
STATE OF NEW MEXICO
VILLAGE OF GRENVILLE
June 30, 2015

Financial Statements and Supplementary Information
As Of And For The Year Ended June 30, 2015
With Independent Auditor's Report Thereon

Sandra Rush
Certified Public Accountant, 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, 2015

Board of Trustees

Judy Jacobs

Mayor

James Sadoris

Trustee / Mayor Pro

Sandy Sink

Council Member

Bonnie Donnelly

Council Member

Kati Branklett

Council Member

Administrative Officials

Lynn Wiseman

Clerk-Treasurer

STATE OF NEW MEXICO
VILLAGE OF GRENVILLE
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VILLAGE OF GRENVILLE
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Financial Section

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Independent Auditor's Report

Timothy Keller
New Mexico State Auditor
The Office of Management and Budget and
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, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of the Village of Grenville (the Village), as of and for the year ended June 30, 2015, and the related notes to the financial statements which collectively comprise the Village's basic financial statements as listed in the table of contents. I also have audited the budgetary comparisons for the enterprise fund 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

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 from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, 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, and the aggregate remaining fund information of the Village, as of June 30, 2015, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each business-type activity of the Village as of June 30, 2015, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for all 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 management's discussion and analysis that accounting principles generally accepted in the United States of America require 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. My opinion on the basic financial statements is not affected by this missing information.

Other Information

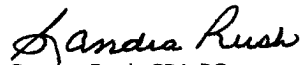
My audit was conducted for the purpose of forming opinions on the Village's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The Supporting Schedule I required by 2.2.2 NMAC is presented for the purposes of additional analysis and is not a required part of the basic financial statements.

The Supporting Schedule I required by 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the Supporting Schedule I required by 2.2.2 NMAC is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Schedule II has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, I do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated September 30, 2015 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 30, 2015

Basic Financial Statements

Government-wide Financial Statements

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Current assets			
Cash and cash equivalents	\$ 135,175	\$ 9,930	\$ 145,105
Accounts receivable			
Taxes	1,038	-	1,038
Sales (net of uncollectible)	-	405	405
Total current assets	<u>136,213</u>	<u>10,335</u>	<u>146,548</u>
Noncurrent assets			
Restricted cash			
Customer deposits	-	795	795
Capital assets	151,779	266,000	417,779
Less: accumulated depreciation	<u>(144,961)</u>	<u>(179,157)</u>	<u>(324,118)</u>
Total noncurrent assets	<u>6,818</u>	<u>87,638</u>	<u>94,456</u>
Total assets	<u>\$ 143,031</u>	<u>\$ 97,973</u>	<u>\$ 241,004</u>
<u>LIABILITIES</u>			
Current liabilities			
Accounts payable	\$ 893	\$ 273	\$ 1,166
Customer meter deposits	-	795	795
Total current liabilities	<u>893</u>	<u>1,068</u>	<u>1,961</u>
<u>NET POSITION</u>			
Net investment in capital assets	6,818	86,843	93,661
Restricted			
Special revenue	51,584	-	51,584
Unrestricted	<u>83,736</u>	<u>10,062</u>	<u>93,798</u>
Total net position	<u>142,138</u>	<u>96,905</u>	<u>239,043</u>
	<u>\$ 143,031</u>	<u>\$ 97,973</u>	<u>\$ 241,004</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, 2015

Functions / Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government - finance	\$ 66,057	\$ -	\$ 1,849	\$ -
Public safety	22,555	-	16,412	-
Public works	2,154	-	5,124	-
Depreciation - unallocated	11,597	-	-	-
Total governmental activities	102,363	-	23,385	-
Business-type activities:				
Water	15,054	3,524	-	-
Total business-type activities	15,054	3,524	-	-
Total governmental and business-type activities	\$ 117,417	\$ 3,524	\$ 23,385	\$ -

General Revenues:

Taxes:

Property

Gross receipts - environmental

Motor vehicle

Interest income

Licenses, fees and fines

Intergovernmental

Transfers (net)

Total general revenues

Change in net position

Net position, beginning

Net position, ending

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

Net (Expenses) Revenues		
Governmental Activities	Business-type Activities	Total
\$ (64,208)	\$ -	\$ (64,208)
(6,143)	-	(6,143)
2,970	-	2,970
<u>(11,597)</u>	<u>-</u>	<u>(11,597)</u>
<u>(78,978)</u>	<u>-</u>	<u>(78,978)</u>
<u>-</u>	<u>(11,530)</u>	<u>(11,530)</u>
<u>-</u>	<u>(11,530)</u>	<u>(11,530)</u>
<u>\$ (78,978)</u>	<u>\$ (11,530)</u>	<u>\$ (90,508)</u>
3,566	-	3,566
6,875	-	6,875
202	-	202
199	17	216
25	-	25
90,000	-	90,000
<u>(5,000)</u>	<u>5,000</u>	<u>-</u>
<u>95,867</u>	<u>5,017</u>	<u>100,884</u>
16,889	(6,513)	10,376
<u>125,249</u>	<u>103,418</u>	<u>228,667</u>
<u>\$ 142,138</u>	<u>\$ 96,905</u>	<u>\$ 239,043</u>

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

	General Fund	EMS Fund	Municipal Street Fund	Total Governmental Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$ 84,008	\$ -	\$ 51,167	\$ 135,175
Accounts receivable				
Taxes	621	-	417	1,038
Total assets	<u>\$ 84,629</u>	<u>\$ -</u>	<u>\$ 51,584</u>	<u>\$ 136,213</u>
<u>LIABILITIES</u>				
Accounts payables	893	-	-	893
Total liabilities	<u>893</u>	<u>-</u>	<u>-</u>	<u>893</u>
<u>FUND BALANCE</u>				
Restricted for				
Special revenue	-	-	51,584	51,584
Unassigned				
General government fund	83,736	-	-	83,736
Total fund balance	<u>83,736</u>	<u>-</u>	<u>51,584</u>	<u>135,320</u>
Total liabilities and fund balance	<u>\$ 84,629</u>	<u>\$ -</u>	<u>\$ 51,584</u>	<u>\$ 136,213</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, 2015

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

Fund balance - total governmental funds	\$	135,320
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Capital assets used in governmental activities are not financial resources
and, therefore, are not reported in the funds

Capital assets	\$	151,779	
Accumulated depreciation		<u>(144,961)</u>	
			<u>6,818</u>

Net position of governmental activities	\$	<u>142,138</u>
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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, 2015

	General Fund	EMS Fund	Municipal Street Fund	Total Governmental Funds
Revenue				
Taxes				
Property	\$ 3,566	\$ -	\$ -	\$ 3,566
Gross receipts	6,875	-	-	6,875
Motor vehicle	202	-	-	202
Licenses and permits	25	-	-	25
Interest	115	-	84	199
Reimbursements	1,849	-	-	1,849
Intergovernmental	96,500	9,912	5,124	111,536
Total revenues	<u>109,132</u>	<u>9,912</u>	<u>5,208</u>	<u>124,252</u>
Expenditures				
Current				
General government				
Finance	66,057	-	-	66,057
Public safety	12,643	9,912	-	22,555
Public works	-	-	2,154	2,154
Total expenditures	<u>78,700</u>	<u>9,912</u>	<u>2,154</u>	<u>90,766</u>
Excess (deficiency) of revenues over expenditures	30,432	-	3,054	33,486
Other financing sources (uses)				
Operating transfers in	-	-	10,000	10,000
Operating transfers out	<u>(15,000)</u>	<u>-</u>	<u>-</u>	<u>(15,000)</u>
Total other financing sources (uses)	<u>(15,000)</u>	<u>-</u>	<u>10,000</u>	<u>(5,000)</u>
Net change in fund balances	15,432	-	13,054	28,486
Fund balances, beginning	<u>68,304</u>	<u>-</u>	<u>38,530</u>	<u>106,834</u>
Fund balances, ending	<u>\$ 83,736</u>	<u>\$ -</u>	<u>\$ 51,584</u>	<u>\$ 135,320</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, 2015

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

Net change in fund balances - total governmental funds	\$ 28,486
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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.

Depreciation expense	<u>(11,597)</u>
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Change in Net Position of Governmental Activities	<u><u>\$ 16,889</u></u>
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The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
VILLAGE OF GRENVILLE
General Fund
Statement of Revenues, Expenditures, and Changes in Cash Balance
Budget and Actual (Non - GAAP Budgetary Basis)
For the year ended June 30, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue				
Taxes				
Property	\$ 5,000	\$ 5,000	\$ 3,553	\$ (1,447)
Gross receipts	8,000	8,000	6,887	(1,113)
Motor vehicle	1,000	1,000	200	(800)
Licenses and permits	350	350	25	(325)
Interest	500	500	115	(385)
Reimbursements	4,000	4,000	1,849	(2,151)
Intergovernmental	97,000	97,000	96,500	(500)
Total revenue	<u>115,850</u>	<u>115,850</u>	<u>109,129</u>	<u>(6,721)</u>
Expenditures				
Current				
General government				
Finance	69,500	69,500	65,412	4,088
Public safety	41,350	41,350	12,643	28,707
Public works	-	-	-	-
Total expenditures	<u>110,850</u>	<u>110,850</u>	<u>78,055</u>	<u>32,795</u>
Excess (deficiency) revenues over (under) expenditures	5,000	5,000	31,074	26,074
Other financing sources (uses)				
Operating transfers net	(15,000)	(15,000)	(15,000)	-
Designated cash	-	-	-	-
Total other financing sources (uses)	<u>(15,000)</u>	<u>(15,000)</u>	<u>(15,000)</u>	<u>-</u>
Net change in cash balances	(10,000)	(10,000)	16,074	26,074
Cash balance, beginning	-	-	67,934	67,934
Cash balance, ending	<u>\$ (10,000)</u>	<u>\$ (10,000)</u>	<u>\$ 84,008</u>	<u>\$ 94,008</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 16,074	
Adjustment to revenues for accruals and other deferrals			3	
Adjustment to expenditures for payables, prepaids and other accruals			(645)	
Net change in fund balance (GAAP Basis)			<u>\$ 15,432</u>	

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

STATE OF NEW MEXICO
VILLAGE OF GRENVILLE
Special Revenue Fund - EMS Fund
Statement of Revenues, Expenditures, and Changes in Cash Balances
Budget and Actual (Non - GAAP Budgetary Basis)
For the year ended June 30, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Taxes				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Motor vehicle	-	-	-	-
Licenses and permits	-	-	-	-
Interest	-	-	-	-
Reimbursements	-	-	-	-
Intergovernmental	13,980	13,980	9,912	(4,068)
Total revenues	<u>13,980</u>	<u>13,980</u>	<u>9,912</u>	<u>(4,068)</u>
Expenditures				
Current				
General government				
Finance	-	-	-	-
Public safety	13,980	13,980	9,912	4,068
Public works	-	-	-	-
Total expenditures	<u>13,980</u>	<u>13,980</u>	<u>9,912</u>	<u>4,068</u>
Excess (deficiency) revenues over (under) expenditures	-	-	-	-
Other financing sources (uses)				
Operating transfers	-	-	-	-
Designated cash	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in cash balances	-	-	-	-
Cash balance, beginning	-	-	-	-
Cash balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ -	
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>\$ -</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
Statement of Revenues, Expenditures, and Changes in Cash Balances
Budget and Actual (Non - GAAP Budgetary Basis)
For the year ended June 30, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Taxes				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Motor vehicle	-	-	-	-
Licenses and permits	-	-	-	-
Interest	4,200	4,200	84	(4,116)
Reimbursements	-	-	-	-
Intergovernmental	6,000	6,000	5,124	(876)
Total revenues	<u>10,200</u>	<u>10,200</u>	<u>5,208</u>	<u>(4,992)</u>
Expenditures				
Current				
General government				
Finance	-	-	-	-
Public safety	-	-	-	-
Public works	4,500	4,500	2,154	2,346
Total expenditures	<u>4,500</u>	<u>4,500</u>	<u>2,154</u>	<u>2,346</u>
Excess (deficiency) revenues over (under) expenditures	5,700	5,700	3,054	(2,646)
Other financing sources (uses)				
Operating transfers	10,000	10,000	10,000	-
Designated cash	-	-	-	-
Total other financing sources (uses)	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Net change in cash balances	15,700	15,700	13,054	(2,646)
Cash balance, beginning	-	-	38,113	38,113
Cash balance, ending	<u>\$ 15,700</u>	<u>\$ 15,700</u>	<u>\$ 51,167</u>	<u>\$ 35,467</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 13,054	
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>\$ 13,054</u>	

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

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

	Business-type Activities Water Fund
<u>ASSETS</u>	
Current assets	
Cash and cash equivalents	\$ 9,930
Accounts receivable	
Sales, net	<u>405</u>
Total current assets	<u>10,335</u>
Noncurrent assets	
Restricted cash	
Customer meter deposits	795
Capital assets, being depreciated	266,000
Less: accumulated depreciation	<u>(179,157)</u>
Total noncurrent assets	<u>87,638</u>
Total assets	<u>\$ 97,973</u>
 <u>LIABILITIES AND NET POSITION</u>	
Current liabilities	
Accounts payable	\$ 273
Customer meter deposits	<u>795</u>
Total current liabilities	<u>1,068</u>
Net position	
Net invested in capital assets	86,843
Unrestricted	<u>10,062</u>
Total net position	<u>96,905</u>
Total liabilities and net position	<u>\$ 97,973</u>

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

STATE OF NEW MEXICO
VILLAGE OF GRENVILLE

Proprietary Funds
Statement of Revenues, Expenses and Changes in Net Position
For the year ended June 30, 2015

	Business-type Activities Water Fund
Operating revenues	
Sales and services	\$ 3,486
Miscellaneous	38
Total operating revenues	<u>3,524</u>
Operating expenses	
Operating expense	6,246
Depreciation	8,674
Total operating expenses	<u>14,920</u>
Operating income (loss)	(11,396)
Non-operating revenues (expenses)	
Gross receipts tax, net	(134)
Interest income	17
Total non-operating revenue (expenses)	<u>(117)</u>
Net income (loss)	(11,513)
Operating transfers	<u>5,000</u>
Change in net position - proprietary funds	(6,513)
Net position, beginning	<u>103,418</u>
Net position, ending	<u>\$ 96,905</u>

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

STATE OF NEW MEXICO
VILLAGE OF GRENVILLE
Proprietary Funds
Statement of Cash Flows
For the year ended June 30, 2015

	Business-type Activities <u>Water Fund</u>
Cash flows from operating activities	
Receipts from customers	\$ 3,421
Payments to suppliers and contractors	<u>(6,436)</u>
Net cash provided (used) by operating activities	<u>(3,015)</u>
Cash flows from non capital financing activities	
Gross receipts tax, net	129
Interest income	17
Change in meter deposits	60
Operating transfer	<u>5,000</u>
Net cash provided (used) by non capital financing activities	<u>5,206</u>
Net increase (decrease) in cash and cash equivalents	2,191
Cash balance, beginning	<u>8,534</u>
Total cash and cash equivalents, ending	<u><u>\$ 10,725</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Operating income (loss)	\$ (11,396)
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	(103)
Increase (Decrease) in accounts payable	<u>(190)</u>
Net cash provided (used) by operating activities	<u><u>\$ (3,015)</u></u>

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

Notes to Financial Statements

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 is able to 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, 2015.

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 of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which 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.

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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.

Street

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.

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 general rule, the effect of interfold 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 in excess of 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, 2015 the Village has no long-term debt.

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, 2015, is presented.

The appropriated budget for the year ended June 30, 2015, 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, 2015 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, 2015.

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.

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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.

According to 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 in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the Village for at least one half the amount in excess of FDIC coverage on deposit with the institution.

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, 2015		
Village of Grenville		
General	\$ 90,587	Checking
EMS Fund	-	Checking
Gas Fund	51,363	Checking
Utility Fund	10,757	Checking
Total deposited	<u>152,707</u>	
Less FDIC coverage	(152,707)	
Less NCUA coverage	-	
Total uninsured public funds	<u>-</u>	
50% collateral requirement as per Section 6-10-17, NMSA 1978	<u>-</u>	
Pledged securities	-	
Over (under)	<u>\$ -</u>	

Pledged Collateral

According to 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 government does not have a deposit policy for custodial credit risk. As of June 30, 2015, none of the Village's bank balance of \$152,707 was exposed to custodial credit risk.

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Note 4 Receivables

Receivables as of June 30, 2015, are as follows:

	Governmental Activities		Business-type Activities	
	Taxes	Other	Taxes	Utility Service
Accounts receivable taxes				
General				
Property tax	\$ 16	\$ -	\$ -	\$ -
Gross receipts taxes infrastructure	587	-	-	-
MVD	18	-	-	-
Total General	<u>621</u>	-	-	-
Streets				
Gas tax	417	-	-	-
Total Streets	<u>417</u>	-	-	-
Water				
Utility service	-	-	-	405
	<u>\$ 1,038</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 405</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
Municipal Streets	\$ 10,000	\$
Water	5,000	
General		(15,000)
Totals	<u>\$ 15,000</u>	<u>\$ (15,000)</u>

Note 6 Accounts Payables

Accounts payable are payable to suppliers as of June 30, 2015, are listed below.

	Governmental Activities	Business-type Activities
Governmental Activities		
Payable to suppliers		
Major Fund		
General	\$ 893	\$
Business-type Activities		
Payable to suppliers		
Water		273
	<u>\$ 893</u>	<u>\$ 273</u>

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Note 7 Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2015 follows.

Government Activities

	<u>Beginning Balances</u>	<u>Increase</u>	<u>Adjustments/ Decrease</u>	<u>Ending Balances</u>
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 7,600	\$ -	\$ -	\$ 7,600
Capital assets being depreciated				
Buildings and improvements	52,340	-	-	52,340
Equipment	<u>91,839</u>	<u>-</u>	<u>-</u>	<u>91,839</u>
Total assets	<u>151,779</u>	<u>-</u>	<u>-</u>	<u>151,779</u>
Less accumulated depreciation				
Buildings and improvements	(48,538)	(4,582)	-	(53,120)
Equipment	<u>(84,826)</u>	<u>(7,015)</u>	<u>-</u>	<u>(91,841)</u>
Total accumulated depreciation	<u>(133,364)</u>	<u>(11,597)</u>	<u>-</u>	<u>(144,961)</u>
Governmental activity capital assets, net	<u>\$ 18,415</u>	<u>\$ (11,597)</u>	<u>\$ -</u>	<u>\$ 6,818</u>

Capital assets, net of accumulated depreciation, at June 30, 2015 appear in the Statement of Net Position as follows:
Governmental activities \$11,597.

Depreciation expense for the year ended June 30, 2015 was unallocated.

Business-Type Activities

	<u>Beginning Balances</u>	<u>Increase</u>	<u>Adjustments/ Decrease</u>	<u>Ending Balances</u>
Water Fund				
Business-type activities:				
Capital assets not being depreciated				
Land	\$ 100	\$ -	\$ -	\$ 100
Capital assets being depreciated				
Infrastructure	<u>265,900</u>	<u>-</u>	<u>-</u>	<u>265,900</u>
Total assets	<u>266,000</u>	<u>-</u>	<u>-</u>	<u>266,000</u>
Less accumulated depreciation				
Infrastructure	<u>(170,483)</u>	<u>(8,674)</u>	<u>-</u>	<u>(179,157)</u>
Total accumulated depreciation	<u>(170,483)</u>	<u>(8,674)</u>	<u>-</u>	<u>(179,157)</u>
Business-type activity capital assets, net	<u>\$ 95,517</u>	<u>\$ (8,674)</u>	<u>\$ -</u>	<u>\$ 86,843</u>

Depreciation expense relating to business-like activities for the year ended June 30, 2015 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, 2015,

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 as a result 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 Accounting Standard Pronouncements

In February 2015, GASB Statement No. 72 Fair Value Measurement and Application, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2015. Earlier application is encouraged. The Village is still evaluating how this pronouncement will affect the financial statements.

In June 2015, GASB Statement No. 73 Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2016. Earlier application is encouraged. The Village is still evaluating how this pronouncement will affect the financial statements.

In June 2015, GASB Statement No. 74 Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2016. The Village is still evaluating how this pronouncement will affect the financial statements.

In June 2015, GASB Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2017. The Village is still evaluating how this pronouncement will affect the financial statements

STATE OF NEW MEXICO
VILLAGE OF GRENVILLE
Notes To The Financial Statements
June 30, 2015

In June 2015, GASB Statement No. 76: The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2015. Earlier application is encouraged. The Village is still evaluating how this pronouncement will affect the financial statements

In August 2015, GASB Statement No. 77 Tax Abatement Disclosures, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2015. Earlier application is encouraged. The Village is still evaluating how this pronouncement will affect the financial statements.

Note 15 Subsequent Review

The Village has evaluated subsequent events through September 30, 2015 which is the date the financial statements were available for issuance.

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, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Sales and service	\$ 6,360	\$ 6,360	\$ 3,383	\$ (2,977)
Miscellaneous	5,815	5,815	38	(5,777)
Total revenues	<u>12,175</u>	<u>12,175</u>	<u>3,421</u>	<u>(8,754)</u>
Expenses				
Current				
Operating expense	<u>17,700</u>	<u>17,700</u>	<u>6,436</u>	<u>11,264</u>
Total expenses	<u>17,700</u>	<u>17,700</u>	<u>6,436</u>	<u>11,264</u>
Excess (deficiency) revenues over (under) expenses	(5,525)	(5,525)	(3,015)	2,510
Other financing sources (uses)				
Taxes - gross receipts, net	500	500	129	(371)
Interest income	25	25	17	(8)
Change in meter deposits	-	-	60	60
Operating transfers net	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>5,000</u>
Total other financing sources (uses)	<u>525</u>	<u>525</u>	<u>5,206</u>	<u>4,681</u>
Net change in cash balances	(5,000)	(5,000)	2,191	7,191
Cash balance, beginning	<u>-</u>	<u>-</u>	<u>8,534</u>	<u>-</u>
Cash balance, ending	<u>\$ (5,000)</u>	<u>\$ (5,000)</u>	<u>\$ 10,725</u>	<u>\$ 7,191</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 2,191	
Adjustment to revenues for accruals and other deferrals			103	
Adjustment to expenditures for payables, prepaids and other accruals			<u>(8,807)</u>	
Net change in fund balance (GAAP Basis)			<u>\$ (6,513)</u>	

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

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Other Supplemental Information

STATE OF NEW MEXICO
 VILLAGE OF GRENVILLE
 Cash Balances - All Accounts
 For the year ended June 30, 2015

	Beginning Cash	Receipts	Distributions	Transfers
Governmental activities				
General	\$ 67,934	\$ 109,129	\$ (78,055)	\$ (15,000)
Emergency Medical Service	-	9,912	(9,912)	-
Municipal Streets	<u>38,113</u>	<u>5,209</u>	<u>(2,155)</u>	<u>10,000</u>
Total Governmental funds	106,047	124,250	(90,122)	(5,000)
Business-type activities				
Water	<u>8,534</u>	<u>3,627</u>	<u>(6,436)</u>	<u>5,000</u>
Total Business-type activities	<u>8,534</u>	<u>3,627</u>	<u>(6,436)</u>	<u>5,000</u>
Total all funds	<u>\$ 114,581</u>	<u>\$ 127,877</u>	<u>\$ (96,558)</u>	<u>\$ -</u>

<u>Net Cash End of Period</u>	<u>Adjustments to the Report</u>	<u>Total Cash on Report</u>
\$ 84,008	\$ -	\$ 84,008
-	-	-
<u>51,167</u>	<u>-</u>	<u>51,167</u>
135,175	-	135,175
<u>10,725</u>	<u>-</u>	<u>10,725</u>
<u>10,725</u>	<u>-</u>	<u>10,725</u>
<u>\$ 145,900</u>	<u>\$ -</u>	<u>\$ 145,900</u>

STATE OF NEW MEXICO
 VILLAGE OF GRENVILLE
 Bank Reconciliation - All Accounts
 For the year ended June 30, 2015

<u>Bank Name</u>	<u>Bank Account Name</u>	<u>Account Type</u>	<u>Bank Statement Balance</u>	<u>Reconciling Items Outstanding Deposits</u>
FNB New Mexico	Village of Grenville			
	General Account	Checking	\$ 90,587	\$ -
	EMS Fund	Checking	-	-
	Gas Fund	Checking	51,363	-
	Total Governmental activities		<u>141,950</u>	<u>0</u>
	Water Fund	Checking	<u>10,757</u>	<u>98</u>
	Total Business-type activities		<u>10,757</u>	<u>98</u>
	Total reconciled bank accounts		<u>\$ 152,707</u>	<u>\$ 98</u>

Reconciling Items Outstanding Checks	Total Reconciled Book Balance
\$ (6,579)	\$ 84,008
-	-
<u>(196)</u>	<u>51,167</u>
<u>(6,775)</u>	<u>135,175</u>
<u>(130)</u>	<u>10,725</u>
<u>(130)</u>	<u>10,725</u>
<u>\$ (6,905)</u>	<u>\$ 145,900</u>

STATE OF NEW MEXICO
VILLAGE OF GRENVILLE
Revenue Schedule
For the year ended June 30, 2015

	General	Emergency Medical Service	Municipal Streets	Governmental Activities Totals
Revenues				
Local sources				
Taxes				
Property	\$ 3,553	\$ -	\$ -	\$ 3,553
Gross receipts	3,230	-	-	3,230
Licenses and permits	25	-	-	25
Charges for services	-	-	-	-
Interest on investments	115	-	84	199
Miscellaneous	-	-	-	-
Reimbursements	1,849	-	-	1,849
Water meter deposits	-	-	-	-
Union County - EMS	6,500	2,210	-	8,710
Total local sources	15,272	2,210	84	17,566
State sources				
Taxes				
Environmental gross receipts	145	-	-	145
Infrastructure	310	-	-	310
State Gross Receipts	3,202	-	-	3,202
Motor Vehicle	200	-	-	200
Grant - EMS	-	7,702	-	7,702
State	-	-	5,125	5,125
Small Cities assistance	90,000	-	-	90,000
Total state sources	93,857	7,702	5,125	106,684
Total	\$ 109,129	\$ 9,912	\$ 5,209	\$ 124,250

STATE OF NEW MEXICO
 VILLAGE OF GRENVILLE
 Revenue Schedule
 For the year ended June 30, 2015

	<u>Water</u>
Revenues	
Local sources	
Taxes	
Property	\$ -
Gross receipts	129
Licenses and permits	-
Charges for services	3,383
Interest on investments	17
Miscellaneous	38
Reimbursements	-
Water meter deposits	60
Union County - EMS	-
	<hr/>
Total local sources	3,627
State sources	
Taxes	
Environmental gross receipts	-
Infrastructure	-
State gross receipts	-
Motor Vehicle	-
Grant - EMS	-
State	-
Small Cities assistance	-
	<hr/>
Total state sources	-
	<hr/>
Total	<u>\$ 3,627</u>

Village of Greenville
 SCHEDULE OF VENDOR INFORMATION for Purchases Exceeding \$60,000 (excluding GRT)
 For the Year Ended June 30, 2015
 Prepared by Agency Staff Name: Lynn Wiseman Title: Clerk Date 9/30/2015

<i>RFB#/RFP#</i>	<i>Type of Procurement</i>	<i>Awarded Vendor</i>	<i>\$ Amount of Awarded Contract</i>	<i>\$ Amount of Amended Contract</i>	<i>Name and Physical Address per the procurement documentation, of ALL Vendor(s) that responded</i>	<i>In-State/ Out-of-State Vendor (Y or N) (Based on Statutory Definition)</i>	<i>Was the vendor in-state and chose Veteran's preference (Y or N) For federal funds answer N/A</i>	<i>Brief Description of the Scope of Work</i>
NONE								

Compliance Section

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Sandra Rush

Certified Public Accountant PC

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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

Timothy Keller
New Mexico State Auditor
The Office of Management and Budget and
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 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 fund and major special revenue funds, of the Village of Grenville (the Village) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and the combining and individual funds and related budgetary comparisons of the Village presented as supplementary information, and have issued my report thereon dated September 30, 2015.

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 opinions 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.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. I did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that I consider to be significant deficiencies. 2011-007

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of 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 which are described in the accompanying schedule of findings and responses as items, 2011-001, and 2011-005.

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



Sandra Rush CPA PC
Clovis, New Mexico
September 30, 2015

STATE OF NEW MEXICO
VILLAGE OF GRENVILLE
Schedule of Findings and Responses
June 30, 2015

2011-001 Form 1099 (Other)

Condition

During the course of the audit, we performed tests of expenditures. During the sampling process it was discovered Internal Revenue Service Form 1099's (information returns) were not issued. The prior years' correction plan was not implemented.

Criteria

Internal Revenue Code (IRC) Section 6721

Cause

The Village did not file the required Internal Revenue Service Form 1099.

Effect

The Internal Revenue Service could assess a penalty for each Form 1099 (information return) that was not issued or issued correctly by the due date. Because it has been more than 30 days from the original due date the penalty could be \$100 per information return, up to a maximum of \$500,000. There could also be a late filing penalty.

Recommendation

All vendors providing services to the Village should be required to complete and sign a W-9 prior to performing any service. According to Internal Revenue Code (IRC) 6721 if a vendor refused to complete a Form W-9, the Village has two options: use another vendor who will comply with the requirement of completing and signing a Form W-9 or withhold 28% backup withholdings from the payment to the vendor. The Village would then file a Form 945 and remit the 28% backup withholdings to the Internal Revenue Service.

Response

The Village clerk is responsible for filing Form 1099. For the calendar year 2015 Form 1099's will be filed as required.

STATE OF NEW MEXICO
VILLAGE OF GRENVILLE
Schedule of Findings and Responses
June 30, 2015

2011-005 Mileage and Per Diem Act – (Other)

Condition

During the course of the audit, we performed tests of travel and per diem expenditures. The sample size was five transactions, which were selected throughout the fiscal year, and contained the following discrepancies: There was one instances for \$40.00 where the travel voucher was not available. The prior years' correction plan was not implemented.

Criteria

The New Mexico Department of Finance and Administration (DFA) have 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 subjects' officials and employees to penalties as required by state statutes.

Cause

The Village did not understand and apply DFA regulations correctly. Travel requests were not reviewed properly prior to payment.

Recommendation

Management 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 Village clerk is responsible for payment of all invoices. The mileage and per diem act will be reviewed and followed. Beginning January 1, 2016 all per diem requests will be authorized by the employee's supervisor prior to payment.

STATE OF NEW MEXICO
VILLAGE OF GRENVILLE
Schedule of Findings and Responses
June 30, 2015

2011-007 Internal Control over Cash Disbursement (Significant Deficiency)

Condition

During our test work of cash disbursements, out of 10 items tested, we noted the following deficiencies:

For one disbursements totaling \$287 invoices were not properly authorized.

For nine disbursements totaling \$1,633 sufficient supporting evidences were not provided.

The prior years' correction plan was not followed.

Criteria

Good accounting and internal control practices requires that all disbursements must originate with authorizing document and be supported by properly approved documents such as purchase orders, bill, petty cash reimbursement forms, payroll and time records, leases, contracts, or other supporting. In addition, according to NMSA 1978 Section 6-6-3, the Village is expected to conform to the rules and regulations that they have adopted relating to internal controls.

Effect

The Village's internal control over authorizations and payments limit management's ability to monitor the accuracy of transactions and provide assurance with respect to funds. Also, when purchases are made without proper authorization, items could be procured that are inappropriate and/or unallowed and the risk of misappropriation is increased.

Cause

There is a lack of internal control structure over cash Disbursements. The Village Purchasing Policy is not adequately safeguarding the Village's assets by allowing the purchasing policy to be bypassed.

Recommendation

I recommend the Village to train employees on the purchasing procedure and implement new procedures to properly review and approve the expenditures.

Management Response

The Village will assure that the employees are trained on the purchasing procedure. Beginning January 1, 2016, the Village clerk will attach all supporting documents to the Purchase Order Requisitions.

STATE OF NEW MEXICO
 VILLAGE OF GRENVILLE
 Schedule of Findings and Responses
 June 30, 2015

Prior Year Finding

2011-001	IRS Form 1099 Not Issued	(Other)	Revised and Repeated
2011-005	No Travel Vouchers	(Significant Deficiency)	Revised and Repeated
2011-007	Required Support for Distribution	(Significant Deficiency)	Revised and Repeated
2005-001	Late Audit Report	(Significant Deficiency)	Resolved
2011-003	Personnel Files	(Significant Deficiency)	Resolved
2011-004	New Hire Reporting	(Significant Deficiency)	Resolved
2011-006	W-9 Forms Not Available	(Other)	Resolved
2011-010	No Depreciation Policy	(Other)	Resolved
2011-012	Segregation of Duties	(Significant Deficiency)	Resolved
2011-013	Ordinance for Mayor/Council Payments	(Significant Deficiency)	Resolved
2011-014	Incorrect GRT Rate Charged	(Other)	Resolved
2012-002	Checks Cashed Without Required Signatures	(Other)	Resolved
2013-004	Payment Made Not Supported	(Significant Deficiency)	Resolved
2013-006	Payroll Taxes Deduction	(Significant Deficiency)	Resolved
2014-001	Expenditures Posted to Two Funds	(Significant Deficiency)	Resolved
2014-002	Audit Report Discussed Prior to Release	(Other)	Resolved

Note: For traceability purposes, the audit finding reference numbers reported in prior year audit reports are presented in brackets, and where applicable, have been renumbered to comply with reporting standards.

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, Katie Branklett, Council Member, Lynn Wiseman Clerk/Treasurer, Mignon Sadoris Village staff, and Sandra Rush, CPA, in an exit conference on September 30, 2015.