

State of New Mexico

VILLAGE OF GRADY



FOR YEAR ENDED JUNE 30, 2015

(WITH AUDITOR'S REPORT THEREON)

RICE & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

STATE OF NEW MEXICO
 VILLAGE OF GRADY
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STATE OF NEW MEXICO
VILLAGE OF GRADY
Official Roster
Year Ended June 30, 2015

Village Council

<u>Name</u>	<u>Title</u>
Mr. Wesley Shafer	Mayor
Ms. Kathy Edwards	Mayor Pro-Tem
Ms. Mae Szaloy	Member
Ms. Jena Rush	Member
Mr. Jimmy Schell	Member

Village Administration

Ms. Leona Powell	Clerk/Treasurer
Ms. Katy MacKechnie	Deputy Clerk

Rice and Associates, C.P.A.

AUDITING
BOOKKEEPING
(505) 292-8275

CERTIFIED PUBLIC ACCOUNTANTS
11805 Menaul NE
Albuquerque, NM 87112

TAX PLANNING
TAX PREPARATION
FAX (505) 294-8904

INDEPENDENT AUDITOR'S REPORT

Mr. Tim Keller
New Mexico State Auditor
and
Honorable Mayor and Village Council
Village of Grady
Grady, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, and the budgetary comparisons for the General, Fire Protection, EMS, Gas Tax, Senior Citizens and Law Enforcement Funds of the Village of Grady, as of and for the year ended June 30, 2015, and the related notes to the financial statements which collectively comprise the Village of Grady's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Village of Grady's major enterprise funds and the budgetary comparisons for the enterprise funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2015 as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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, and the aggregate remaining fund information of the Village of Grady, as of June 30, 2015, and the respective changes in financial position and where applicable, cash flows thereof, and the respective budgetary comparisons for the General, Fire Protection, EMS, Gas Tax, Senior Citizens and Law Enforcement 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 enterprise fund of the Village of Grady, as of June 30, 2015, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the nonmajor enterprise funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the MD&A which is required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements is required by GASB 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 this missing information.

Accounting principles generally accepted in the United States of America require the Schedules I and II and the notes to the Required Supplementary Information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the Village of Grady's financial statements, the combining and the individual fund financial statements, and the budgetary comparisons. The budgetary comparison for the enterprise fund is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The budgetary comparisons for the enterprise fund are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial 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 budgetary comparison for the enterprise fund fairly states, in all material respects, in relation to the basic financial statements as a whole.

Schedule IV, the Schedule of Vendor Information, 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 them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2015 on our consideration of the Village of Grady'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 of Grady's internal control over financial reporting and compliance.



Albuquerque, New Mexico
October 13, 2015

FINANCIAL STATEMENTS

STATE OF NEW MEXICO
VILLAGE OF GRADY
Statement of Net Position
June 30, 2015

Statement 1
Page 1 of 2

	Governmental Activities	Business Type Activities	Total
ASSETS			
Current Assets			
Cash	\$ 392,534	\$ 43,780	\$ 436,314
Accounts receivable (net of uncollectible accounts)	7,767	5,201	12,968
Inventory	<u>1,603</u>	<u>-</u>	<u>1,603</u>
Total current assets	<u>401,904</u>	<u>48,981</u>	<u>450,885</u>
Capital Assets			
Land	11,200	3,100	14,300
Land improvements	23,232	7,388	30,620
Buildings and improvements	1,017,760	-	1,017,760
Vehicles/heavy equipment	1,143,978	37,982	1,181,960
Equipment	4,159	7,438	11,597
Plant/infrastructure	<u>361,552</u>	<u>331,501</u>	<u>693,053</u>
Total capital assets	<u>2,561,881</u>	<u>387,409</u>	<u>2,949,290</u>
Less accumulated depreciation	(1,106,565)	(204,389)	(1,310,954)
Total capital assets (net of accumulated depreciation)	<u>1,455,316</u>	<u>183,020</u>	<u>1,638,336</u>
Deferred outflows of resources			
Employer contributions subsequent to measurement date	<u>4,303</u>	<u>-</u>	<u>4,303</u>
Total assets	<u>\$ 1,861,523</u>	<u>\$ 232,001</u>	<u>\$ 2,093,524</u>

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

STATE OF NEW MEXICO
VILLAGE OF GRADY
Statement of Net Position
June 30, 2015

Statement 1
Page 2 of 2

	Governmental Activities	Business Type Activities	Total
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts payable	\$ -	\$ -	\$ -
NMFA Loan	20,233	-	20,233
RIP Loan	-	3,977	3,977
Total current liabilities	20,233	3,977	24,210
Non-Current Liabilities			
Compensated absences payable	2,953	-	2,953
NMFA Loan	110,881	-	110,881
Net pension liability	39,005	-	39,005
RIP Loan	-	12,660	12,660
Total non-current liabilities	152,839	12,660	165,499
Total liabilities	173,072	16,637	189,709
Deferred Inflows			
Change in assumptions	26	-	26
Net difference between expected and actual earnings	15,260	-	15,260
Total deferred inflows	15,286	-	15,286
Net Position			
Net investment in capital assets	1,324,202	166,383	1,490,585
Restricted for:			
State mandated cash balance	9,313	-	9,313
Inventory	1,603	-	1,603
Special revenue fund	145,513	-	145,513
Unrestricted	192,534	48,981	241,515
Total net position	1,673,165	215,364	1,888,529
Total liabilities and net position	\$ 1,861,523	\$ 232,001	\$ 2,093,524

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

STATE OF NEW MEXICO
VILLAGE OF GRADY
Statement of Activities
Year Ended June 30, 2015

Statement 2

Functions/Programs	Program Revenues				Net (Expenses) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 101,449	\$ -	\$ 26,889	\$ -	\$ (74,560)	\$ -	\$ (74,560)
Highways and streets	-	-	-	-	-	-	-
Public safety	62,026	-	103,984	-	41,958	-	41,958
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	68,623	10,256	86,833	-	8,466	-	8,466
Interest	3,381	-	-	-	(3,381)	-	(3,381)
Depreciation - unallocated	96,693	-	-	-	(96,693)	-	(96,693)
Total governmental activities	<u>354,172</u>	<u>10,256</u>	<u>217,706</u>	<u>-</u>	<u>(126,210)</u>	<u>-</u>	<u>(126,210)</u>
Business-type activities:							
Water services	47,123	31,563	17,949	-	-	2,389	2,389
Solid waste services	14,864	18,527	-	-	-	3,663	3,663
Total business-type activities	<u>61,987</u>	<u>50,090</u>	<u>17,949</u>	<u>-</u>	<u>-</u>	<u>6,052</u>	<u>6,052</u>
Total all activities	<u>\$ 416,159</u>	<u>\$ 60,346</u>	<u>\$ 235,655</u>	<u>\$ -</u>	<u>(126,210)</u>	<u>6,052</u>	<u>(120,158)</u>
General Revenues:							
Property taxes					3,197	-	3,197
Gross receipts taxes					23,336	-	23,336
Franchise taxes					-	-	-
Gasoline taxes					5,019	-	5,019
Motor vehicle taxes					178	-	178
State aid not restricted to special purpose							
General					90,000	-	90,000
Investment earnings					38	-	38
Total general revenues					<u>121,770</u>	<u>-</u>	<u>121,770</u>
Change in net position					<u>(4,440)</u>	<u>6,052</u>	<u>1,612</u>
Net position - beginning of year					1,730,269	209,312	1,939,581
Restatement					(52,664)	-	(52,664)
Net position - beginning of year - restated					<u>1,677,605</u>	<u>209,312</u>	<u>1,886,917</u>
Net position - ending					<u>\$ 1,673,165</u>	<u>\$ 215,364</u>	<u>\$ 1,888,529</u>

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

STATE OF NEW MEXICO
VILLAGE OF GRADY
Balance Sheet
Governmental Funds
June 30, 2015

Statement 3

	General Fund	Fire Protection Fund	EMS Fund	Gas Tax Fund	Senior Citizens Fund	Law Enforcement Funds	Total Governmental Funds
ASSETS							
Cash on deposit	\$ 2,625,552	\$ 43,125	\$ 11	\$ 58,443	\$ 28,403	\$ -	\$ 392,534
Accounts receivable	1,549	-	-	-	6,218	-	7,767
Inventory	-	-	-	-	1,603	-	1,603
Total assets	<u>\$ 2,627,101</u>	<u>\$ 43,125</u>	<u>\$ 11</u>	<u>\$ 58,443</u>	<u>\$ 36,224</u>	<u>\$ -</u>	<u>\$ 401,904</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE							
Nonspendable	-	-	-	-	1,603	-	1,603
Restricted for:							
Fire protection	-	43,125	-	-	-	-	43,125
Emergency services	-	-	11	-	-	-	11
Road improvements	-	-	-	58,443	-	-	58,443
Recreation services	-	-	-	-	34,621	-	34,621
Law enforcement	-	-	-	-	-	-	-
State mandated cash balance	9,313	-	-	-	-	-	9,313
Committed	-	-	-	-	-	-	-
Unassigned	254,788	-	-	-	-	-	254,788
Total fund balance	<u>264,101</u>	<u>43,125</u>	<u>11</u>	<u>58,443</u>	<u>36,224</u>	<u>-</u>	<u>401,904</u>
Total liabilities and fund balance	<u>\$ 264,101</u>	<u>\$ 43,125</u>	<u>\$ 11</u>	<u>\$ 58,443</u>	<u>\$ 36,224</u>	<u>\$ -</u>	<u>\$ 401,904</u>

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

STATE OF NEW MEXICO

Statement 4

VILLAGE OF GRADY

Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position

June 30, 2015

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

Total fund balances - governmental funds		\$	401,304
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds			
The cost of capital assets	2,561,981		
Accumulated depreciation	<u>(1,106,565)</u>		
			1,455,316
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 at year-end consist of:			
NMFA Loan	(131,114)		
Compensated absences	<u>(2,953)</u>		
			<u>(134,067)</u>
Some liabilities, including net pension obligations, are not due and payable in the current period and therefore, are not reported in the funds			
Net pension liability			(39,005)
Deferred outflows and inflows or resources related to pensions are applicable to future periods and therefore, are not reported in the funds			
Deferred outflows of resources related to employer contributions subsequent to the measurement date			4,303
Deferred inflows or resources related to investment experience			(15,260)
Deferred inflows of resources related to changes in proportion			<u>(26)</u>
Net position of governmental activities		\$	<u>1,673,165</u>

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

STATE OF NEW MEXICO
 VILLAGE OF GRADY
 Governmental Funds
 Statement of Revenues, Expenditures and Changes in Fund Balances
 for the year ended June 30, 2015

	General Fund	Fire Protection Fund	EMS Fund	Gas Tax Fund	Senior Citizens Fund	Law Enforcement Funds	Total Governmental Funds
REVENUES							
Taxes	\$ 3,197	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,197
Charges for services	-	-	-	-	10,256	-	10,256
Licenses and permits	-	-	-	-	-	-	-
Total sources	26,889	5,279	-	-	3,860	-	36,028
State sources	90,000	71,434	7,271	-	66,664	20,000	255,369
Federal sources	-	-	-	-	16,309	-	16,309
State shared taxes	23,516	-	-	5,019	-	-	28,535
Earnings from investments	-	2	36	-	-	-	38
Total revenues	143,612	76,715	7,307	5,019	97,039	20,000	349,732
EXPENDITURES							
Current:							
General government	103,424	-	-	-	-	-	103,424
Highways and streets	-	-	-	-	-	-	-
Public safety	-	34,636	7,340	-	-	20,000	62,026
Health & welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	88,623	-	88,623
Capital outlay	-	-	-	-	-	-	-
NMFA principle	-	19,765	-	-	-	-	19,765
NMFA interest	-	3,381	-	-	-	-	3,381
Total expenditures	103,424	57,832	7,340	-	88,623	20,000	277,219
Net change in fund balances	40,178	18,883	(33)	5,019	8,466	-	72,513
Fund balance beginning of year	223,923	24,242	44	53,424	27,758	-	329,391
Fund balance end of year	\$ 264,101	\$ 43,125	\$ 11	\$ 58,443	\$ 36,224	\$ -	\$ 401,904

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

STATE OF NEW MEXICO
 VILLAGE OF GRADY
 Reconciliation of the Statement of Revenues, Expenditures
 and Changes in Fund Balances - Governmental Funds
 to the Statement of Activities
 For the Year Ended June 30, 2015

Statement 6

Net change in fund balances - total governmental funds \$ 72,513

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 these 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	(93,693)	
Capital outlays	<u> </u>	
Excess of capital outlay over depreciation expense		(98,693)

Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

Pension contributions		4,303
Pension expense		(1,627)

In the Statement of Activities, certain operating expenses are measured by the amount incurred during the year. In the fund financial statements however, expenditures are measured by the amount of financial resources used (essentially the amounts actually paid). The (increase) decrease in the liabilities for the year were:

Compensated absences payable		(701)
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The issuance of long-term debt provides current financial resources to governmental funds while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. 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.

Repayment of long-term debt		<u>19,765</u>
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Change in net position of governmental activities		<u>\$ (4,440)</u>
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The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 VILLAGE OF GRADY
 General Fund
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	\$ 4,221	\$ 4,221	\$ 3,069	\$ (1,152)
Charges for services	-	-	-	-
Licenses and permits	-	-	-	-
Local sources	27,388	27,388	26,889	(499)
State sources	90,000	90,000	90,000	-
Federal sources	-	-	-	-
State shared taxes	17,589	17,589	23,379	5,790
Earnings from investments	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total revenues	<u>\$ 139,198</u>	<u>\$ 139,198</u>	<u>\$ 143,337</u>	<u>\$ 4,139</u>
EXPENDITURES				
Current:				
General government	\$ 111,757	\$ 111,757	\$ 100,624	\$ 11,133
Highways and streets	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u>\$ 111,757</u>	<u>\$ 111,757</u>	<u>\$ 100,624</u>	<u>\$ 11,133</u>

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

STATE OF NEW MEXICO
 VILLAGE OF GRADY
 Fire Protection Fund
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Local sources	\$ -	\$ -	\$ 5,279	\$ 5,279
State sources	70,839	70,839	71,434	595
Federal sources	-	-	-	-
Earnings from investments	-	-	2	2
Total revenues	<u>\$ 70,839</u>	<u>\$ 70,839</u>	<u>\$ 76,715</u>	<u>\$ 5,876</u>
EXPENDITURES				
Public safety	\$ 93,317	\$ 93,317	\$ 57,832	\$ 35,485
Total expenditures	<u>\$ 93,317</u>	<u>\$ 93,317</u>	<u>\$ 57,832</u>	<u>\$ 35,485</u>
BUDGETED CASH BALANCE	<u>\$ 22,478</u>	<u>\$ 22,478</u>		

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

STATE OF NEW MEXICO
 VILLAGE OF CRADY
 EMS Fund
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	7,061	7,271	7,271	-
Federal sources	-	-	-	-
Earnings from investments	-	37	36	1
Total revenues	\$ 7,061	\$ 7,308	\$ 7,307	\$ 1
EXPENDITURES				
Public safety	\$ 7,105	\$ 7,352	\$ 7,340	\$ 12
Total expenditures	\$ 7,105	\$ 7,352	\$ 7,340	\$ 12
BUDGETED CASH BALANCE	\$ 44	\$ 44		

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

STATE OF NEW MEXICO
 VILLAGE OF GRADY
 Gas Tax Fund
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
State shared taxes	5,004	5,004	5,019	15
Earnings from investments	-	-	-	-
Total revenues	\$ 5,004	\$ 5,004	\$ 5,019	\$ 15
EXPENDITURES				
Public safety	\$ -	\$ -	\$ -	\$ -
Total expenditures	\$ -	\$ -	\$ -	\$ -
BUDGETED CASH BALANCE	\$ -	\$ -		

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

STATE OF NEW MEXICO
 VILLAGE OF GRADY
 Senior Citizens Fund
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Charges for services	\$ 9,100	\$ 9,100	\$ 10,256	\$ 1,156
Local sources	9,781	9,781	3,860	(5,921)
State sources	100,735	100,735	66,664	(34,071)
Federal sources	31,373	31,373	15,954	(15,419)
Earnings from investments	-	-	-	-
Total revenues	<u>\$ 150,989</u>	<u>\$ 150,989</u>	<u>\$ 96,734</u>	<u>\$ (54,255)</u>
EXPENDITURES				
Culture and recreation	\$ 164,856	\$ 164,856	\$ 87,954	\$ 76,902
Total expenditures	<u>\$ 164,856</u>	<u>\$ 164,856</u>	<u>\$ 87,954</u>	<u>\$ 76,902</u>
BUDGETED CASH BALANCE	<u>\$ 13,867</u>	<u>\$ 13,867</u>		

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

STATE OF NEW MEXICO
 VILLAGE OF GRADY
 Law Enforcement Protection Fund
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ 20,000	\$ 20,000	\$ 20,000	\$ -
Total revenues	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ -</u>
EXPENDITURES				
Public safety	\$ 20,000	\$ 20,000	\$ 20,000	\$ -
Total expenditures	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>\$ -</u>		

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

STATE OF NEW MEXICO
VILLAGE OF GRADY
Proprietary Funds
Statement of Net Position
June 30, 2015

Statement 13

	Water Fund	Solid Waste Fund	Total
ASSETS			
Current Assets			
Cash on deposit	\$ 40,117	\$ 3,663	\$ 43,780
Accounts receivable (net)	<u>5,201</u>	<u>-</u>	<u>5,201</u>
Total Current Assets	<u>45,318</u>	<u>3,663</u>	<u>48,981</u>
Capital Assets			
Land	3,100	-	3,100
Land improvements	7,388	-	7,388
Vehicles	37,982	-	37,982
Equipment	7,436	-	7,436
Plant/infrastructure	331,501	-	331,501
Accumulated depreciation	<u>(204,389)</u>	<u>-</u>	<u>(204,389)</u>
Total Capital Assets	<u>183,020</u>	<u>-</u>	<u>183,020</u>
Total Assets	<u>\$ 228,338</u>	<u>\$ 3,663</u>	<u>\$ 232,001</u>
LIABILITIES			
Current Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Current portion loan payable	<u>3,977</u>	<u>-</u>	<u>3,977</u>
Total Current Liabilities	<u>3,977</u>	<u>-</u>	<u>3,977</u>
Long-Term Liabilities			
RIP loan payable	<u>12,660</u>	<u>-</u>	<u>12,660</u>
Total Long-Term Liabilities	<u>12,660</u>	<u>-</u>	<u>12,660</u>
Total Liabilities	<u>16,637</u>	<u>-</u>	<u>16,637</u>
NET POSITION			
Net investment in capital assets	166,383	-	166,383
Restricted for capital outlay	-	-	-
Restricted for debt service	-	-	-
Unrestricted	<u>45,318</u>	<u>3,663</u>	<u>48,981</u>
Total Net Position	<u>211,701</u>	<u>3,663</u>	<u>215,364</u>
Total Liabilities and Net Position	<u>\$ 228,338</u>	<u>\$ 3,663</u>	<u>\$ 232,001</u>

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

STATE OF NEW MEXICO
VILLAGE OF GRADY
Proprietary Funds
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended June 30, 2015

	Water Fund	Solid Waste Fund	Total
OPERATING REVENUES			
Sales and services	\$ 31,563	\$ 18,527	\$ 50,090
Local source	<u>17,949</u>	<u>-</u>	<u>17,949</u>
Total operating revenue	<u>49,512</u>	<u>18,527</u>	<u>68,039</u>
OPERATING EXPENSES			
Personal services	7,332	-	7,332
Maintenance and operations	25,105	-	25,105
Major contractual services	3,021	13,982	17,003
Other operating expenses	-	882	882
Depreciation	<u>11,050</u>	<u>-</u>	<u>11,050</u>
Total operating expenses	<u>46,508</u>	<u>14,864</u>	<u>61,372</u>
Operating income (loss)	<u>3,004</u>	<u>3,663</u>	<u>6,667</u>
NON-OPERATING REVENUE (EXPENSE)			
Investment income	-	-	-
Investment expense	(615)	-	(615)
Transfers in	-	-	-
Transfers out	-	-	-
State grant	-	-	-
Federal grant	<u>-</u>	<u>-</u>	<u>-</u>
Total Non-Operating Revenue (Expense)	<u>(615)</u>	<u>-</u>	<u>(615)</u>
Change in Net Position	2,389	3,663	6,052
Total net position, beginning of year	<u>209,312</u>	<u>-</u>	<u>209,312</u>
Total net position, end of year	<u>\$ 211,701</u>	<u>\$ 3,663</u>	<u>\$ 215,364</u>

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

STATE OF NEW MEXICO
VILLAGE OF GRADY
Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2015

Statement 15

	Water Fund	Solid Waste Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 31,384	\$ 18,527	\$ 49,911
Cash received from local sources	17,949	-	17,949
Cash received from state sources	-	-	-
Cash payments to employees and to suppliers for goods and services	<u>(35,458)</u>	<u>(14,864)</u>	<u>(50,322)</u>
Net cash provided by operating activities	<u>13,875</u>	<u>3,663</u>	<u>17,538</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Loan proceeds	-	-	-
Principal paid	(3,861)	-	(3,861)
Acquisition of capital assets	-	-	-
Investment expense	<u>(615)</u>	<u>-</u>	<u>(615)</u>
Net cash provided (used) by capital and related financing activities	<u>(4,476)</u>	<u>-</u>	<u>(4,476)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment income	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash	9,399	3,663	13,062
Cash, beginning of year	<u>30,719</u>	<u>-</u>	<u>30,719</u>
Cash, end of year	<u><u>\$ 40,118</u></u>	<u><u>\$ 3,663</u></u>	<u><u>\$ 43,781</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ 3,004	\$ 3,663	\$ 6,667
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	11,050	-	11,050
Changes in assets and liabilities:			
(Increase) decrease in receivables	(179)	-	(179)
Increase (decrease) in accounts payable	-	-	-
Increase (decrease) in compensated absences	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided (used) by operating activities	<u><u>\$ 13,875</u></u>	<u><u>\$ 3,663</u></u>	<u><u>\$ 17,538</u></u>

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

STATE OF NEW MEXICO
VILLAGE OF GRADY
Notes to Financial Statements
Year Ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Grady 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, public improvements, planning and zoning and general administrative services.

The financial statements of the Village of Grady 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 had no component units.

Notes to Financial Statements (continued)

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities and changes in net assets) report information on all of the nonfiduciary activities of the Village. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which is 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.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund 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 the current period. For this purpose, the government considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Notes to Financial Statements (continued)

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

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 specific allotment from the State Fire Marshall's Office. The authority is NMSA 59A-53-1.

The *Emergency Medical Services* (Special Revenue Fund) is for grant funds received by the Village from state sources for development of an EMS System. Funding is provided for under State Statute 24-10A-1 to 24-10A-10 NMSA Compilation.

The *Gas Tax Fund* (Special Revenue Fund) accounts for receipts of State of New Mexico gasoline taxes and expenditures to maintain the roads of the Village.

The *Senior Citizens Fund* (Special Revenue Fund) accounts for donations and fees collected by the Village on behalf of its senior citizens and expended for them in accordance with their wishes, and to account for grant funds for the benefit of senior citizens. The authority for the allocation and set-up of the fund is 9-2-5 through 9-2-19, NMSA 1978.

The *Law Enforcement Protection Fund* (Special Revenues Fund) accounts for the receipts of a State of New Mexico Law Enforcement grant and expenditures to provide law enforcement services to residents of the Village.

The Village reports the following Proprietary Fund types:

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

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

Notes to Financial Statements (continued)

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

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

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the Village's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Village's general revenues. Program revenues include: 1) charges for services to taxpayers or applicants who purchase, use or directly benefit from the goods or services provided by the given function 2) program-specific operating grants and contributions and 3) program specific capital grants and contributions including special assessments.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 nonoperating 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

Notes to Financial Statements (continued)

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, any revisions that alter the total expenditures of any 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 device 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 fund 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 principals. Throughout the year the accounting records are maintained on the Non-GAAP basis of cash receipts and disbursements. Accordingly, certain revenues and the related assets are recognized when paid rather than when the obligation is incurred. The financial statements are presented on the modified accrual basis of accounting. Budgetary comparisons presented for General and Special Revenue Funds in this report are on the Non-GAAP budgetary basis and actual (cash basis). The budget of the Enterprise Fund is adopted on a Non-GAAP cash basis.

E. Cash and Investments

Cash includes amounts in demand deposits as well as short-term investments with a maturity of six months from the date acquired by the government. State statutes 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 Statutes 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 pledged is held in safekeeping by other financial institutions, with safekeeping receipts held by the Village. The pledged securities remain in the name of the financial institution.

F. Inventories

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method.

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

Notes to Financial Statements (continued)

G. Deferred Inflows of Resources

In addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding deferred inflow of resources. The School District has two types of items, which arise due to the implementation of GASB 68 and the related net pension liability. Accordingly, the items, net difference between expected and actual earnings and change in assumptions, are reported on the Statement of Net Position. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

H. Deferred Outflows of Resources

In addition to assets, the balance sheet 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(s) and so will not be recognized as an outflow of resources (expenditure) until that time. The School District has two types of items that qualify for reporting in this category. Accordingly, the items, change in proportion and employer contributions subsequent to measurement date, are reported in the Statement of Net Position. These amounts are deferred and recognized as outflows of resources the next period.

I. 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.

Notes to Financial Statements (continued)

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>
Land improvements	10
Buildings	30
Building improvements	30
Public domain infrastructure	30
System infrastructure	30
Vehicles	5
Equipment	5
Heavy equipment	20

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

J. Compensated Absences

It is the policy of the Village of Grady to permit certain employees to accumulate a limited amount of earned but unused vacation, which will be paid to employees upon separation from the Village's service. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

Sick pay does not vest and is recorded as an expenditure when it is paid.

K. 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.

L. Taxes

Franchise Taxes - By authority of Chapter 3, Article 42, NMSA 1978 and various ordinances, the Village imposes a franchise tax on certain public utilities operating within the municipality.

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 with the State, including; the Motor Vehicle Division, State Road fund, municipalities, and counties. After certain priority payments, as detailed in 66-6-23 NMSA 2978 have been made, a portion of the remaining fees held in the motor vehicle suspense fund are distributed as required in 66-6-23 B (4) and 66-6-23 B (5). These distributions are commonly referred to as the 10% and 15% motor vehicle tax distributions.

Notes to Financial Statements (continued)

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

Municipal Gross Receipts Tax - Under authority of Chapter 7, Articles 19 and 19D, NMSA 1978, the Village adopted gross receipts taxing through ordinance. Said ordinances 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.

M. 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".

N. Net Assets

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

Net investment in capital assets - This category reflects the portion of net assets that are associates 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 purposes.

O. Fund Balance

Fund balance is divided into five classifications based primarily on 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.

Notes to Financial Statements (continued)

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 ordinances).

Enabling legislation authorizes the Village to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes 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 purposes specified by the legislation.

Committed - The committed fund balance classification includes amounts 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 purposes 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 a 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.

Notes to Financial Statements (continued)

P. 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.

Q. 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 from these risks have not exceeded commercial insurance coverage in the current fiscal year.

R. Surety Coverage

The officials and certain employees of the Village are covered by a surety bond as required by Section 12-6-7 NMSA 1978 Compilation and the New Mexico State Auditor Rule NMAC 2.2.

S. Pensions

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

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 unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution.

The following is the Cash on Deposit at each financial institution.

Wells Fargo	General	Checking	\$ 446,059
New Mexico			
Finance Authority			<u>8</u>
			<u>\$ 446,067</u>
Total amount on deposit			\$ 446,067
Deposit in transit			-
Outstanding checks			<u>(9,753)</u>
Total per financial statements			<u>\$ 436,314</u>

Notes to Financial Statements (continued)

The following schedule details the public money held by Wells Fargo and the pledged collateral provided for the Village follows:

	<u>Wells Fargo</u>
Cash on deposit at June 30	\$ 446,059
Less FDIC	<u>(250,000)</u>
Uninsured funds	196,059
Funds needing collateralization at 50% (required by State Law)	98,030
Pledged collateral at June 30	<u>121,767</u>
Excess of Pledged Collateral	<u>\$ 23,737</u>

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, \$196,059 of the Village's bank balance \$436,757 was exposed to custodial credit risk as follows:

A. Uninsured and Uncollateralized	\$ 74,292
B. Uninsured and collateralized with securities held by the pledging banks trust department, but not in the Village's name	<u>121,767</u>
Total	<u>\$ 196,059</u>

NM State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the 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 any agency, district or political subdivision of the State of New Mexico. The collateral pledged is shown as follows:

<u>Bank of New York Mellon</u>	<u>Maturity Date</u>	<u>Fair Market Value</u>
FN #3138AXCP4	11-1-26	\$ 80,426
FN #31417EKV2	1-1-43	29,394
FN #3138WQAY8	5-1-43	4,104
FN #31416QV36	8-1-39	<u>7,843</u>
Total		<u>\$121,767</u>

The amount held at the New Mexico Finance Authority totaling \$6 is collateralized within the NMFA guidelines. This information is not available by individual Agency but the financial statements for the NMFA are available by writing to New Mexico Finance Authority, 207 Shelby Street, Santa Fe, New Mexico 87501.

Notes to Financial Statements (continued)

3. ACCOUNTS RECEIVABLES

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Receivables from customers	\$ -	\$ 5,201
Less allowance for uncollectible accounts	<u>-</u>	<u>-</u>
Subtotal	-	5,201
MVD taxes receivable	4	-
Gross receipts taxes receivable	1,369	-
Property taxes receivable	176	-
Intergovernmental	<u>6,218</u>	<u>-</u>
Total	<u>\$ 7,767</u>	<u>\$ 5,201</u>

4. PROPERTY TAX

Property taxes attach as an enforceable lien on property as of January 1. Property tax rates 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.

Notes to Financial Statements (continued)

5. LONG-TERM LIABILITIES

A. Changes in Long-Term Liabilities

Governmental Funds

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

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015	Due Within One Year
Compensated absences payable	\$ 2,252	\$ 701	\$ -	\$ 2,953	\$ -

The liability will be liquidated by the General Fund.

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015	Due Within One Year
NMFA Loan	\$ 150,879	\$ -	\$ 19,765	\$ 131,114	\$ 20,233

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 \$208,177 and interest for the purpose of defraying the cost of acquiring a fire tanker 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. The interest rate is .580% to 2.930%. The maturity date is May 1, 2021.

Due Year Ending June 30	Principal	Interest	Total
2016	\$ 20,233	\$ 3,091	\$ 23,324
2017	20,794	2,728	23,522
2018	21,420	2,304	23,724
2019	22,111	1,830	23,941
2020	22,866	1,300	24,166
2021	23,690	694	24,384
Total	\$ 131,114	\$ 11,947	\$ 143,061

The liability will be liquidated by the Fire Protection Fund.

Enterprise Fund

During the year ended June 30, the following changes occurred in certain long-term liabilities reported in the Enterprise Fund:

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015	Due Within One Year
RIF Loan	\$ 20,499	\$ -	\$ 3,861	\$ 16,638	\$ 3,977

Notes to Financial Statements (continued)

The Village entered into a loan agreement from the Rural Infrastructure Program (RIP) evidencing a special limited obligation of the Village to pay a principal amount of \$56,226 and interest for the purpose of improving the water system and constructing a new water storage tank for the Village. The Village has pledged future water revenues to repay the loan. The total annual principal and interest payments for the loan are expected to require less than 7% of gross revenue. The interest rate is 3%. The maturity date is June 30, 2019.

<u>Due Year</u> <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 3,977	\$ 499	\$ 4,476
2017	4,096	380	4,476
2018	4,219	258	4,477
2019	<u>4,346</u>	<u>132</u>	<u>4,478</u>
Total	<u>\$ 16,638</u>	<u>\$ 1,269</u>	<u>\$ 17,907</u>

6. CAPITAL ASSETS

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

	<u>Balance</u> <u>June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
Land	\$ 11,200	\$ -	\$ -	\$ 11,200
Total capital assets not being depreciated	<u>11,200</u>	<u>-</u>	<u>-</u>	<u>11,200</u>
Land improvements	23,232	-	-	23,232
Buildings	1,017,760	-	-	1,017,760
Infrastructure	361,552	-	-	361,552
Vehicles	1,151,978	-	(8,000)	1,143,978
Equipment	<u>4,159</u>	<u>-</u>	<u>-</u>	<u>4,159</u>
Total capital assets being depreciated	<u>2,558,681</u>	<u>-</u>	<u>(8,000)</u>	<u>2,550,681</u>
Less accumulated depreciation for:				
Land improvements	(9,974)	(2,323)	-	(12,293)
Buildings	(477,677)	(26,901)	-	(504,578)
Infrastructure	(156,672)	(12,052)	-	(168,724)
Vehicles	(370,721)	(56,585)	(8,000)	(419,306)
Equipment	<u>(832)</u>	<u>(832)</u>	<u>-</u>	<u>(1,664)</u>
Total accumulated depreciation	<u>(1,015,872)</u>	<u>(98,693)</u>	<u>(8,000)</u>	<u>(1,106,565)</u>
Total capital assets being depreciated	<u>1,542,809</u>	<u>(98,693)</u>	<u>-</u>	<u>1,444,116</u>
Net capital assets	<u>\$ 1,554,009</u>	<u>\$ (98,693)</u>	<u>\$ -</u>	<u>\$ 1,455,316</u>

Notes to Financial Statements (continued)

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

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
Land	\$ 10,488	\$ -	\$ -	\$ 10,488
Sub-total	<u>10,488</u>	<u>-</u>	<u>-</u>	<u>10,488</u>
Land improvements	-	-	-	-
Buildings	-	-	-	-
Plant	331,501	-	-	331,501
Vehicles	37,982	-	-	37,982
Equipment	7,438	-	-	7,438
Sub-total	<u>376,921</u>	<u>-</u>	<u>-</u>	<u>376,921</u>
Land improvements	-	-	-	-
Buildings	-	-	-	-
Plant	(147,919)	(11,050)	-	(158,969)
Vehicles	(37,982)	-	-	(37,982)
Equipment	(7,438)	-	-	(7,438)
Sub-total	<u>(193,339)</u>	<u>(11,050)</u>	<u>-</u>	<u>(204,389)</u>
Net capital assets	<u>\$ 194,070</u>	<u>\$ (11,050)</u>	<u>\$ -</u>	<u>\$ 183,020</u>

7. RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS STATEMENTS

<u>Revenues</u>	<u>General Fund</u>	<u>Fire Protection Fund</u>	<u>EMS Funds</u>	<u>Gas Tax Fund</u>
Accrual basis	\$143,602	\$ 76,715	\$ 7,307	\$ 5,019
Budget basis	<u>143,337</u>	<u>76,715</u>	<u>7,307</u>	<u>5,019</u>
Increase (decrease) in receivables	<u>\$ 265</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Expenditures</u>				
Accrual basis	\$103,424	\$ 57,832	\$ 7,340	\$ -
Budget basis	<u>100,624</u>	<u>57,832</u>	<u>7,340</u>	<u>-</u>
Capital outlay	-	-	-	-
Prepaid expense	<u>2,800</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase (decrease) in payables	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Revenues</u>		<u>Senior Citizens Fund</u>	<u>Law Enforcement Funds</u>	<u>Proprietary Fund</u>
Accrual basis		\$ 97,089	\$ 20,000	\$ 68,039
Budget basis		<u>93,477</u>	<u>20,000</u>	<u>67,860</u>
Increase (decrease) in receivables		<u>\$ 3,612</u>	<u>\$ -</u>	<u>\$ 179</u>
<u>Expenditures</u>				
Accrual basis		\$ 88,623	\$ 20,000	\$ 61,987
Budget basis		<u>87,954</u>	<u>20,000</u>	<u>54,798</u>
Depreciation		-	-	(11,050)
Principal paid		<u>-</u>	<u>-</u>	<u>3,861</u>
(Increase) decrease in inventory		<u>\$ 669</u>	<u>\$ -</u>	<u>\$ -</u>

Notes to Financial Statements (continued)

8. RETIREMENT PLAN

Summary of Significant Accounting Policies

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

General Information about the Pension Plan

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

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

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

Contributions. The contribution requirements of defined benefit plan members and the Village of Grady are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY14 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 29 through 31 of the PERA FY14 annual audit report at: http://osannm.org/media/audits/366_Public_Employees_Retirement_Association_2014.pdf.

The PERA coverage options that apply to the Village of Grady are: Municipal General Division. Statutorily required contributions to the pension plan from the Village of Grady were \$4,303 and there were NO employer paid member benefits that were "picked up" by the employer for the year ended June 30, 2015.

Notes to Financial Statements (continued)

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

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

For PERA Fund Municipal General Division, at June 30, 2015, the Village of Grady reported a liability of \$39,005 for its proportionate share of the net pension liability. At June 30, 2014, the Village of Grady's proportion was 0.0050%, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference.

For the year ended June 30, 2015, the Village of Grady recognized PERA Fund Municipal General Division pension expense of \$1,627. At June 30, 2015, the Village of Grady reported PERA Fund Municipal General Division deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ -	\$ 26
Net difference between projected and actual earnings on pension plan investments	-	15,260
Village of Grady's contributions subsequent to the measurement date	<u>4,303</u>	<u>-</u>
Total	<u>\$ 4,303</u>	<u>\$ 15,286</u>

Notes to Financial Statements (continued)

\$4,303 reported as deferred outflows of resources related to pensions resulting from Village of Grady's contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2016	\$ (3,822)
2017	(3,822)
2018	(3,822)
2019	(3,822)
2020	-
Thereafter	-

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

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

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

ALL FUNDS - Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	21.10%	5.00%
International Equity	24.80%	5.20
Private Equity	7.00%	8.20
Core and Global Fixed Income	26.10%	1.85
Fixed Income Plus Sectors	5.00%	4.80
Real Estate	5.00%	5.30
Real Assets	7.00%	5.70
Absolute Return	<u>4.00%</u>	4.15
Total	<u>100.00%</u>	

Notes to Financial Statements (continued)

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

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

PERA Fund Municipal General Division	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Village of Grady's proportionate share of the net pension liability	\$ <u>73,534</u>	\$ <u>39,005</u>	\$ <u>12,330</u>

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

Payables to the pension plan. Employers should disclose the amount of payables to the Plan with a description of what gave rise to the payable per GASBS 68, paragraphs 122 and 124.

9. RETIREE HEALTH CARE ACT CONTRIBUTIONS

The Village has elected not to participate in the Retiree Health Care Act of New Mexico's retiree health care program.

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.

Notes to Financial Statements (continued)

<u>Fund Balances</u>	<u>General Fund</u>	<u>Fire Protection Fund</u>	<u>EMS Fund</u>	<u>Gas Tax Fund</u>	<u>Senior Citizens Fund</u>	<u>Law Enforcement Fund</u>	<u>Totals</u>
<u>Nonspendable:</u>							
Inventory	\$ -	\$ -	\$ -	\$ -	\$ 1,603	\$ -	\$ 1,603
Total nonspendable	-	-	-	-	1,603	-	1,603
<u>Restricted for:</u>							
Fire protection	-	43,125	-	-	-	-	43,125
Emergency services	-	-	11	-	-	-	11
Road improvements	-	-	-	58,443	-	-	58,443
Senior services	-	-	-	-	34,621	-	34,621
Law enforcement	-	-	-	-	-	-	-
State mandated cash reserves	9,313	-	-	-	-	-	9,313
Total restricted	9,313	43,125	11	58,443	34,621	-	145,513
<u>Committed to:</u>							
Other purposes	-	-	-	-	-	-	-
Total committed	-	-	-	-	-	-	-
<u>Unassigned:</u>	254,788	-	-	-	-	-	254,788
Total Fund Balances	<u>\$264,101</u>	<u>\$43,125</u>	<u>\$ 11</u>	<u>\$58,443</u>	<u>\$36,224</u>	<u>\$ -</u>	<u>\$401,904</u>

11. JOINT POWERS AGREEMENT

The Village of Grady has a Joint Powers Agreement with the Curry County Sheriff's Office to provide Law Enforcement Coverage within the Village limits. The Village and the County are both responsible parties to the Joint Powers Agreement. The beginning date of the agreement was April 5, 2013 and remains in effect for one year. The estimated amount of the project is \$0. The Village of Grady has contributed \$20,000 from the Law Enforcement Protection Fund to help costs of training and simple supplies of the Law Enforcement Officers of the County. The audit responsibility for these costs is the Village of Grady. The fiscal agent for this agreement is the Village of Grady.

12. RESTATEMENT OF NET POSITION

The Village had a prior period adjustment of \$52,664 of which was required for the implementation of GASB Statement No. 68. The adjustment reflects a beginning net pension liability of \$56,400 and a beginning deferred outflow of resources - employer contributions subsequent to the measurement date of \$3,736.

PROPRIETARY FUNDS BUDGETS

WATER FUND - To account for the provision of water services to the residents of Grady, 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 GRADY
 Proprietary Funds
 Water Fund
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Sales and services	\$ 38,320	\$ 38,320	\$ 31,384	\$ (6,936)
Local sources	-	-	17,949	17,949
State sources	-	-	-	-
Federal sources	-	-	-	-
Interest income	-	-	-	-
Total revenues	<u>\$ 38,320</u>	<u>\$ 38,320</u>	<u>\$ 49,333</u>	<u>\$ 11,013</u>
EXPENDITURES				
Personal services	\$ 7,500	\$ 7,500	\$ 7,332	\$ 168
Maintenance and operations	46,892	46,892	28,126	18,766
Capital outlay	-	-	-	-
Total expenditures	<u>\$ 54,392</u>	<u>\$ 54,392</u>	<u>\$ 35,458</u>	<u>\$ 18,934</u>
BUDGETED CASH BALANCE	<u>\$ 16,072</u>	<u>\$ 16,072</u>		

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

STATE OF NEW MEXICO
 VILLAGE OF GRADY
 Proprietary Funds
 Solid Waste Fund
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Sales and services	\$ 15,000	\$ 15,000	\$ 18,527	\$ 3,527
Interest income	-	-	-	-
Total revenues	<u>\$ 15,000</u>	<u>\$ 15,000</u>	<u>\$ 18,527</u>	<u>\$ 3,527</u>
EXPENDITURES				
Personal services	\$ -	\$ -	\$ -	\$ -
Maintenance and operations	15,000	15,000	14,864	136
Capital outlay	-	-	-	-
Total expenditures	<u>\$ 15,000</u>	<u>\$ 15,000</u>	<u>\$ 14,864</u>	<u>\$ 136</u>

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

REQUIRED SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
 VILLAGE OF GRADY
 SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE
 NET PENSION LIABILITY OF PERA FUND MUNICIPAL GENERAL DIVISION
 Public Employees Retirement Association (PERA) Plan
 Last 10 Fiscal Years*

	2015
Village of Grady's proportion of the net pension liability (asset)	0.0050%
Village of Grady's proportionate share of the net pension liability (asset)	\$ 39,005
Village of Grady's covered-employee payroll	\$ 58,145
Village of Grady's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	67.00%
Plan fiduciary net position as a percentage of the total pension liability	81.29%

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

STATE OF NEW MEXICO
 VILLAGE OF GRADY
 SCHEDULE OF EMPLOYER'S CONTRIBUTIONS
 Public Employees Retirement Association (PERA) Plan
 PERA Municipal General Division
 Last 10 Fiscal Years*

	2015
Contractually required contribution	\$ 4,303
Contributions in relation to the contractually required contribution	(4,303)
Contribution deficiency (excess)	\$ -
Village of Grady's covered-employee payroll	\$ 58,145
Contributions as a percentage of covered-employee payroll	7.4%

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

STATE OF NEW MEXICO
VILLAGE OF GRADY
Notes to Required Supplementary Information
June 30, 2015

Changes of benefit terms. The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY14 audit available at:

http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2014.pdf

Changes of assumptions.

The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2014 report is available at:

http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2014%20PERA%20Valuation%20Report_FINAL.pdf

The summary of Key Findings for the PERA Fund (on page 2 of the report) states "Based on a recent experience study for the five-year period ending June 30, 2013, the economic and demographic assumptions were updated for this valuation. The changes in assumptions resulted in a decrease of \$30.8 million to Fund liabilities and an increase of 0.13% to the funded ratio. For details about changes in the actuarial assumptions, see Appendix B on page 60 of the report.

SUPPLEMENTARY INFORMATION

VILLAGE OF GRADY
 SCHEDULE OF VENDOR INFORMATION
 (for Purchases Exceeding \$60,000 excluding GRT)
 For the Year Ended June 30, 2015

Prepared by (Agency Staff Name): Leona Powell

Title: Village Clerk Date: October 13, 2015

<u>RFB#</u> / <u>RFP#</u>	<u>Type of Procurement</u>	<u>Awarded Vendor</u>	<u>Amount of Awarded Contract</u>	<u>Amount of Amended Contract</u>	<u>Name and Physical Address of All Respondents</u>	<u>In-State/Out-of-State Vendor</u>	<u>Veteran's Preference N/A for Federal Funds</u>	<u>Scope of Work</u>
NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE

Rice and Associates, C.P.A.

AUDITING
BOOKKEEPING
(505) 292-8275

CERTIFIED PUBLIC ACCOUNTANTS
11805 Menaul NE
Albuquerque, NM 87112

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TAX PREPARATION
FAX (505) 294-8904

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

INDEPENDENT AUDITOR'S REPORT

Mr. Tim Keller
New Mexico State Auditor
and
Honorable Mayor and Village Council
Village of Grady
Grady, 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, and the aggregate remaining fund information, the budgetary comparisons of the General, Fire Protection, EMS, Gas Tax, Senior Citizens and Law Enforcement Funds of the Village of Grady, as of and for the year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the Village of Grady's basic financial statements, and the related budgetary comparison of the enterprise fund, presented as supplemental information, and have issued our report thereon dated October 13, 2015.

Internal Control Over Financial Reporting

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

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 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Grady's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance 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 no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

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 Village of Grady's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Handwritten signature and date: [Signature] 10-13-15

Albuquerque, New Mexico
October 13, 2015

STATUS OF COMMENTS AND RESPONSES

Prior Year Audit Findings

NONE

Current Year Audit Findings

NONE

FINANCIAL STATEMENT PREPARATION

The combining and individual fund financial statements and notes to the financial statements for the year ended, June 30, 2015 were prepared by Rice & Associates, CPA, based on managements chart of accounts and trial balances including any adjusting, correcting or closing entries approved by management. These services are allowable under SAS 115.

EXIT CONFERENCE

An exit conference was held on October 13, 2015. In attendance were Ms. Leona Powell, Clerk/Treasurer, Mr. Wesley Shafer, Mayor and Ms. Pamela A. Rice, CPA, Contract Auditor