-term liabilities are reported as expenditures in the Governmental Funds but as changes in liabilities in the Statement of Activities. Those changes include payments on long-term liabilities.		86,658
Change in Net Position of Governmental Activities	\$	<u>45,716</u>

STATE OF NEW MEXICO
VILLAGE OF FLOYD
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
GENERAL FUND
YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Charges for Service	\$ -	\$ -	\$ 150	\$ 150
Taxes				
Gross Receipts	12,000	12,000	13,028	1,028
Property	1,561	1,561	1,640	79
Motor Vehicle	215	215	276	61
Gasoline	5,004	5,004	5,132	128
Intergovernmental				
State	90,000	90,000	90,000	-
Interest Income	-	-	101	101
Miscellaneous	-	-	1,375	1,375
Total Revenues	108,780	108,780	111,702	2,772
EXPENDITURES				
Current				
General Administration	100,000	100,000	69,907	30,093
Culture and Recreation	-	-	5,773	(5,773)
Streets	-	-	4,989	(4,989)
Senior Citizens	-	-	13,388	(13,388)
Debt Service				
Principal	16,000	16,000	11,311	4,689
Interest and Administrative Fees	-	-	488	(488)
Total Expenditures	116,000	116,000	105,856	10,144
Excess (Deficiency) of Revenues over Expenditures Before Transfers	(7,220)	(7,220)	5,846	(7,372)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	6,585	-	(6,585)
Transfers Out	(23,000)	(23,000)	(11,417)	11,583
Total Other Financing Sources (Uses)	(23,000)	(16,415)	(11,417)	4,998
Excess (Deficiency) of Revenues over Expenditures After Transfers	(30,220)	(23,635)	(5,571)	17,914
Cash Balance, Beginning of Year	67,391	67,391	67,391	-
Cash Balance, End of Year	\$ 37,171	\$ 43,756	\$ 61,820	\$ 17,914
Reconciliation to GAAP Basis				
Excess of Revenues over Expenditures - Budget Basis			\$ (5,571)	
Change in:				
Taxes Receivable				
Gross Receipts			5,456	
Property			6	
Motor Vehicle			(2)	
Gasoline			451	
Accrued Liabilities			(5,260)	
Excess of Revenues over Expenditures - GAAP Basis			\$ (4,920)	

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

STATE OF NEW MEXICO
VILLAGE OF FLOYD
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
FIRE PROTECTION FUND
YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES				
Intergovernmental				
State	\$ 98,618	\$ 131,874	\$ 158,524	\$ 26,650
Miscellaneous	-	40,206	18,605	(21,601)
Total Revenues	<u>98,618</u>	<u>172,080</u>	<u>177,129</u>	<u>5,049</u>
EXPENDITURES				
Current				
Public Safety	98,618	118,611	84,580	34,031
Debt Service				
Principal	-	-	75,347	(75,347)
Interest and Administrative Fees	-	-	935	(935)
Capital Outlay				
	-	-	38,735	(38,735)
Total Expenditures	<u>98,618</u>	<u>118,611</u>	<u>199,597</u>	<u>(80,986)</u>
Excess (Deficiency) of Revenues over Expenditures	-	53,469	(22,468)	(75,937)
Cash Balance, Beginning of Year	<u>78,071</u>	<u>78,071</u>	<u>78,071</u>	<u>-</u>
Cash Balance, End of Year	<u>\$ 78,071</u>	<u>\$ 131,540</u>	<u>\$ 55,603</u>	<u>\$ (75,937)</u>
Reconciliation to GAAP Basis				
Excess of Revenues over Expenditures - Budget Basis			<u>\$ (22,468)</u>	
Excess of Revenues over Expenditures - GAAP Basis			<u>\$ (22,468)</u>	

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

**STATE OF NEW MEXICO
VILLAGE OF FLOYD
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
EMS FUND
YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Intergovernmental				
State	\$ 7,000	\$ 7,000	\$ 7,000	\$ -
Miscellaneous	-	250	250	-
Total Revenues	<u>7,000</u>	<u>7,250</u>	<u>7,250</u>	<u>-</u>
EXPENDITURES				
Current				
Health and Welfare	<u>7,000</u>	<u>10,453</u>	<u>10,453</u>	<u>-</u>
Total Expenditures	<u>7,000</u>	<u>10,453</u>	<u>10,453</u>	<u>-</u>
Deficiency of Revenues over Expenditures	-	(3,203)	(3,203)	-
OTHER FINANCING USES				
Transfers In	<u>-</u>	<u>1,805</u>	<u>1,805</u>	<u>-</u>
Total Other Financing Uses	<u>-</u>	<u>1,805</u>	<u>1,805</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures After Transfers	-	(1,398)	(1,398)	-
Cash Balance, Beginning of Year	<u>1,398</u>	<u>1,398</u>	<u>1,398</u>	<u>-</u>
Cash Balance, End of Year	<u>\$ 1,398</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation to GAAP Basis				
Deficiency of Revenues over Expenditures - Budget Basis			<u>\$ (1,398)</u>	
Deficiency of Revenues over Expenditures - GAAP Basis			<u>\$ (1,398)</u>	

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

**STATE OF NEW MEXICO
VILLAGE OF FLOYD
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018**

	Water Fund	Solid Waste Fund	Total Funds
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 2,877	\$ -	\$ 2,877
Accounts Receivable, Net	2,866	926	3,792
Total Current Assets	<u>5,743</u>	<u>926</u>	<u>6,669</u>
Noncurrent Assets			
Restricted Cash and Cash Equivalents		-	-
NMFA Cash	1,624	-	1,624
Capital Assets, Net	926,526	-	926,526
Total Noncurrent Assets	<u>928,150</u>	<u>-</u>	<u>928,150</u>
Total Assets	<u>\$ 933,893</u>	<u>\$ 926</u>	<u>\$ 934,819</u>
 LIABILITIES, AND NET POSITION			
LIABILITIES			
Current Liabilities			
Accrued Liabilities	\$ 2,370	\$ -	\$ 2,370
Current Portion of Long-Term Debt	2,503	-	2,503
Total Current Liabilities	<u>4,873</u>	<u>-</u>	<u>4,873</u>
Noncurrent Liabilities			
Long-term Debt, Net of Current Portion	29,240	-	29,240
Total Noncurrent Liabilities	<u>29,240</u>	<u>-</u>	<u>29,240</u>
Total Liabilities	34,113	-	34,113
NET POSITION			
Net Investment in Capital Assets	894,783	-	894,783
Restricted - Debt Service	1,624	-	1,624
Unrestricted	3,373	926	4,299
Total Fund Net Position	<u>899,780</u>	<u>926</u>	<u>900,706</u>
Total Liabilities and Net Position	<u>\$ 933,893</u>	<u>\$ 926</u>	<u>\$ 934,819</u>

The accompanying notes 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, 2018**

	Water Fund	Solid Waste Fund	Total Funds
OPERATING REVENUES			
Charges for Services			
Water	\$ 26,846	\$ -	\$ 26,846
Sanitation	-	14,688	14,688
Other Revenue	888	388	1,276
	<hr/>	<hr/>	<hr/>
Total Operating Revenues	27,734	15,076	42,810
OPERATING EXPENSES			
Personnel Services and Benefits	3,943	-	3,943
Professional and Contracted Services	100	18,900	19,000
Repairs and Maintenance, Supplies and Materials	8,556	238	8,794
Utilities	5,353	-	5,353
Insurance	6,762	1,265	8,027
Other Expenses	1,214	315	1,529
Depreciation	93,485	-	93,485
	<hr/>	<hr/>	<hr/>
Total Operating Expenses	119,413	20,718	140,131
Operating Income (Loss)	(91,679)	(5,642)	(97,321)
NONOPERATING REVENUES (EXPENSES)			
Transfer In	3,134	6,478	9,612
Interest Income	115	-	115
Interest Expense and Admin Fees	(342)	-	(342)
	<hr/>	<hr/>	<hr/>
Total Nonoperating Revenues (Expenses)	2,907	6,478	9,385
Change in Net Position	(88,772)	836	(87,936)
Net Position, Beginning of Year	988,552	90	988,642
	<hr/>	<hr/>	<hr/>
Net Position, End of Year	<u>\$ 899,780</u>	<u>\$ 926</u>	<u>\$ 900,706</u>

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

**STATE OF NEW MEXICO
VILLAGE OF FLOYD
STATEMENTS OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2018**

	Water Fund	Solid Waste Fund	Total Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers and Users	\$ 24,868	\$ 14,150	\$ 39,018
Payments to and on Behalf of Employees	(3,943)	-	(3,943)
Payments to Suppliers and Contractors	<u>(19,873)</u>	<u>(20,718)</u>	<u>(40,591)</u>
Net Cash (Used) Provided by Operating Activities	<u>1,052</u>	<u>(6,568)</u>	<u>(5,516)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Income	<u>115</u>	<u>-</u>	<u>115</u>
Net Cash Used by Investing Activities	<u>115</u>	<u>-</u>	<u>115</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES			
Principal Payments on Loans	(2,478)	-	(2,478)
Interest and Administrative Fees	<u>(342)</u>	<u>-</u>	<u>(342)</u>
Net Cash Provided by Capital Financing Activities	<u>(2,820)</u>	<u>-</u>	<u>(2,820)</u>
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES			
Transfer In	<u>3,134</u>	<u>6,478</u>	<u>9,612</u>
Net Cash Provided by Non Capital Financing Activities	<u>3,134</u>	<u>6,478</u>	<u>9,612</u>
NET CHANGE IN CASH	1,481	(90)	1,391
CASH AT BEGINNING OF YEAR	<u>3,020</u>	<u>90</u>	<u>3,110</u>
CASH AT END OF YEAR	<u><u>\$ 4,501</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,501</u></u>
Reconciliation of Operating Income (Loss) to Net Cash			
(Used) Provided by Operating Activities			
Operating Income (Loss)	\$ (91,679)	\$ (5,642)	\$ (97,321)
Adjustments to Reconcile Operating Income (Loss) to Cash			
(Used) Provided by Operating Activities:			
Depreciation	93,485	-	93,485
Changes In:			
Accounts Receivable	(2,866)	(926)	(3,792)
Accrued Liabilities	<u>2,112</u>	<u>-</u>	<u>-</u>
Net Cash (Used) Provided by Operating Activities	<u><u>\$ 1,052</u></u>	<u><u>\$ (6,568)</u></u>	<u><u>\$ (7,628)</u></u>
Reconciliation to the Balance Sheet			
Unrestricted	\$ 2,877	\$ -	\$ 2,877
Restricted	<u>1,624</u>	<u>-</u>	<u>1,624</u>
CASH AT END OF YEAR	<u><u>\$ 4,501</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,501</u></u>

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

**STATE OF NEW MEXICO
VILLAGE OF FLOYD
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2018**

**Fire
EMS
Memorial**

ASSETS

ASSETS

Cash and Cash Equivalents

\$ 1,886

Total Assets

\$ 1,886

LIABILITIES

LIABILITIES

Due to Other Agencies

\$ 1,886

Total Liabilities and Fund Balances

\$ 1,886

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

STATE OF NEW MEXICO
VILLAGE OF FLOYD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This following summary presentation of significant accounting policies of the Village of Floyd (the Village) is to assist in the understanding of the Village's financial statements. The financial statements and notes are the representation of the Village's management who is responsible for their integrity and objectivity. The financial statements of the Village have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units and the Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements have incorporated all applicable GASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedures, and Financial Accounting Standards Board (FASB) pronouncements applicable to governmental agencies.

Organization - The Village is a political subdivision of the State of New Mexico and was incorporated under provisions of Chapter 3, Article 2, NMSA 1978 as amended. The Village operates under the mayor-council form of government. The Village provides the following authorized services: public safety (fire), highways and streets, water, sanitation, health and welfare (ambulance), social services, culture and recreation, public improvements, and general administrative services. The Village's basic financial statements include all activities and accounts of the Village's financial reporting entity.

The financial reporting entity consists of the primary government, and any another organization for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The GASB 14 definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body, and either it could impose its will on that organization, or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government could impose its will on an organization if it can significantly influence the programs, projects, activities, or level of services performed or provided by the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.

Based upon the GASB 14 criteria above, there are no component units of the Village, nor is the Village considered a component unit of another governmental agency during the fiscal year ended June 30, 2018.

Measurement Focus, Basis of Accounting, Financial Statement Presentation

Government-wide Financial Statements - The basic financial statements include both government-wide (based on the Village as a whole) and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which relies on fees and charges for support. The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-Exchange Transactions*.

STATE OF NEW MEXICO
VILLAGE OF FLOYD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

In accordance with GASB Statement No. 33, the Village follows the following revenue recognition principles applied to non-exchange transactions:

- Derived tax revenues are recognized as revenue in the period when the underlying exchange transaction has occurred, and the resources are available. Derived tax revenues include gross receipts, and gasoline taxes.
- Imposed non-exchange revenue other than property taxes are recognized in the period when an enforceable legal claim has arisen, and the resources are available.
- Property tax revenue is recorded on a cash basis and the revenue is recognized in the fiscal year for which the taxes are levied.
- Government-mandated non-exchange transactions and voluntary non-exchange transactions are recognized when all applicable eligibility requirements have been met and the resources are available. These include grant revenues, state shared taxes and intergovernmental revenue. Grant revenues are recognized as revenues when the related costs are incurred.

The Village considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Generally, intergovernmental revenues and grants are recognized when all eligibility requirements are met, and the revenues are available. 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 and gross receipts tax revenues associated with the current fiscal period are recognized under the susceptible to accrual concept. Licenses and permits, charges for services, fines and forfeitures, contributions, and miscellaneous revenues are recorded as revenues when received in cash, as the resulting receivable is immaterial. Taxes and other items not properly included among program revenues are reported as general revenues. Grants and similar items are recognized as revenue as soon as all the eligibility requirements of time, reimbursement, and contingencies imposed by the provider are met.

The Roosevelt County Treasurer levies and collects property taxes on behalf of the Village. Property taxes are levied in November and are payable in two installments, half on November 10, which becomes delinquent on December 10, and half on April 10, which becomes delinquent on May 10, which is also the lien date.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to the Village; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met. Investment earnings are recorded as earned since they are measurable and available.

Other revenues susceptible to accrual are investment income and charges for services. All other revenues are recognized when they are received and are not susceptible to accrual because they are usually not measurable until payment is actually received.

**STATE OF NEW MEXICO
VILLAGE OF FLOYD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

The government-wide statement of activities demonstrates the degree to which the direct expenses of a function category (general government, public safety, etc.) or activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity; 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or activity; and 3) grants and contributions that are restricted to meeting the capital requirements of a particular function or activity.

The Village reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. The Village does not currently employ indirect cost allocation systems. Depreciation expense is a specifically identified function and is included as a separate line item on the Statement of Activities rather than a direct expense of each function. Interest on general and long-term debt is considered an indirect expense and is reported separately on the Statement of Activities. Transfers between funds and other internal activity are eliminated at the government-wide financial statements.

The government-wide focus is more on the sustainability of the Village as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the governmental fund financial statements is on the major individual funds of the governmental and business-type categories. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Non-exchange transactions, in which the Village gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations.

Governmental Fund Financial Statements - Governmental fund level financial statements report activity using the current financial resources measurement focus and the modified accrual basis of accounting. The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balance of financial resources) rather than upon net income. Revenue recognition is as soon as they are both measurable and available.

Separate fund based financial statements are provided for governmental funds and proprietary funds. Major individual government funds and major individual enterprise funds are reported as separate columns in the fund financial statements. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category for the governmental and enterprise combined) for the determination of major funds. Management also has the option to report a fund as major even though it does not fit the criteria. The nonmajor funds are combined in a column in the fund financial statements. The nonmajor funds are detailed in the Supplemental information section of the report.

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

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

**STATE OF NEW MEXICO
VILLAGE OF FLOYD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

The Village 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. Revenues are provided through property and other taxes, federal sources, state sources, charges for services, licenses and fees, and other miscellaneous recoveries and revenue. Expenditures include all costs associated with the daily operation of the Village except for items included in other funds.
- The **Fire Protection Fund** is a special revenue fund which accounts for the receipts and expenditures for the operation and maintenance of the fire department. It is financed by specific allocations from the New Mexico State Fire Marshall's Office. This fund was created under the authority provided by Section 59A-53-1 NMSA 1978.
- The **Emergency Medical Services Fund** is a special revenue fund for the operation and maintenance of the EMS department. Financing is provided by EMS allotments, donations, and fees for transportation. The fund was created under 24-10A-6, NMSA 1978.
- The **Senior Citizens Fund** accounts for state and local grants and funds used for the Senior Citizen program. The fund is created by Village ordinance.

The Village also maintains a fiduciary fund, which accounts for assets held by the Village in a trustee or agent capacity on behalf of outside entities, other governmental agencies, or other funds within the Village.

Business-Type Activities – Business-Type Activities and all proprietary funds are accounted for on a flow of economic resources measurement focus and on an accrual basis. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund-type operating statements present increases and decreases (e.g., revenues and expenses) in net total position.

Proprietary funds use the *flow of economic resources measurement focus* for accounting purposes. The accounting objectives are a determination of net income, financial position, and changes in cash flow. The Proprietary Funds are accounted for using the *accrual basis of accounting*. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The Village reports the following major proprietary funds:

- The **Water Fund** is used to account for the provision of water services to the residents of the Village and is considered an enterprise fund. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, billing and collection.
- The **Solid Waste Fund** is used to account for the collection and disposal of solid waste services for the residents of the Village and is considered an enterprise fund. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, billing and collection.

Budgetary Information - Budgets for all funds are prepared by management and is approved by the Village Council and the New Mexico Department of Finance and Administration.

**STATE OF NEW MEXICO
VILLAGE OF FLOYD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

The Village clerk/treasurer is responsible for preparing the budget from requests submitted by department heads. The appropriated budget is prepared by line item within object class, program, department and fund; revenues expected to be available are estimated to provide an approved budget. The comprehensive budget package is brought before the Village Council for approval by resolution. The proposed budget is then submitted by June 1st to the New Mexico Department of Finance and Administration Local Government Division (DFA) for approval. DFA certifies a pending budget by July 1st with final certification of the original budget by the first Monday of September. The expenditure section of the budget, once adopted, is legally binding. Exceeding the budgeted expenditures may result in an audit finding. Based on the final certified budget submitted, DFA certifies the allowable tax rates for property taxes in September.

These budgets are prepared on the non-GAAP cash basis, and secure appropriation of funds for only one year. Carryover funds from the previous fiscal year are re-appropriated in the budget of the subsequent fiscal year. The budget process in the state of New Mexico requires that the beginning cash balance be utilized to fund deficit budgets appropriated in the budget of the subsequent fiscal year. Such appropriated balance is presented as a committed portion of fund balance.

Actual expenditures may not exceed the budget on a fund basis. Budgets may be amended in two ways. If a budget transfer is necessary within a fund, this may be accomplished with only Village Council approval. If a transfer between “funds” or a budget increase is required, approval must be obtained from the Department of Finance and Administration. The budgetary information presented in these financial statements has been prepared in accordance with the above procedures.

Budget Violations – The Village exceeded the budgetary authority in the Fire Protection Fund by approximately \$80,986.

Assets, Liabilities, Net Position or Fund Equity, Other Matters

Cash and Investments - Cash includes amounts in demand deposits and short-term investments. Cash deposits are reported at carrying amount, which reasonably estimates fair value. All investments are stated at fair value, which is determined by using selected bases. Interest income and realized gains and losses on investment transactions are included for financial statement purposes as investment income.

Cash Flow Liquidity - For purposes of the statement of cash flows, the Village’s cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Restricted Cash - The Village restricts the amounts held at NMFA for debt servicing.

Use of Restricted Cash - When the Village incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first whenever they will have to be returned if they are not used.

Grants and Contributions - The Village receives state and local grants and contributions in the course of operations. Revenues from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as non-operating revenues. Amounts restricted to capital acquisitions are reported after non-operating revenues and expenses.

Utility Receivables - Substantially all of the Village's outstanding utility receivables are due from its customers for water and sewer service and solid waste collection. Collateral is generally not required on receivables, but a deposit is required to activate new service.

**STATE OF NEW MEXICO
VILLAGE OF FLOYD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Allowance for Doubtful Accounts – Management does not record an allowance for doubtful accounts. Rather, Village Council reviews the accounts receivable periodically to determine which accounts may not be collectible and adjusts the account accordingly.

Concentration of Credit Risk for Utility Receivables - The Village grants credit without collateral to its customers for its services, but the customers are subject to service termination if the receivables are not settled within a specified time frame.

Prepaid Items - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when used rather than purchased.

Property and Equipment - Capital assets which may include software, property, plant, equipment, vehicles, and infrastructure assets (e.g., building, roads, bridges, sidewalks, and similar items) are reported in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Land owned by the Village is always capitalized.

GASB Statement No. 34, *Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments* allows Phase III governments an exemption from the retroactive application of the capitalization requirements to major general infrastructure assets. The Village has elected not to retroactively record infrastructure assets since being considered a Phase III municipality. However, it must report all infrastructure assets purchased or built after July 1, 2003.

Assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Assets of the Village are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings, Structures and Improvements	10-40
Water and Wastewater Systems	25
Infrastructure	25
Office and Maintenance Equipment	7-10
Vehicles	5

Analysis of Impairments - Management reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment is determined based on comparison of future cash flows to the recorded value of the assets. Impairment losses are measured based on the fair value of the impaired assets. No such impairment losses were recorded during the year ended June 30, 2018.

Long-Term Obligations - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, or business-type activities within the statement of net position. Issuance costs associated with notes entered into are expensed in the year of issuance.

Long-term obligations are reported as debt in the proprietary fund. In the governmental funds, the long-term obligations are not reported as liabilities. The face amount of debt issued is reported as other financing sources. Issuance costs are reported as debt service expenditures.

**STATE OF NEW MEXICO
VILLAGE OF FLOYD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Compensated Absences – The Village does not accrue or carry forward any vacation or sick leave beyond the end of the fiscal year.

Deferred Outflows of Resources - In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a use of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until that time.

Deferred Inflows of Resources - Deferred inflows of resources represent the acquisition of net position that is applicable to a future reporting period.

- ***Government-Wide Statements*** - Unearned revenues represent the prepaid revenues advanced to the Village. Such advances are reported as unearned revenue until the earnings process is complete.
- ***Fund Financial Statements*** - Within the governmental funds, revenues must be available in order to be recognized. Revenues, such as property taxes that have been assessed and remain uncollected, are reflected as unearned revenues if they are not available in the current period, which the Village has established as sixty days after year end.

Fund Equity - Governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of resources: Non-spendable, Restricted, Committed, Assigned and Unassigned. The non-spendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form, e.g., prepaid items or inventories; or (b) legally or contractually required to be maintained intact. Restricted fund balances have limitations placed on the funds by external means or legislation. Committed fund balances have self-imposed limitations. Assigned fund balances have an intended use factor for a specific fund, and unassigned fund balances are excess funds not categorized in the other classifications.

Net Position - The government-wide financial statements and proprietary funds utilize a net position presentation. Net position is reported represents the difference between assets plus deferred outflows and liabilities plus deferred inflows. Net position is reported in three categories:

- ***Net investment in capital assets*** – This category reflects the portion of net position that is associated with capital assets, net of accumulated depreciation reduced by the outstanding capital asset-related debt and adding back unspent proceeds.
- ***Restricted net position*** – This category reflects the portion of net position that has third party limitations on its use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- ***Unrestricted net position*** – This category reflects net position of the Village, not restricted for any project or other purpose.

**STATE OF NEW MEXICO
VILLAGE OF FLOYD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Operating and Non-operating Revenues - Revenues are classified as operating or non-operating according to the following criteria:

Operating revenue - include activities which have the characteristic of exchange transactions, such as charges for services and fees, net of any allowance for uncollectible amounts.

Non-operating revenues - include activities which have the characteristics of non-exchange transactions, such as capital grants and investment income.

Interfund Activity - Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund balances as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

Operating and Non-operating expenditures - Expenditures are classified as operating or non-operating according to the following criteria:

Operating expenditures - include activities that have the characteristics of an exchange transaction such as employee salaries, benefits, and related expenses; maintenance, operations and contractual services; materials and supplies; office expenses; and depreciation expenses related to Village capital assets.

Non-operating expenditures - include activities that have the characteristics of non-exchange transactions such as interest on capital asset-related debt and bond expenses that are defined as non-operating expenses by GASB Statement No. 9 - *Reporting Cash Flows of Proprietary and Non-expendable Trust Funds and Governmental Entities that Use Proprietary Fund Accounting*, and GASB Statement No. 34.

Encumbrances - Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed as an extension of formal budgetary integration in the general or special revenue funds.

Use of 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.

Risk Management - The Village is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any preceding years. A surety bond as required by Section 12-6-7 NMSA 1978 Compilation and the New Mexico State Auditor Rule covers the officials and certain employees of the Village.

Subsequent Events - FASB ASC 855-10-50-1 requires reporting entities to disclose the date through which subsequent events have been evaluated and whether that date is the date the financial statements were issued or available to be issued. Management has evaluated subsequent events through the date of the auditor's report, which is the date the financial statements were available to be issued.

**STATE OF NEW MEXICO
VILLAGE OF FLOYD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE B - CASH AND CASH EQUIVALENTS

At June 30, 2018, the Village had cash and cash equivalents on deposit with local financial institutions, consisting of demand checking accounts, savings accounts and certificates of deposit. Following is a schedule as of June 30, 2018, of the cash and cash equivalents.

	Bank Balance June 30, 2017	Net Items Outstanding	Book Balance June 30, 2017
Interest-Bearing Demand Accounts:			
J.P. Stone Bank:			
Pooled Cash Account	\$ 127,511	\$ (8,857)	\$ 118,654
Debit Card Checking Account	<u>1,817</u>	<u>-</u>	<u>1,817</u>
Total Village Cash and Cash Equivalents	129,328	(8,857)	120,471
Fiduciary Account:			
Fire and EMS Donations Account	<u>2,114</u>	<u>(228)</u>	<u>1,886</u>
Total Cash and Cash Equivalents	<u>\$ 131,442</u>	<u>\$ (9,085)</u>	<u>\$ 122,357</u>

Collateralization - The FDIC provides coverage of up to \$250,000 for interest -bearing and non-interest-bearing demand accounts separately from an additional \$250,000 for interest-bearing time and savings accounts. Excess coverage from one category is not transferrable to the other. No security is required for the deposit of public money being insured by the Federal Deposit Insurance Corporation.

In accordance with Section 6-10-17, NMSA 1978 compilation, deposits of public monies are required to be collateralized. Pledged collateral is required in amounts in aggregate equal to one half of the amount of uninsured public money in each account during the fiscal year. Securities which are obligations of the State of New Mexico, its agencies, institutions, counties, or municipalities or other subdivisions are accepted as security at par value; all other securities are accepted as security at market value.

	JP Stone Bank
Deposits	\$ 131,442
Less FDIC Coverage	<u>(131,442)</u>
Uninsured Funds	-
Pledged Collateral Securities	<u>-</u>
Uninsured and Uncollateralized	<u>\$ -</u>

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned to them. The Village does not have a deposit policy for custodial credit risk other than state statutes. As of June 30, 2018, none of the Village's bank balances were exposed to custodial credit risk before applying the pledged collateral.

**STATE OF NEW MEXICO
VILLAGE OF FLOYD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE B - CASH AND CASH EQUIVALENTS (Cont.)

New Mexico Finance Authority Deposits - The Town has approximately \$14,554 on deposit with the New Mexico Finance Authority (NMFA). The amounts on deposits are being held in escrow by NMFA for debt service purposes. The amounts on deposit with NMFA are not covered by FDIC and not considered in the collateralization requirement calculation.

	Cash Balance	Reserve Funds Payable	Total on Deposit
NMFA PP-2677	\$ 266	\$ 12,664	\$ 12,930
NMFA ADW-2310	<u>1,624</u>	<u>-</u>	<u>1,624</u>
Total Cash and Cash Equivalents	<u>\$ 1,890</u>	<u>\$ 12,664</u>	<u>\$ 14,554</u>

NOTE C - RECEIVABLES

Government Activities - The Village operates the local ambulance service and bills Medicaid and other private insurance carriers for their services, with the transported patient billed for any remainder not covered by insurance. The full amount of any outstanding ambulance charges is fully reserved at fiscal year-end and recorded as income as the Village collects.

The Village records gross receipts, franchise and other taxes collected within sixty days of year end as receivables at year end. The following amount are considered receivable at the fiscal year end.

	Total
Gross Receipts Tax	\$ 6,343
Property Tax	16
Motor Vehicle	24
Gasoline	<u>877</u>
Accounts Receivables - Net	<u>\$ 7,260</u>

Business-type Activities - The Village does not reserve a portion of the utility accounts receivable as not being susceptible to collection since the Village determined that all current receivables are considered collectible. The amount of the allowance for the Proprietary funds is below as of the fiscal year end:

	Water Fund	Solid Waste Fund	Total
Gross Accounts Receivables	\$ 2,866	\$ 926	\$ 3,792
Less Allowance for Doubtful Accounts	<u>-</u>	<u>-</u>	<u>-</u>
Accounts Receivables - Net	<u>\$ 2,866</u>	<u>\$ 926</u>	<u>\$ 3,792</u>

Concentrations of Risk - The Village depends on financial resources flowing from, or associated with, property taxes, gross receipts taxes, the Federal Government and the State of New Mexico. Because of this dependency, the Village is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal, State, and local appropriations; changes in gross receipts tax rates, collections, and property values.

**STATE OF NEW MEXICO
VILLAGE OF FLOYD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE D - FUND TRANSFERS

The Village transfers between fund to subsidize or reimburse other funds for expenditures, either by statute or by Council authorization. The schedule below details the transfers between funds for the fiscal year.

From Fund	To Fund	Reason	Amount
General Fund	EMS Fund	Subsidize Operations	\$ 1,805
General Fund	Water Fund	Subsidize Operations	3,134
General Fund	Solid Waste Fund	Subsidize Operations	<u>6,478</u>
	Total Transfers		<u>\$ 11,417</u>

The transfer amounts between types of funds are summarized below:

From Fund Type	To Fund Type	Amount	Totals
Governmental	Governmental	\$1,805	
	Proprietary	<u>9,612</u>	
Total Transfers			<u>\$ 11,417</u>

NOTE D - CAPITAL ASSETS

The following capital asset activity for the Village for the year ended June 30, 2018 is as follows:

	Balance June 30, 2017	Increases	Decreases	Balance June 30, 2018
Governmental Activities:				
Non-depreciable Capital Assets				
Land	<u>\$ 74,128</u>	-	-	<u>\$ 74,128</u>
Total Non-depreciable Capital Assets	<u>74,128</u>	-	-	<u>74,128</u>
Depreciable Capital Assets				
Buildings and Improvements	664,349	-	-	664,349
Land Improvements	18,877	-	-	18,877
Equipment	176,516	-	-	176,516
Vehicles	<u>911,790</u>	<u>38,735</u>	-	<u>950,525</u>
Total Depreciable Capital Assets	<u>1,771,532</u>	<u>38,735</u>	-	<u>1,810,267</u>
Accumulated Depreciation				
Buildings and Improvements	(277,920)	(13,775)	-	(291,695)
Land Improvements	(9,486)	(510)	-	(9,996)
Equipment	(105,972)	(13,953)	-	(119,925)
Vehicles	<u>(766,525)</u>	<u>(22,653)</u>	-	<u>(789,178)</u>
Accumulated Depreciation	<u>(1,159,903)</u>	<u>(50,891)</u>	-	<u>(1,210,794)</u>
Total Depreciable Capital Assets, Net	<u>611,629</u>	<u>(12,156)</u>	-	<u>599,473</u>
Capital Assets, Net	<u>\$ 685,757</u>	<u>\$ (12,156)</u>	<u>\$ -</u>	<u>\$ 673,601</u>

**STATE OF NEW MEXICO
VILLAGE OF FLOYD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE D - CAPITAL ASSETS (Cont.)

Management has elected to present the Governmental Activities depreciation expense of \$50,891 as a separate line-item expense on the Statement of Activities rather than allocating the expense to each function within the primary government.

	Balance June 30, 2017	Increases	Decreases	Balance June 30, 2018
Business-type Activities:				
Non-depreciable Capital Assets				
Land	\$ 16,500	\$ -	\$ -	\$ 16,500
Total Non-depreciable Capital Assets	<u>16,500</u>	<u>-</u>	<u>-</u>	<u>16,500</u>
Depreciable Capital Assets				
Land Improvements	70,000	-	-	70,000
Water System	<u>1,869,701</u>	<u>-</u>	<u>-</u>	<u>1,869,701</u>
Total Depreciable Capital Assets	<u>1,939,701</u>	<u>-</u>	<u>-</u>	<u>1,939,701</u>
Accumulated Depreciation				
Land Improvements	(70,000)	-	-	(70,000)
Water System	<u>(866,190)</u>	<u>(93,485)</u>	<u>-</u>	<u>(959,675)</u>
Total Accumulated Depreciation	<u>(936,190)</u>	<u>(93,485)</u>	<u>-</u>	<u>(1,029,675)</u>
Total Depreciable Capital Assets, Net	<u>1,003,511</u>	<u>(93,485)</u>	<u>-</u>	<u>910,026</u>
Capital Assets, Net	<u>\$ 1,020,011</u>	<u>\$ (93,485)</u>	<u>\$ -</u>	<u>\$ 926,526</u>

NOTE E - LONG-TERM DEBT

The Village has the following long-term debt obligations as of June 30, 2018:

Governmental Activities:

NMFA 2284-PP – Fire Station - The Village entered into an agreement with NMFA to fund construction of the fire station building. Initial principal was \$213,507 with repayment terms of annual payments ranging from \$20,472 to \$25,865, bearing interest between 2.86% and 3.30% and maturing in May 2020. The debt is paid from intercept funds from the Fire Protection Fund. In September 2017, the Village elected to pay off the loan prior to maturity.

NMFA 2677-PP – Land and Design of Water Improvements - The Village entered into an agreement with NMFA in fund the land acquisition and design and plan future water system improvements. Initial principal was \$125,954 with repayment terms of 10 annual payments of approximately \$12,644, bearing a variable interest rate of approximately 1.7% with interest paid semi-annually and maturing in May 2023. The debt is paid from intercept funds from the Village's gross receipts revenue in the General Fund.

The Village paid approximately \$498 and \$935 in interest expense and administration fees during the fiscal year from the General Fund and Fire Protection Fund, respectively.

**STATE OF NEW MEXICO
VILLAGE OF FLOYD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE E - LONG-TERM DEBT (Cont.)

Governmental	Balance June 30, 2017	Increases	Decreases	Balance June 30, 2018	Due Within One Year
NMFA 2284-PP	\$ 75,347	\$ -	\$ (75,347)	\$ -	\$ -
NMFA 2677-PP	<u>33,217</u>	<u>-</u>	<u>(11,311)</u>	<u>21,906</u>	<u>11,452</u>
Total Long-term Debt	<u>\$ 108,564</u>	<u>\$ -</u>	<u>\$ (86,658)</u>	<u>\$ 21,906</u>	<u>\$ 11,452</u>

Business-type Activities:

NMFA- 2310-ADW - The Village entered into an agreement with NMFA to fund improvements to the Village's utility infrastructure. Initial principal was \$50,000 with repayment terms of 10 annual payments of approximately \$2,820, bearing interest of 1% with interest paid annually and maturing in May 2030. The loan is being paid from utility service revenue from the Water Fund.

The Town paid approximately \$342 in interest expense and other fees during the fiscal year from the Water Fund.

Proprietary	Balance June 30, 2017	Increases	Decreases	Balance June 30, 2018	Due Within One Year
NMFA – 2310-ADW	\$ 34,221	<u>-</u>	<u>\$ (2,478)</u>	<u>\$ 31,743</u>	<u>\$ 2,503</u>
Total Long-term Debt	<u>\$ 34,221</u>	<u>\$ -</u>	<u>\$ (2,478)</u>	<u>\$ 31,743</u>	<u>\$ 2,503</u>

Long-term debt service requirements to maturity for the Village is as follows:

Fiscal Year Ending	Governmental Activities			Business-type Activities			
	June 30,	Principal	Interest	Total	Principal	Interest	Total
2019		\$ 11,452	\$ 347	\$ 11,799	\$ 2,503	\$ 317	\$ 2,820
2020		10,454	212	10,666	2,528	292	2,820
2021		-	-	-	2,553	267	2,820
2022		-	-	-	2,579	241	2,820
2023		-	-	-	2,604	216	2,820
2024-2028		-	-	-	13,418	682	14,100
2029-2033		<u>-</u>	<u>-</u>	<u>-</u>	<u>5,558</u>	<u>82</u>	<u>5,640</u>
		<u>\$ 21,906</u>	<u>\$ 659</u>	<u>\$ 22,465</u>	<u>\$ 31,743</u>	<u>\$ 2,097</u>	<u>\$ 33,840</u>

NOTE F - RETIRE HEALTH CARE ACT CONTRIBUTIONS

The Retiree Health Care Act (10-7C-1 to 10-7C-16, NMSA 1978) provides comprehensive care group health insurance for persons who have retired from certain public service in New Mexico. The Village has elected not to participate in the program.

NOTE G- PERA PENSION PLAN

The Village does not participate in the State of New Mexico PERA retirement plan or any other retirement plan.

SUPPLEMENTAL INFORMATION

**STATE OF NEW MEXICO
VILLAGE OF FLOYD
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND NET POSITION - BUDGET AND ACTUAL (NON-GAAP BASIS)
WATER FUND
YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Charges for Services				
Water	\$ 22,500	\$ 22,500	\$ 23,980	\$ 1,480
Other Revenue	365	365	888	523
Total Operating Revenues	<u>22,865</u>	<u>22,865</u>	<u>24,868</u>	<u>2,003</u>
OPERATING EXPENSES				
Current				
Personnel Services and Benefits	-	-	1,831	(1,831)
Professional and Contracted Services	-	-	100	(100)
Repairs and Maintenance, Supplies and Materials	-	-	8,556	(8,556)
Utilities	-	-	5,353	(5,353)
Insurance	-	-	6,762	(6,762)
Other Expenses	28,499	33,181	1,214	31,967
Total Operating Expenses	<u>28,499</u>	<u>33,181</u>	<u>23,816</u>	<u>9,365</u>
Operating Income	(5,634)	(10,316)	1,052	11,368
NONOPERATING REVENUE (EXPENSES)				
Transfer In	5,000	7,317	3,134	(4,183)
Interest Income			115	115
Interest Expense and Admin Fees			(342)	342
Debt Service Principal Payments			(2,478)	2,478
Transfer Out	-	(7,473)	-	(7,473)
Total Nonoperating Revenue	<u>5,000</u>	<u>(156)</u>	<u>429</u>	<u>(8,721)</u>
Change in Net Position	(634)	(10,472)	1,481	2,647
Cash - Beginning of Year	<u>3,020</u>	<u>3,020</u>	<u>3,020</u>	<u>-</u>
Cash - End of Year	<u>\$ 2,386</u>	<u>\$ (7,452)</u>	<u>\$ 4,501</u>	<u>\$ (3,427)</u>
Reconciliation to GAAP Basis				
Change in Net Position - Budget Basis			\$ 1,481	
Depreciation			(93,485)	
Debt Service Principal Payments			2,478	
Change in:				
Accounts Receivable, Net			2,866	
Accrued Liabilities			(2,112)	
Change in Net Position - GAAP Basis			<u>\$ (88,772)</u>	

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

STATE OF NEW MEXICO
VILLAGE OF FLOYD
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND NET POSITION - BUDGET AND ACTUAL (NON-GAAP BASIS)
SOLID WASTE FUND
YEAR ENDED JUNE 30, 2018

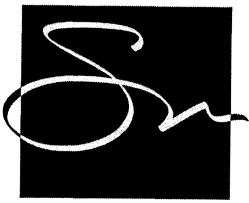
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Charges for Services				
Sanitation	\$ 14,760	\$ 14,760	\$ 13,762	\$ (998)
Interest Income	306	306	388	82
Total Operating Revenues	<u>15,066</u>	<u>15,066</u>	<u>14,150</u>	<u>(916)</u>
OPERATING EXPENSES				
Current				
Professional and Contracted Services	-	-	18,900	(18,900)
Repairs and Maintenance, Supplies and Materials	-	-	238	(238)
Insurance	-	-	1,265	(1,265)
Other Expenses	<u>17,066</u>	<u>20,718</u>	<u>315</u>	<u>20,403</u>
Total Operating Expenses	<u>17,066</u>	<u>20,718</u>	<u>20,718</u>	<u>-</u>
Operating Income (Loss)	(2,000)	(5,652)	(6,568)	(916)
NONOPERATING REVENUE				
Transfer In	<u>2,000</u>	<u>6,478</u>	<u>6,478</u>	<u>-</u>
Total Nonoperating Revenue	<u>2,000</u>	<u>6,478</u>	<u>6,478</u>	<u>-</u>
Change in Net Position	-	826	(90)	(916)
Cash - Beginning of Year	<u>90</u>	<u>90</u>	<u>90</u>	<u>-</u>
Cash - End of Year	<u>\$ 90</u>	<u>\$ 916</u>	<u>\$ -</u>	<u>\$ (916)</u>
Reconciliation to GAAP Basis				
Change in Net Position - Budget Basis			\$ (90)	
Change in:				
Accounts Receivable, Net			<u>926</u>	
Change in Net Position - GAAP Basis			<u>\$ 836</u>	

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

STATE OF NEW MEXICO
VILLAGE OF FLOYD
SCHEDULE OF CHANGES IN FIDUCIARY ASSET AND LIABILITIES
FIRE AND EMS MEMORIAL
YEAR ENDED JUNE 30, 2018

	Balance 06/30/17	Additions	Deductions	Balance 06/30/18
ASSETS				
ASSETS				
Cash and Cash Equivalents	<u>\$ 4,117</u>	<u>\$ 250</u>	<u>\$ 2,481</u>	<u>\$ 1,886</u>
Total Assets	<u><u>\$ 4,117</u></u>	<u><u>\$ 250</u></u>	<u><u>\$ 2,481</u></u>	<u><u>\$ 1,886</u></u>
LIABILITIES				
LIABILITIES				
Due to Other Agencies	<u>\$ 4,117</u>	<u>\$ 250</u>	<u>\$ 2,481</u>	<u>\$ 1,886</u>
Total Liabilities and Fund Balances	<u><u>\$ 4,117</u></u>	<u><u>\$ 250</u></u>	<u><u>\$ 2,481</u></u>	<u><u>\$ 1,886</u></u>

INTERNAL CONTROL AND COMPLIANCE



SCOTT NORTHAM, CPA, PC
Certified Public Accountants

**INDEPENDENT AUDITOR'S 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***

Wayne Johnson, New Mexico State Auditor, and
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 accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information and the budgetary comparisons for the general fund and major special revenue funds of the Village of Floyd, New Mexico as of and for the year ended June 30, 2018, 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 have also audited the financial statements of each of the Village's nonmajor governmental funds and the budgetary comparisons for the nonmajor funds presented as supplemental 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, 2018, as listed in the table of contents and have issued our report thereon dated September 14, 2018.

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 opinion 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from 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 a matter described in the accompanying schedule of findings and responses as item 2018-001 (2010-001) as an item of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and Section 12-6-5 NMSA 1978.

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 results of that testing, and not to provide an opinion on the effectiveness of the Village'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 Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Scott Northam, CPA, PC
Ruidoso, New Mexico
September 14, 2018

**STATE OF NEW MEXICO
VILLAGE OF FLOYD
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2018**

2018-001 (2010-001)- Legal Compliance with Budget – Compliance (Revised and Repeated)

CONDITION - The Village's actual expenditures exceeded authorized budgetary expenditures in the Fire Protection Fund by approximately \$80,896.

PROGRESS ON RESOLVING PRIOR YEAR FINDING – The Village made some progress in resolving this finding by reducing the amount of funds out of compliance from two to one.

CRITERIA - Section 6-6-6 NMSA 1978 requires the Village to keep expenditures within the approved budget.

CAUSE - The final budget was not adjusted for the additional debt service expenditures in the Fire Protection Fund authorized by the Village Council to pay off the NMFA note early.

EFFECT - The Village may not have accurate information for planning activities and cash flows in the funds that exceeded the budget.

RECOMMENDATION - The Village should review budget versus actual comparison periodically to ensure that budget adjustments are warranted, approved by Council and forwarded to DFA for approval.

MANAGEMENT RESPONSE AND PLANNED CORRECTIVE ACTION – With the implementation of the online budgeting system by DFA, the Village Clerk will be more cognizant of budget variances and will work with the Council and department heads to identify any unusual or one-time increases in the expenditures and will adjust the budget accordingly. This finding should be resolved by the final budget submission deadline for the 2019 Fiscal Year.

**STATE OF NEW MEXICO
VILLAGE OF FLOYD
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2018**

FINANCIAL STATEMENT FINDINGS:

PRIOR YEAR FINDINGS:

2010-001 - Legal Compliance with Budget

Repeated and Revised

**STATE OF NEW MEXICO
VILLAGE OF FLOYD
EXIT CONFERENCE
JUNE 30, 2018**

An entrance conference with the Village of Floyd representatives below was held on September 14, 2018. An exit conference with the Village of Floyd representatives below was also held on September 14, 2018 where the contents of this report were discussed. The following individuals were available for the conference:

Village of Floyd

Scott Northam, CPA, PC

Deborah Moore, Councilor
Toni Whitecotton, Village Clerk

Scott Northam, CPA

The financial statements of the Village of Floyd were prepared by Scott Northam, CPA, PC from original books and records provided by and with assistance from the management of the Village.

Although standards strongly emphasize the Village prepare its own financial statements, the consensus between Village management and the auditor was that it would be more time and cost efficient for the auditor to prepare the financial statements and the related notes. Accordingly, the Village designated a competent management-level individual to oversee the auditor's services, make all management decisions and perform all management functions. The Village reviewed, approved, and accepted responsibility for the accompanying financial statements and related notes and Supplemental schedules, and for ensuring that the underlying accounting records adequately support the preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America and that the records are current and in balance.