



State of New Mexico
Village of Logan

Annual Financial Report
June 30, 2016

De'Aun Willoughby CPA, PC
Certified Public Accountant
Clovis, New Mexico



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State of New Mexico
Village of Logan
Official Roster
June 30, 2016

Board of Trustees

David Babb	Mayor
Apolonio Ramirez	Trustee
Russell Feerer	Trustee
Leslie Osborn	Trustee
Benny Newton	Trustee

Administrative Officials

Larry Wallin	Village Administrator
Rosalie Rachor	Clerk/Treasurer

De'Aun Willoughby CPA, PC

Certified Public Accountant

225 Innsdale Terrace Clovis, NM 88101

(855) 253-4313

Independent Auditor's Report

Mr. Tim Keller
State Auditor of the State of New Mexico
Board Members of the Village of Logan

Mr. Keller and Members of the Board

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining funds information, and the budgetary comparisons for the general fund and major special revenue funds of Village of Logan (Village), as of and for the year ended June 30, 2016, and the related notes to the financial statements which collectively comprise the Village's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Village's nonmajor governmental funds, and the budgetary comparisons for all nonmajor funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2016, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village as of June 30, 2016, and the respective changes in financial position, thereof and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the Village as of June 30, 2016, and the respective changes in financial position, thereof and the respective budgetary comparisons for all nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis which is required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

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

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2016, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

 CPA PC

Clovis, New Mexico
November 22, 2016

Financial Section

State of New Mexico
Village of Logan
Government-Wide Statement of Net Position
June 30, 2016

	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets			
Cash and Cash Equivalents	\$ 1,347,065	\$ 1,016,384	\$ 2,363,449
Receivables			
Taxes	49,565	620	50,185
Accounts	15,296	83,108	98,404
Total Current Assets	<u>1,411,926</u>	<u>1,100,112</u>	<u>2,512,038</u>
Noncurrent Assets			
Restricted Cash	371,685	19,475	391,160
Capital Assets	9,039,321	16,684,099	25,723,420
Less: Accumulated Depreciation	<u>(5,912,519)</u>	<u>(3,024,336)</u>	<u>(8,936,855)</u>
Total Noncurrent Assets	<u>3,498,487</u>	<u>13,679,238</u>	<u>17,177,725</u>
Total Assets	<u>4,910,413</u>	<u>14,779,350</u>	<u>19,689,763</u>
Deferred Outflows of Resources			
Deferred Outflows Related to Pensions			
Actuarial Experience	18,312	0	18,312
Changes in Portion	3,983	0	3,983
Contributions Subsequent to Measurement Date	49,779	0	49,779
Total Deferred Outflows of Resources	<u>72,074</u>	<u>0</u>	<u>72,074</u>
Liabilities			
Current Liabilities			
Accounts Payable	18,865	22,118	40,983
Accrued Salaries and Benefits	15,494	7,285	22,779
Accrued Interest	261	34,717	34,978
Compensated Absences	34,277	6,630	40,907
Current Portion of Long-Term Debt	32,383	94,789	127,172
Total Current Liabilities	<u>101,280</u>	<u>165,539</u>	<u>266,819</u>
Noncurrent Liabilities			
Customer Deposits	0	19,475	19,475
Long Term Debt	566,327	5,142,649	5,708,976
Pension Liability	694,372	0	694,372
Total Noncurrent Liabilities	<u>1,260,699</u>	<u>5,162,124</u>	<u>6,422,823</u>
Total Liabilities	<u>1,361,979</u>	<u>5,327,663</u>	<u>6,689,642</u>
Deferred Inflows of Resources			
Deferred Inflows Related to Pensions			
Actuarial Experience	9,576	0	9,576
Investment Experience	2,095	0	2,095
Changes of Assumptions	11,010	0	11,010
Changes in Portion	41,698	0	41,698
Total Deferred Inflows of Resources	<u>64,379</u>	<u>0</u>	<u>64,379</u>
Net Position			
Net Investment in Capital Assets	2,528,092	8,441,800	10,969,892
Unrestricted	<u>1,028,037</u>	<u>1,009,887</u>	<u>2,037,924</u>
Total Net Position	<u>\$ 3,556,129</u>	<u>\$ 9,451,687</u>	<u>\$ 13,007,816</u>

The notes to the financial statements are an integral part of this statement.

State of New Mexico
Village of Logan
Government-Wide Statement of Activities
For the Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues			Net(Expenses) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants	Capital Grants	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General Government	\$ 357,539	\$ 34,707	\$ 134,492	\$ 0	\$ (188,340)	\$ 0	\$ (188,340)
Public Safety	565,431	48,371	379,701	0	(137,359)	0	(137,359)
Public Works	245,258	2,025	132,202	0	(111,031)	0	(111,031)
Health & Welfare	128,163	6,000	104,200	0	(17,963)	0	(17,963)
Culture & Recreation	78,373	0	5,588	0	(72,785)	0	(72,785)
Interest	2,109	0	0	0	(2,109)	0	(2,109)
Total Governmental Activities	\$ 1,376,873	\$ 91,103	\$ 756,183	\$ 0	(529,587)	0	(529,587)
Business-Type Activities							
Water & Sewer	\$ 1,056,092	\$ 722,006	\$ 0	\$ 0	0	(334,086)	(334,086)
Solid Waste	164,012	211,651	0	0	0	47,639	47,639
Total Business-type Activities	\$ 1,220,104	\$ 933,657	\$ 0	\$ 0	0	(286,447)	(286,447)
General Revenues							
Taxes							
Property					206,063	0	206,063
Gross Receipts					455,711	9,327	465,038
Gasoline					31,827	0	31,827
Other Taxes					24,200	0	24,200
Miscellaneous					45,116	0	45,116
Interest Income					0	0	0
Total General Revenues and Transfers					762,917	9,327	772,244
Change in Net Position					233,330	(277,120)	(43,790)
Net Position - Beginning					3,322,799	9,728,807	13,051,606
Net Position - Ending					\$ 3,556,129	\$ 9,451,687	\$ 13,007,816

The notes to the financial statements are an integral part of this statement.

State of New Mexico
Village of Logan
Governmental Funds
Balance Sheet
June 30, 2016

	General	Special Revenue	
		Fire	Streets Gas Tax
Assets			
Cash and Cash Equivalents	\$ 607,429	\$ 165,745	\$ 109,409
Receivables			
Taxes	39,535	0	2,783
Accounts	0	0	0
Restricted Cash	0	369,666	0
Total Assets	\$ 646,964	\$ 535,411	\$ 112,192
Liabilities			
Current Liabilities			
Accounts Payables	\$ 4,250	\$ 1,441	\$ 4,199
Accrued Salaries and Benefits	15,397	0	0
Total Liabilities	19,647	1,441	4,199
Fund Balances			
Restricted for:			
Special Revenue	0	533,970	107,993
Unassigned	627,317	0	0
Total Fund Balances	627,317	533,970	107,993
Total Liabilities and Fund Balances	\$ 646,964	\$ 535,411	\$ 112,192

The notes to the financial statements are an integral part of this statement.

State of New Mexico
Village of Logan
 Governmental Funds
 Balance Sheet
 June 30, 2016

	Non-Major Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>
Assets		
Cash and Cash Equivalents	\$ 464,482	\$ 1,347,065
Receivables		
Taxes	7,247	49,565
Accounts	15,296	15,296
Restricted Cash	2,019	371,685
Total Assets	<u>\$ 489,044</u>	<u>\$ 1,783,611</u>
Liabilities		
Current Liabilities		
Accounts Payables	\$ 8,975	\$ 18,865
Accrued Salaries and Benefits	97	15,494
Total Liabilities	<u>9,072</u>	<u>34,359</u>
Fund Balances		
Restricted for:		
Special Revenue	479,972	1,121,935
Unassigned	0	627,317
Total Fund Balances	<u>479,972</u>	<u>1,749,252</u>
Total Liabilities and Fund Balances	<u>\$ 489,044</u>	<u>\$ 1,783,611</u>

The notes to the financial statements are an integral part of this statement.

State of New Mexico
Village of Logan
 Reconciliation of the Governmental Funds
 Balance Sheet to the Statement of Net Position
 June 30, 2016

Total Fund Balance - Governmental Funds	\$	1,749,252
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.

Capital Assets	\$ 9,039,321	
Accumulated Depreciation	<u>(5,912,519)</u>	3,126,802

Deferred Outflows and Inflows Related to Pensions are the results of differences in expected and actual actuary experience and the difference in actuary projected and actual earnings. Also changes in proportion and differences between contributions and proportionate share of contributions.

Deferred Outflows Related to Pensions	72,074	
Deferred Inflows Related to Pensions	<u>(64,379)</u>	7,695

Long-term and certain other liabilities, including notes payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term and other liabilities at year end consist of :

Notes Payable	(598,710)	
Pension Liability	(694,372)	
Accrued interest on Notes Payable	(261)	
Compensated Absences	<u>(34,277)</u>	<u>(1,327,620)</u>

Total Net Position - Governmental Activities	\$	<u><u>3,556,129</u></u>
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The notes to the financial statements are an integral part of this statement.

State of New Mexico
Village of Logan
Governmental Funds
Statement of Revenues, Expenditures and
Changes in Fund Balance
For the Year Ended June 30, 2016

	Special Revenue		
	General	Fire	Streets Gas Tax
Revenues			
Taxes			
Property	\$ 206,063	\$ 0	\$ 0
Gross Receipts	401,700	0	0
Franchise	4,130	0	0
Lodgers	0	0	0
Gasoline	0	0	31,827
Other	10,855	0	0
License and Permits	4,055	0	0
State Grants	134,492	333,556	132,202
Charges for Services	37,562	0	0
Miscellaneous	26,381	5,537	0
Total Revenues	<u>825,238</u>	<u>339,093</u>	<u>164,029</u>
Expenditures			
Current			
General Government	353,678	0	0
Public Safety	316,275	80,617	0
Public Works	137,939	0	10,790
Health and Welfare	2,039	0	0
Culture and Recreation	19,113	0	0
Capital Outlay	0	183,544	143,941
Debt Service			
Principal	0	24,232	0
Interest	0	1,719	0
Total Expenditures	<u>829,044</u>	<u>290,112</u>	<u>154,731</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(3,806)</u>	<u>48,981</u>	<u>9,298</u>
Other Financing Sources (Uses)			
Loan Proceeds	0	352,645	0
Transfers In (Out)	(20,000)	0	0
Total Other Sources (Uses)	<u>(20,000)</u>	<u>352,645</u>	<u>0</u>
Net Change in Fund Balance	(23,806)	401,626	9,298
Fund Balance at Beginning of year	<u>651,123</u>	<u>132,344</u>	<u>98,695</u>
Fund Balance End of Year	<u>\$ 627,317</u>	<u>\$ 533,970</u>	<u>\$ 107,993</u>

The notes to the financial statements are an integral part of this statement.

State of New Mexico
Village of Logan
Governmental Funds
Statement of Revenues, Expenditures and
Changes in Fund Balance
For the Year Ended June 30, 2016

	Non-Major Governmental Funds	Total Governmental Funds
Revenues		
Taxes		
Property	\$ 0	\$ 206,063
Gross Receipts	54,011	455,711
Franchise	0	4,130
Lodgers	9,215	9,215
Gasoline	0	31,827
Other	0	10,855
License and Permits	0	4,055
State Grants	155,933	756,183
Charges for Services	53,541	91,103
Miscellaneous	9,143	41,061
Total Revenues	<u>281,843</u>	<u>1,610,203</u>
Expenditures		
Current		
General Government	0	353,678
Public Safety	66,507	463,399
Public Works	1,524	150,253
Health and Welfare	115,483	117,522
Culture and Recreation	37,109	56,222
Capital Outlay	91,327	418,812
Debt Service		
Principal	18,035	42,267
Interest	416	2,135
Total Expenditures	<u>330,401</u>	<u>1,604,288</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(48,558)</u>	<u>5,915</u>
Other Financing Sources (Uses)		
Loan Proceeds	0	352,645
Transfers In (Out)	20,000	0
Total Other Sources (Uses)	<u>20,000</u>	<u>352,645</u>
Net Change in Fund Balance	(28,558)	358,560
Fund Balance at Beginning of year	<u>508,530</u>	<u>1,390,692</u>
Fund Balance End of Year	<u>\$ 479,972</u>	<u>\$ 1,749,252</u>

The notes to the financial statements are an integral part of this statement.

State of New Mexico
Village of Logan
 Reconciliation of the Governmental Funds
 Statement of Revenues, Expenditures and Changes in Fund Balance
 To the Statement of Activities
 June 30, 2016

Net Change in Fund Balance \$ 358,560

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.

Depreciation expense	\$ (270,610)	
Capital Outlay	<u>418,812</u>	148,202

Pension contributions are reported as expenses in the government funds but are deferred outflows in the Statement of Net Position. Pension expense is reported in the Statement of Activities but not in the governmental funds.

Pension Contributions	49,779	
Pension Expense	<u>(8,174)</u>	41,605

The issuance of long-term debt provides current financial resources to governmental funds but has no effect on net (352,645)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 42,267

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.

Accrued Interest, June 30, 2015	287	
Accrued Interest, June 30, 2016	<u>(261)</u>	26

Some expenses reported in the Statement of Activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated Absences, June 30, 2015	29,592	
Compensated Absences, June 30, 2016	<u>(34,277)</u>	<u>(4,685)</u>

Changes in Net Position of Governmental Activities \$ 233,330

The notes to the financial statements are an integral part of this statement.

State of New Mexico
Village of Logan
 General Fund
 Statement of Revenues, Expenditures, and Changes in Cash Balance -
 Budget and Actual (Non-GAAP-Budgetary Basis)
 For the Year Ended June 30, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes				
Property	\$ 196,433	\$ 196,433	\$ 219,877	\$ 23,444
Franchise	4,000	4,000	4,130	130
Gross Receipts	385,500	385,500	399,875	14,375
Other	9,500	9,500	10,224	724
State Grants	90,000	90,000	134,492	44,492
License and Permits	3,500	3,500	4,055	555
Charges for Services	126,650	126,650	37,562	(89,088)
Miscellaneous	18,000	18,000	26,381	8,381
Total Revenues	<u>833,583</u>	<u>833,583</u>	<u>836,596</u>	<u>3,013</u>
Expenditures				
Executive				
Personnel Services	73,894	73,894	69,474	4,420
Operating Expenses	6,000	6,000	8,103	(2,103)
Total Executive	<u>79,894</u>	<u>79,894</u>	<u>77,577</u>	<u>2,317</u>
Financial Department				
Personnel Services	226,346	226,346	206,259	20,087
Operating Expenses	38,376	38,376	31,461	6,915
Capital Outlay	5,000	5,000	4,253	747
Total Financial Department	<u>269,722</u>	<u>269,722</u>	<u>241,973</u>	<u>27,749</u>
Police Department				
Personnel Services	271,948	271,948	271,948	0
Operating Expenses	40,378	40,378	40,379	(1)
Total Police Department	<u>312,326</u>	<u>312,326</u>	<u>312,327</u>	<u>(1)</u>
Highway & Streets				
Personnel Services	55,103	55,103	42,276	12,827
Operating Expenses	26,600	26,600	25,529	1,071
Total Highway & Streets	<u>81,703</u>	<u>81,703</u>	<u>67,805</u>	<u>13,898</u>
Motor Vehicle Department				
Personnel Services	54,698	54,698	54,535	163
Operating Expenses	3,600	3,600	4,759	(1,159)
Capital Outlay	1,000	1,000	0	1,000
Total Motor Vehicle Department	<u>59,298</u>	<u>59,298</u>	<u>59,294</u>	<u>4</u>
Civic Center				
Personnel Services	13,554	13,554	12,561	993
Operating Expenses	5,600	5,600	6,201	(601)
Total Civic Center	<u>\$ 19,154</u>	<u>\$ 19,154</u>	<u>\$ 18,762</u>	<u>\$ 392</u>

State of New Mexico
Village of Logan
 General Fund
 Statement of Revenues, Expenditures, and Changes in Cash Balance -
 Budget and Actual (Non-GAAP-Budgetary Basis)
 For the Year Ended June 30, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Insurance				
Employee Bonds	\$ 800	\$ 800	\$ 2,835	\$ (2,035)
General Fund	15,000	15,000	10,637	4,363
Risk Management	10,000	10,000	352	9,648
Workers Compensation	16,000	16,000	2,315	13,685
Total Insurance	<u>41,800</u>	<u>41,800</u>	<u>16,139</u>	<u>25,661</u>
Miscellaneous				
Election Expense	3,000	3,000	2,032	968
RPCCHA Capital Outlay	7,000	7,000	2,039	4,961
Assistance to Chamber of Commerce	10,000	10,000	7,500	2,500
Legal Fees	50,000	50,000	1,712	48,288
Ute Commission	600	600	600	0
Dilapidated Building Removal	10,000	10,000	11,118	(1,118)
EPCOG	600	600	600	0
NM State Library	350	350	315	35
Total Miscellaneous	<u>81,550</u>	<u>81,550</u>	<u>25,916</u>	<u>55,634</u>
Total Expenditures	<u>945,447</u>	<u>945,447</u>	<u>819,793</u>	<u>125,654</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(111,864)</u>	<u>(111,864)</u>	<u>16,803</u>	<u>128,667</u>
Other Financing Sources (Uses)				
Transfers In (Out)	<u>(20,000)</u>	<u>(20,000)</u>	<u>(20,000)</u>	<u>0</u>
Total Other Sources (Uses)	<u>\$ (20,000)</u>	<u>\$ (20,000)</u>	<u>\$ (20,000)</u>	<u>\$ 0</u>
Net Change in Cash Balance	\$ (131,864)	\$ (131,864)	\$ (3,197)	\$ 128,667
Cash Balance Beginning of Year	<u>610,626</u>	<u>610,626</u>	<u>610,626</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 478,762</u>	<u>\$ 478,762</u>	<u>\$ 607,429</u>	<u>\$ 128,667</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net Change in Cash Balance			\$ (3,197)	
Net Change in Taxes Receivables			(11,359)	
Net Change in Accounts Payable			1,057	
Net Change in Accrued Salaries and Benefits			(10,307)	
Net Change in Fund Balance			<u>\$ (23,806)</u>	

The notes to the financial statements are an integral part of this statement.

State of New Mexico

Village of Logan

Special Revenue Fund-Fire

Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Non-GAAP-Budgetary Basis)

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
State Grant	\$ 233,556	\$ 333,556	\$ 333,556	\$ 0
Miscellaneous	300	300	5,537	5,237
Loan Proceeds	0	350,000	352,645	2,645
Total Revenues	<u>233,856</u>	<u>683,856</u>	<u>691,738</u>	<u>7,882</u>
Expenditures				
Public Safety				
Operating Expenses	108,341	108,341	80,475	27,866
Capital Outlay	150,000	250,000	183,544	66,456
Debt Service				
Principal	24,232	24,232	24,232	0
Interest	1,719	1,719	1,719	0
Total Expenditures	<u>284,292</u>	<u>384,292</u>	<u>289,970</u>	<u>94,322</u>
Excess (Deficiency) of Revenues Over Expenditures	(50,436)	299,564	401,768	102,204
Cash Balance Beginning of Year	<u>133,643</u>	<u>133,643</u>	<u>133,643</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 83,207</u>	<u>\$ 433,207</u>	<u>\$ 535,411</u>	<u>\$ 102,204</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 401,768	
Net Change in Accounts Payable			(142)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 401,626</u>	

The notes to the financial statements are an integral part of this statement.

State of New Mexico

Village of Logan

Special Revenue Fund-Street Gas Tax

Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Non-GAAP-Budgetary Basis)

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Gas Tax	\$ 32,000	\$ 32,000	\$ 31,758	\$ (242)
State Grant	132,202	132,202	132,202	0
Total Revenues	<u>164,202</u>	<u>164,202</u>	<u>163,960</u>	<u>(242)</u>
Expenditures				
Public Works				
Operating Expenses	0	0	6,590	(6,590)
Capital Outlay	<u>152,202</u>	<u>152,202</u>	<u>143,941</u>	<u>8,261</u>
Total Expenditures	<u>152,202</u>	<u>152,202</u>	<u>150,531</u>	<u>1,671</u>
Excess (Deficiency) of Revenues Over Expenditures	12,000	12,000	13,429	1,429
Cash Balance Beginning of Year	<u>95,980</u>	<u>95,980</u>	<u>95,980</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 107,980</u>	<u>\$ 107,980</u>	<u>\$ 109,409</u>	<u>\$ 1,429</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 13,429	
Net Change in Taxes Receivables			68	
Net Change in Accounts Payable			<u>(4,199)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 9,298</u>	

The notes to the financial statements are an integral part of this statement.

State of New Mexico
Village of Logan
Proprietary Fund
Statement of Net Position
June 30, 2016

Assets	Water and Sewer	Solid Waste	Total
Current Assets			
Cash and Cash Equivalents	\$ 607,362	\$ 409,022	\$ 1,016,384
Receivables			
Accounts	68,440	14,668	83,108
Taxes	0	620	620
Total Current Assets	<u>675,802</u>	<u>424,310</u>	<u>1,100,112</u>
Noncurrent Assets			
Restricted Cash	19,475	0	19,475
Capital Assets	16,448,490	235,609	16,684,099
Less Accumulated Depreciation	(2,878,408)	(145,928)	(3,024,336)
Total Noncurrent Assets	<u>13,589,557</u>	<u>89,681</u>	<u>13,679,238</u>
Total Assets	<u>14,265,359</u>	<u>513,991</u>	<u>14,779,350</u>
Liabilities			
Current Liabilities			
Accounts Payable	20,342	1,776	22,118
Accrued Salaries and Benefits	6,727	558	7,285
Accrued Interest	34,717	0	34,717
Compensated Absences	6,630	0	6,630
Current Amount Due	94,789	0	94,789
Total Current Liabilities	<u>163,205</u>	<u>2,334</u>	<u>165,539</u>
Noncurrent Liabilities			
Customer Deposits	19,475	0	19,475
Bonds and Loans	5,142,649	0	5,142,649
Total Noncurrent Liabilities	<u>5,162,124</u>	<u>0</u>	<u>5,162,124</u>
Total Liabilities	<u>5,325,329</u>	<u>2,334</u>	<u>5,327,663</u>
Net Position			
Net Investment in Capital Assets	8,352,119	89,681	8,441,800
Unrestricted	587,911	421,976	1,009,887
Total Net Position	<u>\$ 8,940,030</u>	<u>\$ 511,657</u>	<u>\$ 9,451,687</u>

The notes to the financial statements are an integral part of this statement.

State of New Mexico
Village of Logan
Proprietary Fund
Statement of Revenue, Expenses and Changes in Net Position
For the Year Ended June 30, 2016

	Water and Sewer	Solid Waste	Total
Revenues			
Sales and Service	\$ 700,663	\$ 204,361	\$ 905,024
Fees	21,343	7,290	28,633
Total Revenues	<u>722,006</u>	<u>211,651</u>	<u>933,657</u>
Expenses			
Operating Expenses	450,048	154,038	604,086
Bad Debts	3,452	0	3,452
Depreciation	410,580	9,974	420,554
Total Expenses	<u>864,080</u>	<u>164,012</u>	<u>1,028,092</u>
Operating Income (Loss)	<u>(142,074)</u>	<u>47,639</u>	<u>(94,435)</u>
Nonoperating Revenue (Expenses)			
Environmental Gross Receipts Tax	0	9,327	9,327
Interest Expense	<u>(192,013)</u>	<u>0</u>	<u>(192,013)</u>
Total Nonoperating Revenue (Expense)	<u>(192,013)</u>	<u>9,327</u>	<u>(182,686)</u>
Change in Net Position	(334,087)	56,966	(277,121)
Total Net Position - Beginning	<u>9,274,117</u>	<u>454,691</u>	<u>9,728,808</u>
Total Net Position - Ending	<u>\$ 8,940,030</u>	<u>\$ 511,657</u>	<u>\$ 9,451,687</u>

The notes to the financial statements are an integral part of this statement.

State of New Mexico
Village of Logan
Proprietary Fund
Combined Statement of Cash Flows
For the Year Ended June 30, 2016

	Water and Sewer	Solid Waste	Total
Cash Flows from Operating Activities			
Cash Received From Customers	\$ 707,016	\$ 218,834	\$ 925,850
Cash Paid to Suppliers and Employees	(444,315)	(166,222)	(610,537)
Net Cash Provided by Operating Activities	<u>262,701</u>	<u>52,612</u>	<u>315,313</u>
Cash Flows from Noncapital Financing Activities			
Taxes	0	9,327	9,327
Net Cash Provided by Noncapital Financing Activities	<u>0</u>	<u>9,327</u>	<u>9,327</u>
Cash Flows from Capital & Related Financing Activities			
Acquisition and Construction of Capital Assets	(24,999)	(13,610)	(38,609)
Principal Paid	(91,389)	0	(91,389)
Interest Paid	(192,013)	0	(192,013)
Net Cash Provided by Capital & Related Financing Activities	<u>(308,401)</u>	<u>(13,610)</u>	<u>(322,011)</u>
Net Increase (Decrease) in Cash	(45,700)	48,329	2,629
Cash, Beginning of Year	<u>672,537</u>	<u>360,693</u>	<u>1,033,230</u>
Cash, End of Year	<u>\$ 626,837</u>	<u>\$ 409,022</u>	<u>\$ 1,035,859</u>
Cash and Cash Equivalents	\$ 607,362	\$ 409,022	\$ 1,016,384
Restricted Cash	19,475	0	19,475
Total Cash	<u>\$ 626,837</u>	<u>\$ 409,022</u>	<u>\$ 1,035,859</u>
Reconciliation of Net Income to Net Cash Provided by Operating Activities			
Operating Income (Loss)	\$ (142,074)	\$ 47,639	\$ (94,435)
Depreciation	410,580	9,974	420,554
Bad Debts	3,452	0	3,452
Change in Assets and Liabilities			
(Increase) Decrease in Taxes Receivable	0	68	68
(Increase) Decrease in Accounts Receivable	(16,715)	(2,213)	(18,928)
(Increase) Decrease in Inventories	2,652	0	2,652
Increase (Decrease) in Accounts Payable	4,737	(3,413)	1,324
Increase (Decrease) in Accrued Salaries & Benefits	(2,207)	0	(2,207)
Increase (Decrease) in Compensated Absences	551	557	1,108
Increase (Decrease) in Customer Deposits	1,725	0	1,725
Net Cash Provided by Operating Activities	<u>\$ 262,701</u>	<u>\$ 52,612</u>	<u>\$ 315,313</u>

The notes to the financial statements are an integral part of this statement.

A. Summary of Significant Accounting Policies

The financial statements of the Village of Logan (Village) have been prepared in accordance with general accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements. The more significant of the Village's accounting policies are described below.

Financial Reporting Entity

The Village was incorporated under the laws of the State of New Mexico. The Village operates under a Council-Mayor form of government and provides the following services as authorized by its charter: public safety (police and fire), streets, sanitation, culture-recreation, public improvements, planning and zoning, and general administrative services.

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Village is considered a primary government, since it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the Village may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges and issue bonded debt.

The Village has no component units, defined by GASB Statement No. 14 as other legally separate organizations for which the elected Village members are financially accountable. There are no other primary governments with which the Village Board Members are financially accountable. There are no other primary governments with which the Village has a significant relationship.

The accounts of the Village are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

The funds of the Village are classified into two categories: governmental and proprietary. In turn, each category is divided into separate fund types. The fund classification and a description of each existing fund type follows below:

Basis of Presentation

Government-Wide Financial Statements (GWFS)

The government-wide financial statements (the Statement of Net Position and the Statement of Changes in Net Position) report information on all of the activities of the Village. Fiduciary funds are not included in the GWFS. Fiduciary Funds are reported only in the Statement of Fiduciary Assets and Liabilities at the fund financial statement level. The effect of interfund activity, within the governmental and business-type activities columns, 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 to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given program 2) operating grants and contributions that are restricted to meeting the operational requirements of a particular program which includes public safety grants for the fire protection and law enforcement and 3) capital grants or contributions restricted to meeting capital requirements of a particular program including the USDA grant to construct a sewer system. Taxes and other items not properly included amount program revenues are reported instead as general revenues.

The Village segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The Village has presented the following major governmental funds:

General - The General Fund is the general operating fund of the Village and accounts for all revenues and expenditures of the Village not encompassed within other funds.

Fire - To account for operation and maintenance of the Department. Financing is provided by the motor vehicle registration fee of one dollar. Funding is provided under State Statute 24-10A-1 NMSA, 1978 Compilation. Required to be accounted for as a separate fund by New Mexico Department of Health regulation.

Streets Gas Tax - To account for the receipts and expenditures of special gasoline tax which is restricted for use in repairing and maintaining roads and streets within the municipality. The fund was created by the authority of state statute. (NMSA 7-1-16.9 and 7-13-1 to 18)

Proprietary Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. All assets and liabilities are included on the Statement of Net Position. The Village has presented the following major proprietary funds:

Water and Sewer - The funds are used to account for the provision of water and sewer to the residents of the Village. Activities of the funds include administration, operations and maintenance of the water and sewer system and billing and collection activities. The funds also account for the accumulation of resources for, and the payment of, long-term debt principal and interest for water and sewer debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds.

Solid Waste - The Funds are used to account for the provision of garbage services to the residents of the Village. All costs are financed through charges to customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds.

Additionally, the Village reports the following non-major funds types:

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

Measurement Focus and Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in 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 in the fiscal year in which all eligibility requirements have been satisfied. Derived tax revenue, such as franchise and sales tax revenue, is recognized when the underlying exchange transaction occurs.

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the Village's taxpayer or citizenry, as a whole; program revenues reduced the cost of the function to be financed from the Village's general revenues. Program revenues include charges for services or applicants who purchase, use or directly benefit from the goods or services provided by the given function.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e. when they become both measurable and available. "Measurable means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Village considers property taxes as available if they are collected within 30 days after year end. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income and intergovernmental revenues. Sales taxes collected and held by the state at year on behalf of the government are also recognized as revenue. All other governmental fund revenues are recognized when received.

Budgetary Control

1. Prior to June 1, the Village's Clerk-Treasurer submits the budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Prior to July 1, the budget is legally enacted through passage of an ordinance and then must be approved by Local Government Division of the State Department of Finance and Administration.
3. The Village treasurer is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Village Trustees and the State Department of Finance and Administration.
4. Formal budgetary integration is employed as a management control device during the year for all funds.
5. The level of budget authority is at the fund level.

The Proprietary Funds group accounts for funds received in the course of the operation of self-supporting functions which receive their revenues from providing goods or services to internal or external customers. The two types of funds that make up this category are:

1. Enterprise Funds. Enterprise Funds account for operations carried out and financed like a business operation, usually designated to be self-supporting through fees for services and generating revenues from outside sources. The Village of Logan has two of these funds , including the Water and Sewer Fund as well as the Solid Waste Fund. Enterprise Funds are budgeted as separate cost centers but as integral parts of the work programs.
2. Internal Service Fund (ISF). An ISF accounts for financing goods or services provided by an organizational unit of the Village to other units of the Village, on a self-liquidating, fee-for-service basis. The Village of Logan does not have an ISF Fund.

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.

The Village is authorized under the provisions of Chapter 6, Article 10, paragraph 10, NMSA 1978, to deposit its money in banks, savings and loan associations and/or credit unions whose accounts are insured by an agency of the United States.

Investments

All money not immediately necessary for the public uses of the Village may be invested in :

- (a) bonds or negotiable securities of the United States, the state or any county, municipality or Village which has a taxable valuation of real property for the last preceding year of at least one million dollars (1,000,000) and has not defaulted in the payment of any interest or sinking fund obligation or failed to meet any bonds at maturity at any time within five years last preceding; or
- (b) securities that are issued by the United States government or by its agencies or instrumentalities and that are either direct obligations of the United States or are backed by the full faith and credit of the United States government or agencies guaranteed by the United States government.
- (c) in contracts with banks, savings and loan associations or credit unions for the present purchase and resale at a specified time in the future of specific securities at specified prices at a price differential representing the interest income to be earned by the investor. The contract shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with the investment. The contract shall be fully secured by obligations of the United States having a market value of at least one hundred two percent of the contract. The collateral required for investment in the contracts provided for in this subsection shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with investment.

Prepaid Items

Prepaid balances are for payments made by the Village in the current year to provide services occurring in the subsequent fiscal year, and the reserve for prepaid items has been recorded to signify that a portion of fund balance is not available for other subsequent expenditures.

Receivables and Payables

Receivables include property taxes, interfund loans that are expected to be paid back and amount due from state government agencies related to various grant agreements. Payables represent routine monthly bills for services rendered and products purchased and accrued salaries and benefits.

Property Taxes

The County collects the Village's share of property taxes assessed. Property taxes attach an enforceable lien on property as of January 1st. Tax notices are sent by the County treasurer to property owners by November 1st of each year to be paid in whole or in two installments by November 10th and April 10th of each year. The County collects such taxes and distributes them to the Village on a monthly basis. The Village accounts for its share of property taxes in the General Fund. Only those collections received are recorded as revenues for the budget presentation.

Elimination and Reclassifications of Certain Receivables and Payables

In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

Inventory

Purchased inventory is valued at the lower of cost (first-in, first-out) or market. Inventory consists of pipe and other maintenance items used to maintain the system. Costs are recorded as expenditures at the time individual inventory items are used (consumption method).

Capital Assets

Capital assets, which includes property, plant, equipment (including software), and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. Capital assets are recorded at historical costs and depreciated over their estimated useful lives (with no salvage value). Capital assets are defined by the Village as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Donated capital assets are recorded at their estimated fair market value on the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The construction period interest is not capitalized in the proprietary funds.

Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight line depreciation is used based on the following estimated useful lives:

Buildings, Improvements and Infrastructure	20-50 Years
Equipment and Vehicles	3-15 Years

Use of Restricted Funds

When both restricted and unrestricted resources are available for use, it is the Villages' policy to use restricted resources first, then unrestricted resources as they are needed.

Revenue

The policy for defining the proprietary fund's operating revenues and expenses is how individual transactions would be categorized for purposes of preparing a statement of cash flows. Transactions for which cash flows are reported as capital and related financing activities, noncapital financing activities, or investing activities normally are not reported as components of operating income.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water, Waste Water and the Solid Waste Fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

Unearned and Unavailable Revenue

The Village reports unearned and unavailable revenues on its Statement of Net Position and Fund Balance Sheet. Unearned revenues arise when resources are received by the Village before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when the Village has a legal claim to the resources, the liability for unearned revenue is removed from the combined balance sheet and the revenue is recognized. Unavailable revenues also occur in the fund financial statements when revenue is earned but is not available. The revenue becomes available if received within 30 days of the fiscal year end.

Compensated Absences

All full-time employees are entitled to five to twenty days (depending on employment) a maximum of 20 days can be accrued. Non-salaried employees are eligible for compensation time.

Each permanent employee of the Village accrues sick leave as working days with full pay on the basis of one (1) day per each month of employment. Sick leave may be granted only from duty because of personal illness, legal quarantine, or medical, dental, or optical appointments. In case of an extended sickness in excess of the accumulated sick leave, annual leave may be applied to sick leave. The employee may be eligible to sell sick leave in excess of 10 days at the rate of 75% of regular pay, only upon approval of the board.

Net Position

Net position represent the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net positions are reported as restricted when there are limitations imposed by creditors, grantors or laws or regulations of other governments. When an expense is incurred for purposes for which both restricted and unrestricted net positions are available it will first be applied to restricted resources.

Restricted Net Position

For the government-wide statement of net position, net positions are reported as restricted when constraints placed on net positions use are either:

Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments;

Imposed by law through constitutional provisions or enabling legislation.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available it will first be applied to restricted resources.

Fund Balances of Fund Financial Statements

Nonspendable fund balance indicates that portion of fund equity is not spendable such as inventory.

The restricted fund balance category includes amounts that can be spent only for specific purposes stipulated by constitution, external resources providers, or through enabling legislation.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.

Unassigned fund balance is the residual amount that is not restricted or committed.

Revenue

The policy for defining the proprietary fund's operating revenues and expenses is how individual transactions would be categorized for purposes of preparing a statement of cash flows. Transactions for which cash flows are reported as capital and related financing activities, noncapital financing activities, or investing activities normally are not reported as components of operating income.

Reconciliation of Budgetary Basis to GAAP Basis Statements

The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - all Governmental Fund Types is presented on the budgetary basis to provide a comparison of actual results with the budget. The major differences between the budget basis and GAAP (Generally Accepted Accounting Principles) basis are that:

- A. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- B. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

The adjustments necessary to convert the results of operations for the year from GAAP basis to the budget basis for the governmental funds are presented on each individual Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Budgetary Basis).

Reconciliations are located at the bottom of each budget actual.

B. Deposits and Investments

The Village is required by New Mexico State Statute (Section 6-10-17) to be 50% collateralized. Following is a schedule calculating the requirement and disclosing the pledged securities.

First National Bank	Balance Per Bank 06/30/2016	Reconciled Balance	Type
General Fund	\$ 2,390,515	\$ 2,381,924	Checking-Interest Bearing
EMS Account	1,000	1,000	Checking-Interest Bearing
TOTAL Deposited	<u>2,391,515</u>	<u>\$ 2,382,924</u>	
Less: FDIC Coverage	<u>(250,000)</u>		
Uninsured Amount	2,141,515		
50% collateral requirement	1,070,758		
Pledged securities	<u>1,210,181</u>		
Over (Under) requirement	<u>\$ 139,424</u>		

The difference between the bank balance and reconciled balance is outstanding deposits, outstanding checks, and pending bank adjustments.

The following securities are pledged at **First National Bank**:

<u>Description</u>	<u>CUSIP #</u>	<u>Par/Market Value</u>	<u>Maturity Date</u>
Logan NM Sch Dist. No 32	541066BC9	132,180	04/15/2019
Logan NM Sch Dist. No 32	541066BD7	132,121	04/15/2020
Los Lunas Sch Dist. No 001	545562ND8	325,429	07/15/2016
Hobbs NM Sch Dist. No 16	433866DJ6	253,918	04/15/2017
Loving NM Muni SD #10	547413DP6	97,593	07/11/2023
FNMA Series 2011-47 Class LK	31397UEF2	143,023	12/25/2037
GNMA Series 2016-24 Class AE	38379UFP6	125,917	12/16/2056
		<u>\$ 1,210,181</u>	

Bank of America

<u>Name of Account</u>	Balance Per Bank 06/30/2016	Reconciled Balance	Type
NMFA 6	\$ 36	\$ 36	Savings
NMFA 7	19,557	19,557	Savings
NMFA 8	2,019	2,019	Savings
NMFA10	350,073	350,073	
TOTAL Deposited	<u>\$ 371,685</u>	<u>\$ 371,685</u>	

The money at the Bank of America is held by NMFA. NMFA is responsible for pledged collateral.

Custodial Credit Risk-Deposits

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ 250,000
Collateralized:	
Collateral held by the pledging bank in Village's name	1,210,181
Uninsured and uncollateralized	1,303,019
Total Deposits	<u>\$ 2,763,200</u>

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, 2016 \$1,303,019 of the Village's bank balance of \$2,763,200 was exposed to custodial credit risk.

There was \$369,666 restricted cash in the Fire Fund. This money is restricted for the purchase of a fire truck and of retiring debt financed by New Mexico Finance Authority. There is restricted cash of \$2,019 in EMS to retire debt from NMFA. The restricted cash in the Water and Sewer Fund of \$19,475 is for customer deposits.

C. Receivables

Receivables as of June 30, 2016, were as follows:

<u>Receivables</u>	<u>General</u>	<u>Streets Gas Tax</u>	<u>Non-Major</u>	<u>Utilities</u>
Property	\$ 6,978	0	\$ 0	\$ 0
Gross Receipts	30,994	0	7,247	0
Gasoline	0	2,783	0	0
Other Taxes	1,563	0	0	620
Accounts	0	0	15,296	83,108
	<u>\$ 39,535</u>	<u>2,783</u>	<u>\$ 22,543</u>	<u>\$ 83,728</u>

D. Interfund Receivables, Payables and Transfers

Interfund transfers during the year ended June 30, 2016, were as follows:

<u>Transfers Out</u>	<u>Transfer In</u>
General Fund	Senior Citizens
\$ 20,000	\$ 20,000
<u>20,000</u>	<u>20,000</u>

The transfers out from the General Fund to the Senior Citizens Fund for financial support.

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E. Capital Assets

Capital Assets Balances and Activity for the Year Ended June 30, 2016, is as follows:

	Balance 6/30/15	Increases	Decreases	Balance 6/30/16
Governmental Activities				
Capital Assets, not being Depreciated				
Land	\$ 89,421	\$ 0	\$ 0	\$ 89,421
Total Capital Assets, not being Depreciated	<u>89,421</u>	<u>0</u>	<u>0</u>	<u>89,421</u>
Capital Assets, being Depreciated				
Infrastructure	4,307,469	143,940	0	4,451,409
Buildings and Improvements	2,016,325	39,330	0	2,055,655
Equipment	2,207,295	235,541	0	2,442,836
Total Capital Assets, being Depreciated	<u>8,237,024</u>	<u>418,811</u>	<u>0</u>	<u>8,949,900</u>
Total Capital Assets	<u>\$ 8,293,524</u>	<u>\$ 418,811</u>	<u>\$ 0</u>	<u>\$ 9,039,321</u>
Less Accumulated Depreciation				
Infrastructure	\$ 3,598,480	\$ 97,853	\$ 0	\$ 3,696,333
Buildings and Improvements	962,176	54,723	0	1,016,899
Equipment	1,081,254	118,033	0	1,199,287
Total Accumulated Depreciation	<u>5,392,896</u>	<u>270,609</u>	<u>0</u>	<u>5,912,519</u>
Capital Assets, net	<u>\$ 2,900,628</u>	<u>\$ 148,202</u>	<u>\$ 0</u>	<u>\$ 3,126,802</u>

Depreciation expense was charged to governmental activities as follows:

General	\$ 14,216
Public Safety	117,554
Public Works	105,765
Health and Welfare	10,641
Culture and Recreation	22,434
Total depreciation expenses	<u>\$ 270,610</u>

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	Balance 6/30/15	Increases	Decreases	Balance 6/30/16
Water and Sewer				
Capital Assets not being Depreciated				
Land	\$ 193,412	\$ 0	\$ 0	\$ 193,412
Construction in Progress	0	0	0	0
Total Capital Assets not being Depreciated	<u>193,412</u>	<u>0</u>	<u>0</u>	<u>193,412</u>
Other Capital Assets				
Buildings and Improvements	16,042,501	0	0	16,042,501
Equipment	187,578	24,999	0	212,577
Total Capital Assets, being Depreciated	<u>16,230,079</u>	<u>24,999</u>	<u>0</u>	<u>16,255,078</u>
Total Capital Assets	<u>16,423,491</u>	<u>24,999</u>	<u>0</u>	<u>16,448,490</u>
Less Accumulated Depreciation				
Buildings and Improvements	2,357,641	394,272	0	2,751,913
Equipment	110,186	16,309	0	126,495
Total Accumulated Depreciation	<u>2,059,575</u>	<u>410,581</u>	<u>0</u>	<u>2,878,408</u>
Capital Assets, net	<u>\$ 14,363,916</u>	<u>\$ (385,582)</u>	<u>\$ 0</u>	<u>\$ 13,570,082</u>
Solid Waste				
Capital Assets not being Depreciated				
Land	\$ 25,000	\$ 0	\$ 0	\$ 25,000
Total Capital Assets not being Depreciated	<u>25,000</u>	<u>0</u>	<u>0</u>	<u>25,000</u>
Other Capital Assets				
Equipment	196,999	13,610	0	210,609
Total Capital Assets, being Depreciated	<u>196,999</u>	<u>13,610</u>	<u>0</u>	<u>210,609</u>
Capital Assets, net	<u>221,999</u>	<u>13,610</u>	<u>0</u>	<u>235,609</u>
Less Accumulated Depreciation				
Equipment	135,954	9,974	0	145,928
Total Accumulated Depreciation	<u>135,954</u>	<u>9,974</u>	<u>0</u>	<u>145,928</u>
Capital Assets, net	<u>\$ 86,045</u>	<u>\$ 3,636</u>	<u>\$ 0</u>	<u>\$ 89,681</u>

F. Long-Term Liabilities and Other Liabilities

A summary of activity in the Long-Term Debt is as follows:

	Balance 6/30/15	Additions	Reductions	Balance 6/30/16	Amounts Due Within One Year
Governmental Activities					
Notes Payable	\$ 288,332	\$ 352,645	\$ 42,267	\$ 598,710	\$ 32,383
Other Liabilities					
Compensated Absences	\$ 29,592	\$ 28,223	\$ 23,538	\$ 34,277	\$ 34,277

Description	Fund	Maturity Date	Original Amount	Interest Rate	Balance
Fire 6	Fire	08/15/2023	\$ 260,000	3.4%-3.84%	\$ 127,442
Fire 7	Fire	08/15/2024	101,500	0.00%	54,680
Fire 10	Fire	06/15/2024	352,645	0.01%	352,645
Dodge Charger	LEPF	04/11/2015	30,000	4.00%	0
Ambulance	EMS	04/01/2024	75,567	0.00%	63,943
					<u>\$ 598,710</u>

The fire allotment grant has been pledged to cover the payments for the three fire truck loans. The LEPF grant has been pledged to cover the payments for the Kansas State Bank loan. The EMS fund owes NMFA for an ambulance. Charge for services is pledged for the loan.

The annual requirements to amortize the loans as of June 30, 2016, including interest payments are as follows:

	Principal	Interest	Total
2017	\$ 32,383	\$ 1,567	\$ 33,950
2018	66,511	4,888	71,399
2019	66,977	2,810	69,787
2020	67,496	2,334	69,830
2021	68,054	1,819	69,873
2022-2026	261,128	1,873	263,001
2027	36,161	0	36,161
	<u>\$ 598,710</u>	<u>\$ 15,291</u>	<u>\$ 614,001</u>

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Proprietary Funds

A summary of activity in the Long-Term Debt is as follows:

	Balance 6/30/15	Additions	Reductions	Balance 6/30/16	Amounts Due Within One Year
Business-Type Activities					
Phase I	\$ 4,046,000	\$ 0	\$ 56,000	\$ 3,990,000	\$ 59,000
Phase II	993,400	0	17,300	976,100	17,700
Phase III	289,427	0	18,089	271,338	18,089
Total Notes Payable	<u>\$ 5,328,827</u>	<u>\$ 0</u>	<u>\$ 91,389</u>	<u>\$ 5,237,438</u>	<u>\$ 94,789</u>
Other Liabilities					
Compensated Absences	\$ 6,081	\$ 6,378	\$ 5,829	\$ 6,630	\$ 6,630

The compensated absences ultimately will be liquidated by the Water and Sewer Fund as they have been in the past.

USDA loan Phase I in the amount of \$4,340,000 is for the construction of sewer lines for the Village. The loan matures in 2050, the interest rate is 4.125% and payments vary from \$222,900 to \$223,800.

USDA loan Phase II in the amount of \$1,782,560 is for the construction of sewer lines for the Village. The loan matures in 2050, the interest rate is 2.75% and payments vary from \$44,530 to \$44,620.

ARRA loan Phase III in the amount of \$361,784 is for the construction of sewer lines for the Village. The loan matures in 2031, the interest rate is 0% and payments are \$18,089.

The annual requirements to amortize the loans as of June 30, 2016, including interest payments are as follows:

	Principal	Interest	Total
2017	\$ 94,789	\$ 181,450	\$ 276,239
2018	97,289	188,560	285,849
2019	100,789	185,560	286,349
2020	103,289	182,350	285,639
2021	106,889	179,120	286,009
2022-2026	587,646	842,130	1,429,776
2027-2031	690,147	739,270	1,429,417
2032-2036	726,700	614,430	1,341,130
2037-2041	877,100	462,690	1,339,790
2042-2046	1,060,500	279,080	1,339,580
2047-2050	792,300	64,400	856,700
	<u>\$ 5,237,438</u>	<u>\$ 3,919,040</u>	<u>\$ 9,156,478</u>

G. Retirement Plan

Summary of Significant Accounting Policies

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

General Information about the Pension Plan

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

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

Benefits provided. For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2014 available at http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2015.pdf.

Contributions. The contribution requirements of defined benefit plan members and the Village are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for the fiscal year 2015 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures of the PERA June 30, 2015 annual audit report at http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_2015.pdf. The PERA coverage options that apply to Village are Municipal Plan 2 (Plan) and Police 5 (Police). Statutorily required contributions to the pension plan from the Village were \$33,557 for the Plan and \$20,181 for a total of \$53,738 for the year ended June 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2013. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2015, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2015.

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred Inflows and Outflows were preformed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members. The Village's proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity's percentage of that membership group's total employer contributions for the fiscal year ended June 30, 2015. Only employer contributions for the pay period end dates that fell within the period of July 1, 2014 to June 30, 2015 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to fiscal year 2015 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

For the Plan \$432,305 and the Police \$262,067 for a total of \$694,372, at June 30, 2016, the Village reported a liability for its proportionate share of the net pension liability. At June 30, 2015, the Village's proportion was 0.0424% for the Plan and 0.0545% for Police for a total 0.0969%, which was a decrease of 0.007% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the Village recognize \$3,633 for the Plan and \$18,587 for the Police for a total of \$22,220 pension expense. At June 30, 2016, the Village reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

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	Plan Deferred Outflows of Resources	Police Deferred Outflows of Resources	Total Deferred Outflows of Resources
Differences between expected and actual experience	\$ 0	\$ 18,312	\$ 18,312
Net difference between projected and actual earnings on pension plan investments	0	0	0
Changes of assumptions	0	0	0
Changes in proportion and differences between the Village's contributions and proportionate share of Village's contributions subsequent to the measurement date	0	3,983	3,983
	<u>17,476</u>	<u>32,303</u>	<u>49,779</u>
Total	<u>\$ 17,476</u>	<u>\$ 54,598</u>	<u>\$ 72,074</u>
	Deferred Inflows of Resources	Deferred Inflows of Resources	Total Deferred Inflows of Resources
Differences between expected and actual experience	\$ (9,576)	\$ 0	\$ (9,576)
Net difference between projected and actual earnings on pension plan investments	(1,368)	(727)	(2,095)
Changes of assumptions	(168)	(10,842)	(11,010)
Changes in proportion and differences between the Village's contributions and proportionate share of Village's contributions subsequent to the measurement date	(41,698)	0	(41,698)
	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$ (52,810)</u>	<u>\$ (11,569)</u>	<u>\$ (64,379)</u>

The Plan's \$17,476 and Police's \$32,303 reported as deferred outflows of resources related to pensions resulting from the Village's contributions subsequent to the measurement date June 30, 2015 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:			
2016	\$ (11,450)	\$ (2,231)	\$ (13,681)
2017	(11,450)	(2,231)	(13,681)
2018	(11,450)	(2,231)	(13,681)
2019	23,238	13,437	36,675
2020	0	0	0
Total	<u>\$ (11,112)</u>	<u>\$ 6,744</u>	<u>\$ (4,368)</u>

Actuarial assumptions. As described above, the PERA Fund member group pension liabilities and net pension liabilities are based on actuarial valuations performed as of June 30, 2014 for each of the membership groups. Then each PERA Fund member group pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2015 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2015. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2015 actuarial valuation.

Actuarial valuation date	June 30, 2014
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay, Open
Amortization period	Solved for based on statutory rates
Asset valuation method	Fair value
Actuarial assumptions:	
(1) Investment rate of return	7.75% annual rate, net of investment expense
(2) Projected benefit payment	100 years
(3) Payroll growth	3.50% annual rate
(4) Projected salary increases	3.50 to 14.25% annual rate
(5) Includes inflation at	3.00% annual rate
(6) Mortality Assumption	RP-2000Mortality Tables (combined table for healthy post-retirements, Employee table for active members, and Disabled table for disabled retirees before retirement age) with projection to 2018 using Scale AA.
(7) Experience Study Dates	July 1, 2008 to June 30, 2013

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

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

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

Sensitivity of the Village’s proportionate share of the net pension liability to changes in the discount rate. The following table shows the sensitivity of the net pension liability to changes in the discount rate. In particular, the table presents the Village’s net pension liability in the Municipal Plan 2 and Police 5 PERA Fund Divisions that the Village participates in, under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
The Village’s proportionate share of the net pension liability for the Plan	\$ 736,043	\$ 432,305	\$ 179,767
	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
The Village’s proportionate share of the net pension liability for Police	\$ 432,787	\$ 262,067	\$ 122,018

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued June 30, 2015 PERA financial report. The report is available at <http://www.pera.state.nm.us/publications.html>.

H. Retiree Health Care

Plan Description. The Village contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

Eligible retirees are: 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which the event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; 2) retirees defined by the Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years.

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

Funding Policy. The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at www.nmrhca.state.nm.us.

The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the board.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2015, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2015, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2015, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act. The Village is not a member of the enhanced retirement plan.

The Village's contributions to the RHCA for the years ended June 30, 2016, 2015 and 2014 were \$9,941, \$10,748 and \$11,573 respectively, which equal the required contributions for each year.

I. Risk Management

The Village participates in the New Mexico Self-Insurers Fund for medical insurance coverage for their employees. Commercial Insurance covers all other losses. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years. There are no claim liabilities at year end.

The officials and certain employees of the Village are covered by a surety bond as required by Section 12-6-7, NMSA, 1978 Compilation.

J. Commitments

The Village is involved in small renovations and repairs.

K. Subsequent Events

Subsequent events were evaluated through November 22, 2016, which is the date the financial statements were available to be issued.

L. Joint Powers Agreements

San Jon Cooperative Ambulance and The Village of Logan

The Village entered into a joint powers agreement with the San Jon Cooperative Ambulance on December 10th, 1996. The Village of Logan which represents the Logan Fire Department and Logan Ambulance Service, and the County of Quay which represents the Bard-Endee Fire Department and the Nara Visa Fire Department. The purpose of the agreement states that the departments involved provide fire, rescue, and ambulance services for approximately 1165 square miles. Currently, all services are dispatched by the Quay County Sheriff's Department. Several areas within the service area of these departments are unable have radio communication with the Quay County Sheriff's Department due to the distance and locations involved. The village of San Jon acting as the lead agency applied for and received funding from the Emergency Medical Services Fund Act in the amount of \$17,000.00 These funds are to erect a Tower and install a Repeater Unit. The purpose of this agreement is to equally divide between the San Jon Fire Department, San Jon Cooperative Ambulance Service, Bard-Endee Fire Department, Logan Ambulance Service, Logan Fire Department, and the Nara Visa Fire Department all operation and maintenance costs for the duration of the agreement. The Village of San Jon is the fiscal agent, responsible for operations, as well has having Audit Responsibilities. The Local Government Division is the government agency where revenues and expenditures are reported. The Village of Logan contributed \$281 dollars to the San Jon Cooperative Ambulance Service. The Joint Powers agreement shall remain in effect until January 1, 2092 or until this tower and repeater is no longer needed.

M. Related Party

The village purchases supplies from TBZ Electric, Inc. which is owned by the Mayor. During this fiscal year TBZ Electric, Inc. was paid for supplies totaling \$10,037.05

The village purchases computer consulting from MBCS which is owned by a board member. During this fiscal year MBCS was paid \$1,874.89.

**Supplemental Information Related to
Nonmajor Funds**

EMS and Ambulance - To account for the operation and maintenance of the Village EMS Department. Financing is primarily from an annual EMS allotment and fees collected for emergency transportation. The fund was created by the authority of state grant provisions. (NMSA 59A-53-1)

Law Enforcement - To account for funds received from the State of New Mexico for law enforcement purposes. The fund was created by the authority of state grant provisions. (NMSA 29-13-3)

Cemetery - To account for the operations and maintenance of the cemetery. Financing is primarily from the sale of burial lots. The fund was authorized by NMSA 1978 3-40-1 through 9.

Lodgers Tax - To account for a Lodger's Tax which is to be used for cultural and recreational purposes. The fund was created by the authority of state statute. (NMSA 3-38-13 to 24)

Health Clinic - To account for the receipts and expenditures related to the Village Health Clinic. Funding is provided by the State Department of Health, Public Health Division, to provide primary health care services. The fund was created by State Grant Provision. NMSA 24-1A-3.1.

Recreation - To account for the operation and maintenance of the Village's youth recreation program. Financing is provided by the state shared cigarette tax. The fund was created by the authority of state statute. (NMSA 7-12-15)

Senior Citizens - To account for the receipts and expenditures of the Senior Citizens. Financing is provided by the Area on Aging. The fund was created by the authority of state statute. (NMSA 7-12-15)

Infrastructure - To account for a reserve account used to improvements to roads, sewer system, and the water system. The fund was created by the authority of state statute.

State of New Mexico
Village of Logan
 Nonmajor Funds
 Combining Balance Sheet
 June 30, 2016

	Special Revenue		
	EMS and Ambulance	Law Enforcement	Cemetery
Assets			
Cash and Cash Equivalents	\$ 92,154	\$ 2,458	\$ 10,367
Receivables			
Taxes	0	0	0
Accounts	15,296	0	0
Restricted Cash	2,019	0	0
Total Assets	\$ 109,469	\$ 2,458	\$ 10,367
Liabilities			
Accounts Payable	\$ 633	\$ 28	\$ 220
Accrued Salaries and Benefits	97	0	0
Total Liabilities	730	28	220
Fund Balance			
Restricted:			
Special Revenue Fund	108,739	2,430	10,147
Total Fund Balance	108,739	2,430	10,147
Total Liabilities and Fund Balance	\$ 109,469	\$ 2,458	\$ 10,367

The notes to the financial statements are an integral part of this statement.

State of New Mexico
Village of Logan
 Nonmajor Funds
 Combining Balance Sheet
 June 30, 2016

	Special Revenue		
	Lodgers Tax	Health Clinic	Recreation
Assets			
Cash and Cash Equivalents	\$ 24,611	\$ 11,616	\$ 1,970
Receivables			
Taxes	1,272	0	0
Accounts	0	0	0
Restricted Cash	0	0	0
Total Assets	\$ 25,883	\$ 11,616	\$ 1,970
Liabilities			
Accounts Payable	\$ 0	\$ 7,613	\$ 181
Accrued Salaries and Benefits	0	0	0
Total Liabilities	0	7,613	181
Fund Balance			
Restricted:			
Special Revenue Fund	25,883	4,003	1,789
Total Fund Balance	25,883	4,003	1,789
Total Liabilities and Fund Balance	\$ 25,883	\$ 11,616	\$ 1,970

The notes to the financial statements are an integral part of this statement.

State of New Mexico
Village of Logan
 Nonmajor Funds
 Combining Balance Sheet
 June 30, 2016

	Special Revenue	Capital Projects	
	Senior Citizens	Infrastructure	Total
Assets			
Cash and Cash Equivalents	\$ 1,664	\$ 319,642	\$ 464,482
Receivables			
Taxes	0	5,975	7,247
Accounts	0	0	15,296
Restricted Cash	0	0	2,019
Total Assets	\$ 1,664	\$ 325,617	\$ 489,044
Liabilities			
Accounts Payable	\$ 300	\$ 0	\$ 8,975
Accrued Salaries and Benefits	0	0	97
Total Liabilities	300	0	9,072
Fund Balance			
Restricted:			
Special Revenue Fund	1,364	325,617	479,972
Total Fund Balance	1,364	325,617	479,972
Total Liabilities and Fund Balance	\$ 1,664	\$ 325,617	\$ 489,044

The notes to the financial statements are an integral part of this statement.

State of New Mexico
Village of Logan
 Nonmajor Funds
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balance
 For the Year Ended June 30, 2016

	Special Revenue		
	EMS and Ambulance	Law Enforcement	Cemetery
Revenues			
Taxes			
Lodgers	\$ 0	\$ 0	\$ 0
Gross Receipts	0	0	0
State Grants	23,745	22,400	0
Charges for Services	45,516	0	2,025
Miscellaneous	37	9,106	0
Total Revenues	<u>69,298</u>	<u>31,506</u>	<u>2,025</u>
Expenditures			
Current			
Public Safety	47,884	18,623	0
Public Works	0	0	1,524
Culture and Recreation	0	0	0
Health and Welfare	0	0	0
Capital Outlay	91,327	0	0
Debt Service			
Principal	7,957	10,078	0
Interest	72	344	0
Total Expenditures	<u>147,240</u>	<u>29,045</u>	<u>1,524</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(77,942)</u>	<u>2,461</u>	<u>501</u>
Other Financing Sources (Uses)			
Transfers In (Out)	0	0	0
Total Other Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	(77,942)	2,461	501
Fund Balances at Beginning of Year	<u>186,681</u>	<u>(31)</u>	<u>9,646</u>
Fund Balance End of Year	<u>\$ 108,739</u>	<u>\$ 2,430</u>	<u>\$ 10,147</u>

The notes to the financial statements are an integral part of this statement.

State of New Mexico
Village of Logan
 Nonmajor Funds
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balance
 For the Year Ended June 30, 2016

	Special Revenue		
	Lodgers Tax	Health Clinic	Recreation
Revenues			
Taxes			
Lodgers	\$ 9,215	\$ 0	\$ 0
Gross Receipts	0	0	0
State Grants	0	104,200	0
Charges for Services	0	6,000	0
Miscellaneous	0	0	0
Total Revenues	<u>9,215</u>	<u>110,200</u>	<u>0</u>
Expenditures			
Current			
Public Safety	0	0	0
Public Works	0	0	0
Culture and Recreation	11,533	0	1,549
Health and Welfare	0	115,483	0
Capital Outlay	0	0	0
Debt Service			
Principal	0	0	0
Interest	0	0	0
Total Expenditures	<u>11,533</u>	<u>115,483</u>	<u>1,549</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,318)</u>	<u>(5,283)</u>	<u>(1,549)</u>
Other Financing Sources (Uses)			
Transfers In (Out)	0	0	0
Total Other Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	(2,318)	(5,283)	(1,549)
Fund Balances at Beginning of Year	<u>28,201</u>	<u>9,286</u>	<u>3,338</u>
Fund Balance End of Year	<u>\$ 25,883</u>	<u>\$ 4,003</u>	<u>\$ 1,789</u>

The notes to the financial statements are an integral part of this statement.

State of New Mexico
Village of Logan
 Nonmajor Funds
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balance
 For the Year Ended June 30, 2016

	Special Revenue	Capital Projects	
	Senior Citizens	Infrastructure	Total
Revenues			
Taxes			
Lodgers	\$ 0	\$ 0	\$ 9,215
Gross Receipts	0	54,011	54,011
State Grants	5,588	0	155,933
Charges for Services	0	0	53,541
Miscellaneous	0	0	9,143
Total Revenues	<u>5,588</u>	<u>54,011</u>	<u>281,843</u>
Expenditures			
Current			
Public Safety	0	0	66,507
Public Works	0	0	1,524
Culture and Recreation	24,027	0	37,109
Health and Welfare	0	0	115,483
Capital Outlay	0	0	91,327
Debt Service			
Principal	0	0	18,035
Interest	0	0	416
Total Expenditures	<u>24,027</u>	<u>0</u>	<u>330,401</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(18,439)</u>	<u>54,011</u>	<u>(48,558)</u>
Other Financing Sources (Uses)			
Transfers In (Out)	20,000	0	20,000
Total Other Sources (Uses)	<u>20,000</u>	<u>0</u>	<u>20,000</u>
Net Change in Fund Balance	1,561	54,011	(28,558)
Fund Balances at Beginning of Year	<u>(197)</u>	<u>271,606</u>	<u>508,530</u>
Fund Balance End of Year	<u>\$ 1,364</u>	<u>\$ 325,617</u>	<u>\$ 479,972</u>

The notes to the financial statements are an integral part of this statement.

State of New Mexico

Village of Logan

Special Revenue Fund-EMS and Ambulance

Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Non-GAAP-Budgetary Basis)

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
State Grant	\$ 23,745	\$ 23,745	\$ 23,745	\$ 0
Ambulance Services	50,000	50,000	55,434	5,434
Miscellaneous	500	500	37	(463)
Total Revenues	<u>74,245</u>	<u>74,245</u>	<u>79,216</u>	<u>4,971</u>
Expenditures				
Public Safety				
Personnel Services	1,410	1,405	1,309	96
Operating Expenses	58,551	58,551	49,016	9,535
Capital Outlay	100,400	100,400	91,327	9,073
Debt Service				
Principal	7,957	7,957	7,957	0
Interest	72	72	72	0
Total Expenditures	<u>168,390</u>	<u>168,385</u>	<u>149,681</u>	<u>18,704</u>
Excess (Deficiency) of Revenues Over Expenditures	(94,145)	(94,140)	(70,465)	23,675
Cash Balance Beginning of Year	<u>164,638</u>	<u>164,638</u>	<u>164,638</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 70,493</u>	<u>\$ 70,498</u>	<u>\$ 94,173</u>	<u>\$ 23,675</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (70,465)	
Net Change in Receivables			(9,918)	
Net Change in Accounts Payable			2,538	
Net Change in Accrued Salaries and Benefits			(97)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (77,942)</u>	

The notes to the financial statements are an integral part of this statement.

State of New Mexico

Village of Logan

Special Revenue Fund-Law Enforcement

Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Non-GAAP-Budgetary Basis)

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
State Grant	\$ 22,400	\$ 22,400	\$ 22,400	\$ 0
Miscellaneous	2,000	9,106	9,106	0
Total Revenues	<u>24,400</u>	<u>31,506</u>	<u>31,506</u>	<u>0</u>
Expenditures				
Public Safety				
Operating Expenses	20,400	20,400	18,626	1,774
Debt Service				
Principal	3,578	10,078	10,078	0
Interest	344	344	344	0
Total Expenditures	<u>24,322</u>	<u>30,822</u>	<u>29,048</u>	<u>1,774</u>
Excess (Deficiency) of Revenues Over Expenditures	78	684	2,458	1,774
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 78</u>	<u>\$ 684</u>	<u>\$ 2,458</u>	<u>\$ 1,774</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 2,458	
Net Change in Accounts Payable			<u>3</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 2,461</u>	

The notes to the financial statements are an integral part of this statement.

State of New Mexico

Village of Logan

Special Revenue Fund-Cemetery

Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Non-GAAP-Budgetary Basis)

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Charges for Services	\$ 3,000	\$ 3,000	\$ 2,025	\$ (975)
Miscellaneous	100	100	0	(100)
Total Revenues	<u>3,100</u>	<u>3,100</u>	<u>2,025</u>	<u>(100)</u>
Expenditures				
Public Works				
Operating Expenses	<u>5,300</u>	<u>5,300</u>	<u>1,373</u>	<u>3,927</u>
Total Expenditures	<u>5,300</u>	<u>5,300</u>	<u>1,373</u>	<u>3,927</u>
Excess (Deficiency) of Revenues Over Expenditures	(2,200)	(2,200)	652	2,852
Cash Balance Beginning of Year	<u>9,715</u>	<u>9,715</u>	<u>9,715</u>	<u>0</u>
Cash Balance End of Year	\$ <u>7,515</u>	\$ <u>7,515</u>	\$ <u>10,367</u>	\$ <u>2,852</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 652	
Net Change in Account Payable			<u>(151)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>501</u>	

The notes to the financial statements are an integral part of this statement.

State of New Mexico

Village of Logan

Special Revenue Fund-Lodgers Tax

Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Non-GAAP-Budgetary Basis)

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Lodgers Tax	\$ 11,000	\$ 11,000	\$ 9,276	\$ (1,724)
Total Revenues	<u>11,000</u>	<u>11,000</u>	<u>9,276</u>	<u>(1,724)</u>
Expenditures				
Culture and Recreation				
Operating	<u>20,900</u>	<u>20,900</u>	<u>12,501</u>	<u>8,399</u>
Total Expenditures	<u>20,900</u>	<u>20,900</u>	<u>12,501</u>	<u>8,399</u>
Excess (Deficiency) of Revenues Over Expenditures	(9,900)	(9,900)	(3,225)	6,675
Cash Balance Beginning of Year	<u>27,836</u>	<u>27,836</u>	<u>27,836</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 17,936</u>	<u>\$ 17,936</u>	<u>\$ 24,611</u>	<u>\$ 6,675</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (3,225)	
Net Change in Taxes Receivables			(62)	
Net Change in Account Payable			<u>969</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (2,318)</u>	

The notes to the financial statements are an integral part of this statement.

State of New Mexico

Village of Logan

Special Revenue Fund-Health Clinic

Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Non-GAAP-Budgetary Basis)

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Charge for Services	\$ 6,000	\$ 6,000	\$ 6,000	\$ 0
State Grant	104,200	104,200	104,200	0
Total Revenues	<u>110,200</u>	<u>110,200</u>	<u>110,200</u>	<u>0</u>
Expenditures				
Public Works				
Operating Expenses	109,200	109,200	108,068	1,132
Total Expenditures	<u>109,200</u>	<u>109,200</u>	<u>108,068</u>	<u>1,132</u>
Excess (Deficiency) of Revenues Over Expenditures	1,000	1,000	2,132	1,132
Cash Balance Beginning of Year	<u>9,484</u>	<u>9,484</u>	<u>9,484</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 10,484</u>	<u>\$ 10,484</u>	<u>\$ 11,616</u>	<u>\$ 1,132</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 2,132	
Net Change in Account Payable			<u>(7,415)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (5,283)</u>	

The notes to the financial statements are an integral part of this statement.

State of New Mexico
Village of Logan
Special Revenue Fund-Recreation
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Non-GAAP-Budgetary Basis)
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Miscellaneous	\$ 0	\$ 0	\$ 0	\$ 0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures				
Culture and Recreation				
Operating Expenses	<u>3,414</u>	<u>3,414</u>	<u>1,444</u>	<u>1,970</u>
Total Expenditures	<u>3,414</u>	<u>3,414</u>	<u>1,444</u>	<u>1,970</u>
Excess (Deficiency) of Revenues Over Expenditures	(3,414)	(3,414)	(1,444)	1,970
Cash Balance Beginning of Year	<u>3,414</u>	<u>3,414</u>	<u>3,414</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,970</u>	<u>\$ 1,970</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (1,444)	
Net Change in Account Payable			<u>(105)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (1,549)</u>	

The notes to the financial statements are an integral part of this statement.

State of New Mexico
Village of Logan
Special Revenue Fund-Senior Citizens
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Non-GAAP-Budgetary Basis)
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
State Grant	\$ 0	\$ 5,588	\$ 5,588	\$ 0
Total Revenues	<u>0</u>	<u>5,588</u>	<u>5,588</u>	<u>0</u>
Expenditures				
Culture and Recreation				
Operating Expenses	<u>20,000</u>	<u>25,588</u>	<u>25,352</u>	<u>236</u>
Total Expenditures	<u>20,000</u>	<u>25,588</u>	<u>25,352</u>	<u>236</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(20,000)</u>	<u>(20,000)</u>	<u>(19,764)</u>	<u>236</u>
Other Financing Sources (Uses)				
Transfers In (Out)	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>0</u>
Total Other Sources (Uses)	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>0</u>
Net Change in Cash Balance	0	0	236	236
Cash Balance Beginning of Year	<u>1,428</u>	<u>1,428</u>	<u>1,428</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 1,428</u>	<u>\$ 1,428</u>	<u>\$ 1,664</u>	<u>\$ 236</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net Change in Cash Balance			\$ 236	
Net Change in Accounts Payable			<u>1,325</u>	
Net Change in Fund Balance			<u>\$ 1,561</u>	

The notes to the financial statements are an integral part of this statement.

State of New Mexico

Village of Logan

Capital Projects Fund-Infrastructure

Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Non-GAAP-Budgetary Basis)

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Gross Receipts Tax	\$ 63,000	\$ 63,000	\$ 56,287	\$ (6,713)
Total Revenues	<u>63,000</u>	<u>63,000</u>	<u>56,287</u>	<u>(6,713)</u>
Expenditures				
Public Works				
Operating Expenses	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	63,000	63,000	56,287	(6,713)
Cash Balance Beginning of Year	<u>263,355</u>	<u>263,355</u>	<u>263,355</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 326,355</u>	<u>\$ 326,355</u>	<u>\$ 319,642</u>	<u>\$ (6,713)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 56,287	
Net Change in Taxes Receivables			<u>(2,276)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 54,011</u>	

The notes to the financial statements are an integral part of this statement.

Required Supplemental Information

State of New Mexico
Village of Logan
Schedules of Required Supplementary Information for Pension Plan

Schedule of the Village's Proportionate Share of the Net Pension Liability

Last 10 Fiscal Years*

	<u>2015</u>	<u>2016</u>
Village's proportion of the net pension liability	0.10230%	0.09690%
Village's proportionate share of the net pension liability	\$ 557,824	\$ 694,372
Village's covered-employee payroll	589,448	506,288
Village's proportionate share of the net pension liability as a percentage of its covered-employee payroll	94.63%	137.15%
Plan fiduciary net position as a percentage of the total pension liability	81.29%	76.99%

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

Schedule of Village's Contributions

Last 10 Fiscal Years*

	<u>2015</u>	<u>2016</u>
Contractually required contribution	\$ 58,704	\$ 53,738
Contributions in relation to the contractually required contribution	<u>58,704</u>	<u>49,779</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ (3,959)</u>
Village's covered-employee payroll	\$ 589,448	\$ 506,288
Contributions as a percentage of covered-employee payroll	9.96%	9.83%

* These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Village will present information for those years for which information is available.

State of New Mexico

Village of Logan

Notes to Required Supplementary Information

For the Year Ended June 30, 2016

Changes in Benefit Terms – The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY14 audit available at: http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2015.pdf.

Changes of Assumptions – The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2015 report is available at: http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-302015%20PERA%20Valuation%20Report_FINAL.pdf.

Other Supplemental Information

Proprietary Funds

Water, Sewer and Solid Waste

To account for the provision of water, sewer and solid waste service to the residents of the Village. All activities necessary to provide such services are accounted for in this fund, including, but not limited to administration, operations, maintenance, financing and related debt service, and billing and collections.

State of New Mexico

Village of Logan

Proprietary Fund-Water and Sewer

Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Non-GAAP-Budgetary Basis)

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Charges for Services	\$ 689,000	\$ 689,000	\$ 685,673	\$ (3,327)
Fees	23,600	23,600	21,253	(2,347)
Other	0	0	90	90
Total Revenues	<u>712,600</u>	<u>712,600</u>	<u>707,016</u>	<u>(5,584)</u>
Expenditures				
Public Works				
Personnel Services	246,293	246,293	207,845	38,448
Operating Expenses	233,777	233,777	234,263	(486)
Capital Projects	140,000	140,000	24,999	115,001
Debt Service				
Principal	300,000	300,000	91,389	208,611
Interest	0	0	194,220	(194,220)
Total Expenditures	<u>920,070</u>	<u>920,070</u>	<u>752,716</u>	<u>167,354</u>
Excess (Deficiency) of Revenues Over Expenditures	(207,470)	(207,470)	(45,700)	161,770
Cash Balance Beginning of Year	<u>672,537</u>	<u>672,537</u>	<u>672,537</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 465,067</u>	<u>\$ 465,067</u>	<u>\$ 626,837</u>	<u>\$ 161,770</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (45,700)	
Depreciation			(410,580)	
Capital Projects			24,999	
Principal			91,389	
Bad Debts			(3,452)	
Net Change in Accounts Receivables			16,715	
Net Change in Accounts Payable			(2,652)	
Net Change in Accrued Salaries and Benefits			(4,737)	
Net Change in Accrued Interest			2,207	
Net Change in Compensated Absences			(551)	
Net Change in Customer Deposits			(1,725)	
Change in Net Position			<u>\$ (334,087)</u>	

The notes to the financial statements are an integral part of this statement.

State of New Mexico
Village of Logan
Proprietary Fund-Solid Waste
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Non-GAAP-Budgetary Basis)
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Charges for Services	\$ 199,000	\$ 199,000	\$ 209,439	\$ 10,439
Environmental Gross Receipts Tax	10,000	10,000	9,395	(605)
Other	2,000	2,000	0	(2,000)
Total Revenues	<u>211,000</u>	<u>211,000</u>	<u>218,834</u>	<u>7,834</u>
Expenditures				
Public Works				
Personnel Services	59,236	72,170	48,933	23,237
Operating Expenses	74,900	74,900	107,962	(33,062)
Capital Outlay	195,000	195,000	13,610	181,390
Total Expenditures	<u>329,136</u>	<u>342,070</u>	<u>170,505</u>	<u>171,565</u>
Excess (Deficiency) of Revenues Over Expenditures	(118,136)	(131,070)	48,329	179,399
Cash Balance Beginning of Year	<u>360,693</u>	<u>360,693</u>	<u>360,693</u>	<u>0</u>
Cash Balance End of Year	\$ <u>242,557</u>	\$ <u>229,623</u>	\$ <u>409,022</u>	\$ <u>179,399</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 48,329	
Depreciation			(9,974)	
Capital Outlay			13,610	
Net Change in Taxes Receivables			(68)	
Net Change in Accounts Receivable			2,213	
Net Changes in Accounts Payables			3,413	
Net Change in Compensated Absences			(557)	
Change in Net Position			\$ <u>56,966</u>	

The notes to the financial statements are an integral part of this statement.

State of New Mexico
Village of Logan
 Vendor Schedule
 For the Year Ended June 30, 2016

<i>RFB#/RFP# (If applicable)</i>	<i>Type of Procurement</i>	<i>Vendor Name</i>	<i>Did Vendor Win Contract?</i>	<i>\$ Amount of Awarded Contract</i>	<i>\$ Amount of Amended Contract</i>	<i>Physical address of vendor (City, State)</i>	<i>Did the Vendor provide documentation of eligibility for in-state preference?</i>	<i>Did the Vendor provide documentation of eligibility for veterans' preference?</i>	<i>Brief Description of the Scope of Work</i>	<i>If the procurement is attributable to a Component Unit, Name of Component Unit</i>
AM10-14	Contract Pricing HGACBuy	The Phoenix Group	Y	76,765.00	N/A	The Phoenix Group	Y	N	2015 Ford E450 Ambulance Remount	N/A
						407 W Franklin				
						Waxahachie, TX 75165				
FS12-15	Contract Pricing HGACBuy	Artesia Fire Equipment	Y	134,100.00	N/A	Artesia Fire Equipment	Y	N	36 - Scott Airpack - Self Contained Breathing Apparatus	N/A
						PO Box 1367				
						Artesia, NM 88211				

De'Aun Willoughby CPA, PC

Certified Public Accountant

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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

Mr. Tim Keller
State Auditor of the State of New Mexico
Board Members of the Village of Logan

Mr. Keller and Members of the Board

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue fund, of the Village of Logan (Village) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and the combining and individual funds and related budgetary comparisons of the Village, presented as supplemental information, and have issued our report thereon dated November 22, 2016.

Internal Control Over Financial Reporting

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

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 Village'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 are less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses, that we consider to be significant deficiencies. 2016-001 and 2016-002.

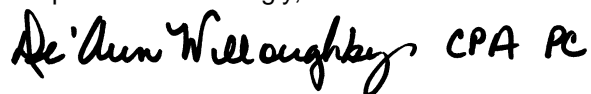
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standard* and which is described in the accompanying Schedule of Findings and Responses; 2016-001 and 2016-002.

The Village's Responses to Findings

The Village's responses to the findings identified in our audit as described in the accompanying Schedule of Findings and Responses. The Village's response was not subject to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

De'Ann Willoughby CPA PC

Clovis, New Mexico

November 22, 2016

Financial Statement Audit Findings

Prior Year Audit Findings

None

Current Year Audit Findings

2016-001 I-9's-Compliance and Internal Control-Significant Deficiency

Condition

Out of 8 I-9's sampled we noted that all 8 were incomplete or incorrectly completed.

Criteria

As per U.S. Citizens and Immigration Services Employers have certain responsibilities under immigration law during the hiring process. The employer sanctions provisions, found in section 274A of the Immigration and Nationality Act (INA), were added by the Immigration Reform and Control Act of 1986 (IRCA). These provisions further changed with the passage of the Immigration Act of 1990 and the Illegal Immigration Reform and Immigrant Responsibility Act (IIRIRA) of 1996. Complete and retain a Form I-9 for each employee required to complete the form.

Cause

The village clerk did not have the appropriate training when it came to completing I-9's.

Effect

Improper completion, retention or making it available for inspection fines range from \$100 to \$1,100 for each I-9.

Recommendation

We recommend additional training, supervision and review. All I-9 should be reviewed and updated as necessary. The village could use both the I-9 instructions as well as the U.S. Citizenship and Immigration Services M-274 Handbook for Employers to provide the tools needed to ensure all I-9 are completed correctly and timely.

Response

The village clerk is responsible for ensuring I-9's are correctly completed. The village clerk has already gone through all personnel files and have compiled a list of I-9's that need to be updated to be in compliance.

Now that the village clerk understands the importance and has the resource to complete I-9's the clerk will ensure that all future I-9's are completed correctly.

2016-002 Expenditures-Compliance and Internal Control-Significant Deficiency

Condition

Out of 12 expenditure from the General Fund sampled totaling \$57,048.72 we noted that 2 expenditures totaling \$2,490.00 was written to 2 employee's who performed cleanup under the Keep New Mexico Beautiful Grant. These should have been ran through payroll.

Criteria

Federal Law section 530(d) of the Revenue Act of 1978, 1978-3 (Vol. 1) C.B. xi, 119 (the 1978 Act), which was added to section 1706(a) of the Tax Reform Act of 1986, 1986-3 (Vol. 1)___ (the 1986 Act) (generally effective for services performed and reuration paid after December 31, 1986).

Cause

The Village bid the job and the employees won the bid. Had a nonemployee won the bid there would not have been an issue. However, because employees were paid, the earning should have been ran through payroll.

Effect

This can cause the village to underpay payroll taxes.

Recommendation

Employees earning should always be ran through payroll and not given an accounts payable check.

Response

We will always give payroll checks to employees even when it is other compensation.

The Villare clerk is responsible for this finding and it has been resolved.

The financial statements were prepared by De'Aun Willoughby CPA. However, they are the responsibility of management.

Exit Conference

An exit conference was held on November 22, 2016. In attendance were David Babb-Mayor, Larry Wallin-Village Administrator (retired) Jimmy Neece-Village Administrator, Ben Newton-Councilmember, Rosalie Rachor-Clerk and De'Aun Willoughby, CPA.