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**CHESTER W. MATTOCKS**  
**CERTIFIED PUBLIC ACCOUNTANT**

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**STATE OF NEW MEXICO**  
**TOWN OF COCHITI LAKE**

**ANNUAL FINANCIAL REPORT AND**  
**INDEPENDENT AUDITOR'S REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2009**

**STATE OF NEW MEXICO  
TOWN OF COCHITI LAKE**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED  
JUNE 30, 2009**

**TABLE OF CONTENTS**

	<u>Page</u>
INTRODUCTORY SECTION	
Official Roster	iii
FINANCIAL SECTION	
Independent Auditor's Report	1
BASIC FINANCIAL STATEMENTS:	
Government-Wide Financial Statements:	
Statement of Net Assets	3
Statement of Activities	4
Fund Financial Statements:	
Balance Sheet – Governmental Funds	5
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Assets – Governmental Activities	6
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	7
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities – Governmental Activities	8
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget (Non-GAAP Budgetary Basis and Actual (Non-GAAP Budgetary Basis):	
General Fund	9
Special Revenue Fund	10
Statement of Fiduciary Assets and Liabilities-Agency Fund-Cochiti Lake Community Fund	11
Notes to Basic Financial Statements	12
OTHER SUPPLEMENTAL INFORMATION - SUPPORTING SCHEDULES	
Schedule of Bank Accounts	24
Schedule of Pledged Collateral	25
Schedule of Changes in Assets and Liabilities-Agency Fund- Cochiti Lake Community Fund	26
Schedule of Memorandum of Understanding	27

**STATE OF NEW MEXICO  
TOWN OF COCHITI LAKE**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED  
JUNE 30, 2009**

**TABLE OF CONTENTS (continued)**

	<u>Page</u>
<b>OTHER REPORT</b>	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	29
<b>STATE COMPLIANCE SECTION</b>	
Schedule of State Compliance Findings and Responses	32
Summary Schedule of Prior Audit Findings	34
Exit Conference	35

**STATE OF NEW MEXICO  
TOWN OF COCHITI LAKE**

**OFFICIAL ROSTER**

**As Of  
June 30, 2009**

**Town Assembly**

Ken Kiesling	Mayor
Freda Donica	Mayor Pro Tem
Linda Bradshaw	Assemblyperson
Anthony Da Silva	Assemblyperson
Wilbert Ryan	Assemblyperson

**Administrative Staff**

Mary F. Wheeler	Town Administrator
Annette Narvaiz	Town Clerk



**CHESTER W. MATTOCKS**  
**CERTIFIED PUBLIC ACCOUNTANT**

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Albuquerque, New Mexico 87125  
(505) 299-5233

## **INDEPENDENT AUDITOR'S REPORT**

Mayor and Town Assembly  
Town of Cochiti Lake  
Cochiti Lake, New Mexico

and

Mr. Hector H. Balderas  
New Mexico State Auditor  
Santa Fe, New Mexico

I have audited the accompanying financial statements of the governmental activities, each major fund, the respective budgetary comparisons of the General Fund and the Special Revenue Fund, and the aggregate remaining fund information of the Town of Cochiti Lake (Town), as of and for the year ended June 30, 2009, which collectively comprise the Town's basic financial statements, as listed in the Table of Contents. These financial statements are the responsibility of the Town's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town as of June 30, 2009, and the respective changes in financial position and the respective budgetary comparisons of the General Fund and the Special Revenue Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued my report dated November 20, 2009, on my consideration of the Town's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

The Town has not presented the Management's Discussion and Analysis for the year ended June 30, 2009, which is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board.

My audit was made for the purpose of forming an opinion on the financial statements that collectively comprise the Town's basic financial statements. The accompanying financial information listed as Other Supplemental Information - Supporting Schedules in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Town. Such additional information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

*Chester W. Matthews, CPA*  
November 20, 2009

**STATE OF NEW MEXICO  
TOWN OF COCHITI LAKE**

**STATEMENT OF NET ASSETS  
AS OF JUNE 30, 2009**

	<b>Governmental Activities</b>
<b><u>ASSETS</u></b>	
Current assets:	
Cash	\$ 337,680
Investments	727,027
Due from other government	63,519
Due from vendor	23,132
Property taxes receivable	8,987
Accounts receivable	40,522
Total current assets	<u>1,200,867</u>
Capital assets:	
Capital assets, net of accumulated depreciation	<u>74,906</u>
Total capital assets	<u>74,906</u>
Total assets	<u>1,275,773</u>
<b><u>LIABILITIES</u></b>	
Current liabilities:	
Accounts payable	3,694
Accrued payroll and taxes	6,933
Compensated absences payable	5,987
Total current liabilities	<u>16,614</u>
Total liabilities	<u>16,614</u>
<b><u>NET ASSETS</u></b>	
Invested in capital assets	74,906
Restricted for special projects	174,031
Unrestricted	<u>1,010,222</u>
Total net assets	<u>\$ 1,259,159</u>

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

**STATE OF NEW MEXICO  
TOWN OF COCHITI LAKE**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Expenses</u>	<u>Program Revenue</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental activities:					
General government	\$ (127,912)	\$ 827	\$ 1,095		\$ (125,990)
Public works	(89,110)			\$ 30,879	(58,231)
Culture and recreation	(58,890)		7,394		(51,496)
Fire and emergency services	(146,880)	49,407	129,310		31,837
Total governmental activities	(422,792)	50,234	137,799	30,879	(203,880)
General revenues:					
Town Property taxes					36,152
State of New Mexico Leasehold Community Assistance					150,000
Franchise tax					5,970
Investment earnings					40,455
Other revenue					34,494
Total general revenues					267,071
Change in net assets					63,191
Net assets – beginning of year					1,195,968
Net assets – end of year					\$ 1,259,159

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



**STATE OF NEW MEXICO  
TOWN OF COCHITI LAKE**

**BALANCE SHEET - GOVERNMENTAL FUNDS  
AS OF JUNE 30, 2009**

	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
Cash	\$ 162,708	\$ 174,972	\$ 337,680
Investments	727,027		727,027
Due from other government	63,519		63,519
Due from vendor	23,132		23,132
Property taxes receivable	8,987		8,987
Accounts receivable	1,154	39,368	40,522
	<u>986,527</u>	<u>214,340</u>	<u>1,200,867</u>
Total assets	\$ 986,527	\$ 214,340	\$ 1,200,867
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$ 2,376	\$ 1,318	\$ 3,694
Accrued payroll and taxes	4,803	2,130	6,933
Deferred property taxes	4,558		4,558
Deferred ambulance revenues		36,388	36,388
	<u>11,737</u>	<u>39,836</u>	<u>51,573</u>
Total liabilities	11,737	39,836	51,573
Fund balance:			
Unreserved	974,790	174,504	1,149,294
	<u>974,790</u>	<u>174,504</u>	<u>1,149,294</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 986,527</b>	<b>\$ 214,340</b>	<b>\$ 1,200,867</b>

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

**STATE OF NEW MEXICO**  
**TOWN OF COCHITI LAKE**

**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS -  
TO THE STATEMENT OF NET ASSETS - GOVERNMENTAL ACTIVITIES  
AS OF JUNE 30, 2009**

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Total fund balances – Governmental Funds (Balance Sheet – Governmental Funds)	\$	1,149,294
Amounts reported for governmental activities in the Statement of Net Assets are different at June 30, 2009 because:		
Delinquent property taxes receivable net of allowance for doubtful accounts are not considered available financial resources and therefore are reported as deferred revenue in the fund financial statements		
		4,558
Receivables which are not available to pay current period expenditures are deferred in the funds. These include ambulance service receivables not collected within 60 days of year-end.		
		36,388
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund. These assets consist of:		
Total capital assets	\$	642,939
Less accumulated depreciation		<u>(568,033)</u>
Total capital assets, net of depreciation		74,906
Some liabilities are not due and payable in the current period and therefore are not reported in the fund:		
Compensated absences payable		<u>(5,987)</u>
Net assets of governmental activities (Statement of Net Assets)	\$	<u>1,259,159</u>

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

**STATE OF NEW MEXICO  
TOWN OF COCHITI LAKE**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Total</u>
<b>REVENUES</b>			
Town property taxes	\$ 38,805		\$ 38,805
Franchise fees	5,970		5,970
Charges for services	827	\$ 32,492	33,319
Local sources	6,157	55,000	61,157
State sources	184,773	74,310	259,083
Investment income	40,415	40	40,455
Other	31,059	1,873	32,932
Total revenues	<u>308,006</u>	<u>163,715</u>	<u>471,721</u>
<b>EXPENDITURES</b>			
Current:			
General government	110,680		110,680
Public works and utilities	89,110		89,110
Culture and recreation	49,054		49,054
Fire services		46,126	46,126
Emergency services		88,202	88,202
Capital outlay	5,001		5,001
Total expenditures	<u>253,845</u>	<u>134,328</u>	<u>388,173</u>
Net change in fund balances	54,161	29,387	83,548
Fund balances, beginning of year	<u>920,629</u>	<u>145,117</u>	<u>1,065,746</u>
Fund balances, end of year	<u>\$ 974,790</u>	<u>\$ 174,504</u>	<u>\$ 1,149,294</u>

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

**STATE OF NEW MEXICO**  
**TOWN OF COCHITI LAKE**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCES - GOVERNMENTAL FUNDS - TO THE STATEMENT OF ACTIVITIES -  
 GOVERNMENTAL ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2009**

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Net change in fund balances (Statement of Revenues, Expenditures and Changes  
 in Fund Balances – Governmental Funds) \$ 83,548

Amounts reported for governmental activities in the Statement of Activities are  
 different for the year ended June 30, 2009 because:

In the Statement of Activities, certain operating expenses – compensated absences  
 payable – are measured by the amounts incurred during the year. In the  
 Governmental Funds, however, expenditures are measured by the amount of  
 financial resources used (essentially the amounts actually paid). The (increases)  
 decreases in the liabilities for the year were:

Compensated absences payable (125)

Delinquent property taxes receivable, net of allowance for doubtful accounts, are  
 not available financial resources and therefore are reported as deferred revenues  
 in the fund financial statements.

The increase (decrease) in the deferred revenue related to net property taxes  
 receivable for the year was: (2,653)

Accounts receivable not collected within 60 days are not considered available  
 financial resources in the fund financial statements, but are recognized in the  
 Statement of Activities.

The increase (decrease) in deferred revenue related to net ambulance  
 receivables for the year was: 16,915

The governmental funds reports capital outlays as expenditures. However, in the  
 Statement of Net Assets, the cost of capital assets is allocated over their  
 estimated useful lives and reported as depreciation expense. In the current year,  
 these amounts were:

Capital outlay expenditures which were capitalized	\$	5,001
Depreciation		<u>(39,495)</u>
Excess of depreciation over capital outlay		(34,494)

Change in net assets of governmental activities (Statement of Activities)	\$	<u>63,191</u>
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The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO  
TOWN OF COCHITI LAKE**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) -  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES:</b>				
Local taxes	\$ 35,500	\$ 35,500	\$ 34,991	\$ (509)
Franchise fees	4,000	4,000	5,877	1,877
State sources	154,000	154,000	153,894	(106)
Other local sources	6,450	6,450	6,984	534
Investment earnings	35,700	35,700	35,282	(418)
	<u>235,650</u>	<u>235,650</u>	<u>237,028</u>	<u>1,378</u>
<b>EXPENDITURES:</b>				
<b>General government:</b>				
Salaries	50,800	50,800	45,522	5,278
Payroll taxes and benefits	9,087	9,087	8,837	250
Operating costs	33,318	33,318	32,194	1,124
Professional fees	22,747	22,747	20,208	2,539
Capital outlay	653	653	4,254	(3,601)
	<u>116,605</u>	<u>116,605</u>	<u>111,015</u>	<u>5,590</u>
<b>Public Works:</b>				
Salaries	33,000	33,000	31,574	1,426
Payroll taxes and benefits	5,125	5,125	5,402	(277)
Operating costs	25,980	25,980	21,868	4,112
Professional fees	135	135	120	15
Capital outlay				
	<u>64,240</u>	<u>64,240</u>	<u>58,964</u>	<u>5,276</u>
<b>Library:</b>				
Salaries	30,000	30,000	29,683	317
Payroll taxes and benefits	4,895	4,895	5,087	(192)
Operating costs	13,110	13,110	11,704	1,406
Professional fees	1,035	1,035	638	397
Capital outlay	5,765	5,765	6,343	(578)
	<u>54,805</u>	<u>54,805</u>	<u>53,455</u>	<u>1,350</u>
	<u>235,650</u>	<u>235,650</u>	<u>223,434</u>	<u>12,216</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 13,594</u>	<u>\$ 13,594</u>

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

**STATE OF NEW MEXICO  
TOWN OF COCHITI LAKE**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL (NON GAAP BUDGETARY BASIS) -  
SPECIAL REVENUE FUND  
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES:</b>				
Local revenues	\$ 55,000	\$ 55,000	\$ 55,000	\$ -0-
Charges for services	34,000	34,000	33,743	(257)
State sources	74,310	74,310	74,310	-0-
Other	600	600	940	340
Interest	-0-	-0-	40	40
	<u>163,910</u>	<u>163,910</u>	<u>164,033</u>	<u>123</u>
<b>EXPENDITURES:</b>				
<b>Volunteer Fire Department:</b>				
Operating costs	45,550	45,550	34,601	10,949
Capital outlay	16,800	16,800	11,680	5,120
	<u>62,350</u>	<u>62,350</u>	<u>46,281</u>	<u>16,069</u>
<b>EMS:</b>				
Salaries and other compensation	52,000	52,000	50,063	1,937
Payroll taxes and benefits	6,578	6,578	6,908	(330)
Operating costs	21,522	21,522	14,693	6,829
Professional fees	16,500	16,500	17,391	(891)
	<u>96,600</u>	<u>96,600</u>	<u>89,055</u>	<u>7,545</u>
	<u>158,950</u>	<u>158,950</u>	<u>135,336</u>	<u>23,614</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 4,960</u>	<u>4,960</u>	<u>\$ 28,697</u>	<u>\$ 23,737</u>

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

**STATE OF NEW MEXICO  
TOWN OF COCHITI LAKE**

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES-AGENCY FUND-  
COCHITI LAKE COMMUNITY FUND  
AS OF JUNE 30, 2009**

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	<b>Agency Fund-Cochiti Lake Community Fund</b>
<b><u>ASSETS</u></b>	
Cash	\$ 5,277
Certificates of Deposit	<u>32,996</u>
Total assets	<u>\$ 38,273</u>
<b><u>LIABILITIES</u></b>	
Deposits held for others	<u>\$ 38,273</u>
Total liabilities	<u>\$ 38,273</u>

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

**STATE OF NEW MEXICO  
TOWN OF COCHITI LAKE**

**NOTES TO BASIC FINANCIAL STATEMENTS  
AS OF JUNE 30, 2009**

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**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Function and Definition of Entity**

The Town of Cochiti Lake (Town) is located on property leased in 1969 from the Pueblo de Cochiti (Pueblo), a federally recognized Native American tribe, for a period of ninety-nine years. The Town operates under a 1970 Charter granted by the Pueblo.

The Town is governed by a Town Assembly, which consists of five persons elected for four-year terms. The Assembly elects one member as Mayor, one as Mayor Pro-Tem and one as Secretary-Treasurer, and hires a Town Administrator.

Under the terms of an agreement with the Pueblo, the Town is required to provide fire and rescue services to the Town and the Pueblo. The Pueblo must also approve the Town's grants, contracts and other activities. In October 2004, the Pueblo took over operation of the Town's utilities, as permitted by the original Master Lease.

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Town had no component units during the fiscal year ended June 30, 2009.

The financial statements of the reporting entity do not include those of the Cochiti Lake Improvement Trust Fund (ITF), which was presented as a discrete component unit in years before 2006. The ITF was originally established as a legally separate Trust Fund for the purpose of improving the infrastructure of the Town. However, this Trust Fund is now under the control of the Pueblo, and neither the funds or the financial information are available to the Town.

The financial statements of the Town have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Standards, which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of these accounting policies are described below. Pronouncements of the Financial Accounting Standards Board issued after November 30, 1989 are applicable to any business-type activity of the Town. However, the Town did not have any business-type activities during the year ended June 30, 2009.

**B. Basic Financial Statements - GASB Statement #34**

The basic financial statements include both government-wide (based on the Town as a whole) and fund financial statements. The new reporting model focus is on either the Town as a whole or major individual funds (within the fund financial statements). Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental



or business type activities. In the government-wide Statement of Net Assets, both the governmental and business-type activities columns are presented on a consolidated basis by column, and are reflected on a full accrual, economic resources basis, which incorporates long-term assets and receivables as well as long-term debt and obligations. Neither fiduciary funds nor component units that are fiduciary in nature are included in the government-wide statements.

The government-wide Statement of Activities reflects both the gross and net cost per functional category, which are otherwise being supported by general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues. The program revenues must be directly associated with the function. The Statement of Activities includes four functions: General Government, Public Works, Culture and Recreation, and Fire and Emergency Services.

The net cost (by function) is normally covered by general revenues (taxes, intergovernmental revenues, investment, etc.). Historically, the previous mode did not summarize or present net cost by function or activity. The Town's policy for when an expense is incurred for purposes for which both restricted and unrestricted net assets are available is to utilize the restricted net assets first. No such expenses occurred during the year ended June 30, 2009.

This government-wide focus is more on the sustainability of the Town as an entity and the change in aggregate financial position resulting from the activities of the current fiscal period.

Program revenues are funds received for utility and ambulance emergency services, operating grants and capital grants. General revenue includes property taxes, franchise fees, and the State of New Mexico Leasehold Community Assistance appropriation.

The fund financial statements are similar to the financial statements presented in the previous accounting model. Emphasis here is on the major funds in either the governmental or business-type categories. The General Fund and the Special Revenue Fund have been classified as major funds. There were no nonmajor funds.

The governmental fund statements are presented on a current financial resource and modified accrual basis of accounting. This presentation is deemed appropriate to (a) demonstrate legal compliance, (b) demonstrate the source and use of liquid resources, and (c) demonstrate how the Town's actual experience conforms to the budget or fiscal plan. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented on the page following each statement, which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental activities column on the governmental-wide presentation.

Internal activity between the various funds is eliminated in the government-wide financial statements. Interfund receivables and payables at June 30, 2009 have been eliminated.

The Town's fiduciary fund (agency fund) is presented in the Statement of Fiduciary Net Assets-Agency Fund Cochiti Lake Community Fund. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements, the Statement of Net Assets and the Statement of Activities.

### **C. Basis of Presentation**

The financial transactions of the Town are maintained on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, expenditures or expenses and other financing sources or uses. Government resources are allocated to, and accounted for, in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are summarized by type in the accompanying financial statements. The various funds are reported by generic classification within the financial statements.

The new reporting model, GASB Statement 34, sets forth minimum criteria for the determination of major funds based on a percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or governmental and enterprise combined. Due to the fund structure of the Town, both funds have been classified as major funds.

The focus of Governmental Fund measurement (in the fund Financial Statements) is based upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the Governmental Funds of the Town.

#### **General Fund**

The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

#### **Special Revenue Fund**

The Special Revenue Fund is used to account for the operations of the Volunteer Fire Department and the Emergency Medical Services (EMS) Department.

GASB Statement #34 eliminated the presentation of Account Groups, but provides for these records to be maintained and incorporates the information into the governmental activities column in the government-wide Statement of Net Assets.

#### **Fiduciary Funds**

*Fiduciary funds* account for assets held by the government in a trustee capacity or as an agent on behalf of outside parties, including other governments, or on behalf of other funds within the Town. The Town only had one agency fund during the year ended June 30, 2009.

Agency funds are used to account for assets that the government holds for others in an agency capacity. The agency fund is as follows:

Cochiti Lake Community Fund –accounts for assets held by the Town as an agent for the separate Cochiti Lake Community Fund.

### **D. Basis of Accounting**

Basis of accounting refers to the point at which revenues or expenditure/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made, regardless of the measurement focus applied.

The Government-wide Financial Statements measure and report all assets, liabilities, revenues, expenses, gains and losses using the economic resources measurement focus and the accrual basis of accounting. The accrual basis of accounting reports revenues when earned and expenses when incurred.

The Governmental Funds in the Fund Financial Statements are presented on a modified accrual basis. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, and the Town uses sixty days after year end as the period in which they have to be received. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt is recognized when due. In applying the "susceptible to accrual" concept to intergovernmental revenues pursuant to GASB Statement #33, the provider should recognize liabilities and expenses and the recipient should recognize receivables and revenues when the applicable eligibility requirements including time requirements, are met. Resources transmitted before the eligibility requirements are met, under most circumstances, should be reported as advances by the provider and deferred revenue by the recipient.

Property taxes are recognized when levied. Derived tax revenues are recognized when the exchange transaction takes place. Major revenues sources susceptible to accrual include town property taxes, franchise fees, and interest income. Town taxes are considered available if collected within sixty days of year-end. The remaining amounts, if any, are deferred. Franchise taxes and interest income are recorded as earned since they are measurable and available. Other revenues are generally recorded as revenue when received in cash.

#### **E. Budgetary Accounting**

Budgets for all funds are adopted on the cash basis. This method does not conform with accounting principles generally accepted in the United States of America, which require the use of the modified accrual basis as described above. At year-end, budgeted appropriations lapse. The Assembly approves the original budget at a public meeting for which legal notices are published. The public is invited to comment at the meeting. Within each fund, transfers may be made between line items with the approval of the Town's Assembly. Transfers between funds and any increase in the original budget, in addition to approval by the Town's Assembly, must be presented to the Local Government Division of the New Mexico Department of Finance and Administration for their approval. The original budget, approved by the Town's Assembly and the Local Government Division, may be subsequently amended if approved by the Town's Assembly and the Local Government Division. Actual expenditures for each budget may not legally exceed the appropriations, including budgeted beginning cash balances, at the fund level. The Town's budget for the fiscal year ended June 30, 2009, was properly approved by the Town's Assembly and by the Local Government Division.

#### **F. Capital Assets**

Property, plant and equipment purchased or acquired, including software, is carried at historical cost or estimated historical cost. The Town does not develop its own software, but if it did, the developed software would be capitalized and depreciated the same as purchased software. Contributed assets are recorded at the fair market values as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The Town's capitalization policy, i.e., the dollar value above which asset acquisitions are added to the capital accounts, is \$5,000. The Town does not capitalize interest in regards to any of its capital assets.

Depreciation on all non-infrastructure depreciable assets is provided on the straight-line basis over the estimated useful lives with no salvage value. The Town utilizes Internal Revenue Service guidelines to estimate the useful lives on fixed assets as follows:

Office furniture and equipment	5 - 7 years
Vehicles	5 years
Fire and rescue equipment	5 - 10 years
Library books	10 years
Leasehold improvements	20 years

GASB Statement #34 requires the recording and depreciation of infrastructure assets. Infrastructure assets include roads, bridges, and streetlights. The Town does not own infrastructure assets, since the land is leased from the Pueblo, and therefore, no depreciation is taken on infrastructure.

#### **G. Compensated Absences**

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the government-wide financial statements.

#### **H. Reservations and Designations of Fund Balances**

Reservations of fund balances on the Governmental funds are created to either (1) satisfy legal covenants that require that a portion of the fund balance be segregated or (2) identify the portion of the fund balance that is not appropriated for future expenditures.

#### **I. Net Assets**

The government-wide financial statements utilize a net asset presentation. Net Assets are categorized as investment in fixed assets (net of related debt), restricted and unrestricted.

**Investment in Capital Assets (net of related debt)** - is intended to reflect the portion of net assets which are associated with non-liquid, capital assets less outstanding capital asset related debt. The Town had no related debt at June 30, 2009.

**Restricted Net Assets** - are liquid assets which have third-party limitations on their use.

**Unrestricted Net Assets** - represent the net assets of the Town which are not restricted.

#### **J. Use of 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**K. Due from Vendor**

This is an amount of \$23,132 which was overpaid during the year ended June 30, 2009 to a vendor. It was repaid subsequent to June 30, 2009.

**2. CASH**

**A. Cash**

Cash consists of the following at June 30, 2009:

General account	\$	63,360
Library		35,416
Fire		77,907
EMS		41,719
Certificate of deposit		55,346
Investment account cash		-0-
Investment account money market		63,932
Total non-agency fund cash		<u>337,680</u>
Agency fund:		
Cash		5,277
Certificates of deposit		32,996
Total agency fund		<u>38,273</u>
Total cash	\$	<u>375,953</u>

A schedule of cash accounts is located at the back of this report.

**B. Pledged Collateral**

New Mexico statutes provide that deposits of public monies in financial institutions must be secured by pledged collateral in an aggregate value equal to one-half of the amount of the public monies deposited after deducting the amount of Federal Deposit Insurance Corporation insurance coverage for each financial institution.

A schedule of the collateral pledged against the deposits of the Town is shown at the back of this report.

**C. Custodial Credit Risk**

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town's policy regarding custodial credit risk is to comply with Section 6-10-17, NMSA (1978 Comp). As of June 30, 2009, all of the Town's deposits were fully insured.

**3. INVESTMENTS**

The Town of Cochiti Lake invests its funds in accordance with Resolutions by its Town Assembly. Pursuant to Sections 6-10-10, 6-10-36, and 6-10-44, NMSA (1978), funds not immediately necessary for public use and not deposited into qualified banks may be invested in US and state government obligations

and securities issued and backed by the US government. As noted below, the Town has preferred securities that do not meet this requirement.

As of June 30, 2009, the Town had the following investments, which are held by a financial services company:

	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>	<u>Average Credit Quality Rating</u>
Certificates of Deposit	\$ 636,017	2.1	N/A
Preferred securities:			
Gen. Elec. Cap. Corp.	20,976	23.5	Moody's Aa2/
Household Fin. Corp.	19,110	24.5	Moody's A3/
Ind. Mich. Pwr. Ser. D	25,500	23.5	Moody's Baa2/BBB
Tenn. Vall. Auth. Parris A Public Service Company of Oklahoma	14,910	20	Moody's Baa1/BBB
	<u>10,514</u>	23.5	Moody's Aaa/AAA
Total	<u>\$ 727,027</u>		

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not recover the value of the investments in the possession of the counterparty. The Town General Fund investments are held by and in the name of the broker, Raymond James Financial Services, Inc., on behalf of the Town. In the event of the failure of the broker, the Security Investor Protection Act coverage would provide coverage up to \$500,000. State statute limits investments to obligations of the United States, New Mexico local governments or those backed by the United States Government.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Town policy is to rely on the judgment of the brokerage firm handling the Town investments.

Concentration of credit risk is the risk of loss attributed to the Town's investment in a single issue. GASB #40 requires that investments in any one issue that represents 5% or more of total investments be disclosed (investments in U.S. government-backed securities are excluded). Of the investments above, none fall into this category.

#### 4. RECEIVABLES

Of the total property taxes receivable, \$4,429 in the General Fund are considered available financial resources and considered fully collectible. Delinquent property taxes of \$8,987 have also been recorded in the government-wide financial statements, which includes receivables for all uncollected levied taxes, net of an estimated allowance for doubtful accounts of \$5,135. Delinquent property taxes do not represent measurable available resources so they are considered to be deferred revenue in the fund financial statements.

The following are the receivables outstanding at June 30, 2009:

Property taxes, net of allowance of \$5,135	\$ 8,987
Accounts receivable	<u>40,522</u>
Total	<u>\$ 49,509</u>

Accounts receivable consist of the following:

The Pueblo assumed control of the Water, Waste Water and Trash Pickup Utility as of October 1, 2004. However, the Town retained the right to attempt to collect accounts outstanding at that time.

Utility (water, sewer, trash) accounts receivable	\$ 49,106	
Allowance for uncollectible accounts	<u>(49,106)</u>	
Net utility accounts receivable		\$ -0-
Franchise taxes receivable		1,154
Other receivables- General Fund (consists of reimbursements due from various groups)		-0-
Ambulance (EMS) accounts receivable	\$ 366,138	
Allowance for uncollectible accounts	<u>(326,770)</u>	
Of the net ambulance receivable above, \$39,368 is reported in the Special Revenue Fund, with \$36,388 of this deferred, since it was not available within 60 days of year-end.		
Net Ambulance accounts receivable		<u>39,368</u>
Total accounts receivable		<u>\$ 40,522</u>

## 5. CAPITAL ASSETS

A summary of changes in capital assets follows:

	<b>Balance June 30, 2008</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2009</b>
Capital assets being depreciated:				
Office furniture and equipment	\$ 19,815			\$ 19,815
Vehicles	26,000			26,000
Fire and rescue equipment	362,400			362,400
Library books	95,864	\$ 5,001		100,865
Leasehold improvements	133,859			133,859
Total capital assets	<u>637,938</u>	<u>5,001</u>	<u>\$ -0-</u>	<u>642,939</u>
Accumulated depreciation:				
Office furniture and equipment	(15,470)	(3,723)	-0-	(19,193)
Vehicles	(26,000)	-0-	-0-	(26,000)
Fire and rescue equipment	(319,186)	(12,552)	-0-	(331,738)
Library books	(74,194)	(9,836)	-0-	(84,030)
Leasehold improvements	(93,688)	(13,384)	-0-	(107,072)
Total accumulated depreciation	<u>(528,538)</u>	<u>(39,495)</u>	<u>-0-</u>	<u>(568,033)</u>
Net capital assets	<u>\$ 109,400</u>	<u>\$ (34,494)</u>	<u>\$ -0-</u>	<u>\$ 74,906</u>

Depreciation expense was allocated to the functional expense categories based on the assets assigned:

General government	\$ 17,107
Culture and recreation	9,836
Fire and emergency services	<u>12,552</u>
Total depreciation expense allocated	<u>\$ 39,495</u>

**6. COMPENSATED ABSENCES**

Employees of the Town accrue both sick leave and vacation leave as function of service. In the event of termination, employees receive payments for accumulated vacation. On the employee anniversary date of each year, employees are awarded vacation leave based on years of service. Vacation leave not taken at the end of the calendar year may be paid to the employee upon request to the Assembly, and may be carried over (limited to one week) to the next calendar year. Sick leave is available to employees to the extent of one week per year. Unused sick leave may not be carried over the following year. Compensated absences are paid primarily out of the General Fund.

Compensated absences payables of \$5,987 have been recorded in the government-wide financial statements at June 30, 2009.

The compensated absence payable has been valued using the pay levels in effect at June 30, 2009, and includes estimated payroll tax costs.

	<u>Balance June 30, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2009</u>	<u>Due Within One Year</u>
Compensated absences payable	\$ 5,862	\$ 6,100	\$ (5,975)	\$ 5,987	\$ 5,987

The applicable fund is typically used to liquidate compensated absences payable.

**8. RISK MANAGEMENT**

The Town 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 Town carries commercial insurance for these risks of loss, including workers' compensation coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.



**9. RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS**

The following is an explanation of differences between budgetary basis and GAAP basis for all governmental funds for the year ended June 30, 2009:

	<b>General Fund</b>	<b>Special Revenue</b>
<b><u>Revenues</u></b>		
Total revenues per budgetary basis	\$ 237,028	\$ 164,033
Increase (decrease) in property taxes receivable	3,814	
Increase (decrease) in accounts receivable	93	
Increase (decrease) in ambulance receivables		(318)
Net unrealized gains from investments	5,133	
Increase in due from other government	30,879	
Increase in due from vendor	23,132	
Other	7,927	
	<u>308,006</u>	<u>163,715</u>
Total revenues per GAAP basis	<u>\$ 308,006</u>	<u>\$ 163,715</u>
<b><u>Expenditures</u></b>		
Total expenditures per budgetary basis	\$ 223,434	\$ 135,336
Increase (decrease) in accounts payable	(2,623)	(1,391)
Increase (decrease) in accrued payroll and taxes	2,155	383
Increase in due from other government	30,879	
	<u>253,845</u>	<u>134,328</u>
Total expenditures per GAAP basis	<u>\$ 253,845</u>	<u>\$ 134,328</u>

**10. REVENUES**

A. Leasehold Community Assistance

The Town receives an appropriation each year under the Leasehold Community Assistance Act, laws of 1985, Chapter 214. For the current year, this amount was \$150,000 and was recorded in the General Fund.

B. Town Property Tax

The Town adopted an ad valorem property tax as of December 15, 2004. The assessed valuations as supplied by the Sandoval County Treasurer are utilized, and a rate of 0.1569 is applied. The tax was levied August 1, 2008 and due December 31, 2008.

C. Library

The Town received \$3,072 from the State of New Mexico Office of Cultural Resources for library resources, \$3,500 from a Sandoval County General Obligation Bond issue and \$823 in funds from the State of New Mexico General Obligation Bond issue.

D. Fire and Emergency Services

The Town received \$67,310 from the State Fire Fund, \$7,000 from the State EMS Fund, and \$55,000 from a contract with Sandoval County to provide response services.

## **10. CONTINGENCIES**

Amounts received or receivable from grantor agencies are subject to audit and adjustments by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the Town. The amount, if any, of expenses which may be disallowed by the grantors cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial. The State of New Mexico Department of Transportation is in the process of reviewing the \$63,519 owed for a road project due a problem with the bidding process. Therefore, the Town had not yet received any of the \$63,519. At this time, the resolution of this matter is uncertain. The Town's management expects to receive the \$63,519 in the future so no allowance for doubtful receivable had been provided.

The Town has been named as a defendant in a lawsuit. The Town is vigorously contesting the claim. No amount has been accrued in the financial statements since the outcome of this matter is uncertain, and since the resulting liability, if any, cannot be determined.

**ADDITIONAL INFORMATION –**  
**SUPPORTING SCHEDULES**

**STATE OF NEW MEXICO  
TOWN OF COCHITI LAKE**

**SCHEDULE OF BANK ACCOUNTS  
AS OF JUNE 30, 2009**

	<u>Balance Per Bank</u>	<u>Reconciling Items</u>	<u>Reconciled Balance</u>
Community Bank, Santa Fe, NM:			
General Account - checking	\$ 62,753	\$ 607	\$ 63,360
Library Bond - checking	35,416	-0-	35,416
Wells Fargo Bank, Bernalillo, NM:			
EMS Fund - checking	15,677	-0-	15,677
Fire Fund - checking	54,279	-0-	54,279
Certificate of Deposit	55,346	-0-	55,346
New Mexico Bank and Trust, Albuquerque, NM:			
Fire Fund- checking	24,678	(1,050)	23,628
EMS Fund- checking	25,380	662	26,042
Raymond James Financial Services, Santa Fe, NM:			
Cash Account	-0-	-0-	-0-
Money Market Account	63,932	-0-	63,932
Totals-Town accounts	<u>337,461</u>	<u>219</u>	<u>337,680</u>
Los Alamos National Bank, Los Alamos, NM:			
Agency Fund- Cochiti Lake Community Fund:			
Checking	272	-0-	272
Savings	5,005	-0-	5,005
Certificate of deposit	32,996	-0-	32,996
Totals-Agency Fund	<u>38,273</u>	<u>-0-</u>	<u>38,273</u>
Totals	<u>\$ 375,734</u>	<u>\$ 219</u>	<u>\$ 375,953</u>

**STATE OF NEW MEXICO  
TOWN OF COCHITI LAKE**

**SCHEDULE OF PLEDGED COLLATERAL  
AS OF JUNE 30, 2009**

The following presents the collateral requirements for the Town's bank demand deposits at June 30, 2009

Community Bank, Santa Fe, NM:	
General Account	\$ 62,753
Library Bond	35,416
Total deposits	<u>98,169</u>
FDIC Insurance	<u>(98,169)</u>
Uninsured funds	<u>\$ -0-</u>
Wells Fargo, Bernalillo, NM:	
Fire Fund	\$ 15,677
EMS Fund	54,279
Certificate of deposit	<u>55,346</u>
Total Deposits	125,302
FDIC Insurance	<u>(125,302)</u>
Uninsured funds	<u>\$ -0-</u>
New Mexico Bank and Trust:	
Fire Fund	\$ 24,678
EMS Fund	<u>25,380</u>
Total Deposits	50,058
FDIC Insurance	<u>(50,058)</u>
Uninsured funds	<u>\$ -0-</u>
Los Alamos National Bank, Los Alamos, NM:	
Agency Fund-Cochiti Lake Community Fund:	
Checking	\$ 272
Savings	5,005
Certificates of deposit	<u>32,996</u>
Total Deposits	38,273
FDIC Insurance	<u>(38,273)</u>
Uninsured funds	<u>\$ -0-</u>

The cash and money market accounts in the Raymond James Financial Services account are insured by the Securities Investor Protection Corporation for loss from theft but not for loss from market declines.

**STATE OF NEW MEXICO**  
**TOWN OF COCHITI LAKE**

**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES-AGENCY FUND-COCHITI LAKE**  
**COMMUNITY FUND FOR THE YEAR ENDED JUNE 30, 2009**

**COCHITI LAKE COMMUNITY FUND**

	<u>Balance July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2009</u>
<b><u>ASSETS</u></b>				
Cash	\$ 582	\$ 8,017	\$ (3,322)	\$ 5,277
Certificates of deposit	<u>38,567</u>	<u>1,592</u>	<u>(7,163)</u>	<u>32,996</u>
Total assets	<u>\$ 39,149</u>	<u>\$ 9,609</u>	<u>\$ (10,485)</u>	<u>\$ 38,273</u>
<b><u>LIABILITIES</u></b>				
Deposits held for others	<u>\$ 39,149</u>	<u>\$ 9,609</u>	<u>\$ (10,485)</u>	<u>\$ 38,273</u>
Total liabilities	<u>\$ 39,149</u>	<u>\$ 9,609</u>	<u>\$ (10,485)</u>	<u>\$ 38,273</u>

**STATE OF NEW MEXICO  
TOWN OF COCHITI LAKE**

**SCHEDULE OF MEMORANDUM OF UNDERSTANDING  
FOR THE YEAR ENDED JUNE 30, 2009**

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Description:	Road maintenance
Purpose:	To improve roads in Town of Cochiti Lake
Participants:	Sandoval County and Town of Cochiti Lake
Party responsible for operations:	Town of Cochiti Lake
Beginning date of agreement:	March 17, 2009
Ending date:	June 30, 2010
Total estimated amount of project:	\$100,000
Amount Town contributed in current fiscal year:	\$63,519 is due from County to Town for project
Audit responsibility:	Town of Cochiti Lake
Fiscal Agent:	Town of Cochiti Lake
Name of government where revenues and expenditures are reported:	Town of Cochiti Lake

**OTHER REPORT**





**CHESTER W. MATTOCKS**  
**CERTIFIED PUBLIC ACCOUNTANT**

P.O. Box 25941  
Albuquerque, New Mexico 87125  
(505) 299-5233

**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**

Mayor and Town Assembly  
Town of Cochiti Lake  
Cochiti Lake, New Mexico

and

Mr. Hector H. Balderas  
New Mexico State Auditor  
Santa Fe, New Mexico

I have audited the financial statements of the governmental activities, each major fund, the aggregate remaining fund information and the respective budgetary comparisons of the General Fund and the Special Revenue Fund of the State of New Mexico, Town of Cochiti Lake (Town) as of and for the year ended June 30, 2009, which collectively comprise the basic financial statements of the Town, and have issued my report thereon dated November 20, 2009. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing my audit, I considered the Town's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, I identified a certain deficiency in internal control over financial reporting that I consider to be a significant deficiency.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town's financial statements that is more than inconsequential will not be prevented or detected by the Town's internal control. I consider the following deficiencies described in the accompanying

Schedule of State Compliance Findings and Responses to be significant deficiencies in internal control over financial reporting. They are items 2006-2 and 2009-1.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Town's internal control.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, I believe that the significant deficiencies described above are not material weaknesses.

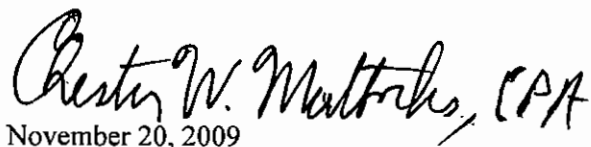
#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

I noted a certain matter that is required to be reported under *Government Auditing Standards January 2007 Revision* paragraphs 5.14 and 5.16 and Section 12-6-5, NMSA 1978 which is described in the accompanying Schedule of State Compliance Findings and Responses as item 2004-1.

The Town's responses to the findings identified in my audit are described in the accompanying Schedule of State Compliance Findings and Responses. I did not audit the Town's responses, and accordingly, I express no opinion on them.

This report is intended solely for the information and use of the Town Assembly, the management of the Town, the State of New Mexico Department of Finance and Administration, the State of New Mexico Legislative Finance Committee, and the State of New Mexico Office of the State Auditor, and is not intended to be and should not be used by anyone other than these specified parties.

  
November 20, 2009

**STATE COMPLIANCE SECTION**

**STATE OF NEW MEXICO**  
**TOWN OF COCHITI LAKE**

**SCHEDULE OF STATE COMPLIANCE FINDINGS AND RESPONSES**  
**FOR THE YEAR ENDED JUNE 30, 2009**

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**2004 - 1 - INVESTMENTS**

**Statement of finding:** During the fiscal year and at June 30, 2009, the Town's investment portfolio contained investments in preferred securities.

**Criteria:** Per New Mexico Statute Sections 6-10-10, 6-10-36, and 6-10-44, NMSA (1978), investments of a local public body are limited to bank deposits, obligations of the United States and New Mexico local governments, and obligations collateralized or backed by the U.S. Government.

**Effect:** Some of the investments held by the Town appear to be in violation of State Statute.

**Cause:** The Town's financial advisor did not believe this was a violation.

**Recommendation:** The Town's investments should be in compliance with those investments allowed by statute.

**Management's response:** Our position is unchanged from the previous year. The Financial Coordinator of the Local Government Division agreed with the Town that since we are a political subdivision of the Pueblo de Cochiti, we do not fall under the state statutes. The Town has sent a letter to the Office of the State Auditor regarding this matter but has not yet received an answer.

**2006 - 2 - BANK RECONCILIATIONS**

**Statement of finding:** There were stale-dated checks and old deposits in transit on the reconciliation of the General Operating Account at June 30, 2009. We reviewed all outstanding checks and deposits in transit. Out of three outstanding checks totaling \$35 at June 30, 2009, two checks totaling \$25 were over a year old and were considered to be stale-dated. There were eight items listed as deposits in transit at June 30, 2009 totaling \$642. Out of the eight items, eight items totaling \$642 were over a year old.

**Criteria:** Good accounting practice dictates that all accounts be reconciled monthly, and stale-dated items be voided.

**Effect:** The accounts were not reconciled properly.

**Cause:** It was believed the accounting consultant would do this.

**Recommendation:** All accounts should be reconciled with the bank statements monthly. Stale-dated items should be investigated for possible removal.

**Management's response:** Stale-dated checks are still being investigated for possible location of payees. The paperwork involved for reporting to the State has been obtained.

**STATE OF NEW MEXICO  
TOWN OF COCHITI LAKE**

**SCHEDULE OF STATE COMPLIANCE FINDINGS AND RESPONSES – (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2009**

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**2009 – 1 – OVERPAYMENT TO VENDOR**

**Statement of finding:** The Town overpaid a vendor by \$23,132 during the fiscal year ended June 30, 2009. The amount was refunded to the Town by the vendor subsequent to June 30, 2009.

**Criteria:** Payments should only be made for goods and services actually received.

**Effect:** The Town could have suffered a loss if the vendor had not issued a refund.

**Cause:** Payment was mistakenly made based on an estimate rather than the contract. The vendor overbilled.

**Recommendation:** The Town should review its procedures to determine how to prevent a reoccurrence.

**Management's response:** We are in the process of changing our internal procedures to prevent such a problem from happening again.

Note: The financial statements were prepared substantially by the independent auditor, Chester W. Mattocks, CPA.

**STATE OF NEW MEXICO  
TOWN OF COCHITI LAKE**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2009**

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**2004 - 01 – Investments** - Repeated.

**2006 – 2 – Bank Reconciliations**– Repeated.

**STATE OF NEW MEXICO**  
**TOWN OF COCHITI LAKE**

**EXIT CONFERENCE**  
**FOR THE YEAR ENDED JUNE 30, 2009**

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An exit conference was held on December 1, 2009, to discuss the annual financial report. Attending were the following:

Representing the Town of Cochiti Lake:

Mary F. Wheeler, Town Administrator  
Freda Donica, Mayor Pro Tem

Representing the Independent Auditor:

Chester W. Mattocks, CPA