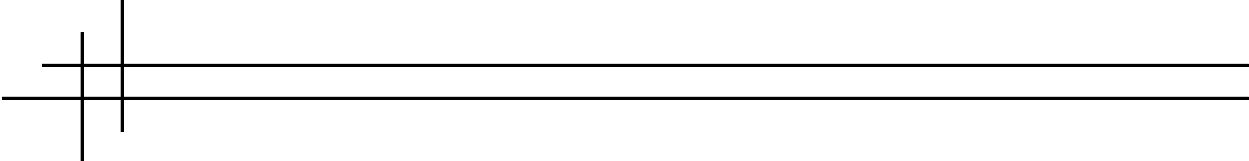




State of New Mexico  
**Village of Logan**

**Annual Financial Report**  
June 30, 2017

**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, 2017

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**Board of Trustees**

Russell Feerer	Mayor
Apolonio Ramirez	Trustee
Leslie Osborn	Trustee
Benny Newton	Trustee
Vacant	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, 2017, 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 the business-type activities 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, 2017, 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, 2017, 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, 2017, and the respective changes in financial position, thereof and the respective budgetary comparisons for the business-type activities 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2017, 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.

 De'Ann Willoughby, CPA PC

Clovis, New Mexico  
November 21, 2017

## **Financial Section**

State of New Mexico  
**Village of Logan**  
Government-Wide Statement of Net Position  
June 30, 2017

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Current Assets			
Cash and Cash Equivalents	\$ 1,655,888	\$ 1,062,881	\$ 2,718,769
Receivables			
Taxes	42,518	681	43,199
Accounts	6,203	80,040	86,243
Due from Grantor	14,680	0	14,680
Total Current Assets	<u>1,719,289</u>	<u>1,143,602</u>	<u>2,862,891</u>
Noncurrent Assets			
Restricted Cash	21,116	19,300	40,416
Capital Assets	9,464,639	16,720,023	26,184,662
Less: Accumulated Depreciation	(6,199,384)	(3,450,415)	(9,649,799)
Total Noncurrent Assets	<u>3,286,371</u>	<u>13,288,908</u>	<u>16,575,279</u>
Total Assets	<u>5,005,660</u>	<u>14,432,510</u>	<u>19,438,170</u>
<b>Deferred Outflows of Resources</b>			
Deferred Outflows Related to Pensions			
Actuarial Experience	56,719	0	56,719
Investment Experience	170,379	0	170,379
Changes of Assumptions	26,429	0	26,429
Changes in Portion	3,995	0	3,995
Contributions Subsequent to Measurement Date	56,454	0	56,454
Total Deferred Outflows of Resources	<u>313,976</u>	<u>0</u>	<u>313,976</u>
<b>Liabilities</b>			
Current Liabilities			
Accounts Payable	15,350	15,423	30,773
Accrued Salaries and Benefits	3,535	1,503	5,038
Accrued Interest	223	35,820	36,043
Compensated Absences	19,243	6,546	25,789
Current Portion of Long-Term Debt	78,881	97,289	176,170
Total Current Liabilities	<u>117,232</u>	<u>156,581</u>	<u>273,813</u>
Noncurrent Liabilities			
Customer Deposits	0	19,300	19,300
Long Term Debt	512,579	5,045,360	5,557,939
Pension Liability	974,167	0	974,167
Total Noncurrent Liabilities	<u>1,486,746</u>	<u>5,064,660</u>	<u>6,551,406</u>
Total Liabilities	<u>1,603,978</u>	<u>5,221,241</u>	<u>6,825,219</u>
<b>Deferred Inflows of Resources</b>			
Deferred Inflows Related to Pensions			
Actuarial Experience	6,159	0	6,159
Changes of Assumptions	6,293	0	6,293
Changes in Portion	91,299	0	91,299
Total Deferred Inflows of Resources	<u>103,751</u>	<u>0</u>	<u>103,751</u>
<b>Net Position</b>			
Net Investment in Capital Assets	2,673,795	8,146,259	10,820,054
Unrestricted	938,112	1,065,010	2,003,122
Total Net Position	<u>\$ 3,611,907</u>	<u>\$ 9,211,269</u>	<u>\$ 12,823,176</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, 2017

Functions/Programs	Expenses	Program Revenues			Governmental Activities	Business-Type Activities	Net(Expenses) Revenue and Changes in Net Position
		Charges for Services	Operating Grants	Capital Grants			Total
<b>Governmental Activities</b>							
General Government	\$ 428,364	\$ 158,591	\$ 125,722	\$ 0	\$ (144,051)	\$ 0	\$ (144,051)
Public Safety	635,375	58,475	369,238	0	(207,662)	0	(207,662)
Public Works	233,528	0	0	0	(233,528)	0	(233,528)
Health & Welfare	108,816	6,000	95,500	0	(7,316)	0	(7,316)
Culture & Recreation	228,773	42,785	104,666	0	(81,322)	0	(81,322)
Interest	1,560	0	0	0	(1,560)	0	(1,560)
<b>Total Governmental Activities</b>	<b>\$ 1,636,416</b>	<b>\$ 265,851</b>	<b>\$ 695,126</b>	<b>\$ 0</b>	<b>(675,439)</b>	<b>0</b>	<b>(675,439)</b>
<b>Business-Type Activities</b>							
Water & Sewer	\$ 1,028,757	\$ 821,945	\$ 0	\$ 0	0	(206,812)	(206,812)
Solid Waste	261,910	204,641	0	10,000	0	(47,269)	(47,269)
<b>Total Business-type Activities</b>	<b>\$ 1,290,667</b>	<b>\$ 1,026,586</b>	<b>\$ 0</b>	<b>\$ 10,000</b>	<b>0</b>	<b>(254,081)</b>	<b>(254,081)</b>
<b>General Revenues</b>							
<b>Taxes</b>							
Property					216,276	0	216,276
Gross Receipts					380,731	8,227	388,958
Gasoline					47,088	0	47,088
Other Taxes					32,736	0	32,736
Miscellaneous					54,386	5,436	59,822
<b>Total General Revenues and Transfers</b>					<b>731,217</b>	<b>13,663</b>	<b>744,880</b>
Change in Net Position					55,778	(240,418)	(184,640)
Net Position - Beginning					3,556,129	9,451,687	13,007,816
Net Position - Ending					<b>\$ 3,611,907</b>	<b>\$ 9,211,269</b>	<b>\$ 12,823,176</b>

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, 2017

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	<u>General</u>	<u>Special Revenue</u>	
		<u>Fire</u>	<u>Senior Citizens</u>
<b>Assets</b>			
Cash and Cash Equivalents	\$ 630,963	\$ 366,941	\$ 10,916
Receivables			
Taxes	34,638	0	0
Accounts	0	0	0
Due from Grantor	0	0	14,680
Restricted Cash	0	19,748	0
<b>Total Assets</b>	<b>\$ <u>665,601</u></b>	<b>\$ <u>386,689</u></b>	<b>\$ <u>25,596</u></b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts Payables	\$ 3,041	\$ 1,233	\$ 3,730
Accrued Salaries and Benefits	3,109	0	426
<b>Total Liabilities</b>	<b><u>6,150</u></b>	<b><u>1,233</u></b>	<b><u>4,156</u></b>
<b>Fund Balances</b>			
Restricted for:			
Special Revenue	0	385,456	21,440
Capital Projects	0	0	0
Unassigned	659,451	0	0
<b>Total Fund Balances</b>	<b><u>659,451</u></b>	<b><u>385,456</u></b>	<b><u>21,440</u></b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ <u>665,601</u></b>	<b>\$ <u>386,689</u></b>	<b>\$ <u>25,596</u></b>

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, 2017

---

	Non-Major Governmental Funds	Total Governmental Funds
	<u>          </u>	<u>          </u>
<b>Assets</b>		
Cash and Cash Equivalents	\$ 647,068	\$ 1,655,888
Receivables		
Taxes	7,880	42,518
Accounts	6,203	6,203
Due from Grantor	0	14,680
Restricted Cash	1,368	21,116
Total Assets	<u>\$ 662,519</u>	<u>\$ 1,740,405</u>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts Payables	\$ 7,346	\$ 15,350
Accrued Salaries and Benefits	0	3,535
Total Liabilities	<u>7,346</u>	<u>18,885</u>
<b>Fund Balances</b>		
Restricted for:		
Special Revenue	282,468	689,364
Capital Projects	372,705	372,705
Unassigned	0	659,451
Total Fund Balances	<u>655,173</u>	<u>1,721,520</u>
Total Liabilities and Fund Balances	<u>\$ 662,519</u>	<u>\$ 1,740,405</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, 2017

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Total Fund Balance - Governmental Funds	\$	1,721,520
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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	\$ 9,464,639	
Accumulated Depreciation	<u>(6,199,384)</u>	3,265,255

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	313,976	
Deferred Inflows Related to Pensions	<u>(103,751)</u>	210,225

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	(591,460)	
Pension Liability	(974,167)	
Accrued interest on Notes Payable	(223)	
Compensated Absences	<u>(19,243)</u>	<u>(1,585,093)</u>

Total Net Position - Governmental Activities	\$	<u><u>3,611,907</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, 2017

	Special Revenue		
	General	Fire	Senior Citizens
Revenues			
Taxes			
Property	\$ 216,276	\$ 0	\$ 0
Gross Receipts	345,178	0	0
Franchise	4,314	0	0
Lodgers	0	0	0
Gasoline	0	0	0
Other	20,708	0	0
License and Permits	3,740	0	0
State Grants	125,722	338,950	73,127
Federal Grants	0	0	31,539
Charges for Services	161,738	0	39,965
Miscellaneous	20,234	2,271	20,000
Total Revenues	<u>897,910</u>	<u>341,221</u>	<u>164,631</u>
Expenditures			
Current			
General Government	402,162	0	0
Public Safety	320,933	73,598	0
Public Works	96,814	0	0
Health and Welfare	2,836	0	0
Culture and Recreation	33,031	0	144,555
Capital Outlay	10,000	390,185	0
Debt Service			
Principal	0	24,418	0
Interest	0	1,534	0
Total Expenditures	<u>865,776</u>	<u>489,735</u>	<u>144,555</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>32,134</u>	<u>(148,514)</u>	<u>20,076</u>
Other Financing Sources (Uses)			
Loan Proceeds	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	32,134	(148,514)	20,076
Fund Balance at Beginning of year	<u>627,317</u>	<u>533,970</u>	<u>1,364</u>
Fund Balance End of Year	<u>\$ 659,451</u>	<u>\$ 385,456</u>	<u>\$ 21,440</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, 2017

	Non-Major Governmental Funds	Total Governmental Funds
Revenues		
Taxes		
Property	\$ 0	\$ 216,276
Gross Receipts	35,553	380,731
Franchise	0	4,314
Lodgers	7,714	7,714
Gasoline	47,088	47,088
Other	0	20,708
License and Permits	0	3,740
State Grants	125,788	663,587
Federal Grants	0	31,539
Charges for Services	64,148	265,851
Miscellaneous	8,141	50,646
Total Revenues	<u>288,432</u>	<u>1,692,194</u>
Expenditures		
Current		
General Government	0	402,162
Public Safety	85,542	480,073
Public Works	7,076	103,890
Health and Welfare	96,121	98,957
Culture and Recreation	23,090	200,676
Capital Outlay	25,133	425,318
Debt Service		
Principal	7,965	32,383
Interest	64	1,598
Total Expenditures	<u>244,991</u>	<u>1,745,057</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>43,441</u>	<u>(52,863)</u>
Other Financing Sources (Uses)		
Loan Proceeds	25,133	25,133
Total Other Sources (Uses)	<u>25,133</u>	<u>25,133</u>
Net Change in Fund Balance	68,574	(27,730)
Fund Balance at Beginning of year	<u>586,599</u>	<u>1,749,250</u>
Fund Balance End of Year	<u>\$ 655,173</u>	<u>\$ 1,721,520</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, 2017

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Net Change in Fund Balance \$ (27,730)

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	\$ (286,865)	
Capital Outlay	<u>425,318</u>	138,453

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	56,454	
Pension Expense	<u>(133,719)</u>	(77,265)

The issuance of long-term debt provides current financial resources to governmental funds but has no effect on net (25,133)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 32,383

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, 2016	261	
Accrued Interest, June 30, 2017	<u>(223)</u>	38

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, 2016	34,275	
Compensated Absences, June 30, 2017	<u>(19,243)</u>	<u>15,032</u>

Changes in Net Position of Governmental Activities \$ 55,778

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, 2017

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Taxes				
Property	\$ 199,315	\$ 199,315	\$ 219,620	\$ 20,305
Franchise	4,000	4,000	4,314	314
Gross Receipts	399,000	399,000	347,141	(51,859)
Other	20,500	20,500	20,297	(203)
State Grants	110,000	110,000	125,722	15,722
License and Permits	3,500	3,500	3,740	240
Charges for Services	171,518	171,518	161,738	(9,780)
Miscellaneous	18,000	18,000	20,234	2,234
Total Revenues	<u>925,833</u>	<u>925,833</u>	<u>902,806</u>	<u>(23,027)</u>
<b>Expenditures</b>				
Executive				
Personnel Services	63,157	63,157	56,797	6,360
Operating Expenses	6,000	6,000	4,836	1,164
Total Executive	<u>69,157</u>	<u>69,157</u>	<u>61,633</u>	<u>7,524</u>
Financial Department				
Personnel Services	299,306	299,306	249,581	49,725
Operating Expenses	40,904	40,904	29,348	11,556
Total Financial Department	<u>340,210</u>	<u>340,210</u>	<u>278,929</u>	<u>61,281</u>
Police Department				
Personnel Services	299,010	299,010	302,675	(3,665)
Operating Expenses	24,500	24,500	24,107	393
Capital Outlay	10,000	10,000	10,000	0
Total Police Department	<u>333,510</u>	<u>333,510</u>	<u>336,782</u>	<u>(3,272)</u>
Highway & Streets				
Personnel Services	31,111	31,111	35,607	(4,496)
Operating Expenses	25,800	25,800	21,915	3,885
Total Highway & Streets	<u>56,911</u>	<u>56,911</u>	<u>57,522</u>	<u>(611)</u>
Motor Vehicle Department				
Personnel Services	52,471	52,471	48,406	4,065
Operating Expenses	3,900	3,900	5,137	(1,237)
Capital Outlay	1,000	1,000	0	1,000
Total Motor Vehicle Department	<u>57,371</u>	<u>57,371</u>	<u>53,543</u>	<u>3,828</u>
Civic Center				
Operating Expenses	6,000	6,000	4,702	1,298
Total Civic Center	<u>\$ 6,000</u>	<u>\$ 6,000</u>	<u>\$ 4,702</u>	<u>\$ 1,298</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, 2017

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Insurance				
Employee Bonds	\$ 800	\$ 800	\$ 1,725	\$ (925)
General	12,000	12,000	11,640	360
Total Insurance	<u>12,800</u>	<u>12,800</u>	<u>13,365</u>	<u>(565)</u>
Miscellaneous				
Airport Redevelopment Master Plan	29,000	29,000	27,650	1,350
Assistance to Chamber of Commerce	5,000	5,000	5,000	0
Dilapidated Building Removal	10,000	10,000	11,598	(1,598)
Election Expense	3,000	3,000	0	3,000
EPCOG	600	600	600	0
Legal Fees	12,000	12,000	1,344	10,656
NM State Library	350	350	315	35
RPCHA Capital Outlay	7,250	7,250	2,836	4,414
Senior Citizens	31,000	31,000	22,853	8,147
Ute Commission	600	600	600	0
Total Miscellaneous	<u>98,800</u>	<u>98,800</u>	<u>72,796</u>	<u>26,004</u>
Total Expenditures	<u>974,759</u>	<u>974,759</u>	<u>879,272</u>	<u>95,487</u>
Excess (Deficiency) of Revenues Over Expenditures	(48,926)	(48,926)	23,534	72,460
Cash Balance Beginning of Year	<u>607,429</u>	<u>607,429</u>	<u>607,429</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 558,503</u>	<u>\$ 558,503</u>	<u>\$ 630,963</u>	<u>\$ 72,460</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 23,534	
Net Change in Taxes Receivables			(4,897)	
Net Change in Accounts Payable			1,209	
Net Change in Accrued Salaries and Benefits			12,288	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 32,134</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, 2017

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
State Grant	\$ 338,950	\$ 338,950	\$ 338,950	\$ 0
Miscellaneous	0	0	2,271	2,271
Total Revenues	<u>338,950</u>	<u>338,950</u>	<u>341,221</u>	<u>2,271</u>
<b>Expenditures</b>				
<b>Public Safety</b>				
Operating Expenses	260,144	260,144	73,806	186,338
Capital Outlay	486,595	486,595	390,185	96,410
Debt Service				
Principal	25,952	25,952	24,418	1,534
Interest	0	0	1,534	(1,534)
Total Expenditures	<u>772,691</u>	<u>772,691</u>	<u>489,943</u>	<u>282,748</u>
Excess (Deficiency) of Revenues Over Expenditures	(433,741)	(433,741)	(148,722)	285,019
Cash Balance Beginning of Year	<u>535,411</u>	<u>535,411</u>	<u>535,411</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 101,670</u>	<u>\$ 101,670</u>	<u>\$ 386,689</u>	<u>\$ 285,019</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (148,722)	
Net Change in Accounts Payable			208	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (148,514)</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, 2017

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
State Grant	\$ 73,127	\$ 73,127	\$ 60,312	\$ (12,815)
Federal Grant	31,539	31,539	29,673	(1,866)
Local Support	60,000	60,000	59,965	(35)
Total Revenues	<u>164,666</u>	<u>164,666</u>	<u>149,950</u>	<u>(14,716)</u>
<b>Expenditures</b>				
<b>Culture and Recreation</b>				
Personnel Services	71,069	71,069	66,680	4,389
Operating Expenses	83,727	83,727	72,958	10,769
Capital Outlay	0	0	1,060	(1,060)
Total Expenditures	<u>154,796</u>	<u>154,796</u>	<u>140,698</u>	<u>14,098</u>
Excess (Deficiency) of Revenues Over Expenditures	9,870	9,870	9,252	(618)
Cash Balance Beginning of Year	<u>1,664</u>	<u>1,664</u>	<u>1,664</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 11,534</u>	<u>\$ 11,534</u>	<u>\$ 10,916</u>	<u>\$ (618)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 9,252	
Net Change in Due from Grantor			14,680	
Net Change in Accounts Payable			(3,430)	
Net Change in Accrued Salaries and Benefits			(426)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 20,076</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, 2017

Assets	Water and Sewer	Solid Waste	Total
<b>Current Assets</b>			
Cash and Cash Equivalents	\$ 687,899	\$ 374,982	\$ 1,062,881
Receivables			
Accounts	65,623	14,417	80,040
Taxes	0	681	681
<b>Total Current Assets</b>	<u>753,522</u>	<u>390,080</u>	<u>1,143,602</u>
<b>Noncurrent Assets</b>			
Restricted Cash	19,300	0	19,300
Capital Assets	16,468,153	251,870	16,720,023
Less Accumulated Depreciation	(3,292,527)	(157,888)	(3,450,415)
<b>Total Noncurrent Assets</b>	<u>13,194,926</u>	<u>93,982</u>	<u>13,288,908</u>
<b>Total Assets</b>	<u>13,948,448</u>	<u>484,062</u>	<u>14,432,510</u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts Payable	8,678	6,745	15,423
Accrued Salaries and Benefits	1,193	310	1,503
Accrued Interest	35,820	0	35,820
Compensated Absences	6,354	192	6,546
Current Amount Due	97,289	0	97,289
<b>Total Current Liabilities</b>	<u>149,334</u>	<u>7,247</u>	<u>156,581</u>
<b>Noncurrent Liabilities</b>			
Customer Deposits	19,300	0	19,300
Bonds and Loans	5,045,360	0	5,045,360
<b>Total Noncurrent Liabilities</b>	<u>5,064,660</u>	<u>0</u>	<u>5,064,660</u>
<b>Total Liabilities</b>	<u>5,213,994</u>	<u>7,247</u>	<u>5,221,241</u>
<b>Net Position</b>			
Net Investment in Capital Assets	8,052,277	93,982	8,146,259
Unrestricted	682,177	382,833	1,065,010
<b>Total Net Position</b>	<u>\$ 8,734,454</u>	<u>\$ 476,815</u>	<u>\$ 9,211,269</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, 2017

	Water and Sewer	Solid Waste	Total
Revenues			
Sales and Service	\$ 752,019	\$ 204,641	\$ 956,660
Fees	69,926	0	69,926
Other	1,236	4,200	5,436
Total Revenues	<u>823,181</u>	<u>208,841</u>	<u>1,032,022</u>
Expenses			
Operating Expenses	422,103	249,950	672,053
Depreciation	414,120	11,960	426,080
Total Expenses	<u>836,223</u>	<u>261,910</u>	<u>1,098,133</u>
Operating Income (Loss)	<u>(13,042)</u>	<u>(53,069)</u>	<u>(66,111)</u>
Nonoperating Revenue (Expenses)			
Environmental Gross Receipts Tax	0	8,227	8,227
State Grant	0	10,000	10,000
Interest Expense	(192,534)	0	(192,534)
Total Nonoperating Revenue (Expense)	<u>(192,534)</u>	<u>18,227</u>	<u>(174,307)</u>
Change in Net Position	(205,576)	(34,842)	(240,418)
Total Net Position - Beginning	<u>8,940,030</u>	<u>511,657</u>	<u>9,451,687</u>
Total Net Position - Ending	<u>\$ 8,734,454</u>	<u>\$ 476,815</u>	<u>\$ 9,211,269</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, 2017

	Water and Sewer	Solid Waste	Total
<b>Cash Flows from Operating Activities</b>			
Cash Received From Customers	\$ 825,546	\$ 227,258	\$ 1,052,804
Cash Paid to Suppliers and Employees	(438,199)	(263,264)	(701,463)
Net Cash Provided by Operating Activities	<u>387,347</u>	<u>(36,006)</u>	<u>351,341</u>
<b>Cash Flows from Noncapital Financing Activities</b>			
Taxes	0	8,227	8,227
State Grant	0	10,000	10,000
Net Cash Provided by Noncapital Financing Activities	<u>0</u>	<u>18,227</u>	<u>18,227</u>
<b>Cash Flows from Capital &amp; Related Financing Activities</b>			
Acquisition and Construction of Capital Assets	(19,662)	(16,261)	(35,923)
Principal Paid	(94,789)	0	(94,789)
Interest Paid	(192,534)	0	(192,534)
Net Cash Provided by Capital & Related Financing Activities	<u>(306,985)</u>	<u>(16,261)</u>	<u>(323,246)</u>
Net Increase (Decrease) in Cash	80,362	(34,040)	46,322
Cash, Beginning of Year	<u>626,837</u>	<u>409,022</u>	<u>1,035,859</u>
Cash, End of Year	<u>\$ 707,199</u>	<u>\$ 374,982</u>	<u>\$ 1,082,181</u>
Cash and Cash Equivalents	\$ 687,899	\$ 374,982	\$ 1,062,881
Restricted Cash	19,300	0	19,300
Total Cash	<u>\$ 707,199</u>	<u>\$ 374,982</u>	<u>\$ 1,082,181</u>
<b>Reconciliation of Net Income to Net Cash Provided by Operating Activities</b>			
Operating Income (Loss)	\$ (13,042)	\$ (53,069)	\$ (66,111)
Depreciation	414,120	11,960	426,080
<b>Change in Assets and Liabilities</b>			
(Increase) Decrease in Taxes Receivable	0	(62)	(62)
(Increase) Decrease in Accounts Receivable	2,815	252	3,067
(Increase) Decrease in Inventories	(11,664)	0	(11,664)
Increase (Decrease) in Accounts Payable	(5,534)	4,969	(565)
Increase (Decrease) in Accrued Salaries & Benefits	1,103	(248)	855
Increase (Decrease) in Compensated Absences	(276)	192	(84)
Increase (Decrease) in Customer Deposits	(175)	0	(175)
Net Cash Provided by Operating Activities	<u>\$ 387,347</u>	<u>\$ (36,006)</u>	<u>\$ 351,341</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.

**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)

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.

Budget comparison schedules are no longer required for non-major funds and are not included.

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.

<u>Name of Account</u>	Balance Per Bank 06/30/2017	Reconciled Balance	<u>Type</u>
General Fund	\$ 2,782,202	\$ 2,737,067	Checking-Interest Bearing
EMS Account	1,001	1,001	Checking-Interest Bearing
TOTAL Deposited	<u>2,783,203</u>	<u>\$ 2,738,068</u>	
Less: FDIC Coverage	<u>(250,000)</u>		
Uninsured Amount	2,533,203		
50% collateral requirement	1,266,602		
Pledged securities	<u>1,685,410</u>		
Over (Under) requirement	<u>\$ 418,808</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>	<u>Place of Safekeeping</u>
FHLMC Pool #C91344	3128P7P56	241,698	11/01/2030	
GNR 2016-24 AE	38379UFP6	898,648	12/16/2056	FHLB
SBA Pool #522319	83165AYQ1	545,065	12/25/2041	Dallas, TX
		<u>\$ 1,685,410</u>		

**Restricted Cash held by NMFA**

<u>Name of Account</u>	Balance Per Bank 06/30/2017	Reconciled Balance	<u>Type</u>
NMFA 6	\$ 91	\$ 91	Savings
NMFA 7	19,658	19,658	Savings
NMFA 8	1,368	1,368	Savings
TOTAL Deposited	<u>\$ 21,117</u>	<u>\$ 21,117</u>	

**Custodial Credit Risk-Deposits**

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ 271,117
Collateralized:	
Collateral held by the pledging bank in Village's name	1,685,410
Uninsured and uncollateralized	<u>847,793</u>
Total Deposits	<u>\$ 2,804,320</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, 2017 \$847,793 of the Village's bank balance of \$2,804,320 was exposed to custodial credit risk.

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There was \$19,749 restricted cash in the Fire Fund and \$1,368 restricted cash in the EMS Fund. This money is restricted for retiring debt financed by New Mexico Finance Authority. The restricted cash in the Water and Sewer Fund of \$19,300 is for customer deposits.

**C. Receivables**

Receivables as of June 30, 2017, were as follows:

Receivables	Non-Major Governmental Funds				
	General	Fire	Senior Citizens	Funds	Utilities
Property	\$ 3,633	0	\$ 0	\$ 0	\$ 0
Gross Receipts	29,031	0	0	4,095	681
Gasoline	0	0	0	2,970	0
Other Taxes	1,974	0	0	815	0
Due From Grantor	0	0	14,680	0	0
Accounts	0	0	0	10,046	98,939
Less Allowance for Uncollectibles	0	0	0	(3,843)	(18,899)
	<u>\$ 34,638</u>	<u>0</u>	<u>\$ 14,680</u>	<u>\$ 14,083</u>	<u>\$ 80,721</u>

**D. Capital Assets**

Capital Assets Balances and Activity for the Year Ended June 30, 2017, is as follows:

	Balance 6/30/16	Increases	Decreases	Balance 6/30/17
<b>Governmental Activities</b>				
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	4,451,410	0	0	4,451,410
Buildings and Improvements	2,055,655	0	0	2,055,655
Equipment	2,442,836	425,317	0	2,868,153
Total Capital Assets, being Depreciated	<u>8,949,901</u>	<u>425,317</u>	<u>0</u>	<u>9,375,218</u>
Total Capital Assets	<u>9,039,322</u>	<u>425,317</u>	<u>\$ 0</u>	<u>9,464,639</u>
<b>Less Accumulated Depreciation</b>				
Infrastructure	3,696,332	97,854	0	3,794,186
Buildings and Improvements	1,016,899	54,781	0	1,071,680
Equipment	1,199,287	134,231	0	1,333,518
Total Accumulated Depreciation	<u>5,912,518</u>	<u>286,866</u>	<u>0</u>	<u>6,199,384</u>
Capital Assets, net	<u>\$ 3,126,804</u>	<u>\$ 138,451</u>	<u>\$ 0</u>	<u>\$ 3,265,255</u>

Depreciation expense was charged to governmental activities as follows:

General	\$ 11,785
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Public Safety	138,204
Public Works	104,759
Health and Welfare	9,859
Culture and Recreation	22,258
Total depreciation expenses	<u>\$ 286,865</u>

	Balance 6/30/16	Increases	Decreases	Balance 6/30/17
<b>Water and Sewer</b>				
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	16,042,502	14,275	0	16,056,777
Equipment	212,577	5,387	0	217,964
Total Capital Assets, being Depreciated	<u>16,230,079</u>	<u>19,662</u>	<u>0</u>	<u>16,274,741</u>
Total Capital Assets	<u>16,423,491</u>	<u>19,662</u>	<u>0</u>	<u>16,468,153</u>
<b>Less Accumulated Depreciation</b>				
Buildings and Improvements	2,751,913	396,891	0	3,148,804
Equipment	126,495	17,228	0	143,723
Total Accumulated Depreciation	<u>2,059,575</u>	<u>414,119</u>	<u>0</u>	<u>3,292,527</u>
Capital Assets, net	<u>\$ 14,363,916</u>	<u>\$ (394,457)</u>	<u>\$ 0</u>	<u>\$ 13,175,626</u>
<b>Solid Waste</b>				
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	226,870	0	0	226,870
Total Capital Assets, being Depreciated	<u>226,870</u>	<u>0</u>	<u>0</u>	<u>226,870</u>
Total Capital Assets	<u>251,870</u>	<u>0</u>	<u>0</u>	<u>251,870</u>
<b>Less Accumulated Depreciation</b>				
Equipment	145,928	11,960	0	157,888
Total Accumulated Depreciation	<u>145,928</u>	<u>11,960</u>	<u>0</u>	<u>157,888</u>
Capital Assets, net	<u>\$ 105,942</u>	<u>\$ (11,960)</u>	<u>\$ 0</u>	<u>\$ 93,982</u>

**E. Long-Term Liabilities and Other Liabilities**

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



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	Balance 6/30/16	Additions	Reductions	Balance 6/30/17	Amounts Due Within One Year
<b>Governmental Activities</b>					
Notes Payable	\$ 598,710	\$ 25,133	\$ 32,383	\$ 591,460	\$ 78,881
Other Liabilities					
Compensated Absences	\$ 34,277	\$ 25,143	\$ 40,177	\$ 19,243	\$ 19,243

Description	Fund	Maturity Date	Original Amount	Interest Rate	Balance
Fire 6	Fire	08/15/2023	\$ 260,000	3.4%-3.84%	\$ 109,859
Fire 7	Fire	08/15/2024	101,500	0.00%	47,845
Fire 10	Fire	06/15/2024	352,645	0.01%	352,645
Ambulance	EMS	04/01/2024	75,567	0.00%	55,978
Police Vehicle	LEPF	08/01/2018	25,133	3.17%	25,133
					<u>\$ 591,460</u>

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

The annual requirements to amortize the loans as of June 30, 2017, including interest payments are as follows:

	Principal	Interest	Total
2018	\$ 78,881	\$ 5,685	\$ 84,566
2019	79,739	3,215	82,954
2020	67,496	2,334	69,830
2021	68,054	1,819	69,873
2022	68,663	1,254	69,917
2026-2027	228,627	619	229,246
	<u>\$ 591,460</u>	<u>\$ 14,926</u>	<u>\$ 606,386</u>

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Proprietary Funds

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

	Balance 6/30/16	Additions	Reductions	Balance 6/30/17	Amounts Due Within One Year
<b>Business-Type Activities</b>					
Phase I	\$ 3,990,000	\$ 0	\$ 59,000	\$ 3,931,000	\$ 61,000
Phase II	976,100	0	17,700	958,400	18,200
Phase III	271,338	0	18,089	253,249	18,089
Total Notes Payable	<u>\$ 5,237,438</u>	<u>\$ 0</u>	<u>\$ 94,789</u>	<u>\$ 5,142,649</u>	<u>\$ 97,289</u>
Other Liabilities					
Compensated Absences	\$ 6,630	\$ 7,151	\$ 7,235	\$ 6,546	\$ 6,546

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, 2017, including interest payments are as follows:

	Principal	Interest	Total
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	110,389	175,770	286,159
2023-2027	606,546	823,090	1,429,636
2028-2032	695,457	716,190	1,411,647
2033-2037	754,600	586,360	1,340,960
2038-2042	910,500	428,760	1,339,260
2043-2047	1,101,600	237,910	1,339,510
2048-2050	555,300	33,920	589,220
	<u>\$ 5,142,648</u>	<u>\$ 3,737,590</u>	<u>\$ 8,880,238</u>

## **F. 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 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's. 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**

*Public Employees Retirement 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 Officers, 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 Public Employees Retirement 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), each employee and elected official of every affiliated public employer is required to be a member in the Public Employees Retirement Fund, unless specifically excluded.

*Benefits Provided* – Benefits are generally available at age 65 with five or more years of service or after 25 years of service regardless of age for TIER I members. Provisions also exist for retirement between ages 60 and 65, with varying amounts of service required. Certain police and fire members may retire at any age with 20 or more years of service for Tier I members. Generally, the amount of retirement pension is based on final average salary, which is defined under Tier I as the average of salary for the 36 consecutive months of credited service producing the largest average; credited service; and the pension factor of the applicable coverage plan. Monthly benefits vary depending upon the plan under which the member qualifies, ranging from 2% to 3.5% of the member's final average salary per year of service. The maximum benefit that can be paid to a retiree may not exceed a range of 60% to 90% of the final average salary, depending on the division. Benefits for duty and non-duty death and disability and for post-retirement survivors' annuities are also available.

*Tier II*-The retirement age and service credit requirements for normal retirement for PERA state and municipal general members hired increased effective July 1, 2013 with the passage of Senate Bill 27 in the 2013 Legislative Session. Under the new requirements (Tier II), general members are eligible to retire at any age if the member has at least eight years of service credit and the sum of the member's age and service credit equals at least 85 or at age 67 with 8 or more years of service credit. General members hired on or before June 30, 2013 (Tier I) remain eligible to retire at any age with 25 or more years of service credit. Under Tier II, police and firefighters in Plans 3, 4 and 5 are eligible to retire at any age with 25 or more years of service credit. State police and adult correctional officers, peace officers and municipal juvenile detention officers will remain in 25-year retirement plans, however, service credit will no longer be enhanced by 20%. All public safety members in Tier II may retire at age 60 with 6 or more years of service credit. Generally, under Tier II pension factors were reduced by .5%, employee Contribution increased 1.5 percent and effective July 1, 2014 employer contributions were raised .05 percent. The computation of final average salary increased as the average of salary for 60 consecutive months.

*Contributions* – The following tables illustrate the various coverage options under the PERA plan and the contribution rates effective during the year.

<b>PERA Contribution Rates and Pension Factors as of July 1, 2016</b>						
Coverage Plan	Employee Contribution Percentage		Employer Contribution Percentage	Pension Factor per Year of Service		Pension Maximum as a Percentage of the Final Average Salary
	Annual Salary less than \$20,000	Annual Salary greater than \$20,000		TIER 1	TIER 2	
State Plan 3	7.42 %	8.92 %	16.99 %	3.0 %	2.5 %	90 %
Municipal Plan 1 (plan open to new employers)	7.0 %	8.5 %	7.4 %	2.0 %	2.0 %	90 %
Municipal Plan 2 (plan open to new employers)	9.15 %	10.65 %	9.55 %	2.5 %	2.0 %	90 %
Municipal Plan 3 (plan closed to new employers 6/95)	13.15 %	14.65 %	9.55 %	3.0 %	2.5 %	90 %
Municipal Plan 4 (plan closed to new employers 6/00)	15.65 %	17.15 %	12.05 %	3.0 %	2.5 %	90 %
Municipal Police Plan 1	7.0%	8.5%	10.40%	2.0%	2.0%	90%
Municipal Police Plan 2	7.0%	8.5%	15.40%	2.5%	2.0%	90%
Municipal Police Plan 3	7.0%	8.5%	18.90%	2.5%	2.0%	90%
Municipal Police Plan 4	12.35%	13.85%	18.90%	3.0%	2.5%	90%
Municipal Police Plan 5	16.3%	17.8%	18.90%	3.5%	3.0%	90%
Municipal Fire Plan 1	8.0%	9.5%	11.40%	2.0%	2.0%	90%
Municipal Fire Plan 2	8.0%	9.5%	17.90%	2.5%	2.0%	90%
Municipal Fire Plan 3	8.0%	9.5%	21.65%	2.5%	2.0%	90%
Municipal Fire Plan 4	12.8%	14.3%	21.65%	3.0%	2.5%	90%
Municipal Fire Plan 5	16.2%	17.7%	21.65%	3.5%	3.0%	90%
Municipal Detention Officer Plan 1	16.65%	18.15%	17.05%	3.0%	3.0%	90%
State Police and Adult Correctional Officer Plan 1	7.60%	9.10%	25.50%	3.0%	3.0%	90%
State Plan 3 - Peace Officer	7.42%	8.92%	16.99%	3.0%	3.0%	90%
Juvenile Correctional Officer Plan 2	4.78%	6.28%	26.12%	3.0%	3.0%	90%

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions –**

At June 30, 2017, the Village reported a liability for the Municipal General Division (General) of \$631,077 and for the Municipal Police Division (Police) of \$343,090 for a total of \$974,167 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2016 using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date of June 30, 2016. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2016. The Village's proportion of the net pension liability was based on a projection of the Village's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2016, the Village's proportion for General was 0.0395% and for Police was .0465%, which was a decrease of 0.0029% for General and 0.0080% for Police from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Village recognized pension expense of \$83,805 for General and \$50,014 for Police for a total of \$133,719. At June 30, 2017, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Plan Deferred Outflows of Resources	Police Deferred Outflows of Resources	Total Deferred Outflows of Resources
Differences between expected and actual experience	\$ 31,531	\$ 25,188	\$ 56,719
Net difference between projected and actual earnings on pension plan investments	116,117	54,262	170,379
Changes of assumptions	3,705	22,724	26,429
Changes in proportion and differences between the Village's contributions and proportionate share of contributions	0	3,995	3,995
Village's contributions subsequent to the measurement date	35,944	20,510	56,454
Total	<u>\$ 187,297</u>	<u>\$ 126,679</u>	<u>\$ 313,976</u>
	Plan	Police	

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	Deferred Inflows of Resources	Deferred Inflows of Resources	Total Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,159	\$ 0	\$ 6,159
Net difference between projected and actual earnings on pension plan investments	0	0	0
Changes of assumptions	105	6,188	6,293
Changes in proportion and differences between the Village's contributions and proportionate share of contributions	62,984	28,315	91,299
Total	<u>\$ 69,248</u>	<u>\$ 34,503</u>	<u>\$ 103,751</u>

56,454 reported as deferred outflows of resources related to pensions resulting from the Village's contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	General	Police	Total
2017	\$ 13,514	\$ 15,540	\$ 29,054
2018	13,514	15,540	29,054
2019	59,666	27,528	87,194
2020	28,711	13,058	41,769
Total	<u>\$ 115,405</u>	<u>\$ 71,666</u>	<u>\$ 187,071</u>

*Actuarial assumptions.* The total pension liability in the June 30, 2016 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date	June 30, 2015
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	7.48% annual rate, net of investment expense

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(2) Projected benefit payment	100 years
(3) Payroll growth	2.75% annual rate
(4) Projected salary increases	2.75% to 14.00% annual rate
(5) Includes inflation at	2.75% annual rate for the first 10 years and 2.75% all other years
(6) Mortality Assumption	RP-2000 Mortality 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	July 1, 2008 to June 30, 2013 (demographic) and July 1, 2010 through June 20, 2015 (economic)

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2015. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2016. These assumptions were adopted by the Board use in the June 30, 2015 actuarial valuation.

The long-term expected rate of return on pension plan investments was determined using a building-block method 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 allocation and 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
Global Equity	43.50%	7.39%
Risk Reduction & Mitigation	21.50%	1.79%
Credit Oriented Fixed Income	15.00%	5.77%
Real Assets	20.00%	7.35%
Total	100.00%	

Discount rate. A single discount rate of 7.48% was used to measure the total pension liability as of June 30, 2016. This single discount rate was based on a long-term expected rate of return on pension plan investments of 7.48%, compounded annually, net of expense. Based on the stated assumptions and the projection of cash flows, the plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

The projections of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels.

Sensitivity of the Village’s proportionate share of the net pension liability to changes in the discount rate. The following presents the employer name’s proportionate share of the net pension liability calculated using the discount rate of 7.48 percent, as well as what the employer name’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.48 percent) or 1-percentage-point higher (8.48 percent) than the current rate:

	1% Decrease (6.48%)	Current Discount Rate (7.48%)	1% Increase (8.48%)
The Village’s proportionate share of the net pension liability for General	\$ <u>940,880</u>	\$ <u>631,077</u>	\$ <u>374,112</u>
	1% Decrease (6.48%)	Current Discount Rate (7.48%)	1% Increase (8.48%)
The Village’s proportionate share of the net pension liability for Police	\$ <u>504,771</u>	\$ <u>343,090</u>	\$ <u>210,854</u>

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in separately issued PERA’S financial reports.

**G. 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](http://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, 2017, 2016 and 2015 were \$11,327, \$9,941, and \$10,748 respectively, which equal the required contributions for each year.

#### **H. 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.

#### **I. Commitments**

The Village is involved in small renovations and repairs.

#### **J. Subsequent Events**

Subsequent events were evaluated through November 21, 2017, which is the date the financial statements were available to be issued.

**K. 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.

**L. Related Party**

The Village purchases supplies from TBZ Electric, Inc. which is owned by the preceding Mayor who resigned February of 2017. During this fiscal year TBZ Electric, Inc. was paid for supplies totaling \$6,936.12.

The Village purchases computer consulting from MBCS which is owned by a trustee of the board. During this fiscal year MBCS was paid \$845.33.

**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)

**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)

**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)

**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, 2017

	Special Revenue		
	EMS and Ambulance	Law Enforcement	Streets Gas Tax
<b>Assets</b>			
Cash and Cash Equivalents	\$ 99,555	\$ 1,273	\$ 133,500
Receivables			
Taxes	0	0	2,970
Accounts	6,203	0	0
Restricted Cash	1,368	0	0
<b>Total Assets</b>	<b>\$ 107,126</b>	<b>\$ 1,273</b>	<b>\$ 136,470</b>
<b>Liabilities</b>			
Accounts Payable	\$ 134	\$ 35	\$ 0
Accrued Salaries and Benefits	0	0	0
<b>Total Liabilities</b>	<b>134</b>	<b>35</b>	<b>0</b>
<b>Fund Balance</b>			
<b>Restricted:</b>			
Special Revenue	106,992	1,238	136,470
Capital Projects	0	0	0
<b>Total Fund Balance</b>	<b>106,992</b>	<b>1,238</b>	<b>136,470</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 107,126</b>	<b>\$ 1,273</b>	<b>\$ 136,470</b>

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, 2017

	Special Revenue		
	Cemetery	Lodgers Tax	Health Clinic
<b>Assets</b>			
Cash and Cash Equivalents	\$ 14,708	\$ 13,227	\$ 16,195
Receivables			
Taxes	0	815	0
Accounts	0	0	0
Restricted Cash	0	0	0
<b>Total Assets</b>	<b>\$ 14,708</b>	<b>\$ 14,042</b>	<b>\$ 16,195</b>
<b>Liabilities</b>			
Accounts Payable	\$ 365	\$ 0	\$ 6,812
Accrued Salaries and Benefits	0	0	0
<b>Total Liabilities</b>	<b>365</b>	<b>0</b>	<b>6,812</b>
<b>Fund Balance</b>			
Restricted:			
Special Revenue	14,343	14,042	9,383
Capital Projects	0	0	0
<b>Total Fund Balance</b>	<b>14,343</b>	<b>14,042</b>	<b>9,383</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 14,708</b>	<b>\$ 14,042</b>	<b>\$ 16,195</b>

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, 2017

	Special Revenue		Capital Projects	Total
	Recreation	Infrastructure		
<b>Assets</b>				
Cash and Cash Equivalents	\$ 0	\$ 368,610	\$	647,068
Receivables				
Taxes	0	4,095		7,880
Accounts	0	0		6,203
Restricted Cash	0	0		1,368
<b>Total Assets</b>	<u>\$ 0</u>	<u>\$ 372,705</u>	<u>\$</u>	<u>662,519</u>
<b>Liabilities</b>				
Accounts Payable	\$ 0	\$ 0	\$	7,346
Accrued Salaries and Benefits	0	0		0
<b>Total Liabilities</b>	<u>0</u>	<u>0</u>		<u>7,346</u>
<b>Fund Balance</b>				
<b>Restricted:</b>				
Special Revenue	0	0		282,468
Capital Projects	0	372,705		372,705
<b>Total Fund Balance</b>	<u>0</u>	<u>372,705</u>		<u>655,173</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 0</u>	<u>\$ 372,705</u>	<u>\$</u>	<u>662,519</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, 2017

	Special Revenue		
	EMS and Ambulance	Law Enforcement	Streets Gas Tax
Revenues			
Taxes			
Lodgers	\$ 0	\$ 0	\$ 0
Gross Receipts	0	0	0
Gasoline	0	0	35,553
State Grants	8,488	21,800	0
Charges for Services	55,328	0	
Miscellaneous	26	4,990	0
Total Revenues	<u>63,842</u>	<u>26,790</u>	<u>35,553</u>
Expenditures			
Current			
Public Safety	57,560	27,982	0
Public Works	0	0	7,076
Culture and Recreation	0	0	0
Health and Welfare	0	0	0
Capital Outlay	0	25,133	0
Debt Service			
Principal	7,965	0	0
Interest	64	0	0
Total Expenditures	<u>65,589</u>	<u>53,115</u>	<u>7,076</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,747)</u>	<u>(26,325)</u>	<u>28,477</u>
Other Financing Sources (Uses)			
Loan Proceeds	0	25,133	0
Total Other Sources (Uses)	<u>0</u>	<u>25,133</u>	<u>0</u>
Net Change in Fund Balance	(1,747)	(1,192)	28,477
Fund Balances at Beginning of Year	<u>108,739</u>	<u>2,430</u>	<u>107,993</u>
Fund Balance End of Year	<u>\$ 106,992</u>	<u>\$ 1,238</u>	<u>\$ 136,470</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, 2017

	Special Revenue		
	Cemetery	Lodgers Tax	Health Clinic
Revenues			
Taxes			
Lodgers	\$ 0	\$ 7,714	\$ 0
Gross Receipts	0	0	0
Gasoline	0	0	0
State Grants	0	0	95,500
Charges for Services	2,820	0	6,000
Miscellaneous	3,125	0	0
Total Revenues	<u>5,945</u>	<u>7,714</u>	<u>101,500</u>
Expenditures			
Current			
Public Safety	0	0	0
Public Works	0	0	0
Culture and Recreation	1,748	19,554	0
Health and Welfare	0	0	96,121
Capital Outlay	0	0	0
Debt Service			
Principal	0	0	0
Interest	0	0	0
Total Expenditures	<u>1,748</u>	<u>19,554</u>	<u>96,121</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>4,197</u>	<u>(11,840)</u>	<u>5,379</u>
Other Financing Sources (Uses)			
Loan Proceeds	0	0	0
Total Other Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	4,197	(11,840)	5,379
Fund Balances at Beginning of Year	<u>10,146</u>	<u>25,882</u>	<u>4,004</u>
Fund Balance End of Year	<u>\$ 14,343</u>	<u>\$ 14,042</u>	<u>\$ 9,383</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, 2017

	Special Revenue	Capital Projects	
	Recreation	Infrastructure	Total
<b>Revenues</b>			
Taxes			
Lodgers	\$ 0	\$ 0	\$ 7,714
Gross Receipts	0	47,088	47,088
Gasoline	0	0	35,553
State Grants	0	0	125,788
Charges for Services	0	0	64,148
Miscellaneous	0	0	8,141
Total Revenues	<u>0</u>	<u>47,088</u>	<u>288,432</u>
<b>Expenditures</b>			
Current			
Public Safety	0	0	85,542
Public Works	0	0	7,076
Culture and Recreation	1,788	0	23,090
Health and Welfare	0	0	96,121
Capital Outlay	0	0	25,133
Debt Service			
Principal	0	0	7,965
Interest	0	0	64
Total Expenditures	<u>1,788</u>	<u>0</u>	<u>244,991</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,788)</u>	<u>47,088</u>	<u>43,441</u>
<b>Other Financing Sources (Uses)</b>			
Loan Proceeds	0	0	25,133
Total Other Sources (Uses)	<u>0</u>	<u>0</u>	<u>25,133</u>
Net Change in Fund Balance	(1,788)	47,088	68,574
Fund Balances at Beginning of Year	<u>1,788</u>	<u>325,617</u>	<u>586,599</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 372,705</u>	<u>\$ 655,173</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 and Notes for Pension Plan

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

Last 10 Fiscal Years\*

	Fiscal Year Measurement Date	2015	2016	2017
		2014	2015	2016
Village's proportion of the net pension liability		0.1023%	0.0969%	0.0860%
Village's proportionate share of the net pension liability	\$	557,824	\$ 694,372	\$ 974,167
Village's covered-employee payroll		589,448	506,288	573,585
Village's proportionate share of the net pension liability as a percentage of its covered-employee payroll		94.63%	137.15%	169.84%
Plan fiduciary net position as a percentage of the total		81.29%	76.99%	69.18%

\*Governmental Accounting Standards Board Statement No. 68 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for the Village is not available prior to fiscal year 2015, the year the statement's requirements became effective.

**Schedule of Village's Contributions**

Last 10 Fiscal Years\*

	June 30,		
	2015	2016	2017
Contractually required contribution	\$ 58,704	\$ 49,779	\$ 56,454
Contributions in relation to the contractually required	58,704	49,779	56,454
Contribution deficiency (excess)	\$ 0	\$ 0	\$ 0
Village's covered-employee payroll	\$ 589,448	\$ 506,288	\$ 573,585
Contributions as a percentage of covered-employee	9.96%	9.83%	9.84%

\*Governmental Accounting Standards Board Statement No. 68 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for Village is not available prior to fiscal year 2015, the year the statement's requirements became effective.

**Notes to Required Supplementary Information**

**Changes of benefit terms.** The PERA and COLA and retirement eligibility benefits changes in recent years are described in Note 1 of PERA's CFAR. <https://www.saonm.org>

**Assumptions:** The Public Employ Retirement Association of New Mexico Annual Actuarial Valuations as of June 2016 report is available at <http://www.nmpera.org/>

## **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, 2017

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Charges for Services	\$ 760,000	\$ 760,000	\$ 754,384	\$ (5,616)
Fees	70,000	70,000	69,926	(74)
Other	0	0	1,236	1,236
Total Revenues	<u>830,000</u>	<u>830,000</u>	<u>825,546</u>	<u>(4,454)</u>
<b>Expenditures</b>				
<b>Public Works</b>				
Personnel Services	189,500	189,500	168,324	21,176
Operating Expenses	289,338	289,338	270,979	18,359
Capital Projects	25,000	25,000	19,662	5,338
Debt Service				
Principal	94,780	94,780	94,789	(9)
Interest	191,430	191,430	191,430	0
Total Expenditures	<u>790,048</u>	<u>790,048</u>	<u>745,184</u>	<u>44,864</u>
Excess (Deficiency) of Revenues Over Expenditures	39,952	39,952	80,362	40,410
Cash Balance Beginning of Year	<u>626,837</u>	<u>626,837</u>	<u>626,837</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 666,789</u>	<u>\$ 666,789</u>	<u>\$ 707,199</u>	<u>\$ 40,410</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 80,362	
Depreciation			(414,120)	
Capital Projects			19,662	
Principal			94,789	
Net Change in Accounts Receivables			(2,815)	
Net Change in Accounts Payable			11,664	
Net Change in Accrued Salaries and Benefits			5,534	
Net Change in Accrued Interest			(1,103)	
Net Change in Compensated Absences			276	
Net Change in Customer Deposits			175	
Change in Net Position			<u>\$ (205,576)</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, 2017

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Charges for Services	\$ 205,000	\$ 205,000	\$ 204,893	\$ (107)
Environmental Gross Receipts Tax	9,000	9,000	8,165	(835)
State Grant	0	10,000	10,000	0
Other	0	4,200	4,200	0
Total Revenues	<u>214,000</u>	<u>228,200</u>	<u>227,258</u>	<u>(942)</u>
<b>Expenditures</b>				
<b>Public Works</b>				
Personnel Services	79,972	79,972	63,076	16,896
Operating Expenses	168,300	168,300	181,961	(13,661)
Capital Outlay	0	16,000	16,261	(261)
Total Expenditures	<u>248,272</u>	<u>264,272</u>	<u>261,298</u>	<u>2,974</u>
Excess (Deficiency) of Revenues Over Expenditures	(34,272)	(36,072)	(34,040)	2,032
Cash Balance Beginning of Year	<u>409,022</u>	<u>409,022</u>	<u>409,022</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 374,750</u>	<u>\$ 372,950</u>	<u>\$ 374,982</u>	<u>\$ 2,032</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (34,040)	
Depreciation			(11,960)	
Capital Outlay			16,261	
Net Change in Taxes Receivables			62	
Net Change in Accounts Receivable			(252)	
Net Change in Accounts Payable			(4,969)	
Net Change in Accrued Salaries and Benefits			248	
Net Change in Compensated Absences			(192)	
Change in Net Position			<u>\$ (34,842)</u>	

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



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, 2017, 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 21, 2017.

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.


#### 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; 2017-001.

#### 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'Aun Willoughby CPA PC

Clovis, New Mexico

November 21, 2017

### Financial Statement Audit Findings

#### Prior Year Audit Findings

2016-001 I-9's

2016-002 Expenditures

#### Status

Resolved

Resolved

#### Current Year Audit Findings

##### 2017-001 Anti-Donation Clause-Other Compliance

###### Condition

There was a check issued to Logan UTE Lake Chamber of Commerce in the amount of \$5,000.00 for to help with the director's salary.

###### Criteria

Article 9, Section 14 of the constitution of New Mexico. The Anti-donation Clause of the New Mexico Constitution forbids, with a few specific and limited exceptions, all state and local government subsidies: shall not directly or indirectly make any donation to or in aid of any person, association, or public or private corporation.

###### Cause

Management was unaware the Village could not donate or provide assistance to the Chamber of Commerce.

###### Effect

The donation is a violation of the anti-donation clause and the funds could have been spent on services for the residence of the Village.

###### Recommendation

The Village should discontinue donating to the Chamber of Commerce.

###### Response

The Village of Logan Council is responsible for approving the expenditure of the assistance to the Logan Chamber of Commerce for the help of the director's salary. The Council was unaware the expenditure is a violation of the anti-donation clause, which resulted in an audit finding for Fiscal Year 2016-2017. The intent of the Village Council is to ensure the assistance which was budgeted for Fiscal Year 2017-2018 will not be expended. A Village council meeting is scheduled for December 12, 2017 and a budget adjustment resolution will be an agenda item. The resolution will decrease the expenditure in the General Fund which will discontinue the donation to the Logan Chamber of Commerce.

The Council is responsible for this finding and it will be resolved December 12th.

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 21, 2017. In attendance were Russell Feerer-Mayor, Apolonio Ramirez-Council Member, Trevor Thompson-Village Administrator, Rosalie Rachor-Clerk and De'Aun Willoughby, CPA.