

State of New Mexico

VILLAGE OF MAGDALENA



FOR YEAR ENDED JUNE 30, 2015

(WITH AUDITOR'S REPORT THEREON)

RICE & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

STATE OF NEW MEXICO

VILLAGE OF MAGDALENA

AUDIT REPORT

For The Year Ended June 30, 2015

(with Auditor's Report Thereon)

STATE OF NEW MEXICO
VILLAGE OF MAGDALENA
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STATE OF NEW MEXICO
VILLAGE OF MAGDALENA
Official Roster
Year Ended June 30, 2015

Village Council

<u>Name</u>	<u>Title</u>
Mr. Diego E. Montoya	Mayor
Mr. Tom Barrington	Mayor Pro-Tem
Ms. Lynda Middleton	Member
Ms. Eleanor Dawson	Member
Mr. Richard Rumph	Member

Village Administration

Ms. Kayla Scartaccini	Municipal Judge
Ms. Stephanie Finch	Clerk/Treasurer
Ms. Carleen Gomez	Deputy Clerk

Rice and Associates, C.P.A.

AUDITING
BOOKKEEPING
(505) 292-8275

CERTIFIED PUBLIC ACCOUNTANTS
11805 Menaul NE
Albuquerque, NM 87112

TAX PLANNING
TAX PREPARATION
FAX (505) 294-8904

INDEPENDENT AUDITOR'S REPORT

Mr. Tim Keller
New Mexico State Auditor
and
Honorable Mayor and Village Council
Village of Magdalena
Magdalena, New Mexico

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 comparisons for the General and Fire Protection Funds of the Village of Magdalena, as of and for the year ended June 30, 2015, and the related notes to the financial statements which collectively comprise the Village of Magdalena's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Village of Magdalena's non-major governmental funds and non-major enterprise funds and the budgetary comparisons for the non-major governmental and enterprise 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

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

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

Opinions

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

Emphasis of Matter

Adoption of New Accounting Pronouncement

As discussed in Note 9 to the financial statements, effective July 1, 2014, the Village adopted Governmental Accounting Standards Board Statement (GASB) No. 68 *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Management has omitted the MD&A 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 GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require the Schedules I, II, III and IV and the notes to the Required Supplementary Information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for

consistency with management's responses to our inquiries, the basic financial statements, and other knowledge obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the Village of Magdalena's financial statements, the combining and the individual fund financial statements, and the budgetary comparisons. The budgetary comparison for the non-major governmental and enterprise funds are presented for purposes of additional analysis and is not a required part of the basic financial statements.

The budgetary comparisons for the non-major governmental and enterprise funds are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basis financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the Untied States of America. In our opinion, the budgetary comparison for the enterprise fund fairly states, in all material respects, in relation to the basic financial statements as a whole.

Schedule VI, the Schedule of Vendor Information, 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 them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2015 on our consideration of the Village of Magdalena'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 of Magdalena's internal control over financial reporting and compliance.

Read & Associates, LLP

Albuquerque, New Mexico
November 19, 2015

FINANCIAL STATEMENTS

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

Statement 1
 Page 1 of 2

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash	\$ 419,016	\$ 114,222	\$ 533,238
Accounts receivable (net of uncollectible accounts)	<u>14,442</u>	<u>42,466</u>	<u>56,908</u>
Total current assets	<u>433,458</u>	<u>156,688</u>	<u>590,146</u>
Non-current assets			
Restricted assets (cash)	-	52,130	52,130
Customer Meter Deposits	<u>-</u>	<u>27,716</u>	<u>27,716</u>
Total non-current assets	<u>-</u>	<u>79,846</u>	<u>79,846</u>
Land	260,889	6,025	274,914
Land improvements	-	-	-
Buildings and improvements	2,539,786	11,500	2,551,286
Vehicles/heavy equipment	421,066	234,867	655,933
Equipment	-	10,459	10,459
Plant/Infrastructure	<u>212,023</u>	<u>4,321,789</u>	<u>4,533,812</u>
Total capital assets	<u>3,441,764</u>	<u>4,584,640</u>	<u>8,026,404</u>
Less accumulated depreciation	(2,254,320)	(3,788,764)	(6,043,084)
Total capital assets (net of accumulated depreciation)	<u>1,187,444</u>	<u>795,876</u>	<u>1,983,320</u>
Deferred outflows of resources			
Employer contributions subsequent to measurement date	<u>16,284</u>	<u>-</u>	<u>16,284</u>
Total assets	<u>\$ 1,637,186</u>	<u>\$ 1,032,410</u>	<u>\$ 2,669,596</u>

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

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

Statement 1
 Page 2 of 2

	Governmental Activities	Business Type Activities	Total
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts payable	\$ 8,804	\$ 46,391	\$ 55,195
Current portion revenue bonds payable	-	3,000	3,000
Accrued interest payable	-	6,210	6,210
Customer meter deposits payable from restricted assets	-	27,716	27,716
Total current liabilities	8,804	83,317	92,121
Non-Current Liabilities			
Compensated absences payable	16,098	17,454	33,552
Revenue bonds payable	-	135,000	135,000
Net pension liability	146,411	-	146,411
Total non-current liabilities	162,509	152,454	314,963
Total liabilities	171,313	235,771	407,084
Deferred Inflows			
Change in assumptions	4,038	-	4,038
Net difference between expected and actual earnings	56,333	-	56,333
Total deferred inflows	60,371	-	60,371
Net Position			
Net investment in capital assets	1,187,444	651,666	1,839,110
Restricted for:			
State mandated cash balance	25,144	-	25,144
Special revenue fund	103,986	-	103,986
Repair and replacement	-	22,920	22,920
Debt service	-	9,210	9,210
Landfill reserve	-	20,000	20,000
Unrestricted	88,928	92,843	181,771
Total net position	1,405,502	796,639	2,202,141
Total liabilities and net position	\$ 1,637,186	\$ 1,032,410	\$ 2,669,596

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

STATE OF NEW MEXICO
VILLAGE OF MAGDALENA
Statement of Activities
Year Ended June 30, 2015

Statement 2

Functions/Programs	Program Revenues				Net (Expenses) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 118,572	\$ 8,458	\$ 12,987	\$ -	\$ (97,127)	\$ -	\$ (97,127)
Highways and streets	10,133	-	-	-	(10,133)	-	(10,133)
Public safety	269,373	1,338	93,799	-	(174,236)	-	(174,236)
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	44,497	745	15,727	-	(28,025)	-	(28,025)
Depreciation - unallocated	99,215	-	-	-	(99,215)	-	(99,215)
Total governmental activities	541,790	10,541	122,513	-	(408,736)	-	(408,736)
Business-type activities:							
Water/Sewer services	270,750	201,157	27,004	-	-	(42,597)	(42,597)
Solid waste services	107,570	91,717	-	-	-	(15,861)	(15,861)
Ambulance	4,521	25	-	-	-	(4,496)	(4,496)
Total business-type activities	382,857	292,899	27,004	-	-	(62,954)	(62,954)
Total all activities	\$ 924,647	\$ 303,440	\$ 149,517	\$ -	(408,736)	(62,954)	(471,690)
General Revenues:							
Property taxes					7,660	-	7,660
Gross receipts taxes					146,333	-	146,333
Environmental gross receipts taxes					3,678	-	3,678
Franchise taxes					12,768	-	12,768
Gasoline taxes					5,941	-	5,941
Motor vehicle taxes					2,367	-	2,367
State aid not restricted to special purpose							
General					208,386	-	208,386
Investment earnings					1	-	1
Total general revenues					387,134	-	387,134
Change in net position					(21,602)	(62,954)	(84,556)
Net position - beginning of year					2,572,918	2,255,053	4,827,971
Restatement					(1,145,814)	(1,395,460)	(2,541,274)
Net position - beginning of year - restated					1,427,104	859,593	2,286,697
Net position - ending					1,405,502	796,639	2,202,141

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

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

Statement 3

	General	Fire Protection Fund	Other Governmental Fund	Total Governmental Funds
ASSETS				
Cash on deposit	\$ 314,511	\$ 61,374	\$ 43,131	\$ 419,016
Accounts receivable	14,120	-	314	14,442
Total assets	\$ 328,639	\$ 61,374	\$ 43,445	\$ 433,458
LIABILITIES				
Accounts payable	\$ 7,971	\$ 833	-	\$ 8,804
Total liabilities	7,971	833	-	8,804
FUND BALANCE				
Restricted for:				
Fire protection	-	60,541	-	60,541
Corrections	-	-	4,088	4,088
Recreation services	-	-	19,830	19,830
Public safety	-	-	15,691	15,691
Solid waste	-	-	3,836	3,836
Reserves	25,144	-	-	25,144
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	295,524	-	-	295,524
Total fund balance	320,668	60,541	43,445	424,654
Total liabilities and fund balance	\$ 328,639	\$ 61,374	\$ 43,445	\$ 433,458

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

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

Statement 4

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

Total fund balances - governmental funds		\$	424,654
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds			
The cost of capital assets	3,441,764		
Accumulated depreciation	(2,254,320)		
			1,187,444
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:			
Compensated absences			(16,098)
Some liabilities, including net pension obligations, are not due and payable in the current period and therefore, are not reported in the funds			
Net pension liability			(146,411)
Deferred outflows and inflows or resources related to pensions are applicable to future periods and therefore, are not reported in the funds			
Deferred outflows of resources related to employer contributions subsequent to the measurement date			16,284
Deferred inflows or resources related to investment experience			(56,333)
Deferred inflows of resources related to changes in proportion			(4,038)
Net position of governmental activities		\$	<u>1,405,502</u>

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

STATE OF NEW MEXICO
VILLAGE OF MAGDALENA
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2015

Statement 5

	General	Fire Protection Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 6,147	\$ -	\$ 1,513	\$ 7,660
Franchise taxes	12,768	-	-	12,768
Gas tax	4,242	-	1,699	5,941
MVD	2,367	-	-	2,367
Charges for services	93	-	501	594
Fines and forfeitures	5,533	-	1,582	7,115
Licenses and permits	2,832	-	-	2,832
Local sources	7,855	-	4,077	11,932
State sources	213,518	70,089	35,360	318,967
State shared taxes	146,333	-	3,678	150,011
Earnings from investments	1	-	-	-
Total revenues	<u>411,689</u>	<u>70,089</u>	<u>48,410</u>	<u>520,188</u>
EXPENDITURES				
Current:				
General government	99,564	-	23,021	122,585
Highways and streets	8,793	-	1,340	10,133
Public safety	190,095	65,648	13,630	269,373
Culture and recreation	3,860	-	40,637	44,497
Capital outlay	-	13,800	27,366	41,166
Total expenditures	<u>302,312</u>	<u>79,448</u>	<u>105,994</u>	<u>487,754</u>
Excess (deficiency) of revenue over expenditures	99,377	(9,359)	(57,584)	32,434
OTHER FINANCING SOURCES (USES)				
Transfers in	42,623	6,233	-	48,856
Transfers out	-	-	(48,856)	(48,856)
Total other financing sources	<u>42,623</u>	<u>6,233</u>	<u>(48,856)</u>	<u>-</u>
Net change in fund balances	142,008	(3,126)	(106,440)	32,434
Fund balance beginning of year	252,513	63,667	149,885	466,065
Restatement	(73,845)	-	-	(73,845)
Fund balance beginning of year - restated	<u>178,668</u>	<u>63,667</u>	<u>149,885</u>	<u>392,220</u>
Fund balance end of year	<u>\$ 320,668</u>	<u>\$ 60,541</u>	<u>\$ 43,445</u>	<u>\$ 424,654</u>

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

STATE OF NEW MEXICO
 VILLAGE OF MAGDALENA
 Reconciliation of the Statement of Revenues, Expenditures
 and Changes in Fund Balances - Governmental Funds
 to the Statement of Activities
 For the Year Ended June 30, 2015

Statement 6

Net change in fund balances - total governmental funds \$ 32,434

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 these costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which depreciation expense exceeds capital outlays in the period.

Depreciation expense	(99,215)
Capital outlays	<u>41,166</u>

Excess of capital outlay over depreciation expense (58,049)

Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

Pension contributions	16,284
Pension expense	(7,352)

In the Statement of Activities, certain operating expenses are measured by the amount incurred during the year. In the fund financial statements however, expenditures are measured by the amount of financial resources used (essentially the amounts actually paid). The (increase) decrease in the liabilities for the year were:

Compensated absences payable	<u>(4,919)</u>
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Change in net position of governmental activities \$ (21,602)

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

STATE OF NEW MEXICO
VILLAGE OF MAGDALENA
General Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	\$ 6,754	\$ 6,754	\$ 6,147	\$ (607)
Franchise taxes	19,000	19,000	12,768	(6,232)
Gas taxes	-	-	4,242	4,242
MVD	2,200	2,200	2,367	167
Charges for services	1,125	1,125	93	(1,032)
Fines and forfeitures	2,500	2,500	5,533	3,033
Licenses and permits	1,700	1,700	2,832	1,132
Local sources	250	250	7,855	7,605
State sources	150,000	150,000	213,518	63,518
State shared taxes	188,000	188,000	146,682	(41,318)
Earnings from investments	-	-	1	1
Total revenues	<u>\$ 371,529</u>	<u>\$ 371,529</u>	<u>\$ 402,038</u>	<u>\$ 30,509</u>
EXPENDITURES				
General government	\$ 118,450	\$ 118,450	\$ 100,512	\$ 17,938
Public safety	235,190	235,190	190,095	45,095
Highways & Streets	-	-	8,793	(8,793)
Culture and recreation	-	-	3,860	(3,860)
Total expenditures	<u>\$ 353,640</u>	<u>\$ 353,640</u>	<u>\$ 303,260</u>	<u>\$ 50,380</u>
OTHER FINANCING SOURCES				
Transfers in	\$ -	\$ 42,623	\$ 42,623	\$ -
Total other financing sources	<u>\$ -</u>	<u>\$ 42,623</u>	<u>\$ 42,623</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>\$ -</u>		

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

STATE OF NEW MEXICO
 VILLAGE OF MAGDALENA
 Special Revenue - Fire Protection Fund
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Local sources	\$ -	\$ -	\$ 170	\$ 170
State sources	55,051	55,051	70,089	15,038
Earnings from investments	-	-	-	-
Total revenues	<u>\$ 55,051</u>	<u>\$ 55,051</u>	<u>\$ 70,259</u>	<u>\$ 15,208</u>
EXPENDITURES				
Public safety	\$ 118,983	\$ 118,983	\$ 79,053	\$ 39,930
Total expenditures	<u>\$ 118,983</u>	<u>\$ 118,983</u>	<u>\$ 79,053</u>	<u>\$ 39,930</u>
OTHER FINANCING SOURCES				
Transfer in	<u>\$ -</u>	<u>\$ 6,233</u>	<u>\$ 6,233</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>\$ 63,932</u>	<u>\$ 63,932</u>		

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

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

Statement 9

	Water/Sewer Fund	Solid Waste Fund	Ambulance Fund	Total
ASSETS				
Current Assets				
Cash on deposit	\$ 29,786	\$ 15,087	\$ 69,349	\$ 114,222
Accounts receivable (net)	26,574	15,892	-	42,466
Total Current Assets	56,360	30,979	69,349	156,688
Non-Current Assets				
Restricted Assets (Cash)	32,130	20,000	-	52,130
Customer meter deposits	27,716	-	-	27,716
Total Non-Current Assets	59,846	20,000	-	79,846
Capital Assets				
Land	6,025	-	-	6,025
Land improvements	-	-	-	-
Buildings and Improvements	11,500	-	-	11,500
Equipment	-	-	10,459	10,459
Heavy equipment	40,155	113,276	-	153,431
Vehicles	23,002	-	58,434	81,436
Plant/infrastructure	4,321,789	-	-	4,321,789
Accumulated depreciation	(3,606,595)	(113,276)	(68,893)	(3,788,764)
Total Capital Assets	795,876	-	-	795,876
Total Assets	\$ 912,082	\$ 50,979	\$ 69,349	\$ 1,032,410
LIABILITIES				
Current Liabilities				
Accounts payable	\$ 46,391	\$ -	\$ -	\$ 46,391
Accrued interest	3,000	-	-	3,000
Current portion revenue bonds payable	6,210	-	-	6,210
Customer meter deposits payable from Restricted Assets	27,716	-	-	27,716
Total Current Liabilities	83,317	-	-	83,317
Long-Term Liabilities				
Compensated absences payable	17,454	-	-	17,454
Revenue bonds payable	135,000	-	-	135,000
Total Long-Term Liabilities	152,454	-	-	152,454
Total Liabilities	235,771	-	-	235,771
NET POSITION				
Net investment in capital assets	651,666	-	-	651,666
Restricted for repair and replacement	22,920	-	-	22,920
Restricted for debt service	9,210	-	-	9,210
Restricted for landfill reserve	-	20,000	-	20,000
Unrestricted	(7,485)	30,979	69,349	92,843
Total Net Position	676,311	50,979	69,349	796,639
Total Liabilities and Net Position	\$ 912,082	\$ 50,979	\$ 69,349	\$ 1,032,410

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

STATE OF NEW MEXICO
VILLAGE OF MAGDALENA
Proprietary Funds
Statement of Revenues,
Expenses and Changes in Fund Net Position
For the Year Ended June 30, 2015

Statement 10

	Water/Sewer Fund	Solid waste Fund	Ambulance Fund	Completed Project	Total
OPERATING REVENUES					
Sales and services	\$ 201,157	\$ 91,717	\$ 25	\$ -	\$ 292,899
Local source	27,004	-	-	-	27,004
State shared taxes	-	-	-	-	-
Total operating revenue	228,161	91,717	25	-	319,903
OPERATING EXPENSES					
Personal services	133,157	27,819	-	-	160,976
Maintenance and operations	76,238	17,980	4,521	-	98,739
Major contractual services	-	61,779	-	-	61,779
Other operating expenses	-	-	-	-	-
Depreciation	50,268	-	-	-	50,268
Total operating expenses	259,663	107,598	4,521	-	371,782
Operating income (loss)	(31,502)	(15,861)	(4,496)	-	(51,859)
NON-OPERATING REVENUE (EXPENSE)					
Investment income	-	-	-	-	-
Investment expense	(11,095)	-	-	-	(11,095)
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
State grant	-	-	-	-	-
Federal grant	-	-	-	-	-
Total Non-Operating Revenue (Expense)	(11,095)	-	-	-	(11,095)
Change in Net Position	(42,597)	(15,861)	(4,496)	-	(62,954)
Total net position, beginning of year	2,187,559	66,840	-	654	2,255,053
Restatement	(1,468,651)	-	73,845	(654)	(1,395,460)
Total net position, beginning of year, restated	718,908	66,840	73,845	-	859,593
Total net position, end of year	\$ 676,311	\$ 50,979	\$ 69,349	\$ -	\$ 796,639

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

STATE OF NEW MEXICO
VILLAGE OF MAGDALEMA
Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2015

Statement 11

	Water/Sewer Fund	Solid Waste Fund	Ambulance Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 204,606	\$ 94,936	\$ 25	\$ 299,567
Cash received from local sources	27,004	-	-	27,004
Cash payments to employees and to suppliers for goods and services	<u>(223,376)</u>	<u>(107,578)</u>	<u>(4,521)</u>	<u>(335,475)</u>
Net cash provided by operating activities	<u>8,234</u>	<u>(12,642)</u>	<u>(4,496)</u>	<u>18,904</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Loan proceeds	-	-	-	-
Principal paid	(3,000)	-	-	(3,000)
Acquisition of capital assets	<u>(39,513)</u>	<u>-</u>	<u>-</u>	<u>(39,513)</u>
Net cash provided (used) by capital and related financing activities	<u>(42,513)</u>	<u>-</u>	<u>-</u>	<u>(42,513)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Cash received from state grants	-	-	-	-
Cash received from federal grants	-	-	-	-
Operating transfers from other funds	-	-	-	-
Operating transfers to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income	-	-	-	-
Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash	(34,279)	(12,642)	(4,496)	(51,417)
Cash, beginning of year	<u>96,195</u>	<u>47,729</u>	<u>75,845</u>	<u>217,769</u>
Cash, end of year	<u>\$ 61,916</u>	<u>\$ 35,087</u>	<u>\$ 69,349</u>	<u>\$ 166,352</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ (42,597)	\$ (15,861)	\$ (4,496)	\$ (62,954)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	50,268	-	-	50,268
Changes in assets and liabilities:				
(Increase) decrease in receivables	524	3,219	-	3,743
Increase (decrease) in accounts payable	(14,984)	-	-	(14,984)
Increase (decrease) in compensated absences	4,959	-	-	4,959
Allowance for doubtful accounts	2,925	-	-	2,925
Change in inventory	2,389	-	-	2,389
Increase (decrease) in interest payable	<u>4,750</u>	<u>-</u>	<u>-</u>	<u>4,750</u>
Net cash provided (used) by operating activities	<u>\$ 8,234</u>	<u>\$ (12,642)</u>	<u>\$ (4,496)</u>	<u>\$ (8,904)</u>

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

STATE OF NEW MEXICO
VILLAGE OF MAGDALENA
Notes to Financial Statements
Year Ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Magdalena is incorporated under Section 3, Article 2, New Mexico State Statutes Annotated 1978 Compilation operating under a Mayor-Council form of government and provides the following services as authorized: public safety (police and fire), highways and streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning and general administrative services.

The financial statements of the Village of Magdalena have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Reporting Entity

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, the Village had no component units.

Notes to Financial Statements (continued)

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities and changes in net assets) report information on all of the nonfiduciary activities of the Village. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which is normally 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 function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are billed. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgements, are recorded only when payment is due.

Notes to Financial Statements (continued)

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

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

The government reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Fire Protection Fund* (Special Revenue Fund) is to account for the operations and maintenance of the Fire Department. It is financed by a specific allotment from the State Fire Marshall's Office. The authority is NMSA 59A-53-1.

The Village reports the following Proprietary Fund types:

Enterprise Fund - Water/Sewer Fund - To account for the provision of water and sewer services to the residents of Magdalena, New Mexico. All activities necessary to provide these services are accounted for in this fund.

Enterprise Fund - Solid Waste Fund - To account for the revenue and expenditures for the maintenance of the solid waste operations. All activities necessary to provide these services are accounted for in this fund.

Enterprise Fund - Ambulance Fund - To account for the operations of the Village's ambulance services.

The Village also reports additional Governmental funds as non-major.

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

Capital Project Funds - These funds are used to account for the acquisition of capital assets or construction of major capital projects.

Notes to Financial Statements (continued)

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the Village's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Village's general revenues. Program revenues include: 1) charges for services to taxpayers or applicants who purchase, use or directly benefit from the goods or services provided by the given function 2) program-specific operating grants and contributions and 3) program specific capital grants and contributions including special assessments.

Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund is charged to customers for sales and services. The enterprise fund also recognized as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D. Budgets and Budgetary Accounting

The Village follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to June 1, the Village Clerk-Treasurer submits to the Village Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them based on previous year's history. Public hearings are conducted at the Village Hall to obtain taxpayer comments. Prior to July 1, the budget is legally enacted through passage of an ordinance.
2. The Village Clerk-Treasurer is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any funds must be approved by the Village Council and New Mexico State Department of Finance, Division of Local Governments. The original budget that was adopted in July, 1998 was amended during the fiscal year in a legally permissible manner.

Notes to Financial Statements (continued)

3. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, and Capital Project Funds.
4. Encumbrances are not reported in the budgets or financial statements.
5. The level of classification detail in which expenditures of expenses may not legally exceed appropriations for each budget is in fund total. Appropriations lapse at year end.
6. Budgets for the General and Special Revenue Funds are adopted on a basis not consistent with generally accepted accounting principals. Throughout the year the accounting records are maintained on the Non-GAAP basis of cash receipts and disbursements. Accordingly, certain revenues and the related assets are recognized when paid rather than when the obligation is incurred. The financial statements are presented on the modified accrual basis of accounting. Budgetary comparisons presented for General and Special Revenue Funds in this report are on the Non-GAAP budgetary basis and actual (cash basis). The budget of the Enterprise Fund is adopted on a Non-GAAP cash basis.

E. Cash and Investments

Cash includes amounts in demand deposits as well as short-term investments with a maturity of six months from the date acquired by the government. State statutes authorize the government to invest in obligations of the U.S. Treasury, interest bearing accounts with local financial institutions and the State Treasurer Pool.

New Mexico Statutes require that financial institutions with public monies on deposit pledge collateral, to the owners of such monies, in an amount not less than 50% of the public monies held on deposit. Collateral pledged is held in safekeeping by other financial institutions, with safekeeping receipts held by the Village. The pledged securities remain in the name of the financial institution.

F. Inventories

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method.

The cost of inventories are recorded as expenditures when purchased rather than when consumed.

G. Deferred Inflows of Resources

In addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding deferred inflow of resources. The Village has two types of items, which arise due to the implementation of

Notes to Financial Statements (continued)

GASB 68 and the related net pension liability. Accordingly, the items, net difference between expected and actual earnings and change in assumptions, are reported on the Statement of Net Position. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

H. Deferred Outflows of Resources

In addition to assets, the balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a use of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until that time. The Village has two types of items that qualify for reporting in this category. Accordingly, the items, change in proportion and employer contributions subsequent to measurement date, are reported in the Statement of Net Position. These amounts are deferred and recognized as outflows of resources the next period.

I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. This is an increase from the \$1,000 threshold reported in prior years. This is a change in accounting estimate. All previously reported Capital Assets that do not meet the updated amount will be depreciated currently and in future periods until they are fully depreciated. Donated Capital Assets are recorded at their estimated fair value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1979) are included as part of the governmental capital assets reported in the government wide statements. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

<u>Assets</u>	<u>Years</u>
Land improvements	20
Buildings	20
Building improvements	20
Public domain infrastructure	25
System infrastructure	25
Vehicles	5
Equipment	5
Heavy equipment	10

Notes to Financial Statements (continued)

The Village does not capitalize computer software or software developed for internal use (if applicable) unless it exceeds the \$5,000 threshold.

J. Compensated Absences

It is the policy of the Village of Magdalena to permit certain employees to accumulate a limited amount of earned but unused vacation, which will be paid to employees upon separation from the Village's service. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

Sick pay does not vest and is recorded as an expenditure when it is paid.

K. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

L. Taxes

Franchise Taxes - By authority of Chapter 3, Article 42, NMSA 1978 and various ordinances, the Village imposes a franchise tax on certain public utilities operating within the municipality.

Motor Vehicle Registration Fees - Under the provisions of Chapter 66, Article 6, NMSA 1978, the State of New Mexico collects various fees for the registration and regulation of motor vehicles in the state. Of the amount collected, certain specified amounts are distributed to various governmental agencies with the State, including; the Motor Vehicle Division, State Road fund, municipalities, and counties. After certain priority payments, as detailed in 66-6-23 NMSA 2978 have been made, a portion of the remaining fees held in the motor vehicle suspense fund are distributed as required in 66-6-23 B (4) and 66-6-23 B (5). These distributions are commonly referred to as the 10% and 15% motor vehicle tax distributions.

Gasoline Tax - The State of New Mexico, by authority of Chapter 7, Article 13 NMSA 1978, imposed an excise tax on \$0.17 on each gallon of gasoline received in New Mexico. Of the total gasoline taxes received, a portion is distributed to the various municipalities within the State pursuant to Chapter 7, Article 1-6.9 NMSA 1978 and Chapter 7, Article 1-6.27 NMSA 1978.

Municipal Gross Receipts Tax - Under authority of Chapter 7, Articles 19 and 19D, NMSA 1978, the Village adopted gross receipts taxing through ordinance. Said ordinances provide for the imposition of gross receipts taxes on all non-exempt persons engaging in business in the municipality. The tax is collected by the State of New Mexico and remitted to the Village after deducting certain administrative costs.

Notes to Financial Statements (continued)

State Gross Receipts Tax - Under authority of Chapter 7, Article 1, NMSA 1978, the State of New Mexico imposes a gross receipts tax on all businesses within the State. Of the total collected, 1.225% of the taxable gross receipts are distributed to the municipality reporting the taxable receipts.

M. Restricted Assets

Certain long-term assets in the proprietary funds are classified as restricted assets on the balance sheet because their use is limited to payments for debt service or other purpose such as "deposits held in trust for others".

N. Net Assets

The governmental activities and business-type activities financial statements utilize a net position presentation. Net assets are categorized as follows:

Net investment in capital assets - This category reflects the portion of net assets that are associates with capital assets less outstanding capital asset related debt.

Restricted net position - This category reflects the portion of net assets that have third party limitation on their use.

Unrestricted net position - This category reflects net assets of the Village not restricted for any project or other purposes.

O. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

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

Enabling legislation authorizes the Village to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Village can be compelled by an external party - such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposed specified by the legislation.

Notes to Financial Statements (continued)

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of the Village Council. Those committed amounts cannot be used for any other purpose unless the Village Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the Village Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable.

Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Village Council or a Village official delegated that authority by the Village Council or ordinance.

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts have been restricted, committed, or assigned.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

P. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Q. Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village carries commercial insurance for these risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in the current fiscal year.

Notes to Financial Statements (continued)

R. Surety Coverage

The officials and certain employees of the Village are covered by a surety bond as required by Section 12-6-7 NMSA 1978 Compilation and the New Mexico State Auditor Rule NMAC 2.2.

S. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA, 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.

2. DEPOSITORY COLLATERAL

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

The following is the Cash on Deposit at each financial institution.

Wells Fargo	General	Checking	\$ 503,680
Wells Fargo	Enterprise	Checking	97,499
Wells Fargo		Checking	<u>28,233</u>
			<u>\$ 629,412</u>
Total amount on deposit			\$ 629,412
Deposit in transit			-
Petty cash			100
Outstanding checks			<u>(16,428)</u>
Total per financial statements			<u>\$ 613,084</u>

The following schedule details the public money held by Wells Fargo and the pledged collateral provided for the Village follows:

	<u>Wells Fargo</u>
Cash on deposit at June 30	\$ 629,412
Less <u>FDIC</u>	<u>(250,000)</u>
Uninsured funds	379,412
Funds needing collateralization at 50% (required by State Law)	189,706
Pledged collateral at June 30	<u>235,503</u>
Excess of Pledged Collateral	<u>\$ 45,797</u>

Notes to Financial Statements (continued)

Custodial Credit Risk - Deposits - Custodial Credit Risk is the risk that in the event of bank failure, the Village's deposits may not be returned to it. The Village does not have a deposit policy for custodial credit risk. As of June 30, \$379,412 of the Village's bank balance \$629,412 was exposed to custodial credit risk as follows:

A. Uninsured and Uncollateralized	\$ 143,909
B. Uninsured and collateralized with securities held by the pledging banks trust department, but not in the Village's name	<u>235,503</u>
Total	<u>\$ 379,412</u>

NM State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the cooperative for at least one half of the amount on deposit with the institution.

The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico. The collateral pledged is shown as follows:

<u>Bank of New York Mellon</u>	<u>Maturity Date</u>	<u>Fair Market Value</u>
FMAC #3128PSFP7	9-1-25	\$ 6,637
FNMA #3138AD5Q4	12-1-41	100,236
FNMA #3138AYLZ0	12-1-26	543
FNMA #3138E67L4	2-1-42	5,606
FNMA #3138MBYU4	9-1-42	116,451
FNMA #3138W5HM3	7-1-43	<u>6,030</u>
	Total	<u>\$235,503</u>

3. ACCOUNTS RECEIVABLES

Receivables as of June 30, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Receivables from customers	\$ -	\$ 51,541
Less allowance for uncollectible accounts	<u>-</u>	<u>(9,075)</u>
Subtotal	-	42,466
Franchise taxes	624	-
MVD taxes receivable	52	-
Gross receipts taxes receivable	13,332	-
Property taxes receivable	-	-
Intergovernmental	<u>434</u>	<u>-</u>
Total	<u>\$ 14,442</u>	<u>\$ 42,466</u>

Notes to Financial Statements (continued)

4. PROPERTY TAX

Property taxes attach as an enforceable lien on property as of January 1. Property tax rates for the year are set no later than September 1 each year by the Secretary of Finance and Administration. The rates of tax are then used by County Assessors to develop the property tax schedule by October 1. Taxes are payable in equal semi-annual installments by November 10 and April 10 of the subsequent year. Taxes are collected on behalf of the Village by the County Treasurer, and are remitted to the Village in the month following collection. Because the Treasurer for the county in which the Village is located is statutorily required to collect taxes as an intermediary agency for all forms of government, distribution of taxes are made through the applicable County to the Village.

The Village is permitted to levy taxes for general operating purposes based on taxable value for both residential and nonresidential property, taxable value being defined as one-third of the fully assessed value. In addition, the Village is allowed to levy taxes for payments of bond principal and interest in amounts approved by voters of the Village.

The Village accounts for its share of property taxes in the General Fund. Only those collections received are recorded as revenues. The Village has no means of determining the amount of delinquent taxes, and no delinquent taxes are recorded on the Villages financial records.

5. LONG-TERM LIABILITIES

A. Changes in Long-Term Liabilities

Governmental Funds

During the year ended June 30, the following changes occurred in the liabilities reported in the Governmental Funds:

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015	Due Within One Year
Compensated absences payable	\$ 11,179	\$ 4,919	\$ -	\$ 16,098	\$ -

The liability will be liquidated by the General Fund.

Enterprise Fund

During the year ended June 30, the following changes occurred in certain long-term liabilities reported in the Enterprise Fund:

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015	Due within One Year
Compensated absences payable	\$ 12,495	\$ 4,959	\$ -	\$ 17,454	\$ -
Revenue bonds payable	141,000	-	3,000	138,000	3,000
	\$ 153,495	\$ 4,959	\$ 3,000	\$ 155,454	\$ 3,000

Notes to Financial Statements (continued)

The Village issued revenue bonds for the purpose of improving the waste water treatment systems. The bonds are to be retired from the income from operations of the utility system. The original issue was for \$175,000, dated April 7, 1999. The interest rate is 4.5%. The maturity date is April 7, 2039.

The debt service requirement to maturity, including interest is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 3,000	\$ 6,210	\$ 9,210
2017	3,000	6,075	9,075
2018	3,000	5,940	8,940
2019	4,000	5,805	9,805
2020	4,000	5,625	9,625
2021-2025	21,000	25,425	46,425
2026-2030	26,000	20,250	46,250
2031-2035	32,000	13,905	45,905
2036-2039	42,000	5,535	47,535
	<u>\$ 138,000</u>	<u>\$ 94,770</u>	<u>\$ 232,770</u>

6. CAPITAL ASSETS

The amount of property, plant and equipment in the Business-Type Activities consists of the following:

	<u>Balance June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2015</u>
Land	\$ 6,025	\$ -	\$ -	\$ 6,025
Total capital assets not being depreciated	<u>6,025</u>	<u>-</u>	<u>-</u>	<u>6,025</u>
Heavy equipment	153,430	-	-	153,430
Buildings	11,500	-	-	11,500
Infrastructure	4,282,276	39,513	-	4,321,789
Vehicles	81,436	-	-	81,436
Equipment	10,459	-	-	10,459
Total capital assets being depreciated	<u>4,539,101</u>	<u>39,513</u>	<u>-</u>	<u>4,578,614</u>
Less: accumulated depreciation	<u>(3,738,496)</u>	<u>(50,268)</u>	<u>-</u>	<u>(3,788,764)</u>
Total capital assets being depreciated	<u>800,605</u>	<u>(10,755)</u>	<u>-</u>	<u>789,850</u>
Net capital assets	<u>\$ 806,630</u>	<u>\$ (10,755)</u>	<u>\$ -</u>	<u>\$ 795,875</u>

Notes to Financial Statements (continued)

The amount of the property, plant and equipment in the Governmental-Type Activities consists of the following:

	Balance June 30, 2014	Additions	Deletions	Adjustments	Balance June 30, 2015
Land	\$ 268,889	\$ -	\$ -	\$ -	\$ 268,889
Buildings & improvements	2,665,061	-	-	(125,275)	2,539,786
Infrastructures	-	-	-	212,023	212,023
Vehicles & equipment	990,002	-	-	(990,002)	-
Heavy equipment	-	13,800	-	339,153	352,953
vehicles	-	27,366	-	40,747	68,113
Sub-total	<u>3,923,952</u>	<u>41,166</u>	<u>-</u>	<u>(523,354)</u>	<u>3,441,764</u>
Less: Accumulated Depreciation	<u>(1,805,920)</u>	<u>(99,215)</u>	<u>-</u>	<u>(349,185)</u>	<u>(2,254,320)</u>
Total Capital Assets	<u>\$ 2,118,032</u>	<u>\$ (58,049)</u>	<u>\$ -</u>	<u>\$ (672,539)</u>	<u>\$ 1,187,444</u>

7. TRANSFERS

The composition of interfund transfers for Governmental Activities during the year are as follows:

<u>Transfers Out</u>	<u>Transfers In</u>		
	<u>General Fund</u>	<u>Fire Fund</u>	<u>Total</u>
Non-Major Governmental	<u>\$ 42,623</u>	<u>\$ 6,233</u>	<u>\$ 48,856</u>

Balance of Transfers

Transfer to General Fund	\$ 42,623	From Non-Major Governmental
Transfer to Fire Fund	<u>6,233</u>	From Non-Major Governmental
Total Interfund Transfers Between Governmental Activities	<u>\$ 48,856</u>	

Notes to Financial Statements (continued)

8. RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS STATEMENTS

<u>Revenues</u>	<u>General Fund</u>	<u>Fire Protection Fund</u>	<u>Other Governmental Funds</u>	<u>Proprietary Fund</u>
Accrual basis	\$ 401,689	\$ 70,089	\$ 48,410	\$ 326,571
Budget basis	<u>402,038</u>	<u>70,259</u>	<u>48,869</u>	<u>319,903</u>
Increase (decrease) in receivables/ allowance for doubtful accounts	<u>\$ (349)</u>	<u>\$ (170)</u>	<u>\$ (459)</u>	<u>\$ 6,668</u>
<u>Expenditures</u>				
Accrual basis	\$ 302,312	\$ 79,448	\$ 105,994	\$ 382,857
Budget basis	303,260	79,053	105,994	377,988
Depreciation	-	-	-	(50,268)
Principal paid	-	-	-	3,000
Capital outlay	-	-	-	<u>39,513</u>
Increase (decrease) in compensated absences/payables	<u>\$ (948)</u>	<u>\$ 325</u>	<u>\$ -</u>	<u>\$ (2,886)</u>

9. 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.

Notes to Financial Statements (continued)

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 of Magdalena 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 the Village of Magdalena are: Municipal General Division and Municipal Police Division. Statutorily required contributions to the pension plan from the Village of Magdalena were \$9,979 and \$6,305 and there were NO employer paid member benefits that were "picked up" by the employer 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 of Magdalena'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 un-remitted 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.

Notes to Financial Statements (continued)

For PERA Fund Municipal General Division, at June 30, 2015, the Village of Magdalena reported a liability of \$97,513 for its proportionate share of the net pension liability. At June 30, 2014, the Village of Magdalena's proportion was 0.0125%, 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 of Magdalena recognized PERA Fund Municipal General Division pension expense of \$4,068. At June 30, 2015, the Village of Magdalena reported PERA Fund Municipal General Division deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ -	\$ 66
Net difference between projected and actual earnings on pension plan investments	-	38,150
Village of Magdalena's contributions subsequent to the measurement date	<u>9,979</u>	<u>-</u>
Total	<u>\$ 9,979</u>	<u>\$ 38,216</u>

\$9,979 reported as deferred outflows of resources related to pensions resulting from Village of Magdalena'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	\$(9,554)
2017	(9,554)
2018	(9,554)
2019	(9,554)
2020	-
Thereafter	-

For PERA Fund Municipal Police Division, at June 30, 2015, the Village of Magdalena reported a liability of \$48,898 for its proportionate share of the net pension liability. At June 30, 2014, the Village of Magdalena's proportion was 0.0150%, 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 of Magdalena recognized PERA Fund Municipal Police Division pension expense of \$3,284. At June 30, 2015, the Village of Magdalena reported PERA Fund Municipal Police Division deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

Notes to Financial Statements (continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ -	\$ 3,972
Net difference between projected and actual earnings on pension plan investments	-	18,183
Village of Magdalena's contributions subsequent to the measurement date	<u>6,305</u>	<u>-</u>
Total	<u>\$ 6,305</u>	<u>\$ 22,155</u>

\$6,305 reported as deferred outflows of resources related to pensions resulting from Village of Magdalena'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	\$(5,534)
2017	(5,534)
2018	(5,534)
2019	(5,534)
2020	(20)
Thereafter	-

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:	
- Investment rate of return	7.75% annual rate, net of investment expense
- Payroll growth	3.50% annual rate
- Projected salary increases	3.50% to 14.25% annual rate
- 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:

Notes to Financial Statements (continued)

ALL FUNDS - Asset Class	Target Allocation	Long-Term Expeted 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	<u>4.00%</u>	4.15
Total	<u>100.00%</u>	

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 longterm 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 of Magdalena's proportionate share of the net pension liability to changes in the discount rate. The following tables show the sensitivity of the net pension liability to changes in the discount rate. In particular, the tables present the Village of Magdalena's net pension liability in each PERA Fund Division that Village of Magdalena 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.

PERA Fund Municipal General Division	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Village of Magdalena's proportionate share of the net pension liability	<u>\$ 183,835</u>	<u>\$ 97,513</u>	<u>\$ 30,826</u>

PERA Fund Municipal Police Division	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Village of Magdalena's proportionate share of the net pension liability	<u>\$ 93,249</u>	<u>\$ 48,898</u>	<u>\$ 15,782</u>

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>.

Payables to the pension plan. Employers should disclose the amount of payables to the Plan with a description of what gave rise to the payable per GASBS 68, paragraphs 122 and 124.

Notes to Financial Statements (continued)

10. RETIREE HEALTH CARE ACT CONTRIBUTIONS

The Village has elected not to participate in the Retiree Health Care Act of New Mexico's retiree health care program.

11. DEPOSITS HELD FOR OTHERS, ENTERPRISE FUND

Deposits in the Water and Wastewater Utility Enterprise Fund consist of the following:

Hydrant Meter deposits \$ 32,130

Water meter deposits are charged to new customers and consist of the following:

Residential properties \$ 75
Commercial properties \$ 150

12. FUND BALANCES CLASSIFIED

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented here.

<u>Fund Balances</u>	<u>General Fund</u>	<u>Fire Protection Fund</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
<u>Nonspendable:</u>				
Inventory	\$ -	\$ -	\$ -	\$ -
Total nonspendable	-	-	-	-
<u>Restricted for:</u>				
Fire protection	-	60,541	-	60,541
Public safety	-	-	15,691	15,691
Solid waste	-	-	3,836	3,836
Recreation services	-	-	19,830	19,830
Corrections	-	-	4,088	4,088
State mandated cash reserves	25,144	-	-	25,144
Total restricted	25,144	60,541	43,445	129,130
<u>Committed to:</u>				
Other purposes	-	-	-	-
Total committed	-	-	-	-
<u>Unassigned:</u>	295,524	-	-	295,524
Total Fund Balances	<u>\$ 320,668</u>	<u>\$ 60,541</u>	<u>\$ 43,445</u>	<u>\$ 424,654</u>

Notes to Financial Statements (continued)

13. RESTATEMENT OF NET POSITION

The Village had a prior period adjustment of \$199,430 of which was required for the implementation of GASB Statement No. 68. The adjustment reflects a beginning net pension liability of \$214,066 and a beginning deferred outflow of resources - employer contributions subsequent to the measurement date of \$14,636.

The Village also had a prior period adjustment of \$872,539 to restate capital assets for \$523,354 and accumulated depreciation of \$349,185.

14. RESTATEMENT OF FUND BALANCE

The General Fund had a restatement to show the Ambulance Fund in it's own Proprietary Fund and not as a part of the General (Governmental) Fund, in the amount of \$73,845. The Water/Sewer Fund had a restatement in the amount of \$1,468,651 for changes in Capital Assets and accumulated depreciation. The Completed Project fund was restated for \$654 as it was closed out to the Water/Sewer Fund in a prior year.

NON-MAJOR FUNDS

STATE OF NEW MEXICO
 VILLAGE OF MAGDALENA
 Non-Major Governmental Funds
 Combining Balance Sheet - By Fund Type
 June 30, 2015

	Special Revenue Funds	Capital Project Funds	Totals
ASSETS			
Cash on deposit	\$ 43,131	\$ -	\$ 43,131
Accounts receivable	314	-	314
Total assets	\$ 43,445	\$ -	\$ 43,445
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
FUND BALANCE			
Nonspendable	-	-	-
Restricted	43,445	-	43,445
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
Total fund balance	43,445	-	43,445
Total liabilities and fund balance	\$ 43,445	\$ -	\$ 43,445

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

STATE OF NEW MEXICO
VILLAGE OF MAGDALENA
Non-Major Governmental Funds
Combining Statement of Revenues, Expenditures and Changes
in Fund Balances - By Fund Type
Year Ended June 30, 2015

Statement A-2

	Special Revenue Funds	Capital Project Funds	Total
REVENUES			
Taxes	\$ 1,513	\$ -	\$ 1,513
Gas taxes	1,699	-	1,699
Environmental gross receipts taxes	3,678	-	3,678
Charges for services	501	-	501
Licenses and permits	-	-	-
Fines and forfeitures	1,582	-	1,582
Local sources	4,077	-	4,077
State sources	35,368	-	35,368
Federal sources	-	-	-
Earnings on investments	-	-	-
	<u>48,410</u>	<u>-</u>	<u>48,410</u>
EXPENDITURES			
Current:			
General government	23,021	-	23,021
Highways and streets	1,340	-	1,340
Public safety	13,630	-	13,630
Culture and recreation	40,637	-	40,637
Capital outlay	27,366	-	27,366
	<u>105,994</u>	<u>-</u>	<u>105,994</u>
Excess (deficiency) of revenues over expenditures	(57,584)	-	(57,584)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfer out	(42,623)	(6,233)	(48,856)
	<u>(42,623)</u>	<u>(6,233)</u>	<u>(48,856)</u>
Net change in fund balance	(100,207)	(6,233)	(106,440)
Fund balance at beginning of year	143,652	6,233	149,885
	<u>\$ 43,445</u>	<u>\$ -</u>	<u>\$ 43,445</u>

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

STATE OF NEW MEXICO
 VILLAGE OF MAGDALENA
 Combined Statement of Revenues and Expenditures
 Budget and Actual (Non-GAAP Budgetary Basis)
 Governmental Fund Types - Non-Major
 Special Revenue Funds
 Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	\$ 3,500	\$ 3,500	\$ 1,513	\$ (1,987)
Charges for services	-	-	501	501
Licenses and permits	-	-	-	-
Fines and forfeitures	2,494	2,494	1,582	(912)
Local sources	-	-	4,077	4,077
State sources	32,100	32,100	35,360	3,260
Federal sources	-	-	-	-
State shared taxes	14,800	14,800	5,836	(8,964)
Earnings from investments	-	-	-	-
Total revenues	<u>\$ 52,894</u>	<u>\$ 52,894</u>	<u>\$ 48,869</u>	<u>\$ (4,025)</u>
EXPENDITURES				
General government	\$ 3,500	\$ 23,021	\$ 23,021	\$ -
Highways and streets	16,384	2,000	1,340	660
Public safety	54,773	54,773	40,996	13,777
Culture and recreation	50,627	50,627	40,637	9,990
Total expenditures	<u>\$ 125,284</u>	<u>\$ 130,421</u>	<u>\$ 105,994</u>	<u>\$ 24,427</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 20,000	\$ 20,000	\$ -	\$ (20,000)
Transfers out	-	(42,623)	(42,623)	-
Total other financing sources (uses)	<u>\$ 20,000</u>	<u>\$ (22,623)</u>	<u>\$ (42,623)</u>	<u>\$ (20,000)</u>
BUDGETED CASH BALANCE	<u>\$ 54,190</u>	<u>\$ 107,112</u>		

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

STATE OF NEW MEXICO
 VILLAGE OF MAGDALENA
 Combined Statement of Revenues and Expenditures
 Budget and Actual (Non-GAAP Budgetary Basis)
 Capital Projects Funds
 Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Earnings on investments	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXPENDITURES				
Capital outlay	\$ -	\$ -	\$ -	\$ -
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ -	\$ (6,233)	\$ (6,233)	\$ -
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ (6,233)</u>	<u>\$ (6,233)</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>\$ 6,233</u>		

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

NON-MAJOR SPECIAL REVENUE FUNDS

ALL FUNDS - All funds were created by management directive.

RECREATION FUND - To account for the operation and maintenance of recreation facilities in the Village. Financing is provided by a specific annual cigarette tax levy. Authority: NMSA 7-12-1 and 7-12-15.

STREETS (GAS TAX) FUND - To account for the receipt of the Statewide increase of two cents per gallon of gasoline tax, which one cent is redistributed, to municipalities for highway and street maintenance. (Authority is NMSA 24A-3)

LODGERS TAX FUND - To account for the administration of a Village promotional effort. Funds are derived from a lodger's tax imposed on motel rentals. (Authority is NMSA 3-38-13).

LAW ENFORCEMENT PROTECTION FUND - To account for grants received from state sources for the purpose of buying equipment for the Village Police department. (Authority is NMSA 29-13-3)

LIBRARY FUND - To account for the operations and maintenance of the Village Library. Financing is provided by donations. The donations provide for payment of all current operating costs and may be used only for that purpose. Also, financing is provided by the New Mexico State Library GO Bonds for Public Library Resources, Laws of New Mexico 2002, Chapter 93. (Authority is Village Council)

ENVIRONMENTAL GROSS RECEIPTS TAX FUND - To account for environmental gross receipts tax revenues received to be used for the acquisition, construction, operation, and maintenance of solid waste facilities.

CORRECTIONS FUND - To account for the fines collected on local violations by the Village Court to be used for the costs associated with housing Village prisoners. (Authority is NMSA 35-14-11)

STATE OF NEW MEXICO
 Village of Magdalena
 Non-Major Special Revenue Funds
 Combining Balance Sheet
 June 30, 2015

	Recreation Fund	Streets Fund	Lodger's Tax Fund	Law Enforcement Protection Fund	Library Fund	Environmental GRT Fund	Corrections Fund	Total
ASSETS								
Cash on deposit	\$ -	\$ -	\$ 8,734	\$ 15,691	\$ 11,096	\$ 3,522	\$ 4,088	\$ 43,131
Accounts receivable	-	-	-	-	-	314	-	314
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,734</u>	<u>\$ 15,691</u>	<u>\$ 11,096</u>	<u>\$ 3,836</u>	<u>\$ 4,088</u>	<u>\$ 43,445</u>
LIABILITIES								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE								
Restricted	-	-	8,734	15,691	11,096	3,836	4,088	43,445
Total fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,734</u>	<u>\$ 15,691</u>	<u>\$ 11,096</u>	<u>\$ 3,836</u>	<u>\$ 4,088</u>	<u>\$ 43,445</u>

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

STATE OF NEW MEXICO
 VILLAGE OF MAGDALENA
 Non-Major Special Revenue Funds
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balances
 Year Ended June 30, 2015

Statement R-2

	Recreation Fund	Streets Fund	Lodger's Tax Fund	Law Enforcement Protection Fund	Library Fund	Environmental GRT Fund	Corrections Fund	Totals
REVENUES								
Taxes	\$ -	\$ -	\$ 1,515	\$ -	\$ -	\$ -	\$ -	\$ 1,513
Gas taxes	-	1,699	-	-	-	-	-	1,699
Environmental grass receipts taxes	-	-	-	-	-	3,678	-	3,678
Charges for services	-	-	-	-	501	-	-	501
Licenses and permits	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	244	-	1,338	1,582
Local sources	-	-	-	2,510	1,567	-	-	4,077
State sources	-	-	-	21,200	14,360	-	-	35,360
Federal sources	-	-	-	-	-	-	-	-
Earnings on investments	-	-	-	-	-	-	-	-
Total revenues	-	1,699	1,513	23,710	16,472	3,678	1,338	43,410
EXPENDITURES								
Contract:								
General government	-	-	-	-	-	23,021	-	23,021
Highways and streets	-	1,340	-	-	-	-	-	1,340
Public safety	-	-	-	10,453	-	-	3,177	13,630
Culture and recreation	-	-	5,706	-	34,991	-	-	40,637
Capital outlay	-	-	-	27,366	-	-	-	27,366
Total expenditures	-	1,340	5,706	37,819	34,931	23,021	3,177	105,994
Excess (deficiency) of revenues over expenditures	-	359	(4,193)	(14,109)	(18,459)	(19,343)	(1,839)	(57,584)
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(4,004)	(38,619)	-	-	-	-	-	(42,623)
Total other financing sources (uses)	(4,004)	(38,619)	-	-	-	-	-	(42,623)
Net change in fund balance	(4,004)	(38,260)	(4,193)	(14,109)	(18,459)	(19,343)	(1,839)	(100,267)
Fund balance, beginning of year	4,004	38,260	12,227	29,800	29,555	23,179	5,927	143,652
Fund balance, end of year	\$ -	\$ -	\$ 8,734	\$ 15,691	\$ 11,096	\$ 3,836	\$ 4,088	\$ 43,445

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

STATE OF NEW MEXICO
 VILLAGE OF MAGDALENA
 Non-Major Special Revenue - Recreation Fund
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Earnings on investments	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXPENDITURES				
Culture and Recreation	\$ -	\$ -	\$ -	\$ -
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
OTHER FINANCING USES				
Transfers out	\$ -	\$ (4,004)	\$ (4,004)	\$ -
Total other financing uses	<u>\$ -</u>	<u>\$ (4,004)</u>	<u>\$ (4,004)</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>\$ 4,004</u>		

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

STATE OF NEW MEXICO
 VILLAGE OF MAGDALENA
 Non-Major Special Revenue - Streets Fund
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Gas tax	\$ 9,500	\$ 9,500	\$ 2,238	\$ (7,262)
Earnings on investments	-	-	-	-
Total revenues	<u>\$ 9,500</u>	<u>\$ 9,500</u>	<u>\$ 2,238</u>	<u>\$ (7,262)</u>
EXPENDITURES				
Highways and Streets	\$ 16,384	\$ 2,000	\$ 1,340	\$ 660
Total expenditures	<u>\$ 16,384</u>	<u>\$ 2,000</u>	<u>\$ 1,340</u>	<u>\$ 660</u>
OTHER FINANCING USES				
Transfers out	\$ -	\$ (38,619)	\$ (38,619)	\$ -
Total other financing sources	<u>\$ -</u>	<u>\$ (38,619)</u>	<u>\$ (38,619)</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>\$ 6,884</u>	<u>\$ 38,081</u>		
REVENUES				
Budgetary basis			\$ 2,238	
(Decrease) in receivables			<u>(539)</u>	
Modified accrual basis			<u>\$ 1,699</u>	

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

STATE OF NEW MEXICO
 VILLAGE OF MAGDALENA
 Non-Major Special Revenue - Lodgers Tax Fund
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Lodger's tax	\$ 3,500	\$ 3,500	\$ 1,513	\$ (1,987)
Earnings on investments	-	-	-	-
Total revenues	<u>\$ 3,500</u>	<u>\$ 3,500</u>	<u>\$ 1,513</u>	<u>\$ (1,987)</u>
EXPENDITURES				
Culture & recreation	\$ 6,900	\$ 6,900	\$ 5,706	\$ 1,194
Total expenditures	<u>\$ 6,900</u>	<u>\$ 6,900</u>	<u>\$ 5,706</u>	<u>\$ 1,194</u>
BUDGETED CASH BALANCE	<u>\$ 3,400</u>	<u>\$ 3,400</u>		

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

STATE OF NEW MEXICO
 VILLAGE OF MAGDALENA
 Non-Major Special Revenue - Law Enforcement Protection Fund
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Local sources	\$ -	\$ -	\$ 2,510	\$ 2,510
State sources	21,200	21,200	21,200	-
Earnings on investments	-	-	-	-
Total revenues	<u>\$ 21,200</u>	<u>\$ 21,200</u>	<u>\$ 23,710</u>	<u>\$ 2,510</u>
EXPENDITURES				
Public safety	<u>\$ 50,999</u>	<u>\$ 50,999</u>	<u>\$ 37,819</u>	<u>\$ 13,180</u>
Total expenditures	<u>\$ 50,999</u>	<u>\$ 50,999</u>	<u>\$ 37,819</u>	<u>\$ 13,180</u>
BUDGETED CASH BALANCE	<u>\$ 29,799</u>	<u>\$ 29,799</u>		

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

STATE OF NEW MEXICO
 VILLAGE OF MAGDALENA
 Non-Major Special Revenue - Library Fund
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Charges for services	\$ -	\$ -	\$ 501	\$ 501
Fines and forfeitures	-	-	244	244
Local sources	-	-	1,567	1,567
State sources	10,900	10,900	14,160	3,260
Earnings on investments	-	-	-	-
Total revenues	<u>\$ 10,900</u>	<u>\$ 10,900</u>	<u>\$ 16,472</u>	<u>\$ 5,572</u>
EXPENDITURES				
Culture & recreation	\$ 43,727	\$ 43,727	\$ 34,931	\$ 8,796
Total expenditures	<u>\$ 43,727</u>	<u>\$ 43,727</u>	<u>\$ 34,931</u>	<u>\$ 8,796</u>
OTHER FINANCING SOURCES				
Transfer in	\$ 20,000	\$ 20,000	\$ -	\$ (20,000)
Total other financing sources	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ -</u>	<u>\$ (20,000)</u>
BUDGETED CASH BALANCE	<u>\$ 12,827</u>	<u>\$ 12,827</u>		

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

STATE OF NEW MEXICO
 VILLAGE OF MAGDALENA
 Non-Major Special Revenue - Environmental GRT Fund
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State shared taxes	\$ 5,300	\$ 5,300	\$ 3,598	\$ (1,702)
Earnings on investments	-	-	-	-
Total revenues	<u>\$ 5,300</u>	<u>\$ 5,300</u>	<u>\$ 3,598</u>	<u>\$ (1,702)</u>
EXPENDITURES				
General government	\$ 3,500	\$ 23,021	\$ 23,021	\$ -
Total expenditures	<u>\$ 3,500</u>	<u>\$ 23,021</u>	<u>\$ 23,021</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>\$ 17,721</u>		
REVENUES				
Budgetary basis			\$ 3,598	
Increase in accounts receivable			<u>80</u>	
Modified accrual basis			<u>\$ 3,678</u>	

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

STATE OF NEW MEXICO
 VILLAGE OF MAGDALENA
 Non-Major Special Revenue - Corrections Fund
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Fines and forfeitures	\$ 2,494	\$ 2,494	\$ 1,338	\$ (1,156)
Earnings on investments	-	-	-	-
Total revenues	<u>\$ 2,494</u>	<u>\$ 2,494</u>	<u>\$ 1,338</u>	<u>\$ (1,156)</u>
EXPENDITURES				
Public safety	\$ 3,774	\$ 3,774	\$ 3,177	\$ 597
Total expenditures	<u>\$ 3,774</u>	<u>\$ 3,774</u>	<u>\$ 3,177</u>	<u>\$ 597</u>
BUDGETED CASH BALANCE	<u>\$ 1,280</u>	<u>\$ 1,280</u>		

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

NON-MAJOR CAPITAL PROJECT FUNDS

FIRE COMPLEX IMPROVEMENT FUND - To account for the construction improvements to the Village's Fire Station. Financing and authority provided by the grant awarded to the Village.

STATE OF NEW MEXICO
 VILLAGE OF MAGDALENA
 Non-Major Capital Projects Funds
 Balance Sheet
 June 30, 2015

	Fire Complex Improvement Fund
	<u> </u>
ASSETS	
Cash on deposit	\$ <u> -</u>
Total assets	<u><u> -</u></u>
LIABILITIES	
Accounts payable	\$ <u> -</u>
Total liabilities	<u> -</u>
FUND BALANCE	
Restricted	<u> -</u>
Total fund balance	<u> -</u>
Total liabilities and fund balance	<u><u> -</u></u>

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

STATE OF NEW MEXICO
 VILLAGE OF MAGDALENA
 Non-Major Capital Projects Funds
 Statement of Revenues, Expenditures
 and Changes in Fund Balances
 Year Ended June 30, 2015

	Fire Complex Improvement Fund
REVENUES	
State sources	\$ -
Earnings from investments	-
Total revenues	-
EXPENDITURES	
Capital outlay	-
Total expenditures	-
Excess (deficiency) of revenues over expenditures	-
OTHER FINANCING SOURCES (USES)	
Transfer in	-
Transfer out	(6,233)
Total other Financing Sources (Uses)	(6,233)
Net change in fund balance	(6,233)
Fund balance at beginning of year	6,233
Fund balance at end of year	\$ -

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

STATE OF NEW MEXICO
 VILLAGE OF MAGDALENA
 Non-Major Capital Projects Fund - Fire Complex Improvement Fund
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Earnings from investments	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXPENDITURES				
Capital outlay	\$ -	\$ -	\$ -	\$ -
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
OTHER FINANCING USES				
Transfer out	\$ -	\$ (6,233)	\$ (6,233)	\$ -
Total other financing uses	<u>\$ -</u>	<u>\$ (6,233)</u>	<u>\$ (6,233)</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>\$ 6,233</u>		

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

PROPRIETARY FUND DETAIL

PROPRIETARY FUNDS BUDGETS

WATER/SEWER FUND - To account for the provision of water and sewer services to the residents of Magdalena, New Mexico. All activities necessary to provide these services are accounted for in this fund.

SOLID WASTE FUND - To account for revenue and expenditures for the maintenance of the solid waste operations. All activities necessary to provide these services are accounted for in this fund.

AMBULANCE FUND - To account for the operations of the emergency ambulance services.

STATE OF NEW MEXICO
 VILLAGE OF MAGDALENA
 Proprietary Funds
 Water/Sewer Fund
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Sales and services	\$ 225,654	\$ 225,654	\$ 204,606	\$ (21,048)
Local sources	-	27,004	27,004	-
State sources	-	-	-	-
Federal sources	-	-	-	-
Interest income	-	-	-	-
Total revenues	\$ 225,654	\$ 252,658	\$ 231,610	\$ (21,048)
EXPENDITURES				
Personal services	\$ 130,000	\$ 130,000	\$ 128,198	\$ 1,802
Maintenance and operations	44,590	86,544	88,833	(2,289)
Principle paid	40,000	40,000	39,513	487
Interest paid	3,000	3,000	3,000	-
Capital outlay	6,345	6,345	6,345	-
Total expenditures	\$ 223,935	\$ 265,889	\$ 265,889	\$ -
BUDGETED CASH BALANCE	\$ -	\$ 13,231		
REVENUES				
Budgetary basis			\$ 231,610	
(Decrease) in receivables			(524)	
(Increase) in allowance for doubtful accounts			(2,925)	
Modified accrual basis			\$ 228,161	
EXPENDITURES				
Budgetary basis			\$ 265,889	
Capital outlay			(39,513)	
Depreciation			50,268	
Principle paid			(3,000)	
Increase in compensated absences			4,959	
(Decrease) in accounts payable/inventory			(7,845)	
Modified accrual basis			\$ 270,758	

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

STATE OF NEW MEXICO
 VILLAGE OF MAGDALENA
 Proprietary Funds
 Solid Waste Fund
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Sales and services	\$ 102,833	\$ 102,833	\$ 94,936	\$ (7,897)
Local sources	-	-	-	-
Interest income	-	-	-	-
Total revenues	\$ 102,833	\$ 102,833	\$ 94,936	\$ (7,897)
EXPENDITURES				
Personal services	\$ 30,000	\$ 30,000	\$ 27,819	\$ 2,181
Maintenance and operations	18,000	18,000	17,980	20
Contractual services	55,157	65,157	61,779	3,378
Capital outlay	-	-	-	-
Total expenditures	\$ 103,157	\$ 113,157	\$ 107,578	\$ 5,579
BUDGETED CASH BALANCE	\$ 324	\$ 10,324		
REVENUES				
Budgetary basis			\$ 94,936	
(Decrease) in receivables			(3,219)	
Modified accrual basis			\$ 91,717	

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

STATE OF NEW MEXICO
 VILLAGE OF MAGDALENA
 Proprietary Funds
 Ambulance Fund
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Sales and services	\$ 1,000	\$ 1,000	\$ 25	\$ (975)
State shared taxes	-	-	-	-
Interest income	-	-	-	-
Total revenues	<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>\$ 25</u>	<u>\$ (975)</u>
EXPENDITURES				
Personal services	\$ -	\$ -	\$ -	\$ -
Maintenance and operations	10,540	10,540	4,521	6,019
Capital outlay	-	-	-	-
Total expenditures	<u>\$ 10,540</u>	<u>\$ 10,540</u>	<u>\$ 4,521</u>	<u>\$ 6,019</u>
BUDGETED CASH BALANCE	<u>\$ 9,540</u>	<u>\$ 9,540</u>		

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

REQUIRED SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
 VILLAGE OF MAGDALENA
 SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE
 NET PENSION LIABILITY OF PERA FUND MUNICIPAL GENERAL DIVISION
 Public Employees Retirement Association (PERA) Plan
 Last 10 Fiscal Years*

	2015
Village of Magdalena's proportion of the net pension liability (asset)	0.0125%
Village of Magdalena's proportionate share of the net pension liability (asset)	\$ 97,513
Village of Magdalena's covered-employee payroll	\$ 134,385
Village of Magdalena's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	72.56%
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 of Magdalena will present information for those years for which information is available.

See Independent Auditor's Report
 See notes to required supplementary information

STATE OF NEW MEXICO
 VILLAGE OF MAGDALENA
 SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE
 NET PENSION LIABILITY OF PERA FUND MUNICIPAL POLICE DIVISION
 Public Employees Retirement Association (PERA) Plan
 Last 10 Fiscal Years*

	2015
Village of Magdalena's proportion of the net pension liability (asset)	0.0150%
Village of Magdalena's proportionate share of the net pension liability (asset)	\$ 48,898
Village of Magdalena's covered-employee payroll	\$ 61,859
Village of Magdalena's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	79.05%
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 of Magdalena will present information for those years for which information is available.

See Independent Auditor's Report
 See notes to required supplementary information

STATE OF NEW MEXICO
 VILLAGE OF MAGDALENA
 SCHEDULE OF EMPLOYER'S CONTRIBUTIONS
 Public Employees Retirement Association (PERA) Plan
 PERA Municipal General Division
 Last 10 Fiscal Years*

	2015
Contractually required contribution	\$ 9,979
Contributions in relation to the contractually required contribution	(9,979)
Contribution deficiency (excess)	\$ -
Village of Magdalena's covered-employee payroll	\$ 134,385
Contributions as a percentage of covered-employee payroll	7.4%

* 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 of Magdalena will present information for those years for which information is available.

See Independent Auditor's Report
 See notes to required supplementary information

STATE OF NEW MEXICO
 VILLAGE OF MAGDALENA
 SCHEDULE OF EMPLOYER'S CONTRIBUTIONS
 Public Employees Retirement Association (PERA) Plan
 PERA Municipal Police Division
 Last 10 Fiscal Years*

	2015
Contractually required contribution	\$ 6,305
Contributions in relation to the contractually required contribution	(6,305)
Contribution deficiency (excess)	\$ -
Village of Magdalena's covered-employee payroll	\$ 61,859
Contributions as a percentage of covered-employee payroll	10.4%

* 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 of Magdalena will present information for those years for which information is available.

See Independent Auditor's Report
 See notes to required supplementary information

STATE OF NEW MEXICO
VILLAGE OF MAGDALENA
Notes to Required Supplementary Information
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

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.

See Independent Auditor's Report
See notes to required supplementary information

SUPPLEMENTARY INFORMATION

Village of Magdalena
 SCHEDULE OF VENDOR INFORMATION
 (for Purchases Exceeding \$50,000 excluding CRT)
 For the Year Ended June 30, 2015

Prepared by (Agency Staff Name): Stephanie Finch

Title: Clerk

Date: November 12, 2015

<u>RFB#/RFP#</u>	<u>Type of Procurement</u>	<u>Awarded Vendor</u>	<u>Amount of Awarded Contract</u>	<u>Amount of Amended Contract</u>	<u>Name and Physical Address of All Respondents</u>	<u>In-State/Out-of-State Vendor</u>	<u>Veteran's Preference N/A for Federal Funds</u>	<u>Scope of Work</u>
N/A	Service	City of Socorro	*	\$	City of Socorro 111 School of Mines Rd PO Drawer K Socorro, NM 87801	In-State	N	Landfill Tipping Fees

* No contract awarded, total fiscal year expenditures equal \$80,760

Rice and Associates, C.P.A.

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

INDEPENDENT AUDITOR'S REPORT

Mr. Tim Keller
New Mexico State Auditor
and
Honorable Mayor and Village Council
Village of Magdalena
Magdalena, New Mexico

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, and the aggregate remaining fund information, the budgetary comparisons of the General and Fire Protection Funds of the Village of Magdalena, as of and for the year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the Village of Magdalena's basic financial statements, and the related budgetary comparison of the enterprise fund, presented as supplemental information, and have issued our report thereon dated November 19, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Magdalena's internal control over financial reporting as a basis for designing our auditing procedures 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 of Magdalena's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses 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 a material weakness. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Magdalena's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance 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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards which is described in the accompanying Status of Findings and Responses as Payroll Policy (2015-001), Chief Procurement Officer (2015-002), Purchase Orders Required (2015-003), New Hire Reporting (2015-004), Outstanding Utility Balance (2015-005) and Water Meter Deposits (2015-006).

Village of Magdalena's Response to Findings

The Village of Magdalena's responses to the findings identified in our audit are described in the accompanying Status of Comments. The Village of Magdalena's responses were not subjected to the auditing procedures applied in the audits of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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



STATUS OF COMMENTS AND RESPONSES

Prior Year Audit Findings:

1. Capital Asset Inventory - (2004-001) - Resolved.
2. Untimely Submission of Audit Report - (2004-002) - Resolved.
3. Employee Utility Credits as Taxable Fringe Benefits - (2012-001) - Resolved.
4. Mileage Rate Payments - (2014-001) - Resolved.
5. Payroll Reporting - (2014-002) - Resolved.

Current Year Audit Findings:

1. Payroll Policy - (2015-001)
2. Chief Procurement Officer - (2015-002)
3. Purchase Orders Required - (2015-003)
4. New Hire Reporting - (2015-004)
5. Outstanding Utility Balance - (2015-005)
6. Water Meter Deposits - (2015-006)

Payroll Policy - Other Matter
(2015-001)

CONDITION The Village adopted a new payroll policy that changes how employees can accrue leave. The policy however, does not address leave previously earned; whether it can be carried forward or should be paid to the employees at their current wage.

CRITERIA All policies approved by the Council need to be concise in their structure.

CAUSE Neither the Council nor Management, along with their Legal Council, did not ensure this situation was addressed in the new policy.

EFFECT The Village could be subject to a legal situation if this condition is not addressed and modified in the new policy.

RECOMMENDATION The Village should revise the payroll policy as soon as possible.

RESPONSE The governing body will revise the personnel policy by June 30, 2016.

Chief Procurement Officer - Compliance Matter
(2015-002)

CONDITION As of July 1, 2015, the Village did not have a Chief Procurement Officer.

CRITERIA According to NM State Statute 13-1-95.2 only certified chief procurement officers may approve procurement pursuant to the Procurement Code.

CAUSE Management did not ensure that someone attended the certification program before July 1, 2015 and become certified.

EFFECT Management did not comply with NM State Statute 13-1-95.2.

RECOMMENDATION Management should ensure that someone attend the next certification program and become certified.

RESPONSE The Clerk/Treasurer will take the test again by November 30, 2015.

Purchase Orders Required - Compliance Matter
(2015-003)

CONDITION	The Village is not using Purchase Orders for all purchases made.
CRITERIA	DFA regulations require a purchase order to initiate a purchase. This document is used to ensure the Village not only has budget or budget authority but cash to purchase the item. This document is also used to provide guidance as to which fund and account can and will be used.
CAUSE	Management was not aware of this requirement.
EFFECT	DFA regulations are not being followed.
RECOMMENDATION	Purchase orders should be used as soon as possible.
RESPONSE	The Treasurer has already implemented the use of purchase orders as of July 1, 2015. This will be resolved by June 30, 2016.

New Hire Reporting - Compliance Matter
(2015-004)

CONDITION The Village did not properly report newly hired employees to a State directory within 20 days of their hire date.

CRITERIA New Mexico law (50-13-1 to 50-13-4 NMSA) and the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996, 42. U.S.C. 653A, requires all employers to report newly hired employees to a State directory within 20 days of their hire.

CAUSE Management did not know of this requirement.

EFFECT The Village did not comply with New Mexico State Statute 50-13-1 or the PRWORA of 1996.

RECOMMENDATION The Village is now complying with this law, however, management should have a system in place to ensure all future reports are submitted on time.

RESPONSE New hires are now being properly reported by the Treasurer. This issue will be resolved by June 30, 2016

Outstanding Utility Balance - Other Matter
(2015-005)

CONDITION Management of the Village has allowed two individuals to accrue balances totaling \$6,086 in water/sewer/solid waste charges.

CRITERIA The Village needs to follow its own water/sewer/solid waste policy.

CAUSE Management has not taken the time to solve this outstanding balance situation.

EFFECT The Village is violating the anti-donation clause.

RECOMMENDATION Management should either discontinue water/sewer/solid waste services or pursue a lien on the property as soon as possible.

RESPONSE The governing body will put liens on individuals property that have outstanding balances. No customer will be allowed to accrue a large balance again in the future. This issue will be resolved by June 30, 2016.

Water Meter Deposits - Other Matter
(2015-006)

CONDITION The Village is not reconciling their monthly water meter deposit to the restricted bank account each month.

CRITERIA The monthly meter deposit list should be reconciled and agreed to the reconciled bank account each month. This complies with good accounting practices.

CAUSE Management is aware of this situation but has not completed an accurate meter deposit list and reconciled it to the reconciled bank account on a monthly basis.

EFFECT Available resources could not be budgeted for and used in the Water Fund.

RECOMMENDATION Management should designate an employee to perform this duty each month, identify differences and resolve those differences.

RESPONSE The Treasurer will reconcile this monthly to the bank account. This will be resolved by June 30, 2016.

FINANCIAL STATEMENT PREPARATION

The combining and individual fund financial statements and notes to the financial statements for the year ended, June 30, 2015 were prepared by Rice & Associates, CPA, based on managements chart of accounts and trial balances including any adjusting, correcting or closing entries approved by management. These services are allowable under SAS 115.

EXIT CONFERENCE

An exit conference was held at the Village on November 19, 2015, to discuss the current audit report. In attendance were Mr. Diego Montoya, Mayor, Mr. Tom Barrington, Mayor Pro-Tem, Ms. Stephanie Finch, Clerk/Treasurer, Ms. Carleen Gomez, Deputy Clerk, Mr. Antonio Lucero, Contract Auditor and Ms. Pamela A. Rice, CPA, Contract Auditor.