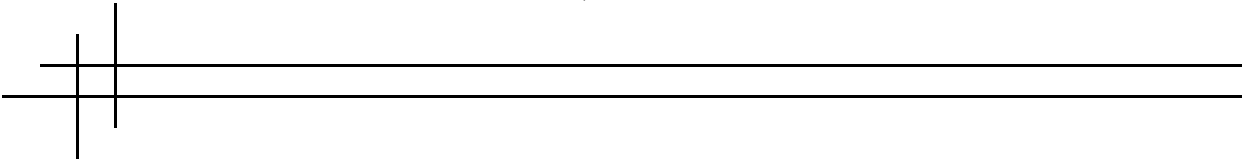


STATE OF NEW MEXICO
VILLAGE OF LOVING

ANNUAL FINANCIAL REPORT
June 30, 2015

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



	<u>Page</u>
Official Roster.....	4
Independent Auditor's Report.....	5-6

FINANCIAL SECTION

Basic Financial Statements

Government Wide Financial Statements	
Statement of Fund Net Position.....	8
Statement of Activities.....	9
Fund Financial Statements	
Government Funds - Balance Sheet.....	10
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	11
Statement of Revenues, Expenditures, and Changes in Fund Balances.....	12
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities.....	13

MAJOR FUND

General Fund

Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Budgetary Basis).....	14-15
--	-------

Proprietary Funds

Statement of Net Position.....	16
Statement of Revenues, Expenses and Changes in Fund Net Position.....	17
Statement of Cash Flows.....	18

Notes to Financial Statements.....	19-34
------------------------------------	-------

SUPPLEMENTARY INFORMATION RELATED TO NON MAJOR FUNDS

Combining Non-Major Governmental Funds	
Combining Balance Sheet - by Fund Type.....	37-39
Combining Statement of Revenues, Expenditures and Changes in Fund Balance and Changes in Fund Balance - by Fund Type.....	40-42

STATE OF NEW MEXICO
VILLAGE OF LOVING
 Table of Contents
 For the Year Ended June 30, 2015

	<u>Page</u>
Fire	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Budgetary Basis).....	43
Emergency Medical Services	
Statement of Revenues, Expenditures, and Changes in Cash Balance- Budget and Actual (Budgetary Basis).....	44
Law Enforcement	
Statement of Revenues, Expenditures, and Changes in Cash Balance- Budget and Actual (Budgetary Basis).....	45
Corrections	
Statement of Revenues, Expenditures, and Changes in Cash Balance- Budget and Actual (Budgetary Basis).....	46
Streets	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Budgetary Basis).....	47
Cemetery	
Statement of Revenues, Expenditures, and Changes in Cash Balance- Budget and Actual (Budgetary Basis).....	48
Juvenile Recreation	
Statement of Revenues, Expenditures, and Changes in Cash Balance- Budget and Actual (Budgetary Basis).....	49
Capital Projects	
Statement of Revenues, Expenditures, and Changes in Cash Balance- Budget and Actual (Budgetary Basis).....	50
REQUIRED SUPPLEMENTAL INFORMATION	
Schedules of Required Supplementary Information for Pension Plan.....	52
Notes to Required Supplementary Information for Pension Plan.....	53
SUPPLEMENTAL INFORMATION RELATED TO MAJOR FUNDS	
ENTERPRISE FUNDS	
Joint Water and Sewer	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Budgetary Basis).....	56
Solid Waste	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Budgetary Basis).....	57
OTHER SUPPLEMENTARY INFORMATION	
Vendor Schedule	59-60
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	61-62
Schedule of Findings and Responses.....	63

STATE OF NEW MEXICO
VILLAGE OF LOVING
Official Roster
June 30, 2015

BOARD OF TRUSTEES

Pete H. Estrada	Mayor
Ricky C. Fuentes	Mayor Pro Tem
George M. Brewer	Councilor
Serapio Parraz Jr.	Councilor
Arturo Munoz	Councilor

ADMINISTRATIVE OFFICIAL

Manuel Garza	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 Loving

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 fund information, and the budgetary comparison for the general fund of the Village of Loving (Village), as of and for the year ended June 30, 2015, and the related notes to the financial statements which collectively comprise the Village's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Village's nonmajor governmental funds, and the budgetary comparisons for all nonmajor funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2015, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the major fund, and the aggregate remaining fund information of the Village as of June 30, 2015, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparison for the general fund 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, 2015, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for all nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2015, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

 CPA PC

Clovis, New Mexico
October 30, 2015

FINANCIAL SECTION

STATE OF NEW MEXICO
VILLAGE OF LOVING
Government-Wide Statement of Net Position
June 30, 2015

	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets			
Cash and Cash Equivalents	\$ 5,771,585	\$ 492,136	\$ 6,263,721
Receivables			
Accounts, net of allowance for uncollectible	0	42,345	42,345
Taxes	33,248	95	33,343
Other	539	0	539
Total Current Assets	<u>5,805,372</u>	<u>534,576</u>	<u>6,339,948</u>
Noncurrent Assets			
Restricted Cash	0	49,427	49,427
Capital Assets	4,961,648	7,917,995	12,879,643
Less: Accumulated Depreciation	<u>(2,327,570)</u>	<u>(2,742,614)</u>	<u>(5,070,184)</u>
Total Noncurrent Assets	<u>2,634,078</u>	<u>5,224,808</u>	<u>7,858,886</u>
Total Assets	<u>8,439,450</u>	<u>5,759,384</u>	<u>14,198,834</u>
Deferred Outflows of Resources			
Deferred Outflows Related to Pensions	<u>58,704</u>	<u>0</u>	<u>58,704</u>
Total Deferred Outflows of Resources	<u>58,704</u>	<u>0</u>	<u>58,704</u>
Liabilities			
Current Liabilities			
Accounts Payable	23,430	11,717	35,147
Accrued Salaries & Benefits	13,677	4,141	17,818
Compensated Absences	53,646	8,394	62,040
Current Portion of Long-Term Debt	<u>0</u>	<u>3,304</u>	<u>3,304</u>
Total Current Liabilities	<u>90,753</u>	<u>27,556</u>	<u>118,309</u>
Noncurrent Liabilities			
Customer Deposits	0	40,300	40,300
Bonds and Notes	0	56,156	56,156
Pension Liability	535,985	0	535,985
Total Noncurrent Liabilities	<u>535,985</u>	<u>96,456</u>	<u>632,441</u>
Total Liabilities	<u>626,738</u>	<u>124,012</u>	<u>750,750</u>
Deferred Inflows of Resources			
Deferred Inflows Related to Pensions	<u>225,096</u>	<u>0</u>	<u>225,096</u>
Total Deferred Inflows of Resources	<u>225,096</u>	<u>0</u>	<u>225,096</u>
Net Position			
Net Investment in Net Capital Assets	2,634,078	5,175,381	7,809,459
Restricted	146,655	0	146,655
Unrestricted	<u>4,865,587</u>	<u>459,991</u>	<u>5,325,578</u>
Total Net Position	<u>\$ 7,646,320</u>	<u>\$ 5,635,372</u>	<u>\$ 13,281,692</u>

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

STATE OF NEW MEXICO
VILLAGE OF LOVING
Government-Wide Statement of Activities
For the Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General Government	\$ 397,201	\$ 16,114	\$ 258,831	\$ 0	\$ (122,256)	\$ 0	\$ (122,256)
Public Safety	671,245	124,519	104,087	0	(442,639)	0	(442,639)
Public Works	285,984	0	0	0	(285,984)	0	(285,984)
Culture & Recreation	91,799	0	0	0	(91,799)	0	(91,799)
Total Governmental Activities	1,446,229	140,633	362,918	0	(942,678)	0	(942,678)
Business-type Activities							
Water & Sewer	497,326	392,084	0	839,208	0	733,966	733,966
Waste Disposal	104,338	90,625	0	150,000	0	136,287	136,287
Total Business-type Activities	\$ 601,664	\$ 482,709	\$ 0	\$ 989,208	0	870,253	870,253
General Revenues							
Taxes							
Property					13,801	0	13,801
Franchise					32,433	0	32,433
Gross Receipts					2,739,096	67,288	2,806,384
Gasoline					71,556	0	71,556
Other Taxes					24,335	0	24,335
Miscellaneous					17,370	0	17,370
Total General Revenues					2,898,591	67,288	2,965,879
Change in Net Position					1,955,913	937,541	2,893,454
Net Position- Beginning					6,403,099	4,697,831	11,100,930
Restatement					(712,692)	0	(712,692)
Restated Beginning Net Position					5,690,407	4,697,831	10,388,238
Net Position - Ending					\$ 7,646,320	\$ 5,635,372	\$ 13,281,692

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

STATE OF NEW MEXICO
VILLAGE OF LOVING
GOVERNMENTAL FUNDS
Balance Sheet
June 30, 2015

	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Cash and Cash Equivalents	\$ 5,628,344	\$ 143,241	\$ 5,771,585
Receivables			
Taxes	27,413	5,835	33,248
Other	0	539	539
Total Assets	<u>\$ 5,655,757</u>	<u>\$ 149,615</u>	<u>\$ 5,805,372</u>
Liabilities and Fund Balance			
Liabilities			
Current Liabilities			
Accounts Payable	\$ 20,470	\$ 2,960	\$ 23,430
Accrued Salaries & Benefits	13,677	0	13,677
Total Liabilities	<u>34,147</u>	<u>2,960</u>	<u>37,107</u>
Fund Balances			
Restricted for:			
Special Revenue Fund	0	146,655	146,655
Capital Projects	0	0	0
Unassigned	5,621,610	0	5,621,610
Total Fund Balances	<u>5,621,610</u>	<u>146,655</u>	<u>5,768,265</u>
Total Liabilities and Fund Balances	<u>\$ 5,655,757</u>	<u>\$ 149,615</u>	<u>\$ 5,805,372</u>

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

STATE OF NEW MEXICO
VILLAGE OF LOVING
 Reconciliation of the Governmental Funds
 Balance Sheet to the Statement of Net Position
 June 30, 2015

Total Fund Balance - Governmental Funds \$ 5,768,265

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	\$ 4,961,648	
Accumulated Depreciation	<u>(2,327,570)</u>	2,634,078

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	58,704	
Deferred Inflows Related to Pensions	<u>(225,096)</u>	(166,392)

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

Pension Liability	(535,985)	
Compensated Absences	<u>(53,646)</u>	<u>(589,631)</u>

Total Net Position - Governmental Activities	\$	<u><u>7,646,320</u></u>
--	----	-------------------------

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

STATE OF NEW MEXICO
VILLAGE OF LOVING
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures and Changes
in Fund Balances
For the Year Ended June 30, 2015

	General Fund	Non-Major Governmental Funds	Total
Revenues			
Taxes			
Property	\$ 13,801	\$ 0	\$ 13,801
Franchise	32,433	0	32,433
Gross Receipts	2,739,096	0	2,739,096
Gasoline	0	71,556	71,556
Motor Vehicle	24,335	0	24,335
Charge for Service	11,274	2,860	14,134
Fees & Fines	103,690	20,829	124,519
License & Permits	1,980	0	1,980
State Grants	258,831	104,087	362,918
Miscellaneous	12,978	4,392	17,370
Total Revenues	<u>3,198,418</u>	<u>203,724</u>	<u>3,402,142</u>
Expenditures			
Current			
General	391,674	0	391,674
Public Safety	579,784	37,240	617,024
Public Works	207,502	35,987	243,489
Cultural & Recreation	37,482	4,099	41,581
Capital Outlay	24,040	314,906	338,946
Total Expenditures	<u>1,240,482</u>	<u>392,232</u>	<u>1,632,714</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,957,936</u>	<u>(188,508)</u>	<u>1,769,428</u>
Other Financing Sources (Uses)			
Transfers	(249,987)	249,987	0
Total Other Financing Sources (Uses)	<u>(249,987)</u>	<u>249,987</u>	<u>0</u>
Net Change in Fund Balance	1,707,949	61,479	1,769,428
Fund Balances at Beginning of Year	<u>3,913,661</u>	<u>85,176</u>	<u>3,998,837</u>
Fund Balance End of Year	<u>\$ 5,621,610</u>	<u>\$ 146,655</u>	<u>5,768,265</u>

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

STATE OF NEW MEXICO

VILLAGE OF LOVING

Reconciliation of the Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balance
to the Statement of Activities

June 30, 2015

Net Change in Fund Balance \$ 1,769,428

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	\$ (172,699)	
Capital Outlays	<u>338,946</u>	166,247

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	58,704	
Pension Expense	<u>(28,613)</u>	30,091

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, 2014	43,793	
Compensated Absences, June 30, 2015	<u>(53,646)</u>	<u>(9,853)</u>

Changes in Net Position of Governmental Activities \$ 1,955,913

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

STATE OF NEW MEXICO
VILLAGE OF LOVING
GENERAL FUND

Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Property Taxes	\$ 13,431	\$ 13,431	\$ 13,492	\$ 61
Franchise Taxes	25,775	25,775	29,583	3,808
Gross Receipt Tax	1,868,430	1,916,934	2,915,410	998,476
Other Taxes	10,700	24,335	24,335	0
Charge for Services	5,400	5,400	11,274	5,874
Fees & Fines	38,350	49,077	103,690	54,613
License & Permits	1,600	1,600	1,980	380
Grants	224,908	256,849	258,831	1,982
Miscellaneous	37,313	37,313	12,978	(24,335)
Total Revenues	<u>2,225,907</u>	<u>2,330,714</u>	<u>3,371,573</u>	<u>1,040,859</u>
Expenditures				
Executive				
Operating Expenses	<u>83,460</u>	<u>83,460</u>	<u>70,141</u>	<u>13,319</u>
Total Executive	<u>83,460</u>	<u>83,460</u>	<u>70,141</u>	<u>13,319</u>
Judicial				
Operating Expenses	75,642	90,568	93,578	(3,010)
Capital Outlay	<u>0</u>	<u>0</u>	<u>16,199</u>	<u>(16,199)</u>
Total Judicial	<u>75,642</u>	<u>90,568</u>	<u>109,777</u>	<u>(19,209)</u>
Election				
Operating Expenses	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Election	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Financial and Administration				
Operating Expenses	<u>226,477</u>	<u>228,277</u>	<u>216,949</u>	<u>11,328</u>
Total Financial and Administration	<u>226,477</u>	<u>228,277</u>	<u>216,949</u>	<u>11,328</u>
Public Safety				
Operating Expenses	575,011	681,101	578,139	102,962
Capital Outlay	<u>0</u>	<u>0</u>	<u>7,841</u>	<u>(7,841)</u>
Total Public Safety	<u>575,011</u>	<u>681,101</u>	<u>585,980</u>	<u>95,121</u>
Public Works				
Operating Expenses	<u>466,627</u>	<u>485,463</u>	<u>202,711</u>	<u>282,752</u>
Total Public Works	<u>\$ 466,627</u>	<u>\$ 485,463</u>	<u>\$ 202,711</u>	<u>\$ 282,752</u>

STATE OF NEW MEXICO
VILLAGE OF LOVING
GENERAL FUND

Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Parks				
Operating Expenses	\$ 174,140	\$ 174,140	\$ 37,446	\$ 136,694
Total Parks	<u>174,140</u>	<u>174,140</u>	<u>37,446</u>	<u>136,694</u>
 Total Expenditures	 <u>1,601,357</u>	 <u>1,743,009</u>	 <u>1,223,004</u>	 <u>520,005</u>
 Excess (Deficiency) of Revenues Over Expenditures	 <u>624,550</u>	 <u>587,705</u>	 <u>2,148,569</u>	 <u>1,560,864</u>
 Other Financing Sources (Uses)				
Transfer Out to Streets	0	0	(72,866)	72,866
Transfer Out to Capital Projects	<u>175,700</u>	<u>177,121</u>	<u>(177,121)</u>	<u>354,242</u>
Total Other Sources (Uses)	<u>175,700</u>	<u>177,121</u>	<u>(249,987)</u>	<u>427,108</u>
 Net Change in Cash Balance	 800,250	 764,826	 1,898,582	 1,987,972
 Cash Balance Beginning of Year	 <u>3,729,762</u>	 <u>3,729,762</u>	 <u>3,729,762</u>	 <u>0</u>
 Cash Balance End of Year	 <u>\$ 4,530,012</u>	 <u>\$ 4,494,588</u>	 <u>\$ 5,628,344</u>	 <u>\$ 1,987,972</u>
 Reconciliation of Budgetary Basis to GAAP Basis				
Net Change in Cash Balance			\$ 1,898,582	
Net Change in Accounts Receivable			(173,155)	
Net Change in Accounts Payable			(15,517)	
Net Change in Accrued Salaries			(1,961)	
Net Change in Fund Balance			<u>\$ 1,707,949</u>	

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

STATE OF NEW MEXICO
VILLAGE OF LOVING
 PROPRIETARY FUND
 Statement of Net Position
 June 30, 2015

	Joint Water and Sewer	Waste Disposal	Total
Assets			
Current Assets			
Cash and Cash Equivalents	\$ 364,275	\$ 127,861	\$ 492,136
Receivables (net of allowance for uncollectible accounts)			
Accounts	35,010	7,335	42,345
Taxes	0	95	95
Total Current Assets	<u>399,285</u>	<u>135,291</u>	<u>534,576</u>
Noncurrent Assets			
Restricted Cash	49,427	0	49,427
Capital Assets	7,636,246	281,749	7,917,995
Less: Accumulated Depreciation	<u>(2,653,267)</u>	<u>(89,347)</u>	<u>(2,742,614)</u>
Total Noncurrent Assets	<u>5,032,406</u>	<u>192,402</u>	<u>5,224,808</u>
Total Assets	<u>5,431,691</u>	<u>327,693</u>	<u>5,759,384</u>
Liabilities			
Current Liabilities			
Accounts Payable	8,509	3,208	11,717
Accrued Salaries & Benefits	3,056	1,085	4,141
Compensated Absences	7,440	954	8,394
Current Amount Due of Long Term Debt	<u>3,304</u>	<u>0</u>	<u>3,304</u>
Total Current Liabilities	<u>22,309</u>	<u>5,247</u>	<u>27,556</u>
Noncurrent Liabilities			
Customer Deposits	40,300	0	40,300
Loans Payable	<u>56,156</u>	<u>0</u>	<u>56,156</u>
Total Noncurrent Liabilities	<u>96,456</u>	<u>0</u>	<u>96,456</u>
Total Liabilities	<u>118,765</u>	<u>5,247</u>	<u>124,012</u>
Net Position			
Invested in Capital Assets	4,982,979	192,402	5,175,381
Unrestricted	<u>329,947</u>	<u>130,044</u>	<u>459,991</u>
Total Net Position	<u>\$ 5,312,926</u>	<u>\$ 322,446</u>	<u>\$ 5,635,372</u>

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

STATE OF NEW MEXICO
VILLAGE OF LOVING
 PROPRIETARY FUND
 Statement of Revenue, Expenses and Changes in Net Position
 For the Year Ended June 30, 2015

	Joint Water and Sewer	Waste Disposal	Total
Operating Revenues			
Sales & Service	\$ 392,084	\$ 90,625	\$ 482,709
Total Operating Revenues	<u>392,084</u>	<u>90,625</u>	<u>482,709</u>
Operating Expenses			
Operating Costs	332,247	87,845	420,092
Depreciation	<u>165,079</u>	<u>16,493</u>	<u>181,572</u>
Total Operating Expenses	<u>497,326</u>	<u>104,338</u>	<u>601,664</u>
Operating Income (Loss)	<u>(105,242)</u>	<u>(13,713)</u>	<u>(118,955)</u>
Nonoperating Revenue (Expenses)			
Environmental Tax	0	67,288	67,288
State Grants	470,912	150,000	620,912
Federal Grants	<u>368,296</u>	<u>0</u>	<u>368,296</u>
Total Nonoperating Revenue (Expense)	<u>839,208</u>	<u>217,288</u>	<u>1,056,496</u>
Change in Net Position	733,966	203,575	937,541
Total Net Position - Beginning	<u>4,578,960</u>	<u>118,871</u>	<u>4,697,831</u>
Total Net Position - Ending	<u>\$ 5,312,926</u>	<u>\$ 322,446</u>	<u>\$ 5,635,372</u>

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

STATE OF NEW MEXICO
VILLAGE OF LOVING
 PROPRIETARY FUND
 Combined Statement of Cash Flows
 For the Year Ended June 30, 2015

	Joint Water and Sewer	Waste Disposal	Total
Cash Flows from Operating Activities			
Cash Received From Customers	\$ 461,154	\$ 91,252	\$ 552,406
Cash Paid to Suppliers and Employees	(396,518)	(93,471)	(489,989)
Net Cash Provided by Operating Activities	<u>64,636</u>	<u>(2,219)</u>	<u>62,417</u>
Cash Flows from Noncapital Financing Activities			
Environmental Gross Receipts Taxes	<u>0</u>	<u>67,288</u>	<u>67,288</u>
Net Cash Provided by Noncapital Financing Activities	<u>0</u>	<u>67,288</u>	<u>67,288</u>
Cash Flows from Capital & Related Financing Activities			
Acquisition and Construction of Capital Assets	(944,716)	(167,395)	(1,112,111)
Capital Grants	839,208	150,000	989,208
Loan Proceeds	62,764	0	62,764
Principal Paid	(3,304)	0	(3,304)
Net Cash Provided by Capital & Related Financing Activities	<u>(46,048)</u>	<u>(17,395)</u>	<u>(63,443)</u>
Net Increase (Decrease) in Cash	18,588	47,674	66,262
Cash Beginning Balance	<u>395,114</u>	<u>80,187</u>	<u>475,301</u>
Cash Ending Balance	<u>\$ 413,702</u>	<u>\$ 127,861</u>	<u>\$ 541,563</u>
Cash in the Bank	\$ 364,275	\$ 127,861	\$ 492,136
Restricted Cash in the Bank	49,427	0	49,427
Total Cash	<u>\$ 413,702</u>	<u>\$ 127,861</u>	<u>\$ 541,563</u>
Reconciliation of Net Income to Net Cash Provided by Operating Activities			
Operating Income (Loss)	\$ (105,242)	\$ (13,713)	\$ (118,955)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities			
Depreciation	165,079	16,493	181,572
Change in Assets and Liabilities			
(Increase) Decrease in Taxes Receivable	0	933	933
(Increase) Decrease in Accounts Receivable	5,834	(224)	5,610
Increase (Decrease) in Accounts Payable	373	(6,495)	(6,122)
Increase (Decrease) in Accrued Salaries	300	(64)	236
Increase (Decrease) in Compensated Absences	(2,180)	851	(1,329)
Increase (Decrease) in Customer Deposits	472	0	472
Net Cash Provided by Operating Activities	<u>\$ 64,636</u>	<u>\$ (2,219)</u>	<u>\$ 62,417</u>

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

Summary of Significant Accounting Policies

The financial statements of the Village of Loving (Village) , has been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the 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 & Basis of Accounting

Government-Wide Financial Statements (GWFS)

The government-wide financial statements (the Statement of Net Position and the Statement of Activities) 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 Liabilities at the fund financial statement level. The Village has no Fiduciary Funds. 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 including Small Cities Assistance, Fire Protection, EMS and LEPF and contributions that are restricted to meeting the operational requirements of a particular program and 3) capital grants or contributions restricted to meeting capital requirements of a particular program. Taxes and other items not properly included amount program revenues are reported instead as general revenues. Indirect expenses are prorated based on direct expenses.

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.

Proprietary Fund Financial Statements

Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows for each major proprietary fund and non-major funds aggregated.

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

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.

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 Fund - 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.

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:

Joint Water and Sewer Fund and the Waste Disposal Fund- The funds are used to account for the provision of water, sewer and garbage services 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.

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 including charges for use of the copier and fax, rental of the community building and fees and fines collected for public safety violations.

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.

Under the terms of grant agreement, the Village funds certain programs by a combination of specific cost reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to financial the program. It is the Village's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

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.

The specific revenue recognition policy for property taxes are recognized when levied, derived tax revenue (such as gross receipts tax) are recognized when the underlying transaction takes place, and grants are recognized when all of the eligibility requirements have been met.

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.

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.

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	10-50 Years
Equipment	5-25 Years
Water System	10-50 Years

Short -Term Debt

Short-term debt results from borrowings characterized by anticipation notes, use of lines of credit, and similar loans. The Village did not have activity in short-term debt.

Capital Leases

Capital leases are recorded at the inception of the leases as expenditures and other financing sources in governmental fund financial statement at the present value of the future minimum lease payments, using the stated or implicit interest rate in the leases. Lease payments are recorded as expenditures on the due date. Capital leases are recorded as a liability in the government-wide financial statement at the time of inception and the corresponding asset is recorded in the capital asset section on the balance sheet. There are no outstanding Capital Leases.

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 District 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 District 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

Village employees are entitled to certain compensated absences based on their employment classification and length of employment. Earned vacation, up to the amount the employee accrued each year, is allowed to be carried over from calendar year to the next. Upon termination, employees shall receive payment for unused accrued vacation. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds for the amounts that will be used or have matured, for example, as a result of employee resignations and retirements.

Net Position

Net position represents 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 position is reported as restricted when there are limitations imposed by creditors, grantors or laws or regulations of other governments.

Restricted Net Position

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

STATE OF NEW MEXICO
VILLAGE OF LOVING
Notes to the Financial Statements
June 30, 2015

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.

A. 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 6/30/15	Reconciled Balance	<u>Type</u>
General Fund	\$ 5,587,057	\$ 5,580,369	Checking Non-Interest
Joint Water	367,197	364,504	Checking Non-Interest
Solid Waste Disposal	128,637	127,861	Checking Non-Interest
Loving Water Deposit	40,244	39,741	Checking Non-Interest
Fire Fund	2,928	2,031	Checking Non-Interest
Cemetery Fund	24,742	24,742	Checking Non-Interest
CD#311157 General	4,452	4,452	Savings-Interest
CD#2020163 Police	160,300	160,300	Savings-Interest
Water Loan Reserve	9,148	9,148	Savings-Interest
TOTAL Deposited	<u>6,324,705</u>	<u>\$ 6,313,148</u>	
Less: FDIC Coverage	<u>(423,900)</u>		
Uninsured Amount	5,900,805		
50% collateral requirement	2,950,403		
Pledged securities	<u>3,309,856</u>		
Over (Under) requirement	<u>\$ 359,453</u>		

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

The following securities are pledged by Western Commerce Bank:

<u>Description</u>	<u>CUSIP #</u>	<u>Market Value</u>	<u>Maturity Date</u>	<u>Location</u>
FHLMC POOL	31346ABW4	\$ 9,314	05/01/2018	FHLB, Dallas TX
GNMA #8279	36202KFU4	5,748	09/20/2023	FHLB, Dallas TX
FNMA POOL	31362JUN3	3,041	06/01/2028	FHLB, Dallas TX
FHLMC POOL	31349SHT3	73,724	01/01/2034	FHLB, Dallas TX
GNMA #8919	36202K4C6	46,131	02/20/2022	FHLB, Dallas TX
FHLMC #420109	31346ADN2	12,392	02/01/2019	FHLB, Dallas TX
FHLMC #420191	31346AF83	10,317	06/01/2021	FHLB, Dallas TX
FHLMC #390041	31346VBJ7	12,799	40/1/2018	FHLB, Dallas TX
FHLMC #390296	31346VKH1	8,597	11/01/2021	FHLB, Dallas TX
FNMA #131258	31365LWT0	2,837	03/01/2021	FHLB, Dallas TX
FNMA #738717	31402UVJ8	151,835	08/01/2033	FHLB, Dallas TX
FNMA #254587	31371KXQ9	\$ 94,348	12/01/2022	FHLB, Dallas TX

STATE OF NEW MEXICO
VILLAGE OF LOVING
Notes to the Financial Statements
June 30, 2015

FNMA #918314	31411YGX5	\$	201,868	04/01/2037	FHLB, Dallas TX
FNMA #MA0299	31417YKM8		185,945	01/01/2030	FHLB, Dallas TX
FNMA #879518	31409VDX8		148,641	03/01/2036	FHLB, Dallas TX
FNMA #745525	31403DHA0		165,763	05/01/2021	FHLB, Dallas TX
FNMA #690595	31400LGC2		384,047	10/01/2033	FHLB, Dallas TX
FHLMC #E01425	31294KSN6		91,401	08/01/2018	FHLB, Dallas TX
GNMA #008996	36202K7H2		67,736	06/20/2022	FHLB, Dallas TX
GNMA #0808946	36225DBQ6		130,094	06/20/2034	FHLB, Dallas TX
SBAP Series 2011	83162CUL5		389,525	12/01/2031	FHLB, Dallas TX
SBAP Series 2004	83162CPD9		218,550	11/12024	FHLB, Dallas TX
FNMA #AL2284	3138EJRE0		895,202.05	09/01/2027	FHLB, Dallas TX
		\$	<u>3,309,856</u>		

Custodial Credit Risk-Deposits

<u>Depository Account</u>	Bank Balance
Insured	\$ 423,900
Collateralized:	
Collateral held by the pledging bank in Village's name	3,309,856
Uninsured and uncollateralized	2,590,949
Total Deposits	<u>\$ 6,324,705</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, 2015 \$2,590,949 of the Village's bank balance of \$6,324,705, was exposed to custodial credit risk.

The restricted cash is the water deposits and is held for refunds as needed.

B. Receivables

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

	General	Non-Major	Utilities
Property Tax	\$ 569	\$ 0	\$ 0
Franchise Tax	3,285	0	0
Gross Receipts Taxes	23,559	0	0
Gasoline Taxes	0	5,835	0
Other	0	539	0
Accounts Receivable	0	0	42,345
Environmental Gross Receipts	0	0	95
	<u>\$ 27,413</u>	<u>\$ 6,374</u>	<u>\$ 42,440</u>

C. Interfund Receivables, Payables and Transfers

Transfers were made from the General Fund of \$249,987 to the non-major funds for capital projects.

STATE OF NEW MEXICO
VILLAGE OF LOVING
Notes to the Financial Statements
June 30, 2015

D. Capital Assets

Capital Assets Balances and Activity for the Year Ended June 30, 2015, is as follows:

	Balance 6/30/14	Increases	Decreases	Balance 6/30/15
Governmental Activities				
Capital Assets, not being Depreciated				
Land	\$ 18,720	\$ 0	\$ 0	\$ 18,720
Total Capital Assets, not being Depreciated	18,720	0	0	18,720
Capital Assets, being Depreciated				
Buildings & Improvements	3,539,659	262,966	0	3,802,625
Equipment	1,064,323	75,980	0	1,140,303
Total Capital Assets, being Depreciated	4,603,982	338,946	0	4,942,928
Total Capital Assets	4,622,702	338,946	0	4,961,648
Less Accumulated Depreciation				
Building & Improvements	1,484,396	101,274	0	1,585,670
Equipment	670,475	71,425	0	741,900
Total Accumulated Depreciation	2,154,871	172,699	0	2,327,570
Capital Assets, net	\$ 2,467,831	\$ 166,247	\$ 0	\$ 2,634,078

Depreciation expense was charged to governmental activities as follows:

General	\$ 9,560
Public Safety	69,287
Public Works	43,634
Culture & Recreation	50,218
Total depreciation expenses	\$ 172,699

	Balance 6/30/14	Increases	Decreases	Balance 6/30/15
Business-Type Activities				
Water & Sewer				
Capital Assets not being Depreciated				
Land	\$ 9,992	\$ 0	\$ 0	\$ 9,992
Total Capital Assets not being Depreciated	9,992	0	0	9,992
Other Capital Assets				
Buildings	24,737	0	0	24,737
Water System	6,440,021	944,716	0	7,384,737
Equipment	216,780	0	0	216,780
Total Capital Assets at Historical Cost	6,681,538	944,716	0	7,636,246
Less Accumulated Depreciation				
Buildings	24,052	0	0	24,052
Water System	2,340,122	163,957	0	2,504,079
Equipment	124,013	1,123	0	125,136
Total Accumulated Depreciation	2,488,187	165,080	0	2,653,267
Capital Assets, net	\$ 4,193,351	\$ 779,636	\$ 0	\$ 4,982,979

STATE OF NEW MEXICO
VILLAGE OF LOVING
Notes to the Financial Statements
June 30, 2015

Solid Waste

Other Capital Assets

Equipment	\$ 114,354	\$ 167,395	\$ 0	\$ 281,749
Assets at Historical Cost	<u>114,354</u>	<u>167,395</u>	<u>0</u>	<u>281,749</u>

Less Accumulated Depreciation

Equipment	72,854	16,493	0	89,347
Total Accumulated Depreciation	<u>72,854</u>	<u>16,493</u>	<u>0</u>	<u>89,347</u>

Capital Assets, net	\$ <u>41,500</u>	\$ <u>150,902</u>	\$ <u>0</u>	\$ <u>192,402</u>
---------------------	------------------	-------------------	-------------	-------------------

E. Long-Term Liabilities and Other Liabilities

A summary of activity in the Long-Term Debt as of June 30, 2015 is as follows:

	Balance 6/30/14	Additions	Reductions	Balance 6/30/15	Amounts Due Within One Year
Governmental Activities					
Notes Payable	\$ 19,781	\$ 0	\$ 2,461	\$ 17,320	\$ 2,461
Other Compensated Absences	\$ 43,793	\$ 15,589	\$ 5,736	\$ 53,646	\$ 53,646

The compensated absences will be liquidated by the General Fund.

Business-type Activities:

NMFA-Colonias	\$ 0	\$ 62,764	\$ 3,304	\$ 59,460	\$ 3,304
Other Compensated Absences	\$ 9,723	\$ 5,640	\$ 6,969	\$ 8,394	\$ 8,394

The compensated absences will be liquidated by the Joint Water & Sewer Fund.

Notes Payable

The Village entered into a loan agreement with New Mexico Finance Authority for the construction of a village hall. The original amount of the loan was \$48,000 with annual installments due annually on October 1. Interest rate is 0% with an administrative fee of .025%. The General Fund makes payments.

The annual requirements to amortize the Loan as of June 30, 2015 are as follows:

	Principal	Interest	Total
2016	\$ 2,461	0	\$ 2,461
2017	2,461	0	2,461
2018	2,461	0	2,461
2019	2,461	0	2,461
2020	2,461	0	2,461
2021-2022	5,015	0	5,015
	\$ <u>17,320</u>	\$ <u>0</u>	\$ <u>17,320</u>

The Business-type activities annual requirements are:

The Village entered into a loan agreement with New Mexico Finance Authority for improvement of the water system. The original amount of the loan was \$62,764 with annual installments due annually on May 1. Interest rate is 0% with no administrative fees. The Utility Fund makes payments.

STATE OF NEW MEXICO
VILLAGE OF LOVING
Notes to the Financial Statements
June 30, 2015

The annual requirements to amortize the Loan as of June 30, 2015 are as follows:

	Principal	Interest	Total
2016	\$ 3,304	0 \$	3,304
2017	3,304	0	3,304
2018	3,304	0	3,304
2019	3,304	0	3,304
2020	3,304	0	3,304
2021-2025	16,520	0	16,520
2026-2030	16,520	0	16,520
2031-2033	9,900	0	9,900
	<u>\$ 59,460</u>	<u>\$</u>	<u>\$ 59,460</u>

F. Commitments

The Village has various construction commitments for repairs and improvement of facilities on June 30, 2015.

G. Retirement Plan

Summary of Significant Accounting Policies

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

General Information about the Pension Plan

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

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

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

Contributions. The contribution requirements of defined benefit plan members and the Village are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY14 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 29 through 31 of the PERA FY14 annual audit report at http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_2014.pdf. The PERA coverage options that apply to Village are Municipal Plan 2 and Police 5. Statutorily required contributions to the pension plan from the Village were \$54,704 for the year ended June 30, 2015.

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

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

For PERA Fund Division Municipal Plan 2 (Plan) at June 30, 2015, the Village reported a liability of \$290,177 and for Police 5 (Police) \$245,808 for a total of \$535,985 for its proportionate share of the net pension liability. At June 30, 2014, the Village's proportion for the Plan was 0.0372% and for Police 0.0754% for a total of 0.11260%, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference.

For the year ended June 30, 2015, the Village recognized Plan pension expense of \$12,107 and Police pension expense of \$16,506 for a total of \$28,613. At June 30, 2015, the Village reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

STATE OF NEW MEXICO
VILLAGE OF LOVING
Notes to the Financial Statements
June 30, 2015

	Plan Deferred Outflows of Resources	Police Deferred Outflows of Resources	Total Deferred Outflows of Resources
Differences between expected and actual experience	\$ 0	\$ 0	\$ 0
Changes of assumptions	0	0	0
Net difference between projected and actual earnings on pension plan investments	0	0	0
Changes in proportion and differences between the Village's contributions and proportionate share of	0	0	0
Village's contributions subsequent to the measurement date	<u>24,839</u>	<u>33,865</u>	<u>58,704</u>
Total	<u>\$ 24,839</u>	<u>\$ 33,865</u>	<u>\$ 58,704</u>
	Deferred Inflows of Resources	Deferred Inflows of Resources	Total Deferred Inflows of Resources
Differences between expected and actual experience	\$ 0	\$ 0	\$ 0
Changes of assumptions	(197)	(19,967)	(20,164)
Net difference between projected and actual earnings on pension plan investments	(113,534)	(91,398)	(204,932)
Changes in proportion and differences between the Village's contributions and proportionate share of	0	0	0
Village's contributions subsequent to the measurement date	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$ (113,731)</u>	<u>\$ (111,365)</u>	<u>\$ (225,096)</u>

The Plan's \$24,839 and Police's \$33,865 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:			
2016	\$ (28,432)	\$ (27,816)	\$ (56,248)
2017	(28,432)	(27,816)	(56,248)
2018	(28,432)	(27,816)	(56,248)
2019	(28,432)	(27,816)	(56,248)
2020	(3)	(101)	(104)
Total	<u>\$ (113,731)</u>	<u>\$ (111,365)</u>	<u>\$ (225,096)</u>

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

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

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

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

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

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
The Village's proportionate share of the net pension liability for the Plan	\$ 547,092	\$ 290,177	\$ 91,738
	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
The Village's proportionate share of the net pension liability for Police	\$ 468,733	\$ 245,808	\$ 79,332

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

H. Retiree Health Care

The Village of Loving does not participate in the State of New Mexico Retiree Health Care plan.

I. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the District expects such amount, if any, to be immaterial.

K. Risk Management

The Village is exposed to risks of loss through areas of general liability, workers compensation, and natural disaster. To minimize the risk of financial loss the Village participates in the New Mexico Self Insurers Fund (a risk pool of governmental agencies within the State of New Mexico). The New Mexico Self Insurers Fund is a common carrier of insurance. The assumption of risk lies with the New Mexico Self Insurers Fund upon the payment of premiums by the Village of the Fund. Premiums are reevaluated annually the Fund and the Village's risk is limited to premiums paid and respective deductibles.

A surety Bond as required by Section 12-6-7 NMSA 1978 Compilation and the New Mexico State Auditor Rule NMAC 2.2.2 covers the officials and certain employees of the Village.

L. Joint Powers Agreements

The Village entered into a joint powers agreement with the New Mexico Energy, Minerals and Natural Resources Department, State Forestry Division (EMNRD). EMNRD desires to assist the Municipality to enhance the organization of its wildfire protection activities and the Municipality desires to assist EMNRD to enhance the organization of wildfire protection on non-municipal lands adjacent to the Municipality.

The Village agrees to develop and maintain a cooperative wildfire protection system, including the use of its fire department for the prevention, detection, pre-suppression and suppression of any wildfires, and for the procurement and maintenance of the forest, brush and grassland firefighting equipment. EMNRD will reimburse the Municipality for the use of equipment for fire suppression when a Fire Reimbursement Request Form is completed and sent to EMNRD within 30 days after the fire is extinguished. All payments under this agreement are on a reimbursement basis. The agreement was approved by the New Mexico Department of Finance and Administration on January 1, 1993. The agreement shall remain in effect perpetually unless terminated by either party. The Village reports the receipts and disbursements in the General Fund.

M. Deficit Fund Balance

The Fire Fund had a deficit fund balance of \$(886).

N. Subsequent Events

Subsequent events were evaluated through October 30, 2015 which is the date the financial statements were available to be issued.

O. Restatement

Net Position was restated \$(712,692) for pension liability balance at the end of the prior year.

**SUPPLEMENTAL INFORMATION RELATED TO
NON MAJOR FUNDS**

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

Emergency Medical Services - 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)

Corrections - To account for the collection of fines which are used to supplement the cost of prisoner housing. The fund was created by the authority of state statute. (Section 29-1301 NASA 1978)

Streets - 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 grant provisions. (NMSA 29-13-3)

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

Juvenile 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)

Capital Projects - To account for the construction of the utility system. Funding is provided by grants and local match from the General Fund.

STATE OF NEW MEXICO
VILLAGE OF LOVING
NONMAJOR FUNDS
Combining Balance Sheet
June 30, 2015

	Special Revenue		
	Fire	Emergency Medical Service	Law Enforcement
Assets			
Cash and Cash Equivalents	\$ 2,030	\$ 3,436	0
Receivables			
Taxes	0	0	0
Other	0	0	0
Total Assets	<u>\$ 2,030</u>	<u>\$ 3,436</u>	<u>0</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$ 2,916	\$ 0	0
Total Liabilities	<u>2,916</u>	<u>0</u>	<u>0</u>
Fund Balances			
Restricted for:			
Special Revenue	<u>(886)</u>	<u>3,436</u>	<u>0</u>
Total Fund Balance	<u>(886)</u>	<u>3,436</u>	<u>0</u>
Total Liabilities and Fund Balances	<u>\$ 2,030</u>	<u>\$ 3,436</u>	<u>0</u>

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

STATE OF NEW MEXICO
VILLAGE OF LOVING
NONMAJOR FUNDS
Combining Balance Sheet
June 30, 2015

	<u>Special Revenue</u>		
	<u>Corrections</u>	<u>Streets</u>	<u>Cemetery</u>
Assets			
Cash and Cash Equivalents	\$ 32,159	\$ 80,874	\$ 24,742
Receivables			
Taxes	0	5,835	0
Other	0	0	539
Total Assets	<u>\$ 32,159</u>	<u>\$ 86,709</u>	<u>\$ 25,281</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 44
Total Liabilities	<u>0</u>	<u>0</u>	<u>44</u>
Fund Balances			
Restricted for:			
Special Revenue	<u>32,159</u>	<u>86,709</u>	<u>25,237</u>
Total Fund Balance	<u>32,159</u>	<u>86,709</u>	<u>25,237</u>
Total Liabilities and Fund Balances	<u>\$ 32,159</u>	<u>\$ 86,709</u>	<u>\$ 25,281</u>

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

STATE OF NEW MEXICO
VILLAGE OF LOVING
NONMAJOR FUNDS
Combining Balance Sheet
June 30, 2015

	<u>Special Revenue</u>		
	<u>Juvenile Recreation</u>	<u>Capital Projects</u>	<u>Total</u>
Assets			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 143,241
Receivables			
Taxes	0	0	5,835
Other	0	0	539
Total Assets	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 149,615</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,960</u>
Total Liabilities	<u>0</u>	<u>0</u>	<u>2,960</u>
Fund Balances			
Restricted for:			
Special Revenue	<u>0</u>	<u>0</u>	<u>146,655</u>
Total Fund Balance	<u>0</u>	<u>0</u>	<u>146,655</u>
Total Liabilities and Fund Balances	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 149,615</u>

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

STATE OF NEW MEXICO
VILLAGE OF LOVING
NONMAJOR FUNDS
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the Year Ended June 30, 2015

	Special Revenue		
	Fire	Emergency Medical Service	Law Enforcement
Revenues			
Gasoline Taxes	\$ 0	\$ 0	\$ 0
Charge for Services	0	0	0
Fees & Fines	0	0	0
State Grants	73,982	7,705	22,400
Miscellaneous	0	0	0
Total Revenues	<u>73,982</u>	<u>7,705</u>	<u>22,400</u>
Expenditures			
Current			
Public Safety	7,997	6,843	22,400
Public Works	0	0	0
Culture & Recreation	0	0	0
Capital Outlay	51,941	0	0
Total Expenditures	<u>59,938</u>	<u>6,843</u>	<u>22,400</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>14,044</u>	<u>862</u>	<u>0</u>
Other Financing Sources (Uses)			
Transfers	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	14,044	862	0
Fund Balances at Beginning of Year	<u>(14,930)</u>	<u>2,574</u>	<u>0</u>
Fund Balance End of Year	<u>\$ (886)</u>	<u>\$ 3,436</u>	<u>\$ 0</u>

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

STATE OF NEW MEXICO
VILLAGE OF LOVING
NONMAJOR FUNDS
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the Year Ended June 30, 2015

	Special Revenue		
	Corrections	Streets	Cemetery
Revenues			
Gasoline Taxes	\$ 0	\$ 71,556	\$ 0
Charge for Services	0	0	2,860
Fees & Fines	20,829	0	0
State Grants	0	0	0
Miscellaneous	0	0	4,392
Total Revenues	<u>20,829</u>	<u>71,556</u>	<u>7,252</u>
Expenditures			
Current			
Public Safety	0	0	0
Public Works	0	35,987	0
Culture & Recreation	0	0	3,549
Capital Outlay	0	85,844	0
Total Expenditures	<u>0</u>	<u>121,831</u>	<u>3,549</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>20,829</u>	<u>(50,275)</u>	<u>3,703</u>
Other Financing Sources (Uses)			
Transfers	0	72,866	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>72,866</u>	<u>0</u>
Net Change in Fund Balance	20,829	22,591	3,703
Fund Balances at Beginning of Year	<u>11,330</u>	<u>64,118</u>	<u>21,534</u>
Fund Balance End of Year	<u>\$ 32,159</u>	<u>\$ 86,709</u>	<u>\$ 25,237</u>

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

STATE OF NEW MEXICO
VILLAGE OF LOVING
NONMAJOR FUNDS
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the Year Ended June 30, 2015

	<u>Special Revenue</u>		
	<u>Juvenile Recreation</u>	<u>Capital Projects</u>	<u>Total</u>
Revenues			
Gasoline Taxes	\$ 0	\$ 0	\$ 71,556
Charge for Services	0	0	2,860
Fees & Fines	0	0	20,829
State Grants	0	0	104,087
Miscellaneous	0	0	4,392
Total Revenues	<u>0</u>	<u>0</u>	<u>203,724</u>
Expenditures			
Current			
Public Safety	0	0	37,240
Public Works	0	0	35,987
Culture & Recreation	550	0	4,099
Capital Outlay	0	177,121	314,906
Total Expenditures	<u>550</u>	<u>177,121</u>	<u>392,232</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(550)</u>	<u>(177,121)</u>	<u>(188,508)</u>
Other Financing Sources (Uses)			
Transfers	0	177,121	249,987
Total Other Financing Sources (Uses)	<u>0</u>	<u>177,121</u>	<u>249,987</u>
Net Change in Fund Balance	(550)	0	61,479
Fund Balances at Beginning of Year	<u>550</u>	<u>0</u>	<u>85,176</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 146,655</u>

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

STATE OF NEW MEXICO
VILLAGE OF LOVING
SPECIAL REVENUE-FIRE
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
State Grant	\$ 73,982	\$ 73,982	\$ 73,982	\$ 0
Total Revenues	<u>73,982</u>	<u>73,982</u>	<u>73,982</u>	<u>0</u>
Expenditures				
Public Safety				
Operating Expenses	73,982	73,982	20,011	53,971
Capital Outlay	<u>0</u>	<u>0</u>	<u>51,941</u>	<u>(51,941)</u>
Total Expenditures	<u>73,982</u>	<u>73,982</u>	<u>71,952</u>	<u>2,030</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	2,030	2,030
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,030</u>	<u>\$ 2,030</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net Change in Fund Balance			\$ 2,030	
Net Change in Accounts Payable			<u>12,014</u>	
Net Change in Fund Balance			<u>\$ 14,044</u>	

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

STATE OF NEW MEXICO
VILLAGE OF LOVING
SPECIAL REVENUE-EMERGENCY MEDICAL SERVICES
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
State Grant	\$ 8,775	\$ 8,775	\$ 7,705	\$ (1,070)
Total Revenues	<u>8,775</u>	<u>8,775</u>	<u>7,705</u>	<u>(1,070)</u>
Expenditures				
Public Safety				
Operating Expenses	11,349	11,349	6,843	4,506
Total Expenditures	<u>11,349</u>	<u>11,349</u>	<u>6,843</u>	<u>4,506</u>
Excess (Deficiency) of Revenues Over Expenditures	(2,574)	(2,574)	862	3,436
Cash Balance Beginning of Year	<u>2,574</u>	<u>2,574</u>	<u>2,574</u>	<u>0</u>
Cash Balance End of Year	\$ <u>0</u>	\$ <u>0</u>	\$ <u>3,436</u>	\$ <u>3,436</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 862	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ 862	

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

STATE OF NEW MEXICO
VILLAGE OF LOVING
SPECIAL REVENUE-LAW ENFORCEMENT
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
State Grant	\$ 22,400	\$ 22,400	\$ 22,400	\$ 0
Total Revenues	<u>22,400</u>	<u>22,400</u>	<u>22,400</u>	<u>0</u>
Expenditures				
Public Safety				
Operating Expenses	22,400	22,400	22,400	0
Total Expenditures	<u>22,400</u>	<u>22,400</u>	<u>22,400</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 0	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

STATE OF NEW MEXICO
VILLAGE OF LOVING
SPECIAL REVENUE-CORRECTIONS
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Fees	\$ 9,600	\$ 9,600	\$ 20,829	\$ 11,229
Total Revenues	<u>9,600</u>	<u>9,600</u>	<u>20,829</u>	<u>11,229</u>
Expenditures				
Public Safety				
Operating Expenses	<u>5,000</u>	<u>5,000</u>	<u>0</u>	<u>5,000</u>
Total Expenditures	<u>5,000</u>	<u>5,000</u>	<u>0</u>	<u>5,000</u>
Excess (Deficiency) of Revenues Over Expenditures	4,600	4,600	20,829	16,229
Cash Balance Beginning of Year	<u>11,330</u>	<u>11,330</u>	<u>11,330</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 15,930</u>	<u>\$ 15,930</u>	<u>\$ 32,159</u>	<u>\$ 16,229</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			<u>\$ 20,829</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 20,829</u>	

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

STATE OF NEW MEXICO
VILLAGE OF LOVING
SPECIAL REVENUE-STREETS
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Gasoline Taxes	\$ 60,600	\$ 60,600	\$ 70,913	\$ 10,313
Total Revenues	<u>60,600</u>	<u>60,600</u>	<u>70,913</u>	<u>10,313</u>
Expenditures				
Public Safety				
Operating Expenses	34,931	34,931	35,987	(1,056)
Capital Outlay	<u>86,900</u>	<u>86,900</u>	<u>85,844</u>	<u>1,056</u>
Total Expenditures	<u>121,831</u>	<u>121,831</u>	<u>121,831</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(61,231)</u>	<u>(61,231)</u>	<u>(50,918)</u>	<u>10,313</u>
Other Financing Sources (Uses)				
Transfers	<u>72,866</u>	<u>72,866</u>	<u>72,865</u>	<u>1</u>
Total Other Sources (Uses)	<u>72,866</u>	<u>72,866</u>	<u>72,865</u>	<u>1</u>
Net Change in Cash Balance	11,635	11,635	21,947	10,314
Cash Balance Beginning of Year	<u>58,927</u>	<u>58,927</u>	<u>58,927</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 70,562</u>	<u>\$ 70,562</u>	<u>\$ 80,874</u>	<u>\$ 10,314</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net Change in Cash Balance			\$ 21,947	
Net Change in Taxes Receivable			<u>644</u>	
Net Change in Fund Balance			<u>\$ 22,591</u>	

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

STATE OF NEW MEXICO

VILLAGE OF LOVING

SPECIAL REVENUE-CEMETERY

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

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Sales & Services	\$ 4,175	\$ 4,175	\$ 2,860	\$ (1,315)
Gas & Oil Royalties	5,600	5,600	4,665	(935)
Total Revenues	<u>9,775</u>	<u>9,775</u>	<u>7,525</u>	<u>(2,250)</u>
Expenditures				
Public Works				
Operating Expenses	8,000	8,000	3,505	4,495
Total Expenditures	<u>8,000</u>	<u>8,000</u>	<u>3,505</u>	<u>4,495</u>
Excess (Deficiency) of Revenues Over Expenditures	1,775	1,775	4,020	2,245
Cash Balance Beginning of Year	<u>20,722</u>	<u>20,722</u>	<u>20,722</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 22,497</u>	<u>\$ 22,497</u>	<u>\$ 24,742</u>	<u>\$ 2,245</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 4,020	
Net Change in Accounts Receivables			(273)	
Net Change in Accounts Payable			(44)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 3,703</u>	

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

STATE OF NEW MEXICO
VILLAGE OF LOVING
SPECIAL REVENUE-JUVENILE RECREATION
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Cigarette Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures				
Culture & Recreation				
Operating Expenses	592	592	592	0
Total Expenditures	<u>592</u>	<u>592</u>	<u>592</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	(592)	(592)	(592)	0
Cash Balance Beginning of Year	<u>592</u>	<u>592</u>	<u>592</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (592)	
Net change in Accounts Payable			<u>42</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (550)</u>	

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

STATE OF NEW MEXICO

VILLAGE OF LOVING

CAPITAL PROJECTS

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

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Federal Grants	\$ 0	\$ 0	\$ 0	\$ 0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures				
Capital Outlay				
Capital Outlay	177,121	177,121	177,121	0
Total Expenditures	<u>177,121</u>	<u>177,121</u>	<u>177,121</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(177,121)</u>	<u>(177,121)</u>	<u>(177,121)</u>	<u>0</u>
Other Financing Sources (Uses)				
Transfers	177,121	177,121	177,121	0
Total Other Sources (Uses)	<u>177,121</u>	<u>177,121</u>	<u>177,121</u>	<u>0</u>
Net Change in Cash Balance	0	0	0	0
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net Change in Cash Balance			\$ 0	
Net Change in Fund Balance			<u>\$ 0</u>	

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

REQUIRED SUPPLEMENTAL INFORMATION

STATE OF NEW MEXICO

VILLAGE OF LOVING

Schedules of Required Supplementary Information for Pension Plan

For the Year Ended June 30, 2015

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

Last 10 Fiscal Years*

	<u>2015</u>
Village's proportion of the net pension liability	0.11260%
Village's proportionate share of the net pension liability	\$ 535,985
Village's covered-employee payroll	\$ 639,517
Village's proportionate share of the net pension liability as a percentage of its covered-employee payroll	83.81%
Plan fiduciary net position as a percentage of the total pension liability	81.29%

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

Schedule of Village's Contributions

Last 10 Fiscal Years*

	<u>2015</u>
Contractually required contribution	\$ 58,704
Contributions in relation to the contractually required contribution	58,704
Contribution deficiency (excess)	\$ <u><u>0</u></u>
Village's covered-employee payroll	\$ 639,517
Contributions as a percentage of covered-employee payroll	9.18%

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

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

STATE OF NEW MEXICO

VILLAGE OF LOVING

Notes to Required Supplementary Information for Pension Plan
For the Year Ended June 30, 2015

Changes of benefit terms. The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY14 audit available at [http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement Association 2014.pdf](http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2014.pdf).

Changes of assumptions. The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2014 report is available at http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2014%20PERA%20Valuation%20Report_FINAL.pdf. The summary of Key Findings for the PERA Fund (on page 2 of the report) states “based on a recent experience study for the five-year period ending June 30, 2013, the economic and demographic assumptions were updated for this valuation. The changes in assumptions resulted in a decrease of \$30.8 million to Fund liabilities and an increase of 0.13% to the funded ratio. For details about changes in the actuarial assumptions, see Appendix B on page 60 of the report.

**SUPPLEMENTAL INFORMATION RELATED TO
MAJOR FUNDS**

ENTERPRISE FUNDS

Joint Water and Sewer Fund and the Waste Disposal Fund

To account for the provision of water, sewer and waste disposal 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 LOVING
 PROPRIETARY FUND-JOINT WATER AND SEWER FUND
 Statement of Revenues, Expenditures, and Changes in Cash Balance -
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Sales & Service	\$ 407,291	\$ 407,291	\$ 398,390	\$ (8,901)
State Grants	599,496	599,496	470,912	(128,584)
Federal Grants	369,005	369,005	368,296	(709)
Loan Proceeds	62,764	62,764	62,764	0
Total Revenues	<u>1,438,556</u>	<u>1,438,556</u>	<u>1,300,362</u>	<u>(138,194)</u>
Expenditures				
Public Works				
Capital Outlay	330,531	330,531	333,754	(3,223)
Capital Outlay	1,011,246	1,011,246	944,716	66,530
Debt Service				
Principal	3,304	3,304	3,304	0
Total Expenditures	<u>1,345,081</u>	<u>1,345,081</u>	<u>1,281,774</u>	<u>63,307</u>
Excess (Deficiency) of Revenues Over Expenditures	93,475	93,475	18,588	(74,887)
Cash Balance Beginning of Year	<u>395,114</u>	<u>395,114</u>	<u>395,114</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 488,589</u>	<u>\$ 488,589</u>	<u>\$ 413,702</u>	<u>\$ (74,887)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 18,588	
Depreciation			(165,079)	
Capital Outlay			944,716	
Loan Proceeds			(62,764)	
Principal Paid			3,304	
Net Change in Accounts Receivable			(5,834)	
Net Change in Accounts Payable			(373)	
Net Change in Accrued Salaries and Benefits			(300)	
Net Change in Compensated Absences			2,180	
Net Change in Customer Deposits			(472)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 733,966</u>	

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

STATE OF NEW MEXICO
VILLAGE OF LOVING
 PROPRIETARY FUND-WASTE DISPOSAL FUND
 Statement of Revenues, Expenditures, and Changes in Cash Balance -
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Sales & Services	\$ 88,225	\$ 88,225	91,252	\$ 3,027
Environmental Tax	65,435	65,435	68,221	2,786
State Grants	0	150,000	150,000	0
Total Revenues	153,660	303,660	309,473	5,813
Expenditures				
Public Works				
Operating Expenses	0	0	94,404	(94,404)
Capital Outlay	111,798	261,798	167,395	94,403
Total Expenditures	111,798	261,798	261,799	(1)
Excess (Deficiency) of Revenues Over Expenditures	41,862	41,862	47,674	5,812
Cash Balance Beginning of Year	80,187	80,187	80,187	0
Cash Balance End of Year	\$ 122,049	\$ 122,049	\$ 127,861	\$ 5,812
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 47,674	
Depreciation			(16,493)	
Capital Outlay			167,395	
Net Change in Taxes Receivable			(933)	
Net Change in Accounts Receivable			224	
Net Change in Accounts Payable			6,495	
Net Change in Accrued Salaries and Benefits			64	
Net Change in Compensated Absences			(851)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ 203,575	

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

OTHER SUPPLEMENTAL INFORMATION

STATE OF NEW MEXICO

VILLAGE OF LOVING

Vendor Schedule

For the Year Ended June 30, 2015

<i>RFB#/RFP#</i>	<i>Type of Procurement</i>	<i>Awarded Vendor</i>	<i>\$ Amount of Awarded Contract</i>	<i>\$ Amount of Amended Contract</i>	<i>Name and Physical Address per the procurement documentation, of ALL Vendor(s) that responded</i>	<i>In-State/ Out-of-State Vendor (Y or N) (Based on Statutory Definition)</i>	<i>Was the vendor in-state and chose Veteran's preference (Y or N) For federal funds answer N/A</i>	<i>Brief Description of the Scope of Work</i>
None	Seal Bid	Smithco Construction	328,478.35	360,478.35	Smithco Construction Box 45 Caballo, NM 87931	N	N	Wastewater Treatment Plant Improvements
					Southwest Construction Management 508 W Cordova Rd. Santa Fe, NM 87505			
					Entrench Inc 3311 N Grimes Hobbs, NM 88240			

STATE OF NEW MEXICO

VILLAGE OF LOVING

Vendor Schedule

For the Year Ended June 30, 2015

None	Sole Source Based on Dec 2007 RFP	F.L. Miller PE	165,598.07	165,598.07		N	N	Engineering Services Wastewater Treatment Plant Improvements
2014-01	Sealed Bid	Smithco Construction	453,445.77	417,525.00	Smithco Construction Box 45 Caballo, NM 87931 Southwest Construction Management 508 W Cordova Rd. Santa Fe, NM 87505 Entrench Inc 3311 N Grimes Hobbs, NM 88240	N	N	Wastewater Treatment Plant Improvements

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 Loving

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, of the Village of Loving (Village) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and the combining and individual funds and related budgetary comparisons of the Village, presented as supplemental information, and have issued our report thereon dated October 30, 2015.

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 Standards.

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

 De'Ann Willoughby, CPA PC

Clovis, New Mexico
October 30, 2015

STATE OF NEW MEXICO
VILLAGE OF LOVING
Schedule of Findings and Responses
For the Year Ended June 30, 2015

Prior Year Audit Findings

None

Current Year Audit Findings

None

Financial Statement Preparation

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 October 30, 2015. In attendance were Pete Estrada-Mayor, Manuel Garza-Clerk and De'Aun Willoughby, CPA.