
STATE OF NEW MEXICO
VILLAGE OF GRENVILLE
June 30, 2018

Financial Statements and Supplementary Information
As Of And For The Year Ended June 30, 2018
With Independent Auditor's Report Thereon

Sandra Rush CPA PC

*1101 E Llano Estacado
Clovis, New Mexico 88101*

Introductory Section

STATE OF NEW MEXICO
VILLAGE OF GRENVILLE

Official Roster
For the year ended June 30, 2018

Board of Trustees

Judy Jacobs	Mayor
James Sadoris	Mayor Pro-tem
Kati Bramblett	Council Member
Bonnie Donnelly	Council Member
Bill Sink	Council Member

Administrative Officials

Lynn Wiseman	Clerk-Treasurer
Mignon Sadoris	Deputy Clerk

STATE OF NEW MEXICO
VILLAGE OF GRENVILLE
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Financial Section

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Sandra Rush

Certified Public Accountant PC

1101 E Llano Estacado • Clovis, New Mexico 88101 • 575-763-2245

Independent Auditor's Report

Wayne Johnson
New Mexico State Auditor
The Governing Board
Village of Grenville
Grenville, New Mexico

Report on Financial Statements

I 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 of the general fund and major special revenue funds of the Village of Grenville (Village) as of and for the year ended June 30, 2018, and the related notes to the financial statements which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Village'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 Village's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the respective budgetary comparisons for the General Fund and major Special Revenue funds of the Village as of June 30, 2018, and, the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters*Required Supplementary Information*

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. My opinion on the basic financial statements is not affected by this missing information.

Other Information

My audit was conducted for the purpose of forming an opinion on the basic financial statements. The supplemental information as noted in the table of contents required by Section 2.2.2 NMAC is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the supplemental schedules required by Section 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated September 6, 2018 on my consideration of the Village's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Sandra Rush CPA PC
Clovis, New Mexico
September 6, 2018

Basic Financial Statements

Government-wide Financial Statements

STATE OF NEW MEXICO
VILLAGE OF GRENVILLE
Statement of Net Position
June 30, 2018

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Current assets			
Cash and cash equivalents	\$ 103,119	\$ 29,113	\$ 132,232
Accounts receivable			
Taxes	3,317	-	3,317
Other	-	469	469
Total current assets	<u>106,436</u>	<u>29,582</u>	<u>136,018</u>
Noncurrent assets			
Restricted cash			
Customer deposits	-	975	975
Capital assets	207,182	266,000	473,182
Less: accumulated depreciation	<u>(156,230)</u>	<u>(205,179)</u>	<u>(361,409)</u>
Total noncurrent assets	<u>50,952</u>	<u>61,796</u>	<u>112,748</u>
Total assets	<u>\$ 157,388</u>	<u>\$ 91,378</u>	<u>\$ 248,766</u>
<u>LIABILITIES</u>			
Current liabilities			
Accounts payable	\$ 17,787	\$ 271	\$ 18,058
Payroll tax payable	3,134	-	3,134
Customer meter deposits	-	975	975
Total current liabilities	<u>20,921</u>	<u>1,246</u>	<u>22,167</u>
<u>NET POSITION</u>			
Net investment in capital assets	50,952	60,821	111,773
Restricted			
Special revenue	22,121	-	22,121
Proprietary - meter deposits	-	975	975
Unrestricted	<u>63,394</u>	<u>28,336</u>	<u>91,730</u>
Total net position	<u>136,467</u>	<u>90,132</u>	<u>226,599</u>
Total liabilities and net position	<u>\$ 157,388</u>	<u>\$ 91,378</u>	<u>\$ 248,766</u>

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

STATE OF NEW MEXICO
VILLAGE OF GRENVILLE
Statement of Activities
For the year ended June 30, 2018

Functions / Programs	Expenses	Program Revenues			Net (Expenses) Revenues		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:							
Elected officials	\$ 1,269	\$ -	\$ -	\$ -	\$ (1,269)	\$ -	\$ (1,269)
General finance	91,977	-	98,477	-	6,500	-	6,500
Public safety	33,365	-	27,443	-	(5,922)	-	(5,922)
Public works	11,013	-	6,043	-	(4,970)	-	(4,970)
Depreciation - unallocated	2,644	-	-	-	(2,644)	-	(2,644)
Total governmental activities	140,268	-	131,963	-	(8,305)	-	(8,305)
Business-type activities:							
Water	15,203	3,926	-	-	-	(11,277)	(11,277)
Total business-type activities	15,203	3,926	-	-	-	(11,277)	(11,277)
Total governmental and business-type activities	\$ 155,471	\$ 3,926	\$ 131,963	\$ -	\$ (8,305)	\$ (11,277)	\$ (19,582)
General Revenues:							
Taxes:							
Property				\$ 4,657	\$ -		\$ 4,657
Gross receipts - local				2,848	-		2,848
Gross receipts - infrastructure				452	-		452
Gross receipts - environmental				213	-		213
Gross receipts - state shared				4,242	-		4,242
Licenses and fees				30	-		30
Interest income				213	-		213
Transfers (net)				(20,000)	20,000		-
Total general revenues				(7,345)	20,000		12,655
Change in net position				(15,650)	8,723		(6,927)
Net position, beginning				152,117	81,409		233,526
Net position, ending				<u>\$ 136,467</u>	<u>\$ 90,132</u>		<u>\$ 226,599</u>

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

Fund Financial Statements

STATE OF NEW MEXICO
VILLAGE OF GRENVILLE
Balance Sheet
Governmental Funds
June 30, 2018

	General Fund	EMS Fund	Law Enforcement Protection Fund	Municipal Street Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 81,830	\$ 89	\$ 218	\$ 20,982	\$ 103,119
Accounts receivable					
Taxes	2,436	-	-	881	3,317
Total assets	<u>\$ 84,266</u>	<u>\$ 89</u>	<u>\$ 218</u>	<u>\$ 21,863</u>	<u>\$ 106,436</u>
LIABILITIES					
Accounts payables	17,738	49	-	-	17,787
Payroll taxes payable	3,134	-	-	-	3,134
Total liabilities	<u>20,872</u>	<u>49</u>	<u>-</u>	<u>-</u>	<u>20,921</u>
FUND BALANCE					
Restricted for					
Special revenue	-	40	218	21,863	22,121
Unassigned					
General government fund	63,394	-	-	-	63,394
Total fund balance	<u>63,394</u>	<u>40</u>	<u>218</u>	<u>21,863</u>	<u>85,515</u>
Total liabilities and fund balance	<u>\$ 84,266</u>	<u>\$ 89</u>	<u>\$ 218</u>	<u>\$ 21,863</u>	<u>\$ 106,436</u>

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

STATE OF NEW MEXICO

VILLAGE OF GRENVILLE

Reconciliation of Total Fund Balance from Balance Sheet Governmental Funds to the
Total Net Position on the Statement of Net Position

For the year ended June 30, 2018

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

Fund balance - total governmental funds		\$	85,515
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds			
Capital assets	\$	207,182	
Accumulated depreciation		<u>(156,230)</u>	
			<u>50,952</u>
Net position of governmental activities		\$	<u>136,467</u>

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

STATE OF NEW MEXICO
VILLAGE OF GRENVILLE
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds
For the year ended June 30, 2018

	General Fund	EMS Fund	Law Enforcement Protection Fund	Municipal Street Fund	Total Governmental Funds
Revenue					
Taxes					
Property	\$ 4,657	\$ -	\$ -	\$ -	\$ 4,657
Gross receipts					
Local	2,848	-	-	-	2,848
Infrastructure	452	-	-	-	452
Environmental	213	-	-	-	213
State shared	4,242	-	-	-	4,242
Motor vehicle	-	-	-	-	-
Charges for services	30	-	-	-	30
Interest	213	-	-	-	213
Miscellaneous	1,477	-	-	-	1,477
Intergovernmental					
Local	7,000	-	-	-	7,000
State	90,000	7,443	20,000	6,043	123,486
Total revenues	<u>111,132</u>	<u>7,443</u>	<u>20,000</u>	<u>6,043</u>	<u>144,618</u>
Expenditures					
Current					
General government					
Elected officials	1,269	-	-	-	1,269
General finance	91,977	-	-	-	91,977
Public safety	5,930	7,653	19,782	-	33,365
Public works	3,339	-	-	7,674	11,013
Capital outlay	43,458	-	-	-	43,458
Total expenditures	<u>145,973</u>	<u>7,653</u>	<u>19,782</u>	<u>7,674</u>	<u>181,082</u>
Excess (deficiency) of revenues over expenditures	(34,841)	(210)	218	(1,631)	(36,464)
Other financing sources (uses)					
Operating transfers in	27,547	250	-	-	27,797
Operating transfers out	(20,250)	-	-	(27,547)	(47,797)
Total other financing sources (uses)	<u>7,297</u>	<u>250</u>	<u>-</u>	<u>(27,547)</u>	<u>(20,000)</u>
Net change in fund balances	(27,544)	40	218	(29,178)	(56,464)
Fund balances, beginning	90,938	-	-	51,041	141,979
Fund balances, ending	<u>\$ 63,394</u>	<u>\$ 40</u>	<u>\$ 218</u>	<u>\$ 21,863</u>	<u>\$ 85,515</u>

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

STATE OF NEW MEXICO
 VILLAGE OF GRENVILLE
 Reconciliation of the Statement of Revenues, Expenditures, and Changes
 in Fund Balances of Governmental Funds to the Statement of Activities
 For the year ended June 30, 2018

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

Net change in fund balances - total governmental funds	\$ (56,464)
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Capital outlays to purchase or build capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which depreciation exceeds capital outlays for the period.

Capital outlay	43,458
Depreciation expense	<u>(2,644)</u>
Change in Net Position of Governmental Activities	<u>\$ (15,650)</u>

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

STATE OF NEW MEXICO
VILLAGE OF GRENVILLE
General Fund -101
Statement of Revenues, Expenditures, and Changes in Cash Balance
Budget and Actual (Non - GAAP Budgetary Basis)
For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue				
Taxes				
Property	\$ 4,750	\$ 4,750	\$ 4,625	\$ (125)
Gross receipts				
Local	5,000	5,000	2,554	(2,446)
Infrastructure	500	500	366	(134)
Environmental	300	300	171	(129)
State shared	5,000	5,000	3,781	(1,219)
Motor vehicle	-	-	-	-
Charges for services	500	500	50	(450)
Interest	250	250	213	(37)
Miscellaneous	3,294	3,294	1,477	(1,817)
Intergovernmental				
Local	-	-	7,000	7,000
State	90,000	90,000	90,000	-
Total revenue	<u>109,594</u>	<u>109,594</u>	<u>110,237</u>	<u>643</u>
Expenditures				
Current				
General government				
Elected officials	2,000	2,000	1,269	731
General finance	89,094	89,094	88,068	1,026
Public safety	7,450	7,450	5,930	1,520
Public works	3,500	3,500	3,339	161
Capital outlay	27,550	27,550	27,547	3
Total expenditures	<u>129,594</u>	<u>129,594</u>	<u>126,153</u>	<u>3,441</u>
Excess (deficiency) revenues over (under) expenditures	(20,000)	(20,000)	(15,916)	4,084
Other financing sources (uses)				
Operating transfers net	-	-	7,297	7,297
Designated cash	20,000	20,000	-	(20,000)
Total other financing sources (uses)	<u>20,000</u>	<u>20,000</u>	<u>7,297</u>	<u>(12,703)</u>
Net change in cash balances	-	-	(8,619)	(8,619)
Cash balance, beginning	-	-	90,449	90,449
Cash balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 81,830</u>	<u>\$ 81,830</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (8,619)	
Adjustment to revenues for accruals and other deferrals			895	
Adjustment to expenditures for payables, prepaids and other accruals			(19,820)	
Net change in fund balance (GAAP Basis)			<u>\$ (27,544)</u>	

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

STATE OF NEW MEXICO
VILLAGE OF GRENVILLE
Special Revenue Fund - EMS Fund 206
Statement of Revenues, Expenditures, and Changes in Cash Balances
Budget and Actual (Non - GAAP Budgetary Basis)
For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue				
Taxes				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts				
Local	-	-	-	-
Infrastructure	-	-	-	-
Environmental	-	-	-	-
State shared	-	-	-	-
Motor vehicle	-	-	-	-
Licenses and permits	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
Intergovernmental				
Local	-	-	-	-
State	9,500	9,500	7,443	(2,057)
Total revenues	<u>9,500</u>	<u>9,500</u>	<u>7,443</u>	<u>(2,057)</u>
Expenditures				
Current				
General government				
Elected officials	-	-	-	-
General finance	-	-	-	-
Public safety	10,000	10,000	7,604	2,396
Public works	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>10,000</u>	<u>10,000</u>	<u>7,604</u>	<u>2,396</u>
Excess (deficiency) revenues over (under) expenditures	(500)	(500)	(161)	339
Other financing sources (uses)				
Operating transfers net	500	500	250	(250)
Designated cash	-	-	-	-
Total other financing sources (uses)	<u>500</u>	<u>500</u>	<u>250</u>	<u>(250)</u>
Net change in cash balances	-	-	89	89
Cash balance, beginning	-	-	-	-
Cash balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 89</u>	<u>\$ 89</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 89	
Adjustment to revenues for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			(49)	
Net change in fund balance (GAAP Basis)			<u>\$ 40</u>	

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

STATE OF NEW MEXICO
VILLAGE OF GRENVILLE
Special Revenue Fund - Law Enforcement Protection Fund 211
Statement of Revenues, Expenditures, and Changes in Cash Balances
Budget and Actual (Non - GAAP Budgetary Basis)
For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue				
Taxes				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts				
Local	-	-	-	-
Infrastructure	-	-	-	-
Environmental	-	-	-	-
State shared	-	-	-	-
Motor vehicle	-	-	-	-
Licenses and permits	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
Intergovernmental				
Local	20,000	20,000	20,000	-
State	-	-	-	-
Total revenues	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Expenditures				
Current				
General government				
Elected officials	-	-	-	-
General finance	-	-	-	-
Public safety	20,000	20,000	19,782	218
Public works	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>20,000</u>	<u>20,000</u>	<u>19,782</u>	<u>218</u>
Excess (deficiency) revenues over (under) expenditures	-	-	218	218
Other financing sources (uses)				
Operating transfers net	-	-	-	-
Designated cash	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in cash balances	-	-	218	218
Cash balance, beginning	-	-	-	-
Cash balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 218</u>	<u>\$ 218</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 218	
Adjustment to revenues for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP Basis)			<u>\$ 218</u>	

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

STATE OF NEW MEXICO
VILLAGE OF GRENVILLE
Special Revenue Fund - Municipal Street Fund - 216
Statement of Revenues, Expenditures, and Changes in Cash Balances
Budget and Actual (Non - GAAP Budgetary Basis)
For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue				
Taxes				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts				
Local	-	-	-	-
Infrastructure	-	-	-	-
Environmental	-	-	-	-
State shared	-	-	-	-
Motor vehicle	-	-	-	-
Licenses and permits	-	-	-	-
Interest	-	-	-	-
Miscellaneous	10,200	10,200	-	(10,200)
Intergovernmental				
Local	-	-	-	-
State	6,000	6,000	5,630	(370)
<u>Total revenues</u>	<u>16,200</u>	<u>16,200</u>	<u>5,630</u>	<u>(10,570)</u>
Expenditures				
Current				
General government				
Elected officials	-	-	-	-
General finance	-	-	-	-
Public safety	-	-	-	-
Public works	24,500	24,500	7,674	16,826
Capital outlay	-	-	-	-
<u>Total expenditures</u>	<u>24,500</u>	<u>24,500</u>	<u>7,674</u>	<u>16,826</u>
Excess (deficiency) revenues over (under) expenditures	(8,300)	(8,300)	(2,044)	6,256
Other financing sources (uses)				
Operating transfers	(30,000)	(30,000)	(27,547)	2,453
Designated cash	38,300	38,300	-	(38,300)
<u>Total other financing sources (uses)</u>	<u>8,300</u>	<u>8,300</u>	<u>(27,547)</u>	<u>(35,847)</u>
Net change in cash balances	-	-	(29,591)	(29,591)
Cash balance, beginning	-	-	50,573	50,573
Cash balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,982</u>	<u>\$ 20,982</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (29,591)	
Adjustment to revenues for accruals and other deferrals			413	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP Basis)			<u>\$ (29,178)</u>	

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

STATE OF NEW MEXICO
VILLAGE OF GRENVILLE
Proprietary Fund
Statement of Net Position
June 30, 2018

	<u>Business-type Activities Water Fund</u>
<u>ASSETS</u>	
Current assets	
Cash and cash equivalents	\$ 29,113
Accounts receivable	
Sales, net	<u>469</u>
Total current assets	<u>29,582</u>
Noncurrent assets	
Restricted cash	
Customer meter deposits	975
Capital assets, being depreciated	266,000
Less: accumulated depreciation	<u>(205,179)</u>
Total noncurrent assets	<u>61,796</u>
Total assets	<u>\$ 91,378</u>
 <u>LIABILITIES AND NET POSITION</u>	
Current liabilities	
Accounts payable	\$ 271
Customer meter deposits	<u>975</u>
Total current liabilities	<u>1,246</u>
Net position	
Net invested in capital assets	60,821
Restricted	
Meter deposits	975
Unrestricted	<u>28,336</u>
Total net position	<u>90,132</u>
Total liabilities and net position	<u>\$ 91,378</u>

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

STATE OF NEW MEXICO
 VILLAGE OF GRENVILLE
 Proprietary Fund
 Statement of Revenues, Expenses and Changes in Net Position
 For the year ended June 30, 2018

	Business-type Activities Water Fund
Operating revenues	
Sales and services	\$ 3,895
Total operating revenues	<u>3,895</u>
Operating expenses	
Operating expense	6,529
Depreciation	<u>8,674</u>
Total operating expenses	<u>15,203</u>
Operating income (loss)	(11,308)
Non-operating revenues (expenses)	
Gross receipts tax, net	-
Interest income	<u>31</u>
Total non-operating revenue (expenses)	<u>31</u>
Income (loss) before contributions and transfers	(11,277)
Operating transfers	<u>20,000</u>
Change in net position - proprietary funds	8,723
Net position, beginning	<u>81,409</u>
Total net position, ending	<u>\$ 90,132</u>

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

STATE OF NEW MEXICO
VILLAGE OF GRENVILLE
Proprietary Fund
Statement of Cash Flows
For the year ended June 30, 2018

	Business-type Activities Water Fund
Cash flows from operating activities	
Receipts from customers	\$ 3,967
Payments to suppliers and contractors	<u>(6,380)</u>
Net cash provided (used) by operating activities	<u>(2,413)</u>
Cash flows from non capital financing activities	
Change in gross receipts tax	(189)
Interest income	31
Change in meter deposits	-
Operating transfer	<u>20,000</u>
Net cash provided (used) by non capital financing activities	<u>19,842</u>
Net increase (decrease) in cash and cash equivalents	17,429
Cash and cash equivalents, beginning	
Water	11,684
Meter deposits	<u>975</u>
Cash and cash equivalents, beginning	12,659
Total cash and cash equivalents, ending	
Water	29,113
Meter deposits	<u>975</u>
Total cash and cash equivalents, ending	<u>\$ 30,088</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Operating income (loss)	\$ (11,308)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities	
Depreciation and amortization	8,674
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	72
Increase (Decrease) in accounts payable	<u>149</u>
Net cash provided (used) by operating activities	<u>\$ (2,413)</u>

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

Notes to Financial Statements

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Note 1 Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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

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

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

Based upon the application of these criteria, there are no component units of the Village. The Village is not considered a component unit of another governmental agency during the fiscal year ended June 30, 2018.

B. Government-Wide Financial Statements

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

The government-wide statement of activities demonstrates the degree to which the direct expenses of a function category (general government, public safety, etc.) or activity are offset by program revenues. Direct expenses are those that are clearly identifiable with specific function or activity. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity, 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or activity and 3) grants and contributions that are restricted to meeting the capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported as general revenues.

The net cost (by function of governmental-type activity) is normally covered by general revenues (property, sales, franchise, public service taxes, interest income, etc.). The Village does not allocate indirect costs. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on general long-term is considered an indirect expense and is reported separately on the Statement of Activities.

Separate fund based financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual government funds and major individual enterprise funds are reported as separate columns in the fund financial statements. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category for the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements. The nonmajor funds are detailed in the combining section of the statements.

The Village's fiduciary funds (which have been refined and narrowed in scope) are presented in the fund financial statements by type. Since, by definition, the assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the municipality; these funds are not incorporated into the government-wide statements.

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

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*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Nonexchange transactions, in which the Village gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund level financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balance of financial resources) rather than upon net income. 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. For this purpose, the Village considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Generally, intergovernmental revenues and grants are recognized when all eligibility requirements are met, and the revenues are available. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property, franchise, sales and public service tax revenues associated with the current fiscal period are recognized under the susceptible to accrual concept. Licenses and permits, charges for services, fines and forfeitures, contributions, and miscellaneous revenues are recorded as revenues when received in cash, as the resulting receivable is immaterial.

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and the susceptible to accrual criteria have been met.

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

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are provided through property and other taxes, federal sources, state sources, charges for services, licenses and fees, and other miscellaneous recoveries and revenue. Expenditures include all costs associated with the daily operation of the Village except for items included in other funds.

The *Special Revenue Funds* account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

The *Debt Service Funds* account for the services of general long-term debt not being financed by proprietary or nonexpendable trust funds.

The *Capital Projects Funds* account for the acquisition of fixed assets or construction of major capital projects not being financed by the proprietary or nonexpendable trust funds.

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

General Fund

The Village's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are provided primarily through property, gross receipts and other miscellaneous taxes.

Emergency Medical Services Fund

The EMS fund accounts for the state emergency medical services grant, to be used for specific medical services provided through fire department activities. The municipality also accounts for all ambulance revenues for services provided. This state grant comes through the New Mexico Department of Health per EMS regulation DOH 94-11. The fund was created by local ordinance. Section 24-10A-1 to 24-10A-10, NMSA 1978 provides funds to municipalities for use in the establishment and enhancement of local emergency medical services. Section 24-10A-7, NMSA 1978 restricts expenditures from the fund from only emergency medical services.

Municipal Streets

To account for the collection of one-half of one percent of the gross receipts tax for the purpose of improving the Village's streets. Fund authority is NMSA 7-1-69.

Law Enforcement Protection Fund

To account for the operation and maintenance of the police department authorized by the State Statute Chapter 289, Laws of 1983. Financing is provided by a grant from the State of New Mexico.

The government reports its Water Fund Solid Waste Fund and Waste Water Fund (Proprietary funds) as major business-type funds. Additionally, the government reports the following fund types:

The *fiduciary funds* are purely custodial (assets equal liabilities) and do not involve measurement of results of operations.

As a rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes, because elimination of these charges would distort the direct costs and program revenues reported in the Statement of Activities

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

The Village reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. The Village does not currently employ indirect cost allocation systems. Depreciation expense is specifically identified function and is included in the direct expense of each function. Interest on general and long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing service in connection with the fund's principal ongoing operations. The principal operating revenue of the Village's enterprise fund is charges for services for the Village's garbage, water & sewer utilities. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the Village's policy to use the restricted resources first, then unrestricted resources as they are needed.

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

D. Assets, Liabilities, and Net Position or Equity

Cash and Cash Equivalents:

The Village's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the Village to invest in Certificates of Deposit, obligations of the U.S. Government, and the State Treasurer's Investment Pool.

Investments for the Village are reported at fair value. The State Treasurer's Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Restricted Assets:

Restricted assets are those held in trust for others.

Receivables and Payables:

Inter-fund activity is reported either as loans, services provided, reimbursements, or transfers. Loans are reported as inter-fund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related costs as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements. All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. In the government-wide and governmental fund financial statements, delinquent property taxes are recorded when levied.

Prepaid Items:

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

Inventory:

The cost of purchased inventory is recorded as an expenditure at the time individual inventory items are consumed.

Capital Assets:

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000, per section 12-6-10 NMSA 1978, and an estimated useful life more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1979) are to be included as part of the governmental capital assets reported in the government wide statements. Donated capital assets are recorded at estimated fair market value at the date of donation. Information Technology Equipment including software is being capitalized and included in furniture, fixtures, and equipment in accordance with NMAC 2.20.1.9 C (5).

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction.

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

Buildings and improvements	20 - 65 years
Equipment	3 - 15 years

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.

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 liability for deferred inflows of resources.

Long-term Obligations:

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position.

In the fund financial statements, the face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt services expenditures. For the year ended June 30, 2018 the Village has no long-term debt.

Fund Balance:

Governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent: The following classifications may be used:

Non-Spendable

The non-spendable fund balance classification includes amounts that cannot be spent because they are either 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, for example, inventories and prepaid amounts.

Restricted

Fund balance is reported as restricted when constraints placed on the use of resources are either (1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

Committed

Amounts that can only be used for specific purposes pursuant to constraints imposed by the formal action of the Village Board of Trustees should be reported as committed fund balance. The committed amounts cannot be used for any other purpose unless the Village's Board of Trustees removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

Assigned

Assigned fund balance includes (a) all remaining amounts, except for negative balances, that are reported in governmental funds, other than the general fund, that are not classified as non-spendable and are neither restricted nor committed and amounts in the general fund that are constrained by the Village's intent to be used for specific purposes but are neither restricted nor committed. Intent, and removal of, is expressed by the Board of Trustees or the Finance Committee. The Village did not have assigned fund balances for the year ended June 30, 2018.

Unassigned

The remaining fund balance, after all other classifications, within the general fund is reported as unassigned fund balance. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. In governmental funds other than the general fund, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, a negative fund balance will be reported as unassigned fund balance.

When committed, assigned, and unassigned resources are available for use, it is the Village's policy to use committed first followed by assigned and unassigned resources as they are needed.

Net Position and Fund Equity:

Governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

In the government-wide financial statements, fund equity is classified as net position and is displayed in three components:

Net investment in capital assets:

Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position:

Consist of net position with "legally enforceable" constraints placed on the use, either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. Legally enforceable means that a government 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. Generally, the enforceability of an enabling legislation restriction is determined by professional judgment. If it is determined that the restrictions continue to be legally enforceable, then for the purposes of financial reporting, the restricted net position should not reflect any reduction for resources used for purposes not stipulated by the enabling legislation. Descriptions for the related restrictions for net position are restricted for "debt service or capital projects."

Unrestricted Net Position:

All other net positions that do not meet the definition of "restricted" or "net investment in capital assets".

Inter-fund Transactions:

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund from expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other inter-fund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other inter-fund transfers are reported as operating transfers.

Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates affecting the Village's financials include management's estimate of the useful lives of capital assets.

Tax Revenues:

The Village receives mill levy and ad-valorem tax revenues. Property taxes are assessed on January 1st of each year and are payable in two equal installments, on November 10th of the year in which the tax bill is prepared and April 10th of the following year with the levies becoming delinquent 30 days (one month) thereafter. The Village recognizes tax revenues in the period for which they are levied in the government-wide financial statements. The Village records only the portion of the taxes considered 'measurable' and 'available' in the governmental fund financial statements.

Note 2 Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets of the Village are prepared prior to June 1 and must be approved by Village Council resolution and submitted to the Department of Finance and Administration for State approval. Once the budget has been formally approved, any amendments must also be approved by the Village Council and the Department of Finance and Administration. A separate budget is prepared for each fund. Line items within each budget may be over-expended; however, it is not legally permissible to over-expend any budget in total.

These budgets are prepared on the Non-GAAP cash basis, excluding encumbrances, and secure appropriation of the funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year.

The budgetary information presented in these financial statements has been amended in accordance with the above procedures.

Formal budgetary integration is employed as a management control device during the year for the General Fund, and Special Revenue Funds. The Village is required to balance its budgets each year. Accordingly, amounts that are in excess or deficient are presented as changes in cash designated for expenditures, not as an excess or deficiency of revenues over expenditures. The Village Council may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance.

The accompanying Statements of Revenues, Expenditures, and Changes in Cash Balance – Budget (non-GAAP Budgetary Basis) and Actual presents comparisons of the legally adopted budget with actual data on a budgetary basis.

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of resultant basis, perspective, equity, and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended June 30, 2018, is presented.

The appropriated budget for the year ended June 30, 2018, was properly amended by the Village Council throughout the year.

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with Generally Accepted Accounting Principles, a reconciliation of resultant basis, perspective, equity, and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended June 30, 2018 is presented as part of the budgetary statements.

Note 3 Deposits and Investments

State statutes authorize the investment of the Village funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States government obligations. All invested funds of the Village properly followed State investment requirements as of June 30, 2018.

Deposits of funds may be made in interest or non-interest-bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the Village. Deposits may be made to the extent that they are insured by an agency of the United States or by collateral deposited as security or by bond given by the financial institution.

The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case, shall the rate of interest be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of deposit.

Excess of funds may be temporarily invested in securities which are issued by the State or by the United States government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments.

Per the Federal Deposit Insurance Corporation, public unit deposits are funds owned by the public unit. Time deposits, savings deposits, and interest bearing NOW accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution.

New Mexico State Statutes require collateral pledged for deposits more than the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the Village for at least one half the amount more than FDIC coverage on deposit with the institution.

STATE OF NEW MEXICO
VILLAGE OF GRENVILLE
Notes to The Financial Statements
June 30, 2018

The schedule listed below discloses the State of New Mexico, Office of the State Auditor's requirements on reporting the insured portion of the Village's deposits.

	First National Bank of NM Clayton, NM	Type
Total amount on deposit on June 30, 2018		
Village of Grenville		
General	\$ 82,952	Checking
EMS Fund	621	Checking
Gas Fund	21,078	Checking
Utility Fund	30,088	Checking
Total deposited	<u>134,739</u>	
Less FDIC coverage	<u>(134,739)</u>	
Total uninsured public funds	<u>-</u>	
50% collateral requirement as per Section 6-10-17, NMSA 1978	<u>-</u>	
Pledged securities	<u>-</u>	
Over (under)	<u>\$ -</u>	

Pledged Collateral

Per the Federal Deposit Insurance Corporation, public unit deposits are owned by the public unit. Time deposits, savings deposits and interest-bearing money market accounts at 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.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Village does not have a deposit policy for custodial credit risk. As of June 30, 2018, none of the Village's bank balance of \$134,739 was exposed to custodial credit risk.

Note 4 Receivables

Receivables as of June 30, 2018, are as follows:

	Governmental Activities Taxes	Business-type Activities Utility Service
Accounts receivable taxes		
General		
Property tax	\$ 35	\$ -
Municipal gross receipts tax	1,038	-
Infrastructure gross receipts tax	105	-
Environmental gross receipts tax	52	-
State shared gross receipts tax	1,206	-
Total General	<u>2,436</u>	-
Streets		
Gas tax	881	-
Total Streets	<u>881</u>	-
Water		
Utility service	-	469
	<u>\$ 3,317</u>	<u>\$ 469</u>

The above accounts receivable taxes and accounts receivable from grantor are deemed 100% collectible. In accordance with GASB No. 33, property tax receivables are presented net of unearned revenue in the governmental balance sheet. In accordance with GASB No. 65, deferred inflows of resources accounts for delinquent property taxes that are due to the Village but that have not been remitted to the Village.

Note 5 Interfund Receivables, Payables, and Transfers

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund from expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

	Transfer In	Transfer Out
General	\$ 27,547	\$ (20,000)
EMS	250	-
General	-	(250)
Municipal Streets	-	(27,547)
Water	20,000	-
Totals	<u>\$ 47,797</u>	<u>\$ (47,797)</u>

Note 6 Accounts Payables

Accounts payable are payable to suppliers as of June 30, 2018, are listed below.

	Governmental Activities	Business-type Activities
Governmental Activities		
Payable to suppliers		
General	\$ 17,738	\$ -
EMS	49	-
Business-type Activities		
Payable to suppliers		
Water	-	271
	<u>\$ 17,787</u>	<u>\$ 271</u>

Note 7 Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2018 follows.

Government Activities

	Beginning Balances	Increase	Adjustments/ Decrease	Ending Balances
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 7,600	\$ -	\$ -	\$ 7,600
Capital assets being depreciated				
Buildings and improvements	52,340	43,458	-	95,798
Equipment	103,784	-	-	103,784
Total assets	163,724	43,458	-	207,182
Less accumulated depreciation				
Buildings and improvements	(52,340)	(1,449)	-	(53,789)
Equipment	(101,246)	(1,195)	-	(102,441)
Total accumulated depreciation	(153,586)	(2,644)	-	(156,230)
Governmental activity capital assets, net	\$ 10,138	\$ 40,814	\$ -	\$ 50,952

Capital assets, net of accumulated depreciation, at June 30, 2018 appear in the Statement of Net Position as follows: Governmental activities \$50,952.

Depreciation expense for the year ended June 30, 2018 was unallocated.

Business-Type Activities

	Beginning Balances	Increase	Adjustments/ Decrease	Ending Balances
Business-type activities:				
Capital assets not being depreciated				
Land	\$ 100	\$ -	\$ -	\$ 100
Capital assets being depreciated				
Infrastructure	265,900	-	-	265,900
Total assets	266,000	-	-	266,000
Less accumulated depreciation				
Infrastructure	(196,505)	(8,674)	-	(205,179)
Total accumulated depreciation	(196,505)	(8,674)	-	(205,179)
Business-type activity capital assets, net	\$ 69,495	\$ (8,674)	\$ -	\$ 60,821

Depreciation expense relating to business-like activities for the year ended June 30, 2018 totaled \$8,674.

Note 8 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 has purchased insurance from a commercial vendor and pays an annual premium for its general insurance coverage, as such all risk of loss is transferred.

Note 9 Other Required Individual Fund Disclosures

Generally accepted accounting principles require disclosures as part of the Combining Statements

Overview of certain information concerning individual funds including:

- A. Deficit fund balance of individual funds.
None
- B. Expenditures exceeded appropriations by fund.
None
- C. Excess expenditures over budget.
The Village did not reported expenditures in excess of budget at the function level at June 30, 2018,

Note 10 Retirement Plan

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

Note 11 Post-Employment Benefits

The Retiree Health Care Act 10-7C-1 to 10-7C-16, NMSA 1978) provides comprehensive care group health insurance for persons who have retired from certain public service in New Mexico. As authorized under Section 9D of Chapter 6, Laws of 1990, the Village has elected not to participate in the program for the current year.

Note 12 Contingent Liabilities

In the normal course of operations, the Village receives grant funds from various state agencies. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise because of these audits is not believed to be material.

Note 13 Surety Bond

The officials and certain employees of the Village are covered by a surety bond as required by Section 126-7 NMSA 1978 Compilation.

Note 14 Subsequent Review

The Village has evaluated subsequent events through September 6, 2018 which is the date the financial statements were available for issuance.

Note 15 Related Party

One of the council members spouse is the clerk. The council member received wages for attending council meetings and for doing odd jobs for the Village.

Note 16 GASB 77 Abatement Disclosures

The Village was not part of any tax abatement agreements subject to GASBS 77 Tax Abatement Disclosures during the year ended June 30, 2018. As a result, they make no such disclosures related to GASBS 77.

Supplementary Information Related to Major Governmental Funds

STATE OF NEW MEXICO
VILLAGE OF GRENVILLE
Proprietary Fund - Water Fund
Statement of Revenues, Expenditures, and Changes in Cash Balances
Budget and Actual (Non - GAAP Budgetary Basis)
For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Sales and service	\$ 10,470	\$ 10,470	\$ 3,967	\$ (6,503)
Total revenues	<u>10,470</u>	<u>10,470</u>	<u>3,967</u>	<u>(6,503)</u>
Expenses				
Current				
Operating expense	<u>31,000</u>	<u>31,000</u>	<u>6,380</u>	<u>24,620</u>
Total expenses	<u>31,000</u>	<u>31,000</u>	<u>6,380</u>	<u>24,620</u>
Excess (deficiency) revenues over (under) expenses	(20,530)	(20,530)	(2,413)	18,117
Other financing sources (uses)				
Taxes - gross receipts, net	(500)	(500)	(189)	311
Interest income	30	30	31	1
Change in meter deposits		-	-	-
Operating transfers	20,000	20,000	20,000	-
Designated cash	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
Total other financing sources (uses)	<u>20,530</u>	<u>20,530</u>	<u>19,842</u>	<u>(688)</u>
Net change in cash balances	-	-	17,429	17,429
Cash balance, beginning	<u>-</u>	<u>-</u>	<u>12,659</u>	<u>12,659</u>
Cash balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,088</u>	<u>\$ 30,088</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 17,429	
Adjustment to revenues for accruals and other deferrals			117	
Adjustment to expenditures for payables, prepaids and other accruals			<u>(8,823)</u>	
Net change in fund balance (GAAP Basis)			<u>\$ 8,723</u>	

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

Other Supplemental Information

STATE OF NEW MEXICO
VILLAGE OF GRENVILLE
Bank Reconciliation - All Accounts
For the year ended June 30, 2018

Schedule I

	Beginning Cash	Receipts	Distributions	Transfers	Total Cash
Governmental activities					
General	\$ 90,449	\$ 110,237	\$ (126,153)	\$ 7,297	\$ 81,830
Emergency Medical Service	-	7,443	(7,604)	250	89
Law Enforcement Protection	-	20,000	(19,782)	-	218
Municipal Streets	50,573	5,630	(7,674)	(27,547)	20,982
Total Governmental funds	141,022	143,310	(161,213)	(20,000)	103,119
Business-type activities					
Water	12,659	3,809	(6,380)	20,000	30,088
Total business-type activities	12,659	3,809	(6,380)	20,000	30,088
Total all funds	<u>\$ 153,681</u>	<u>\$ 147,119</u>	<u>\$ (167,593)</u>	<u>\$ -</u>	<u>\$ 133,207</u>

<u>Deposit or Investment Account Type</u>	<u>Reconciling Items Outstanding Checks</u>
General account - checking	\$ 82,952
EMS Fund - checking	621
Gas Fund - checking	21,078
Utility Fund - checking	30,088
Total on deposit	134,739
Reconciling items - outstanding checks	(1,532)
Reconciled balance at year end	<u>\$ 133,207</u>

Reconciliation to financial statements

Cash and cash equivalents	
Total cash and cash equivalents per statement of net position - governmental activities	\$ 103,119
Total cash and cash equivalents per statement of net position - business type activities fund	29,113
Total restricted customer deposits per statement of net position - business type activities fund	975
Total cash and cash equivalents	<u>\$ 133,207</u>

Compliance Section

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Sandra Rush

Certified Public Accountant PC

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Independent Auditor's Report on Internal Control Over Financial
Reporting and on Compliance and Other Matters Based on an
Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards*

Wayne Johnson
New Mexico State Auditor
The Governing Board
Village of Grenville
Grenville, New Mexico

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information and the budgetary comparisons for the General Fund and major Special Revenue funds of the Village of Grenville (Village) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents and have issued my report thereon dated September 6, 2018.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Village's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, I do not express an opinion on the effectiveness of the Village's internal control.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. I consider the deficiency described in the accompanying schedule of findings and responses as item 2018-001, 2018-004, 2018-005, and 2018-006 to be a material weakness.

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. I consider the deficiencies described in the accompanying schedule of findings and responses as items to be significant deficiencies. 2018-003

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and Section 12-6-5 NMSA 1978 as items 2018-002. And 2018-007.

Village's Responses to Findings

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

Purpose of this Report

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



Sandra Rush CPA PC
Clovis, New Mexico
September 6, 2018

STATE OF NEW MEXICO
VILLAGE OF GRENVILLE
Schedule of Findings and Responses
June 30, 2018

Current Year Finding

2018-001 Employee Theft/Fraud Payroll

Material Weakness

Condition

Payroll test work revealed the clerk/treasurer issued herself 5 extra paychecks for the year ending June 30, 2018 totaling \$5,270. She turned in two timesheets for the same payroll period, one authorized by the deputy clerk and the other authorized by a council member. The clerk/treasurer cut the payroll checks, co-signed the checks, and remitted taxes due to the Internal Revenue Service (IRS) for Form 941. Reported to the New Mexico Office of the State Auditor and law enforcement.

The payroll ledgers did not foot. The clerk/treasurer and deputy clerk's payroll ledger show federal tax withholding totaling \$2,178 but not subtracted from gross wages. Federal withholding was not withheld but was paid to the IRS via Form 941 and the federal withholdings was reported on the employees W-2.

Criteria

NMSA 1978 § 30-23-2 states "Paying or receiving public money for services not rendered consist of knowingly making or receiving payment made from public funds where such payment purports to be for wages, salary or remuneration for personal services which have not in fact been rendered." Additionally, NMSA 1978, section 6-5-8, states that purchases for goods and services, other than personnel, must be accompanied by supporting invoices and documentation, and the New Mexico Procurement Code (13-1-28 to 13-1-199 NMSA 1978) states that purchase orders should be approved by management prior to purchases, including purchase order revisions as necessary. State Audit Rule 2.2.2.10J, and Section 12-6-5 NMSA 1978, require good accounting practices be followed.

If the employer fails to provide correct payee statements (Forms W-2) to the employees and cannot show reasonable cause, they may be subject to a penalty as provided under Internal Revenue Code Section 6722.

Effect

The Village overpaid employees a total of \$7,448.

Cause

The village uses a manual bookkeeping system. The payroll ledgers are not reconciled to the general ledger. The supporting documentation is not reviewed prior to signing the payroll checks.

Recommendation

The Village should implement a computerized accounting system. The board should review (recalculate), not just look at the supporting documents prior to signing checks.

The payroll ledger should be reconciled to the general ledger prior to preparation of the federal and state payroll tax information reports. Also, the Village should develop a policy that promotes timely, accurate and reliable financial reporting.

The two employees should reimburse the Village for the Federal Income Tax.

Response

The previous clerk has passed away. The Village is working on a computerized accounting system. The New clerk and new deputy clerk have attended the budget conference sponsored by the NM Municipal League. Council has reviewed the auditor's findings and feel that the money for the Federal Income Tax was not due to the deputy clerk and council member negligence, rather the acting Clerk at the time was solely responsible therefore repayment is not a possibility due to her death. A police report has been filed regarding this matter, as of date we do not have it back. The mayor will submit it along with letter to NM State Auditor's Office when we receive it.

Position responsible for correction: Clerk/Treasurer

Timeline: June 30, 2019

2018-002 Procurement – Request for Proposal

Material Non-Compliance

Condition

During the test work over the Village's compliance with the State of New Mexico's procurement code, we noted \$43,458 for which the Village did not properly solicit quotes or bids.

Criteria

1.4.1.51 Small purchases of items of tangible personal property, construction and nonprofessional services:

A Quotation to be obtained. Insofar as it is practical for small purchases of nonprofessional services, construction or items of tangible personal property having a value exceeding twenty thousand dollars (\$20,000) but not exceeding sixty thousand dollars (\$60,000), and in accordance with any procedures or processes set forth by the state purchasing agent, no fewer than three businesses shall be solicited via written requests containing the specifications for the procurement to submit written quotations that are recorded and placed in the procurement file. If three written quotes cannot be obtained, the agency shall document the reasons and include the document in the procurement file. Such notations as "does not carry" or "did not return my phone call" do not qualify as a valid quotation. If the lowest quotation is not acceptable, the central purchasing office must issue a written determination as to the reasons for such a decision. These reasons must not be arbitrary or capricious. The written determination becomes a part of the procurement file.

NMSA 1978, Section 13-1-103 Invitation for bids states "An invitation for bids shall be issued and shall include the specifications for the services, construction or items of tangible personal property to be procured, all contractual terms and conditions applicable to the procurement, the location where bids are to be received, the date, time and place of the bid opening and the requirements for complying with any applicable in-state preference provisions as provided by law." Additionally, NMSA 1978, Section 13-1-125 states "a central purchasing office shall procure services, construction or items of tangible personal property having a value not exceeding sixty thousand dollars (\$60,000), excluding applicable state and local gross receipts taxes, in accordance with the applicable small purchase rules adopted by the secretary, a local public body or a central purchasing office that has the authority to issue rules.

Effect

The Village violated the State of New Mexico's procurement code and may have not obtained the best price for the item received during the year.

Cause

The clerk/treasurer was unaware of the requirements of the State of New Mexico's procurement code and did not properly monitor purchases for compliance with the State of New Mexico's Procurement Code.

Recommendation

The Village should ensure policies pertaining to the application of the State of New Mexico's Procurement Code are being followed. The Village should also update their purchasing policy in order to provide additional clarity to the thresholds for which formal bids or formal proposals as to be applied.

Response

In the Village Policies we have 3 persons designated as the purchasing agents. That would be the clerk, deputy clerk and the Mayor. The Village will comply with all State Laws and Regulations. We will review NMSA 1978, Section 13-1-103 and any other statutes before purchasing any costly items in the future. We thought small purchases had a minimum cap of 60,000 for quote purposes.

Position responsible for correction: Clerk/Treasurer

Timeline: June 30, 2019

STATE OF NEW MEXICO
VILLAGE OF GRENVILLE
Schedule of Findings and Responses
June 30, 2018

2018-003 Lack of Procurement Officer

Significant Deficiency

Condition

During the NM Compliance test work, it was noted the Village has never had a Chief Procurement Officer. The total cash expenditures for the year was \$181,055.

Criteria

Section 13-1-97 of NMSA 1978 requires that purchases be made through a central purchasing office which properly authorizes and approves the purchase prior to payment. An authorized official should indicate that the goods or services have been received prior to payment for the goods or services.

Cause

The clerk was unaware of the Section 13-1-97 of NMSA 1978 requirements.

Effect

The Village has not implemented a proper purchasing process which exposes the Village to the risk of following an improper purchasing process and increases the risk of errors in payments issued by Village due to the lack of proper supervision and monitoring by the Chief Procurement Officer.

Recommendation

The Village should designate an agent to become certified and registered as a Chief Procurement Officer for the Village.

Response

The Village has a Purchasing Agent Policy, created 06/2015 #P-8, that deems 3 persons as Chief Purchasing Officers. All will review Section 13-1-97 of NMSA 1978 in any future purchases. All goods or services will be reviewed by council before payments.

Chief clerk contacted the State Purchasing office and spoke to Richard Rodriguez regarding certification course for a Chief Purchasing Officer. There is no course open until February 2019. Village will send person(s) to this course.

Position responsible for correction: Clerk/Treasurer

Timeline: June 30, 2019

STATE OF NEW MEXICO
VILLAGE OF GRENVILLE
Schedule of Findings and Responses
June 30, 2018

2018-004 Bank Reconciliations and Cutoff and Completeness

Material Weakness

Condition

The Village has several bank accounts which are not being reconciled accurately. General bank account: sampled 4 of 12 statements and 4 didn't agree with general ledger balance a difference of 3,697. EMS bank account: sampled 5 of 12 statements and 1 didn't agree with general ledger balance a difference of \$532. Streets bank account: sampled 6 of 12 statements and 6 didn't agree with general ledger balance a difference of \$1,813. Utility bank account: sampled 4 of 12 statements and 3 didn't agree with general ledger balance a difference of \$14.

Transactions are not being recorded in the proper period. Some electronic tax revenue deposits and interest income deposits are recorded in the general ledger the month following the electronic deposit. The bank accounts are reconciled to the bank statement instead of to the general ledger

Criteria

2.2.2.10.D NMAC the financial statements and notes to the financial statements shall be prepared in accordance with accounting principles generally accepted in the United States of America. § 6-10-2 NMSA 1978 –A cash record must be maintained listing all items of receipts and disbursements of public money. The cash record must also be balanced daily to show the balance of public money on hand at the close of each business day.

Per FASB ASC 958-605, contributions received shall be recognized as revenues in the period received. Per FASB ASC 958-720, expenses should be recognized in the period when the economic benefits are used.

Cause

It is unclear why employees are not reconciling all bank accounts accurately.

The completeness and accuracy of the books cannot be determined since there are no internal controls over completeness and cutoff.

Effect

The Village is not maintaining adequate controls over cash to safeguard cash or facilitating prompt and accurate reporting to the New Mexico Department of Finance and Administration (DFA). This can also cause transactions to be unaccounted for within funds.

Recommendation

The Village should perform complete and accurate bank reconciliations and record the revenue and expenditures/expenses in the proper month. The reconciliations should be reviewed by someone trained and knowledgeable. The review should be documented. All unusual reconciling items should be investigated and dealt with properly, so errors do not accumulate thereby making the reconciliation more difficult and time consuming

Response

This bank reconciliation process has been corrected and is now being done correctly. The new clerk and deputy clerk have attended budget and finance conferences recently to obtain knowledge to this matter.

Position responsible for correction: Clerk/Treasurer

Timeline: Already corrected

STATE OF NEW MEXICO
VILLAGE OF GRENVILLE
Schedule of Findings and Responses
June 30, 2018

2018-005 Capital Asset Listing / Depreciation Schedule

Material Weakness

Condition

The Village could not provide a complete Capital Asset listing and depreciation schedule for the fiscal year ending June 30, 2018 for governmental activities or business-type activities. Assets totaling \$43,458 were not added to the current years schedule. The Village did not conduct an annual inventory of movable chattel and equipment on the inventory list at the end of the physical year, nor did the Village certify the correctness of the inventory after the physical inventory.

Criteria

A capital asset inventory and depreciation schedule should be maintained in a usable form. Section 12-6-10(A) NMSA 1978 requires each agency prepare and maintain an accurate listing of fixed assets. The Village must have a capital assets management policy to provide accountability for the safeguarding of assets in accordance with GASB 34 and Section 12-6-10(A) NMSA 1978. Also, the Village is required to conduct an annual physical inventory of movable chattel and equipment on the inventory list at the end of the physical year. The agency shall certify the correctness of the inventory after the physical inventory. This certification is to be provided to the auditor.

Cause

There are no procedures in place to ensure that all capital assets are accounted for in a capital asset inventory listing. Management of the Village is not adequately trained to maintain a capital asset inventory and depreciation schedule. For the year ended June 30, 2018, the entity was unable to provide a list that contained current year depreciation and capital asset information compliant with GASB 34.177a and 3.30.1.12 NMAC. The list should also provide the fund and function that purchased the asset.

Effect

Lack of sufficient records results in assets that are not properly safeguarded. Asset identification and location are essential in the prevention of theft and loss of assets due to fraudulent activity. Capital assets cannot be correctly depreciated due to lack of information being maintained. The financial statements of the Village are not in compliance with GASB 34 and Section 12-6-10(A) NMSA 1978.

Recommendation

The clerk should attend training to become familiar with the preparation of a capital asset inventory and depreciation schedule that is GASB 34 compliant.

Response

The Village has a record of our fixed assets. We do not have the depreciation schedule. We will contact the NM Municipal League for information on a course that can be taken.

Position responsible for correction: Clerk/Treasurer

Timeline: June 30, 2019

STATE OF NEW MEXICO
VILLAGE OF GRENVILLE
Schedule of Findings and Responses
June 30, 2018

2018-006 Late Fees for Late Deposits of IRS Taxes

Material Weakness

Condition

The Village was assessed \$1,031 in penalties for failure to timely deposit Internal Revenue Service Form 941 payroll taxes.

Criteria

In general, you must deposit federal income tax withheld, and both the employer and employee social security and Medicare taxes by the 15th of the following month. If you fail to make a timely deposit, you may be subject to a failure-to-deposit penalty of up to 15 percent. Electronic funds transfer (EFTPS) must be used to make all federal tax deposits

Cause

The clerk was unaware of the monthly payroll tax deposit requirement.

Effect

The Village paid \$1,031 for penalties that were not budgeted for or allowed under DFA regulations.

Recommendation

The clerk should ensure these tax deposits are timely to ensure penalties are avoided.

Response

The Village is now compliant with the monthly reporting.

Position responsible for correction: Clerk/Treasurer

Timeline: Already corrected

STATE OF NEW MEXICO
VILLAGE OF GRENVILLE
Schedule of Findings and Responses
June 30, 2018

2018-007 Mileage and Per Diem Act

Other Non-Compliance

Condition

During the audit, we performed tests of travel and per diem expenditures. Our sample size was five transactions, which were selected throughout the fiscal year, and contained the following discrepancies: There was three instance where the employee failed to sign the form certifying the reimbursement was correct, five instances where authorization was not documented, four instances where voucher was not dated and four instances where the mileage was paid at an incorrect rate. The discrepancies totaled \$826.14.

Criteria

The New Mexico Department of Finance and Administration (DFA) has issued regulations in the form of Title 2, Chapter 42, Part 2, *Travel and Per Diem Regulations Governing the Per Diem and Mileage Act* of the New Mexico Administrative Code. The rule was issued in accordance with Section 10-8-1 to 10-8-8 NMSA 1978.

Effect

Non-compliance with the state of New Mexico Travel and Per Diem Act subject's officials and employees to penalties as required by state statutes.

Cause

The Village did not understand and apply Section 10-8-1 to 10-8-8 NMSA 1978 regulations correctly. Travel requests were not reviewed properly prior to payment.

Recommendation

The Village should review the Mileage and Per Diem Act. Once a solid understanding of the Act is obtained, procedures should be reviewed and modified to ensure compliance with the Act.

Response

The clerk and deputy clerk attended a conference in Albuquerque regarding this matter. We will make sure this procedure is reviewed and followed. The clerk will look up the IRS rate in January each year.

Position responsible for correction: Clerk/Treasurer

Timeline: June 30, 2019

Prior Year Finding

2016-001 Internal Revenue Service Form W-2

Resolved

Financial Statement Preparation

Although it would be preferred and desirable for the Village to prepare its own GAAP-basis financial statements, it is felt that the Village's personnel did not have the time to prepare them. Therefore, the outside auditor prepared the GAAP basis financial statements and footnotes for inclusion in the annual audit report from the original books and records provided to them by the management of the Village. Management of the Village has reviewed and approved these financial statements and related notes and believes they are adequately supported by the books and records of the government.

Exit Conference

The contents of this report were discussed with, Judy Jacobs, mayor, Mignon Saddoris, clerk/treasurer, Bonnie Donnelly, deputy clerk, and Sandra Rush, CPA, in an exit conference on November 16, 2018.

