

PORCH & ASSOCIATES LLC

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

TOWN OF COCHITI LAKE, NEW MEXICO

Report of Independent Accountant on the
Application of Agreed-Upon Procedures
and
Compilation Report of Independent Accountant and
Compiled Financial Statements

June 30, 2018

TOWN OF COCHITI LAKE, NEW MEXICO

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TOWN OF COCHITI LAKE, NEW MEXICO

List of Principal Officials

June 30, 2018

Town Assembly

Don Topper	Mayor
Denise Wymore	Mayor Pro-Tem
Dick McIntyre	Assembly Member
Alan Plaza	Assembly Member
Bill Riker	Assembly Member

Town Administration

Dolly Kauley	Town Administrator
Cindy Eakin	Town Treasurer

Report of Independent Accountant on the Application of Agreed-Upon Procedures

Mr. Wayne Johnson, New Mexico State Auditor and
The Town Assembly
Town of Cochiti Lake, New Mexico
Cochiti Lake, New Mexico

We have performed the procedures enumerated below, which were agreed to by the Town of Cochiti Lake, New Mexico (Town) and the New Mexico State Auditor (the specified parties), solely to assist users in evaluating the Town's financial reporting relating to its cash, capital assets, debt, revenues, expenditures, journal entries, and budget information and its compliance with Section 12-6-3 B (6) NMSA 1978 and Section 2.2.2.16 NMAC, as of and for the year ended June 30, 2018. The Town's management is responsible for its accounting records, financial reporting, and compliance with the State Auditor rules as described above.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

In accordance with Tier 6 of the Audit Act – Section 12-6-3 B (6) NMSA 1978 and Section 2.2.2.16 NMAC, the procedures and associated findings are as follows:

1. Verify the Local Public Body's Revenue Calculation for Tiered System Reporting

We used the tiered system reporting worksheet provided by the New Mexico State Auditor's Office to recalculate the tiered system reporting calculation prepared by the Town.

Findings Resulting from Procedure 1

Our procedures confirmed that the Town should have Tier 6 procedures.

2. Cash

- a) Determine whether bank reconciliations are being performed in a timely manner and whether all bank and investment statements for the fiscal year are complete and on-hand.
- b) Test at least 30% of bank reconciliations for accuracy. Trace ending balances to the general ledger, supporting documentation, and the financial reports submitted to DFA-Local Government Division (DFA).

Mr. Wayne Johnson, New Mexico State Auditor and
The Town Assembly
Town of Cochiti Lake, New Mexico

- c) Determine whether the local public body's financial institutions have provided it with 50% of pledged collateral on all uninsured deposits as required by Section 6-10-17 NMSA 1978, NM Public Money Act, if applicable.

Findings Resulting from Procedures 2(a) – 2(c):

1. For the purposes of performing these procedures “timely” means completion of the bank reconciliations within one month after the last day of the reporting month. Bank reconciliations were prepared on a timely basis.
2. The Town has four cash or investment accounts. Reconciled balances tie to the general ledger. One of the four reconciliations had checks and deposits outstanding greater than 30 days, but the Town has been working to clear the outstanding checks.
3. The amount of cash reported to DFA was \$752,502, which ties to the reconciled balances.
4. The Town has no uninsured public funds.

3. Capital Assets

Verify that the local public body is performing a yearly inventory as required by Section 12-6-10 NMSA 1978.

Findings Resulting from Procedure 3

The Town is performing the required yearly inventory. The inventory has been certified by the Assembly.

4. Debt

If the local public body has any debt, verify that the required payments were made during the year. If the debt agreements require reserves, verify that the local public body is in compliance with those requirements.

Findings Resulting from Procedure 4

The Town has debt in the year ending June 30, 2018. The debt payments are intercepted on behalf of the town. We reviewed the debt statement and saw that all payments were made according to the schedule. The debt agreement does not require reserves.

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The Town Assembly
Town of Cochiti Lake, New Mexico

5. Revenue

Identify the nature and amount of revenue from sources by reviewing the budget, agreements, rate schedules, and underlying documentation.

- a) Perform an analytical review; test actual revenue compared to budgeted revenue for the year for each type of revenue.

Select a sample of revenues equal to at least 30% of the total dollar amount and test using the following attributes:

- b) Amount recorded in the general ledger agrees to the supporting documentation in the bank statement.
- c) Proper recording of classification, amount, and period per review of supporting documentation and the general ledger. Perform this revenue work on the same accounting basis that the local public body keeps its accounting records on, cash basis, modified accrual basis, or accrual basis.

Findings Resulting from Procedures 5(a) – 5(c)

The Town has recorded revenue correctly.

6. Expenditures:

Select a sample of cash disbursements equal to at least 30% of the total dollar amount and test using the following attributes:

- a) Determine that amount recorded as disbursed agrees to adequate supporting documentation. Verify that amount, payee, date, and description agree to the vendor's invoice, purchase order, contract, and canceled check, as appropriate.
- b) Determine that disbursements were properly authorized and approved in compliance with the budget, legal requirements, and established policies and procedures.
- c) Determine that the bid process (or request for proposal process if applicable), purchase orders, contracts, and agreements were processed in accordance with the New Mexico Procurement Code (Section 13-1-28 through 13-1-199 NMSA 1978) and State Purchasing Regulations (1.4.1 NMAC) and Regulations Governing the Per Diem and Mileage Act (2.42.2 NMAC).

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The Town Assembly
Town of Cochiti Lake, New Mexico

Findings Resulting from Procedures 6(a) – 6(c): See findings 2016-003 and 2016-004 for details.

1. Payments for non-recurring purchases are approved either with a purchase request or when the checks are signed by an assembly member.
2. Quotes for purchases were either missing or not obtained.

7. Journal Entries

If non-routine journal entries, such as adjustments or reclassification, are posted to the general ledger, test significant items for the following attributes:

- a) Journal entries appear reasonable and have supporting documentation.
- b) The local public body has procedures that require journal entries to be reviewed and there is evidence the reviews are being performed.

Findings Resulting from Procedures 7(a) – 7(b):

1. Journal entries are reviewed and approved by someone other than the person entering the journal entries into the system.
2. The Town keeps support for the journal entries made into the accounting system.

8. Budget

Obtain the original fiscal year budget and all budget amendments made throughout the fiscal year and perform the following:

- a) Verify, through a review of the minutes and correspondence, that the original budget and subsequent budget adjustments were approved by the local public body's governing body and DFA-LGD.
- b) Determine if the total actual expenditures exceeded the final budget at the legal level of budgetary control; if so, report a compliance finding.
- c) From the original and final approved budgets and general ledger, prepare a schedule of revenues and expenditures – budget and actual on the budgetary basis used by the local public body (cash, accrual, or modified accrual basis) for each individual fund.

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Town of Cochiti Lake, New Mexico

Findings Resulting from Procedures 8(a) – 8(c)

1. We verified that the budget and subsequent budget adjustments were approved by the Town's Assembly and the DFA-LGD.
2. The Town's general and special revenue funds do not exceed their authorized final budgets.
3. Budget schedules have been prepared and are presented after this agreed-upon procedures report.

9. Capital Outlay Appropriations

The scope of the agreed-upon procedures engagement shall encompass any and all state-funded capital outlay appropriations of the New Mexico Legislature that meet Tier 6 criteria. Request and review all state-funded capital outlay awards, joint powers agreements, correspondence and other relevant documentation for any capital outlay award funds expended by the recipient during the fiscal year that meet the Tier 6 criteria. Perform the following tests on all state-funded capital outlay expenditures:

- a) Determine that the amount recorded as disbursed agrees to adequate supporting documentation. Verify that amount, payee, date and description agree to the purchase order, contract vendor's invoice and canceled check, as appropriate.
- b) Determine that the cash disbursements were properly authorized and approved in accordance with the budget, legal requirements and established policies and procedures.
- c) Determine that the bid process (or request for proposal process if applicable), purchase orders, contracts and agreements were processed in accordance with the New Mexico Procurement Code and State Purchasing Regulations (Section 13-1-28 through 13-1-199 NMSA 1978 and 1.4.1 NMAC).
- d) Determine the physical existence (by observation) of the capital asset based on expenditures to date.
- e) Verify that status reports were submitted to the state agency charged with oversight per the terms of the agreement and verify that the amounts in the status report agree with the general ledger and other supporting documentation.
- f) If the project was funded in advance, determine if the award balance (and cash balance) appropriately reflects the percentage of completion based on the project schedule and expenditures to date.
- g) If the project is complete, determine if there is an unexpended balance and whether it was reverted per statute and the agreement with the grantor.
- h) Determine whether cash received for the award was accounted for in a separate fund or separate bank account that is non-interest bearing if so required by the capital outlay award agreement.

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The Town Assembly
Town of Cochiti Lake, New Mexico

- i) Determine whether reimbursement requests were properly supported by costs incurred by the recipient. Determine whether the costs were paid by the local public body prior to the request for reimbursement.

Findings Resulting from Procedures 9(a) – 9(i)

1. We verified the amount disbursed agrees to the supporting documentation.
2. Cash disbursements were properly authorized.
3. One of the three bids is missing from the file.
4. We verified the physical existence of the units by observation.
5. Status reports were sent to the Agency online and a physical copy was kept in the file.
6. The project was not funded in advance.
7. The project is not complete as of June 30, 2018.
8. The reimbursement requests were properly supported and sent after the Town had paid and received the units.

Required Reporting for Capital Appropriations

The Town of Cochiti Lake received Capital Outlay Appropriation Grant 15-0840 on April 29, 2016. The amount awarded was \$70,000. The Town has received \$16,717 and has expended \$16,717 during the year ended June 30, 2018. The remaining balance as of June 30, 2018 is \$53,283.

10. Other

If information comes to the IPA's attention (regardless of materiality) indicating any fraud, illegal acts, noncompliance, or any internal control deficiencies, such instances must be disclosed in the report as required by Section 12-6-6 NMSA 1978. The findings must include the required content per Section 2.2.2.10(I)(3)(C) NMAC.

Findings Resulting from Procedure 10

See the Schedule of Findings and Responses beginning on page 11.

* * * * *

Mr. Wayne Johnson, New Mexico State Auditor and
The Town Assembly
Town of Cochiti Lake, New Mexico

I was not engaged to, and did not, conduct an examination or review, the objective of which would be the expression of an opinion or conclusion on the Town's financial reporting to the State Auditor as described above. Accordingly, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

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

Porch & Associates, LLC

Albuquerque, New Mexico
November 19, 2018

TOWN OF COCHITI LAKE, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
GENERAL
Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget- Positive (Negative)
Revenues				
Property taxes	\$ 57,500	57,500	69,654	12,154
Franchise fees	8,000	8,000	5,743	(2,257)
Grants - state	192,420	192,420	121,698	(70,722)
Grants - local	27,682	27,682	16,717	(10,965)
Interest and investment income	8,060	8,060	2,116	(5,944)
Other	1,650	1,650	9,665	8,015
Total revenues	295,312	295,312	225,593	(69,719)
Expenditures				
General government	125,312	125,312	118,818	6,494
Public works and utilities	60,315	104,895	63,624	41,271
Culture and recreation	71,771	71,771	66,509	5,262
Capital outlay	70,000	70,000	72,098	(2,098)
Total expenditures	327,398	371,978	321,049	50,929
Deficiency of revenues over expenditures	(32,086)	(76,666)	(95,456)	(18,790)
Other financing sources (uses)				
Transfers in - General Obligation Bonds	27,493	27,493	28,313	820
Operating transfers out	-	(45,000)	-	45,000
Total other financing sources (uses)	27,493	(17,507)	28,313	45,820
Net change in fund balance	(4,593)	(94,173)	(67,143)	27,030
Prior year cash appropriated	4,593	94,173	67,143	
	\$ -	-	-	
Non-GAAP budgetary basis revenues			\$ 225,593	
Change in:				
Accounts receivable			(699)	
GAAP revenues			\$ 224,894	
Non-GAAP budgetary basis expenditures			\$ 321,049	
Change in:				
Accounts payable			(1,945)	
Accrued payroll, taxes, and benefits			(3,333)	
GAAP expenditures			\$ 315,771	

TOWN OF COCHITI LAKE, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
EMERGENCY MEDICAL SERVICES
Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget- Positive (Negative)
Revenues				
EMS contract - County	\$ -	-	40,000	40,000
Grants - state	8,000	8,000	7,664	(336)
Charges for services	-	-	67,110	67,110
Other	71,000	71,000	1,240	(69,760)
Total revenues	79,000	79,000	116,014	37,014
Expenditures				
Public safety	103,560	163,560	96,252	67,308
Total expenditures	103,560	163,560	96,252	67,308
Deficiency of revenues over expenditures	(24,560)	(84,560)	19,762	104,322
Other financing sources (uses)				
Transfers in	-	45,000	-	45,000
Total other financing sources (uses)	-	45,000	-	45,000
Net change in fund balance	(24,560)	(39,560)	19,762	149,322
Prior year cash appropriated	24,560	39,560		
	<u>\$ -</u>	<u>-</u>		
Non-GAAP budgetary basis expenditures			\$ 96,252	
Change in:				
Accounts payable			544	
GAAP expenditures			<u>\$ 96,796</u>	

TOWN OF COCHITI LAKE, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
VOLUNTEER FIRE DEPARTMENT
Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget- Positive (Negative)
Revenues				
Grants - non-federal	\$ 136,116	136,116	132,106	(4,010)
Other	-	-	6,945	6,945
Total revenues	136,116	136,116	139,051	2,935
Expenditures				
Public safety	95,110	104,235	98,208	6,027
Capital outlay	-	-	4,930	(4,930)
Total expenditures	95,110	104,235	103,138	1,097
Deficiency of revenues over expenditures	41,006	31,881	35,913	4,032
Other financing sources (uses)				
Transfers out to debt service	(37,803)	(37,803)	(37,803)	-
Total other financing uses	(37,803)	(37,803)	(37,803)	-
Net change in fund balance	<u>\$ 3,203</u>	(5,922)	(1,890)	<u>4,032</u>
Prior year cash appropriated		5,922	1,890	
		<u>\$ -</u>	<u>-</u>	
Non-GAAP budgetary basis expenditures			\$ 103,138	
Change in:				
Accounts payable			<u>(429)</u>	
GAAP expenditures			<u>\$ 102,709</u>	

MUNICIPALITY: Town of Cochi

DEPARTMENT OF FINANCE AND ADMINISTRATION
LOCAL GOVERNMENT DIVISION

Period Ending: 06/30/2018

Prepared By: Cindy Eakin

SUBMIT TO LOCAL GOVERNMENT DIVISION NO LATER THAN 30 DAYS
AFTER THE CLOSE OF EACH QUARTER.

I HEREBY CERTIFY THAT THE CONTENTS IN THIS REPORT ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND THAT THIS REPORT DEPICTS ALL FUNDS:

Signature

Date

Fund #	FUND NAME	BEGINNING CASH BALANCE CURRENT FY (1)	YEAR-TO-DATE TRANSACTIONS				QTR ENDING CASH BALANCE (1)+(2)-(3)+(4)+(5) (6)	INVESTMENTS (7)	CASH + INVESTMENTS (8)	REQUIRED RESERVES (9)	AVAILABLE CASH (8) - (9)
			REVENUES TO DATE (2)	TRANSFERS TO DATE (3)	EXPENDITURES TO DATE (4)	ADJUSTMENTS (5)					
101	GENERAL FUND (GF)	\$41,875	238,435	0	300,028	98,342	\$78,624	601,107	\$679,731	25,002	\$654,729
201	CORRECTION	\$0	0	0	0	0	\$0	0	\$0		\$0
202	ENVIRONMENTAL GRT	\$0	0	0	0	0	\$0	0	\$0		\$0
206	EMS	\$49,865	116,014	0	96,242	17	\$69,654	0	\$69,654		\$69,654
207	ENHANCED 911	\$0	0	0	0	0	\$0	0	\$0		\$0
209	FIRE PROTECTION FUND	\$5,007	139,051	(37,803)	102,709	(429)	\$3,117	0	\$3,117		\$3,117
211	LEPF	\$0	0	0	0	0	\$0	0	\$0		\$0
214	LODGERS' TAX	\$0	0	0	0	0	\$0	0	\$0		\$0
216	MUNICIPAL STREET	\$0	0	0	0	0	\$0	0	\$0		\$0
217	RECREATION	\$0	0	0	0	0	\$0	0	\$0		\$0
218	INTERGOVERNMENTAL GRANTS	\$0	0	0	0	0	\$0	0	\$0		\$0
219	SENIOR CITIZEN	\$0	0	0	0	0	\$0	0	\$0		\$0
223	DWI PROGRAM	\$0	0	0	0	0	\$0	0	\$0		\$0
299	OTHER	\$0	0	0	0	0	\$0	0	\$0		\$0
300	CAPITAL PROJECT FUNDS	\$0	16,716	0	16,716	0	\$0	0	\$0		\$0
401	G. O. BONDS	\$0	0	0	0	0	\$0	0	\$0		\$0
402	REVENUE BONDS	\$0	0	0	0	0	\$0	0	\$0		\$0
403	DEBT SERVICE OTHER	\$0	0	37,803	37,803	0	\$0	0	\$0		\$0
500	ENTERPRISE FUNDS										
	Water Fund	\$0	0	0	0	0	\$0	0	\$0		\$0
	Solid Waste	\$0	0	0	0	0	\$0	0	\$0		\$0
	Waste Water	\$0	0	0	0	0	\$0	0	\$0		\$0
	Airport	\$0	0	0	0	0	\$0	0	\$0		\$0
	Ambulance	\$0	0	0	0	0	\$0	0	\$0		\$0
	Cemetery	\$0	0	0	0	0	\$0	0	\$0		\$0
	Housing	\$0	0	0	0	0	\$0	0	\$0		\$0
	Parking	\$0	0	0	0	0	\$0	0	\$0		\$0
	Other Enterprise (enter fund	\$0	0	0	0	0	\$0	0	\$0		\$0
	Other Enterprise (enter fund	\$0	0	0	0	0	\$0	0	\$0		\$0
	Other Enterprise (enter fund	\$0	0	0	0	0	\$0	0	\$0		\$0
	Other Enterprise (enter fund	\$0	0	0	0	0	\$0	0	\$0		\$0
600	INTERNAL SERVICE FUNDS	\$0	0	0	0	0	\$0	0	\$0		\$0
700	TRUST AND AGENCY FUNDS	\$0	0	0	0	0	\$0	0	\$0		\$0
GRAND TOTAL		\$96,747	\$510,216	\$0	\$553,498	\$97,930	\$151,395	\$601,107	\$752,502	\$25,002	\$727,500

FORM MODIFIED 12/09/08

LAST UPDATE: 2/27/19 11:34 AM

GENERAL FUND - MUNICIPALITY

COMPARATIVE STATEMENT OF REVENUES AND EXPENDITURES	BUDGETED AMOUNTS			ACTUALS Y-T-D	ENCUMBRAN CES Y-T-D	Variance With Adjusted Budget	
	Approved Budget	Budget Adjustments	Adjusted Budget			Positive (Negative)	
						\$	%
REVENUES							
Taxes:							
Property Tax - Current Year	\$53,500	\$0	\$53,500	\$53,815		\$315	100.59%
Property Tax - Delinquent	\$3,500	\$0	\$3,500	\$12,381		\$8,881	353.75%
Property Tax - Penalty & Interest	\$500	\$0	\$500	\$3,457		\$2,957	691.47%
Oil and Gas - Equipment	\$0	\$0	\$0	\$0		\$0	n/a
Oil and Gas - Production	\$0	\$0	\$0	\$0		\$0	n/a
Franchise Fees	\$8,000	\$0	\$8,000	\$5,044		(\$2,956)	63.05%
Gross receipts - Local Option	\$0	\$0	\$0	\$0		\$0	n/a
Gross Receipts - Infrastructure	\$0	\$0	\$0	\$0		\$0	n/a
Gross Receipts - Environment	\$0	\$0	\$0	\$0		\$0	n/a
Gross Receipts - Hold Harmless	\$0	\$0	\$0	\$0		\$0	n/a
Gross Receipts - Other Dedication	\$0	\$0	\$0	\$0		\$0	n/a
Intergovernmental -State Shared:							
Gross receipts	\$0	\$0	\$0	\$0		\$0	n/a
Cigarette Tax	\$0	\$0	\$0	\$0		\$0	n/a
Gas Tax [1 cent]	\$0	\$0	\$0	\$0		\$0	n/a
Gas Tax [2 cent]	\$0	\$0	\$0	\$0		\$0	n/a
Motor Vehicle	\$0	\$0	\$0	\$0		\$0	n/a
Grants - Federal	\$0	\$0	\$0	\$0		\$0	n/a
Grants - State	\$122,420	\$0	\$122,420	\$122,518		\$98	100.08%
Grants - Local	\$27,682	\$0	\$27,682	\$27,493		(\$189)	99.32%
Legislative Appropriations	\$0	\$0	\$0	\$0		\$0	n/a
Small Cities Assistance	\$0	\$0	\$0	\$0		\$0	n/a
Licenses and Permits	\$0	\$0	\$0	\$0		\$0	n/a
Charges for Services	\$900	\$0	\$900	\$608		(\$292)	67.59%
Fines and Forfeits	\$50	\$0	\$50	\$50		\$0	100.00%
Interest on Investments	\$8,010	\$0	\$8,010	\$7,864		(\$146)	98.17%
Miscellaneous	\$750	\$0	\$750	\$5,204		\$4,454	693.93%
TOTAL GENERAL FUND REVENUES	\$225,312	\$0	\$225,312	\$238,435		\$13,123	105.82%
EXPENDITURES							
Executive-Legislative	\$0	\$0	\$0	\$0	\$0	\$0	n/a
Judicial	\$0	\$0	\$0	\$0	\$0	\$0	n/a
Elections	\$0	\$0	\$0	\$0	\$0	\$0	n/a
Finance & Administration	\$93,470	\$0	\$93,470	\$85,755	\$0	\$7,715	91.75%
Public Safety	\$0	\$0	\$0	\$0	\$0	\$0	n/a
Highways & Streets	\$15,500	\$6,785	\$22,285	\$11,005	\$0	\$11,280	49.38%
Senior Citizens	\$0	\$0	\$0	\$0	\$0	\$0	n/a
Sanitation	\$44,815	\$37,795	\$82,610	\$99,258	\$0	(\$16,648)	120.15%
Health and Welfare	\$0	\$0	\$0	\$0	\$0	\$0	n/a
Culture and Recreation	\$71,771	\$0	\$71,771	\$75,251	\$0	(\$3,480)	104.85%
Economic Development & Housing	\$0	\$0	\$0	\$0	\$0	\$0	n/a
Airport	\$0	\$0	\$0	\$0	\$0	\$0	n/a
Other - Miscellaneous	\$31,842	\$0	\$31,842	\$28,759	\$0	\$3,083	90.32%
TOTAL GENERAL FUND EXPENDITURES	\$257,398	\$44,580	\$301,978	\$300,028	\$0	\$1,950	99.35%
OTHER FINANCING SOURCES							
Transfers In	\$0	\$33,500	\$33,500	\$0		(\$33,500)	0.00%
Transfers (Out)	\$0	(\$45,000)	(\$45,000)	\$0		\$45,000	0.00%
TOTAL - OTHER FINANCING SOURCES	\$0	(\$11,500)	(\$11,500)	\$0		\$11,500	0.00%
Excess (deficiency) of revenues over expenditures				(\$61,593)			

SPECIAL REVENUES - MUNICIPALITY - QUARTERLY REPORT

SPECIAL REVENUES - RESOURCES	Fund	BUDGET			ACTUALS		Budget Balance	Budget Variance %
		Approved Budget	Resolutions Adj. Budget	Adjusted Budget	Year to Date Total	Encumbrances (expend line only)		
CORRECTIONS REVENUES	201							
Correction Fees	201	0	0	0	0		0	n/a
Miscellaneous	201	0	0	0	0		0	n/a
TOTAL Revenues		0	0	0	0		0	n/a
EXPENDITURES	201	0	0	0	0	0	0	n/a
OTHER FINANCING SOURCES								
Transfers In	201	0	0	0	0		0	n/a
Transfers (Out)	201	0	0	0	0		0	n/a
TOTAL - OTHER FINANCING SOURCES		0	0	0	0		0	n/a
Excess (deficiency) of revenues over expenses	201				0			
ENVIRONMENTAL REVENUES	202							
GRT - Environmental	202	0	0	0	0		0	n/a
Miscellaneous	202	0	0	0	0		0	n/a
TOTAL Revenues		0	0	0	0		0	n/a
EXPENDITURES	202	0	0	0	0	0	0	n/a
OTHER FINANCING SOURCES								
Transfers In	202	0	0	0	0		0	n/a
Transfers (Out)	202	0	0	0	0		0	n/a
TOTAL - OTHER FINANCING SOURCES		0	0	0	0		0	n/a
Excess (deficiency) of revenues over expenses	202				0			
EMS REVENUES	206							
State EMS Grant	206	8,000	0	8,000	7,664		(336)	95.80%
Miscellaneous	206	71,000	0	71,000	108,350		37,350	152.61%
TOTAL Revenues		79,000	0	79,000	116,014		37,014	146.85%
EXPENDITURES	206	103,560	60,000	163,560	96,242	0	67,318	58.84%
OTHER FINANCING SOURCES								
Transfers In	206	0	45,000	45,000	0		(45,000)	0.00%
Transfers (Out)	206	0	0	0	0		0	n/a
TOTAL - OTHER FINANCING SOURCES		0	45,000	45,000	0		(45,000)	0.00%
Excess (deficiency) of revenues over expenses	206				19,772			
E911 REVENUES	207							
State-E-911 Enhancement	207	0	0	0	0		0	n/a
Network & Data Base Grant	207	0	0	0	0		0	n/a
Miscellaneous	207	0	0	0	0		0	n/a
TOTAL Revenues		0	0	0	0		0	n/a
EXPENDITURES	207	0	0	0	0	0	0	n/a
OTHER FINANCING SOURCES								
Transfers In	207	0	0	0	0		0	n/a
Transfers (Out)	207	0	0	0	0		0	n/a
TOTAL - OTHER FINANCING SOURCES		0	0	0	0		0	n/a
Excess (deficiency) of revenues over expenses	207				0			
FIRE PROTECTION REVENUES	209							
State - Fire Marshall Allotment	209	136,116	0	136,116	132,106		(4,010)	97.05%
Miscellaneous	209	0	0	0	6,945		6,945	n/a
TOTAL Revenues		136,116	0	136,116	139,051		2,935	102.16%

SPECIAL REVENUES - MUNICIPALITY - QUARTERLY REPORT

SPECIAL REVENUES - RESOURCES	Fund	BUDGET			ACTUALS		Budget Balance	Budget Variance %
		Approved Budget	Resolutions Adj. Budget	Adjusted Budget	Year to Date Total	Encumbrances (expend line only)		
EXPENDITURES	209	95,110	9,125	104,235	102,709	0	1,526	98.54%
OTHER FINANCING SOURCES								
Transfers In	209	0	0	0	0		0	n/a
Transfers (Out)	209	(37,803)	0	(37,803)	(37,803)		0	100.00%
TOTAL - OTHER FINANCING SOURCES		(37,803)	0	(37,803)	(37,803)		0	100.00%
Excess (deficiency) of revenues over expenses	209				(1,461)			
LAW ENFORCEMENT PROTECTION REVENUES	211							
State-Law Enforcement Protection	211	0	0	0	0		0	n/a
Miscellaneous	211	0	0	0	0		0	n/a
TOTAL Revenues		0	0	0	0		0	n/a
EXPENDITURES	211	0	0	0	0	0	0	n/a
OTHER FINANCING SOURCES								
Transfers In	211	0	0	0	0		0	n/a
Transfers (Out)	211	0	0	0	0		0	n/a
TOTAL - OTHER FINANCING SOURCES		0	0	0	0		0	n/a
Excess (deficiency) of revenues over expenses	211				0			
LODGERS' TAX REVENUES	214							
Lodgers' Tax	214	0	0	0	0		0	n/a
Miscellaneous	214	0	0	0	0		0	n/a
TOTAL Revenues		0	0	0	0		0	n/a
EXPENDITURES	214	0	0	0	0	0	0	n/a
OTHER FINANCING SOURCES								
Transfers In	214	0	0	0	0		0	n/a
Transfers (Out)	214	0	0	0	0		0	n/a
TOTAL - OTHER FINANCING SOURCES		0	0	0	0		0	n/a
Excess (deficiency) of revenues over expenses	214				0			
MUNICIPAL STREET REVENUES	216							
GRT - Infrastructure (1/8 cent)	216	0	0	0	0		0	n/a
GRT - Municipal	216	0	0	0	0		0	n/a
Gasoline Tax - (1 cent / 2 cent)	216	0	0	0	0		0	n/a
Motor Vehicle - Registration (all)	216	0	0	0	0		0	n/a
State Grants	216	0	0	0	0		0	n/a
Federal Grants	216	0	0	0	0		0	n/a
Miscellaneous	216	0	0	0	0		0	n/a
TOTAL Revenues		0	0	0	0		0	n/a
EXPENDITURES	216	0	0	0	0	0	0	n/a
OTHER FINANCING SOURCES								
Transfers In	216	0	0	0	0		0	n/a
Transfers (Out)	216	0	0	0	0		0	n/a
TOTAL - OTHER FINANCING SOURCES		0	0	0	0		0	n/a
Excess (deficiency) of revenues over expenses	216				0			
RECREATION REVENUES	217							
Cigarette Tax - (1 cent)	217	0	0	0	0		0	n/a
Miscellaneous	217	0	0	0	0		0	n/a
TOTAL Revenues		0	0	0	0		0	n/a
EXPENDITURES	217	0	0	0	0	0	0	n/a

CAPITAL PROJECTS

COMPARATIVE STATEMENT OF REVENUES AND EXPENDITURES	BUDGETED AMOUNTS			ACTUALS Y-T-D	ENCUMBRANCES Y-T-D	Variance With Adjusted Budget Positive (Negative)	
	Approved Budget	Budget Adjustments	Adjusted Budget			\$	%
REVENUES							
GRT- Dedication	\$0	\$0	\$0	\$0		\$0	n/a
GRT- Hold Harmless	\$0	\$0	\$0	\$0		\$0	n/a
GRT- Infrastructure	\$0	\$0	\$0	\$0		\$0	n/a
Bond Proceeds	\$0	\$0	\$0	\$0		\$0	n/a
Local Grants	\$0	\$0	\$0	\$0		\$0	n/a
CDBG funding	\$0	\$0	\$0	\$0		\$0	n/a
State Grants	\$70,000	\$0	\$70,000	\$16,716		(\$53,284)	23.88%
Federal Grants (other)	\$0	\$0	\$0	\$0		\$0	n/a
Legislative Appropriations	\$0	\$0	\$0	\$0		\$0	n/a
Investment Income	\$0	\$0	\$0	\$0		\$0	n/a
Miscellaneous	\$0	\$0	\$0	\$0		\$0	n/a
TOTAL CAPITAL PROJECTS REVENUES	\$70,000	\$0	\$70,000	\$16,716		(\$53,284)	23.88%
EXPENDITURES							
Parks/Recreation	\$0	\$0	\$0	\$0	\$0	\$0	n/a
Housing	\$0	\$0	\$0	\$0	\$0	\$0	n/a
Equipment & Buildings	\$70,000	\$0	\$70,000	\$16,716	\$15,695	\$37,589	23.88%
Facilities	\$0	\$0	\$0	\$0	\$0	\$0	n/a
Transit	\$0	\$0	\$0	\$0	\$0	\$0	n/a
Utilities	\$0	\$0	\$0	\$0	\$0	\$0	n/a
Airports	\$0	\$0	\$0	\$0	\$0	\$0	n/a
Infrastructure	\$0	\$0	\$0	\$0	\$0	\$0	n/a
Debt Service Payments (P&I)-GO Bonds	\$0	\$0	\$0	\$0	\$0	\$0	n/a
Debt Service Payments (P&I)-Rev. Bonds	\$0	\$0	\$0	\$0	\$0	\$0	n/a
Other	\$0	\$0	\$0	\$0	\$0	\$0	n/a
TOTAL CAPITAL PROJECTS EXPENDITURE	\$70,000	\$0	\$70,000	\$16,716	\$15,695	\$37,589	23.88%
OTHER FINANCING SOURCES							
Transfers In	\$0	\$0	\$0	\$0		\$0	n/a
Transfers (Out)	\$0	\$0	\$0	\$0		\$0	n/a
TOTAL - OTHER FINANCING SOURCES	\$0	\$0	\$0	\$0		\$0	n/a
Excess (deficiency) of revenues over expenditures				\$0			

DEBT SERVICE

COMPARATIVE STATEMENT OF REVENUES AND EXPENDITURES	BUDGETED AMOUNTS			ACTUALS Y-T-D	ENCUMBRANCES Y-T-D	Variance With Adjusted Budget	
	Approved Budget	Budget Adjustments	Adjusted Budget			Positive (Negative)	
						\$	%
GENERAL OBLIGATION BONDS [FUND 401]							
REVENUES:							
General Obligation - (Property tax)	\$0	\$0	\$0	\$0		\$0	n/a
Investment Income	\$0	\$0	\$0	\$0		\$0	n/a
Other - Misc	\$0	\$0	\$0	\$0		\$0	n/a
TOTAL REVENUES	\$0	\$0	\$0	\$0		\$0	n/a
EXPENDITURES							
General Obligation - Principal	\$0	\$0	\$0	\$0	\$0	\$0	n/a
General Obligation - Interest	\$0	\$0	\$0	\$0	\$0	\$0	n/a
Other Costs (Fiscal Agent Fees/Other Fees/Misc)	\$0	\$0	\$0	\$0	\$0	\$0	n/a
TOTAL EXPENDITURES	\$0	\$0	\$0	\$0	\$0	\$0	n/a
OTHER FINANCING SOURCES							
Transfers In	\$0	\$0	\$0	\$0		\$0	n/a
Transfers (Out)	\$0	\$0	\$0	\$0		\$0	n/a
TOTAL - OTHER FINANCING SOURCES	\$0	\$0	\$0	\$0		\$0	n/a
Excess (deficiency) of revenues over expenditures [401]				\$0			
REVENUE BONDS [FUND 402]							
REVENUES:							
Bond Proceeds	\$0	\$0	\$0	\$0		\$0	n/a
Revenue Bonds - GRT	\$0	\$0	\$0	\$0		\$0	n/a
Investment Income	\$0	\$0	\$0	\$0		\$0	n/a
Revenue Bonds - Other	\$0	\$0	\$0	\$0		\$0	n/a
REVENUE BOND REVENUE - TOTAL	\$0	\$0	\$0	\$0		\$0	n/a
EXPENDITURES							
Revenue Bonds - Principal	\$0	\$0	\$0	\$0	\$0	\$0	n/a
Revenue Bonds - Interest	\$0	\$0	\$0	\$0	\$0	\$0	n/a
Other Revenue Bond Payments	\$0	\$0	\$0	\$0	\$0	\$0	n/a
Other Costs (Fiscal Agent Fees/Other Fees/Misc)	\$0	\$0	\$0	\$0	\$0	\$0	n/a
TOTAL DEBT SERVICE FUND EXPENDITURES	\$0	\$0	\$0	\$0	\$0	\$0	n/a
OTHER FINANCING SOURCES							
Transfers In	\$0	\$0	\$0	\$0		\$0	n/a
Transfers (Out)	\$0	\$0	\$0	\$0		\$0	n/a
TOTAL - OTHER FINANCING SOURCES	\$0	\$0	\$0	\$0		\$0	n/a
Excess (deficiency) of revenues over expenditures [402]				\$0			
OTHER DEBT SERVICE [FUND 403]							
REVENUES:							
Investment Income	\$0	\$0	\$0	\$0		\$0	n/a
Loan Revenue	\$0	\$0	\$0	\$0		\$0	n/a
OTHER DEBT SERVICE REVENUE - TOTAL	\$0	\$0	\$0	\$0		\$0	n/a
EXPENDITURES							
NMFA Loan Payments	\$37,803	\$0	\$37,803	\$37,803	\$0	\$0	100.00%
Board of Finance Loan Payments	\$0	\$0	\$0	\$0	\$0	\$0	n/a
Other Debt Service - Misc	\$0	\$0	\$0	\$0	\$0	\$0	n/a
TOTAL DEBT SERVICE FUND EXPENDITURES	\$37,803	\$0	\$37,803	\$37,803	\$0	\$0	100.00%
OTHER FINANCING SOURCES							
Transfers In	\$37,803	\$0	\$37,803	\$37,803		\$0	100.00%
Transfers (Out)	\$0	\$0	\$0	\$0		\$0	n/a
TOTAL - OTHER FINANCING SOURCES	\$37,803	\$0	\$37,803	\$37,803		\$0	100.00%
Excess (deficiency) of revenues over expenditures [403]				\$0			

TOWN OF COCHITI LAKE, NEW MEXICO
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2018

Status of Prior Year Findings

2016-003 Inadequate Segregation of Duties	Updated and repeated
2016-004 Written Policies and Procedures	Updated and repeated
2016-005 Segregation of Duties Relating to Adjusting Journal Entries	Resolved

TOWN OF COCHITI LAKE, NEW MEXICO
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2018

2016-003 Inadequate Segregation of Duties – Material Weakness

Condition: The Town's accountant performs most of the accounting, reconciling, and record keeping functions of the Town without review or oversight by a person unrelated to these activities. Review is necessary to ensure errors and fraud are not occurring. Inadequate review allows the possibility that fraud could be committed and not detected.

We tested eighty-eight cash and payroll disbursements. We noted the following errors caused by inadequate review and inadequate segregation of duties related to insufficient review caused by inadequate segregation of duties:

1. Purchase requests were used, but 12 of the tested transactions with purchase requests did not include an approval signature.
2. Quotes for services were missing or were not obtained for two purchases required the Town to obtain at least three quotes.
3. For one item tested the Town did not obtain any quotes for the purchase of a dump trailer.

Management's Progress Towards Implementing the Prior Year Planned Corrective Actions: Although the Town has implemented several controls intended to strengthen the segregation of duties, it is clear from the testwork that the Town has not implemented controls sufficient to prevent significant purchases from being made without proper oversight.

Criteria: In evaluating internal controls, one of the areas reviewed is segregation of duties in an accounting system. Review and oversight by a person unrelated to the accounting activities is a form of segregation of duties. Inadequate segregation of duties is a reportable condition.

Effect: Employees of the Town could commit fraud and then hide the transactions in the accounting records and transactions.

Cause: Inadequate segregation of duties and insufficient review of reconciliations, transactions, and reports.

Recommendations: The Town should develop procedures, at a minimum, for the following:

- Purchase requests should be signed before the checks are cut.
- Quotes should be obtained and filed with the supporting invoices as required.

TOWN OF COCHITI LAKE, NEW MEXICO
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2018

2016-003 Inadequate Segregation of Duties – Material Weakness (Continued)

Management's Response:

1. (The comment notes 12 missing approval signatures on Purchase Requests.) During the last fiscal year, management has spent a considerable amount of time and effort to raise purchase and expense management and reporting standards. While there have been improvements, management continues to develop the process. There are occasions when the Request has been signed in the wrong place and the approval may not have been obvious to someone reviewing the documentation.

Current procedures require Purchase Requests and Expense Reports to be submitted to the Town Administrator or Mayor (or another Assembly member in the Mayor's absence) for approval, prior to submission to the Town Treasurer for payment. Non-recurring expenditures or expenditures not contemplated in the current approved budget in excess of \$250 require prior approval. All expenditures require approval and proof of purchase.

Upon review, management notes that seven of the twelve expenditures missing approval related to the Fire and EMS departments:

- 1) Two checks written to UNM for sponsoring advanced EMT training. While there were no second signatures on the actual invoices, the training expenditures were discussed in an open meeting of the Town Assembly and BAR 2018-06 was approved to cover the expenditures.
- 2) Two checks to Life Assist for medical supplies. Management has requested that the EMS Department provide the signed packing lists as evidence of receipt of supplies, but has been told they are needed for pharmacy inspection. Management is devising an alternated process for approval.
- 3) Two checks to ARC Automotive for ambulance maintenance. The Fire/EMS Department does have maintenance contract which includes favorable labor rates with ARC. The invoices were delivered to Town Hall by either the Fire Chief or Assistance Fire Chief and verbal approval given. Signed approval will be obtained in the future.
- 4) One check to New Mexico Apparatus for the repairs to the Brush Truck discussed below. The invoice were delivered to Town Hall by either the Fire Chief or Assistance Fire Chief and verbal approval given. Signed approval will be obtained in the future.

TOWN OF COCHITI LAKE, NEW MEXICO
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2018

2016-003 Inadequate Segregation of Duties – Material Weakness (Continued)

Of the five remaining invoices, two related removing a hazardous condition on town property. The Assembly took action to hire a tree trimmer to avoid potential injury to residents and liability to the town. The trimming was supervised by an Assembly member. However, he failed to sign off on the invoices.

Two invoices were paid prior to the procedures now in places for approval of expense reports and one missing signature appears to be an oversight.

Management will engage in additional development of procedures and the training necessary to ensure adherence to procedures.

2. (Quotes for services) The report notes that quotes for services were missing or were not obtained. Management is aware that one obtained quote was missing from a file. It may have been removed by an Assembly member for review and either mis-filed or not returned. This will not happen in the future. No original documents are allowed to leave the Town office.

In another instance, the Fire Departments Brush Truck had an electrical fire which caused major damage including the destruction the electrical system of the truck. Due to the age of the truck, the insurance reimbursement was limited to \$6,945. Using the company contracted with for fire and EMS vehicle repair, the truck was re-built and brought up to current standards. As this was a specialty repair that our contracted company was capable of performing, we did not seek bids. Moreover, a new truck with similar features would have cost in excess of \$100,000.

3. Purchase of the Dump Trailer. In the past the Town, due to its unusual status, and as a “home rule” entity, has not followed the New Mexico Procurement Act. However, management has determined that financial best practices require adherence to purchasing procedures and guidelines and is moving forward to fully implement a coherent system.

Corrective Action(s): As noted above, further development of procedures, including an updated purchasing ordinance, and training of staff.

Responsible person(s): Primarily the Mayor, Town Administrator and Town Treasurer are responsible for corrective actions. However, all staff members and Assembly members must cooperate.

Timeline of corrective action: Within the next six to twelve months a full set of approved operating procedures and a new Purchasing Ordinance should be in place.

TOWN OF COCHITI LAKE, NEW MEXICO
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2018

2016-004 Written Policies and Procedures – Other Matters

Condition: The Town does not have written policies and procedures for the accounting functions.

Management's Progress Towards Implementing the Prior Year Planned Corrective Actions: The Town has made significant progress, as noted in their response to this finding.

Criteria: NMAC 2.20.5.8 states that each local body shall establish and maintain an internal control structure to provide management with reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general-purpose financial statements in accordance with GAAP. The internal control structure shall include written administrative controls (rules, procedures, and practice and policies that affect the Town).

Effect: The Town does not have a guide for employees to follow which describes each significant operational area. The Town may not have the ability to perform certain functions if an employee quits or retires before their knowledge is passed on to another employee.

Cause: The Town has not been told they should develop written policies and procedures.

Recommendations: The Town should develop written policies and procedures for each significant operational area. These documents should be presented to and approved by the Town Assembly.

Management's Response:

Town Management does have written Operating Procedures. While not yet comprehensive, they do provide guidance for:

- 1) Receipt of mail
- 2) Processing deposits
- 3) Recording revenue, including investment income
- 4) Recording expenses and paying invoices
- 5) Reimbursement of Out of Pocket expenditures (excluding travel)
- 6) EMT stipends
- 7) Check preparation and signing
- 8) Cash management, including statutory reserves
- 9) Investment funds

**TOWN OF COCHITI LAKE, NEW MEXICO
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2018**

2016-004 Written Policies and Procedures – Other Matters (Continued)

- 10) Payroll
- 11) Time off requests
- 12) Bank Reconciliations
- 13) Employee usage of Town credit cards
- 14) Purchase authorizations and Expense Reports
- 15) LCAA funding requests
- 16) General Obligation bond distributions
- 17) State Grant-in-Aid for the library
- 18) Town ad valorem taxes – preparation of invoices, penalties, interest and liens
- 19) Property sales
- 20) Personnel policies
- 21) Calculation of paid time off
- 22) Town provided insurance
- 23) Cell phone stipends
- 24) Per Diem – (additional procedures under consideration as allowed by the rule, e.g. actual expenses only)
- 25) Inventory
- 26) EMS Fund Act
- 27) Sandoval County Ambulance Contract
- 28) Revenue from ambulance runs – PRC certificate
- 29) State Fire Funds

While these procedures have not yet been approved by the entire Assembly because they are incomplete, the Town Treasurer has had numerous conversations with the Mayor regarding their development and they are being used to determine their efficacy and potential need for adjustment. They do provide a road map for Town operation and have been discussed with the Town Administrator who has a copy for her files.

In addition, the Town Library has its own operating procedures, including well developed Library Volunteer Handbook, a copy of which is located in the Town's administrative office. The Library Director is also preparing a copy of her operating procedures to remain in the Town's Administrative office.

TOWN OF COCHITI LAKE, NEW MEXICO
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2018

2016-004 Written Policies and Procedures – Other Matters (Continued)

The Fire and EMS departments have voluminous operating procedure notebooks. Town administrative staff are aware of the information and where it is located in the Fire Chief's office.

Corrective Action(s): Continue developing operating procedures while assessing their reasonableness and efficacy.

Responsible person(s): Town Treasurer, Town Administrator.

Timeline of corrective action: Within the next six to twelve months a full set of approved operating procedures and a new Purchasing Ordinance should be in place and operational.

PORCH & ASSOCIATES LLC

CERTIFIED PUBLIC ACCOUNTANTS
10612 ROYAL BIRKDALE NE
ALBUQUERQUE, NM 87111

Compilation Report of Independent Public Accountant

Mr. Wayne Johnson, New Mexico State Auditor and
the Town Assembly
Town of Cochiti Lake, New Mexico
Cochiti Lake, New Mexico

Management is responsible for the accompanying financial statements of the Town of Cochiti Lake, New Mexico (Town), which comprise the balance sheets – governmental funds for each individual fund as of June 30, 2018 and the related statements of revenues, expenditures and changes in fund balances – governmental funds for each individual fund for the year then ended, and the related notes to the financial statements in accordance with the requirements of Section 2.2.2.16 New Mexico Administrative Code (NMAC). We have performed a compilation engagement in accordance with the Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

In order to comply with the requirements of Section 12-6-3(B) NMSA 1978 and 2.2.2.16 NMAC, management has presented: (1) the governmental fund financial statements prepared using the modified accrual basis of accounting; and (2) only the notes related to those financial statements. However, in complying with these requirements, management has omitted the following financial statements and notes required by accounting principles generally accepted in the United States of America (GAAP): (a) the government-wide financial statements; and (2) note disclosures related to item (a). These omissions result in the financial statements being presented on a basis of accounting other than GAAP.

Management of the Town has the following errors in its financial statements:

- Property taxes receivable and deferred property taxes on the balance sheet are the same figures as reported in the June 30, 2016 compilation report. The Town's property tax revenue cannot be correct.
- Ambulance receivables and allowance for doubtful accounts on the balance sheet is the same figure as reported in the June 30, 2016 compilation report. The ambulance revenue cannot be correct.

Mr. Wayne Johnson, New Mexico State Auditor and
the Town Assembly
Town of Cochiti Lake, New Mexico
Cochiti Lake, New Mexico

The amount by which these departures from general accepted accounting principles would affect the assets, liabilities, revenues, and expenditures of the governmental activities is not reasonably determinable.

These omissions result in the financial statements being presented on a basis of accounting other than GAAP, or accounting principles generally accepted in the United States of America.

Management has elected to omit the government-wide financial statements and notes related to the government-wide financial statements required by accounting principles generally accepted in the United States of America. If the omitted government-wide financial statements and related note disclosures were included in the financial statements they might influence the user's conclusions about the Town's financial position, respective changes in financial position, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Other Information

The schedules required by Section 2.2.2 NMAC, as listed in the Supplementary Information – Supporting Schedules section of the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Porch & Associates, LLC

Albuquerque, New Mexico
November 19, 2018

TOWN OF COCHITI LAKE, NEW MEXICO
BALANCE SHEETS
June 30, 2018

	General	Emergency Medical Services	Volunteer Fire Department	Total
ASSETS				
Cash and cash equivalents	\$ 78,624	69,654	-	148,278
Cash and cash equivalents - restricted	-	-	3,117	3,117
Investments	601,107	-	-	601,107
Property taxes receivable	11,656	-	-	11,656
Accounts receivable	1,574	1,226	-	2,800
Total assets	\$ 692,961	70,880	3,117	766,958
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ -	287	-	287
Accrued payroll, taxes, and benefits	1,796	527	-	2,323
Deferred ambulance revenues	-	1,133	-	1,133
Total liabilities	1,796	1,947	-	3,743
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	4,378	-	-	4,378
FUND BALANCES				
Restricted	-	-	3,117	3,117
Assigned	-	68,933	-	68,933
Unassigned	686,787	-	-	686,787
Total fund balances	686,787	68,933	3,117	758,837
Total liabilities and fund balances	\$ 692,961	70,880	3,117	766,958

See independent accountant's compilation report and accompanying notes.

TOWN OF COCHITI LAKE, NEW MEXICO
STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
Year Ended June 30, 2018

	General	Emergency Medical Services	Volunteer Fire Department	Total
Revenues				
Property taxes	\$ 69,654	-	-	69,654
Franchise fees	5,044	-	-	5,044
Grants - non-federal	138,415	7,664	132,106	278,185
EMS contract	-	40,000	-	40,000
Charges for services	-	67,110	-	67,110
Interest and investment income	2,116	-	-	2,116
Other	9,665	1,240	6,945	17,850
Total revenues	224,894	116,014	139,051	479,959
Expenditures				
Current				
General government	113,540	-	-	113,540
Public works and utilities	63,624	-	-	63,624
Culture and recreation	66,509	-	-	66,509
Public safety	-	96,769	97,779	194,548
Capital outlay	72,098	-	4,930	77,028
Total expenditures	315,771	96,769	102,709	515,249
Deficiency excess of revenues over expenditures before other financing sources	(90,877)	19,245	36,342	(35,290)
Other financing sources				
Transfers in - General Obligation Bonds	28,313	-	-	28,313
Transfers out to debt service	-	-	(37,803)	(37,803)
Total other financing sources	28,313	-	(37,803)	(9,490)
Net change in fund balances	(62,564)	19,245	(1,461)	(44,780)
Fund balance, beginning of year	749,351	49,688	4,578	803,617
Fund balance, end of year	\$ 686,787	68,933	3,117	758,837

See independent accountant's compilation report and accompanying notes.

**TOWN OF COCHITI LAKE, NEW MEXICO
NOTES TO COMPILED FINANCIAL STATEMENTS
SELECTED INFORMATION – SUBSTANTIALLY ALL DISCLOSURES
REQUIRED BY ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN
THE UNITED STATES OF AMERICA ARE NOT INCLUDED
June 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Entity. The Town of Cochiti Lake, New Mexico (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 hires a Town Administrator and Town Clerk.

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 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 statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental entities.

A. Financial Reporting Entity

The financial statements are prepared in accordance with the requirements of Section 2.2.2.16 New Mexico Administrative Code (NMAC) which constitutes a special purpose framework. This special purpose framework is a basis of accounting other than Accounting Principles Generally Accepted in the United States of America (GAAP). GAAP financial statements for governmental entities require both entity wide and fund financial statements, and a complete set of footnotes. The special purpose framework only requires the fund financial statements and selected footnotes.

The financial statements are presented for the Town and its component units. A legally separate organization that does not qualify as a primary government is a potential component unit. The normal criterion for deciding whether a potential component unit is, in fact, a component unit is financial accountability. Financial accountability is determined by analyzing fiscal dependency, board appointments, financial benefit or burden relationships, or the ability of the primary government to impose its will on the potential component unit. Based on these criteria, the Town has no component units.

TOWN OF COCHITI LAKE, NEW MEXICO
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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

A. Financial Reporting Entity (Continued)

The financial statements of the Town 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 nor the financial information are available to the Town.

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

Governmental 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. For this purpose, the Town considers revenues to be available if they are collected within 60 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 judgments, are recorded only when payment is made.

The Town did not have any business-type activities during the year ended June 30, 2018.

The Town follows the following revenue recognition principles applied to nonexchange transactions which are in accordance with GASB *Statement 33, Accounting and Reporting for Nonexchange Transactions*:

Derived tax revenues are recognized as revenue in the period when the underlying exchange transaction has occurred and the resources are available. The Town currently does not have any derived tax revenues.

Imposed nonexchange revenues – ad valorem taxes are levied and collected by the Town. The assessed valuations on improvements as supplied by the Sandoval County Treasurer are utilized, and a rate of 0.23 is applied. The tax is levied August 1 of each year, and is due January 31 of each year, or may be paid in two installments due December 31st and February 28th.

Imposed nonexchange revenue other than property taxes are recognized in the period when an enforceable legal claim has arisen and the resources are available.

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

A. Financial Reporting Entity (Continued)

Government-mandated nonexchange transactions and voluntary nonexchange transactions are recognized when all applicable eligibility requirements have been met and the resources are available. These include grant revenues, state shared taxes and intergovernmental revenue. Grant revenues are recognized as revenues when the related costs are incurred.

Other revenues susceptible to accrual are investment income and charges for services. All other revenues are recognized when they are received and are not susceptible to accrual because they are usually not measurable until payment is actually received.

The Town reports the following governmental funds:

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

Emergency Medical Services. The Special Revenue Fund is used to account for the operations of the Emergency Medical Department.

Volunteer Fire Department. The Special Revenue Fund is used to account for the operations of the Volunteer Fire Department.

B. Cash and Investments

Cash includes amounts in demand deposits and certificates of deposit. Cash deposits are reported at carrying amount, which reasonably estimates fair value.

All investments are stated at fair value that is determined by using selected bases. Interest income, realized gains and losses on investment transactions, and amortization of premiums/discounts on investment purchases are included for financial statement purposes as investment income and are allocated to participating funds based on the specific identification of the source of funds for a given investment.

**TOWN OF COCHITI LAKE, NEW MEXICO
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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

B. Cash and Investments (Continued)

The Town does not have an investment policy. Town funds are invested in accordance with New Mexico State Statute 6-10-36 which provides for the following investments:

1. United States Treasury Securities (Bills, Notes and Bonds) and other securities issued by the United States government or its agencies or instrumentalities that are either direct obligations of the United States of America, the Federal Home Loan Mortgage Corp., the Federal National Mortgage Association, the Federal Farm Credit Bank, or the Student Loan Marketing Association, or are backed by the full faith and credit of the United States government.
2. Insured and/or collateralized (with U.S. Government Securities and/or New Mexico Bonds) certificates of deposit of banks, savings and loan associations, and credit unions, pursuant to State Board of Finance Collateral Policies.
3. Money market funds whose portfolios consist entirely of United States Government Securities or agencies sponsored by the United States government.
4. Investments in the New Mexico State Treasurer external investment pool (Local Government Investment Pool).

C. Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report 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 and so will not be recognized as an inflow of resources (revenue) until that time. The Town has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from ad valorem taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**TOWN OF COCHITI LAKE, NEW MEXICO
NOTES TO COMPILED FINANCIAL STATEMENTS
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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

D. Fund Balances

The Town follows GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.” This Statement defines fund balance categories to make the nature and extent of the constraints placed on a government’s fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance — amounts that are not in nonspendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance — amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance — amounts constrained to specific purposes by the Town itself, using its highest level of decision-making authority (i.e., Town Assembly). To be reported as committed, amounts cannot be used for any other purpose unless the Town takes the same highest-level action to remove or change the constraint.
- Assigned fund balance — amounts the Town intends to use for a specific purpose. Intent can be expressed by the Town Assembly or by an official or body to which the Town Assembly delegates the authority.
- Unassigned fund balance — amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The Town does not currently have a policy regarding whether committed, assigned, or unassigned amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of those classifications could be used.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Town Directors have provided otherwise in its commitment or assignment actions.

**TOWN OF COCHITI LAKE, NEW MEXICO
NOTES TO COMPILED FINANCIAL STATEMENTS
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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

E. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

F. Budgetary Information

Actual amounts on the budgetary basis are prepared on the cash basis of accounting which recognizes revenues when received and expenditures when paid. Annual budgets are adopted for the general and special revenue funds.

The Town follows defined procedures in establishing the budgetary data reflected in the financial statements. Each year the Town determines amounts required for construction, maintenance, operations and debt service expenditures. Budget amounts are as originally adopted and as amended by the Town Assembly and approved by the Local Government Division of the State of New Mexico Department of Finance and Administration (DFA) and are prepared on a cash basis. The Town submits a proposed budget to DFA for the fiscal year commencing the following July 1. DFA must approve the budget prior to its legal enactment.

To meet legal compliance actual expenditures cannot exceed the total budgeted expenditures for the fund on a cash basis. Adjustments to the budget must be submitted to and approved by DFA in the form of a “budget adjustment request”. The Town does not use encumbrances.

The budget is prepared on the cash basis, which differs from GAAP. Budgetary comparisons presented in these financial statements are on this Non-GAAP budgetary basis. The legal level of budgetary control is at the fund level.

The Tier 6 agreed-upon procedures require compiled financial statements, but does not required budgetary presentations as part of the compilation. Accordingly, no budget to actual statements have been presented as part of the compilation.

**TOWN OF COCHITI LAKE, NEW MEXICO
NOTES TO COMPILED FINANCIAL STATEMENTS
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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

G. 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

H. Implementation of New Accounting Standards

During the year ended June 30, 2018, the Town adopted the following Government Accounting Standards Board Statements (GASB):

GASB No. 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The statement will not have a material impact on the Town's financial statements.

GASB No. 85 – Omnibus. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits). The statement will not have a material impact on the Town's financial statements.

TOWN OF COCHITI LAKE, NEW MEXICO
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NOTE 2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

Deposits

Custodial Credit Risk - Deposits. Custodial credit risk is, in the event of the failure of a depository financial institution, the Town will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town does not have a deposit policy for custodial credit risk. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and are (1) uncollateralized, (2) collateralized with securities held by the pledging financial institution, or (3) collateralized with securities held by the pledging financial institution's trust department or agent but not in the Town's name. As of June 30, 2018, the Town's cash, cash equivalent, and investments balances total of \$755,452 were covered by insurance and other security. The Town had no uninsured balances.

In accordance with Section 6-10-17, NMSA, 1978 Compilation, the Town is required to collateralize an amount equal to one-half of the public money in excess of \$250,000 at each financial institution.

The total balance in any single financial institution may at times exceed the \$250,000 in FDIC coverage available to individual depositors. The Town is required to obtain from each bank that is a depository for public funds pledged collateral in an aggregate amount equal to one half of the public money in each account.

Credit Risk. The Town has no formal policy on managing credit risk. State law limits investments to United States Government obligations, commercial paper with A-1 or better ratings, corporate bonds with a BBB+ or better rating, asset backed obligations with a AAA or better rating, or repurchase agreements.

Investments

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributable to the magnitude of the Town's investment in a single issuer. The Town has no formal policy limiting the amount of investments or deposits at any single institution or with any single issuer.

TOWN OF COCHITI LAKE, NEW MEXICO
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NOTE 3. LONG-TERM OBLIGATIONS

During the year ended June 30, 2018, the following changes occurred:

	Beginning Balance	Additions	Payments	Ending Balance	Due Within One Year
Loans payable	\$ 297,419		(30,315)	267,104	30,744

In October 2015, the Town entered into a loan agreement with the New Mexico Finance Authority in the amount of \$322,419. The purpose of the loan was for the purchase of a fire truck. The yearly debt service payments are made by intercepting the Town's state fire allotment. Interest rate increases from 1.787 to 4.270% over the life of the loan. The maturity date is May 1, 2028.

The following is a schedule of the debt service requirements to maturity for the loan:

Year Ending June 30	Principal	Interest	Total
2019	\$ 30,744	7,059	37,803
2020	31,313	6,490	37,803
2021	31,977	5,826	37,803
2022	32,749	5,054	37,803
2023 to 2027	140,321	10,892	151,213
	<u>\$ 267,104</u>	<u>35,321</u>	<u>302,425</u>

NOTE 4. 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 and natural disasters for which the government carries commercial insurance. The Town purchased commercial insurance to cover these risks. Management will evaluate the need for a commercial insurance policy on an ongoing basis.

**TOWN OF COCHITI LAKE, NEW MEXICO
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NOTE 5. PERA PENSION PLAN

The Town of Cochiti Lake does not participate in PERA. NMSA 10-14-2(B) defines employment for purposes of PERA as “service performed by an employee in the employ of the state, or any political subdivision thereof”. Pursuant to the Town’s Charter, adopted on the 25th day of August 1970 by the Pueblo de Cochiti and the Secretary of the Interior, the Town is a political subdivision of the Pueblo de Cochiti, not the state of New Mexico. As such, Town employees are not eligible to participate in PERA.

TOWN OF COCHITI LAKE, NEW MEXICO
SCHEDULE OF DEPOSIT ACCOUNTS
June 30, 2018

Type	Depository	Account Name	Depository Balance	Reconciled Balance
Interest bearing checking	NM Bank and Trust	General Fund	\$ 79,772	78,624
Interest bearing checking	NM Bank and Trust	EMS	70,589	69,654
Interest bearing checking	NM Bank and Trust	Fire Protection Fund	3,984	3,117
			<u>154,345</u>	<u>151,395</u>
Laddered CDs	Raymond James	Investments	429,408	429,408
Bank Deposits	Raymond James	Investments	64,517	64,517
US Agency Securities	Raymond James	Investments	29,855	29,855
Mutual Funds	Raymond James	Investments	77,327	77,327
			<u>601,107</u>	<u>601,107</u>
		Total cash, cash equivalents, and investments	<u>\$ 755,452</u>	<u>752,502</u>

Insurance coverage for investments:

Laddered CD's are placed at financial institutions in increments less than \$250,000. All laddered CD's are FDIC insured.

Bank deposits held by Raymond James are FDIC insured.

US Agency Securities are backed by the full faith and credit of the United States Government and are exempt from the pledged collateral requirements.

The mutual funds are invested in Treasury and US Agency securities, and are exempt from the pledged collateral requirements.

TOWN OF COCHITI LAKE, NEW MEXICO
SCHEDULE OF PLEDGED COLLATERAL
June 30, 2018

	NM Bank and Trust	Raymond James	Total
Deposits at June 30, 2018	\$ 154,345	601,107	755,452
Less: FDIC coverage and other security	154,345	601,107	755,452
Uninsured public funds	\$ -	-	-

TOWN OF COCHITI LAKE, NEW MEXICO
EXIT CONFERENCE
Year Ended June 30, 2018

An exit conference was held on November 27, 2018, and attended by the following:

Town of Cochiti Lake, New Mexico

Don Topper, Mayor Pro-Tem
Dolly Kauley, Town Administrator
Cindy Eakin, Town Treasurer

Porch & Associates LLC

Thad Porch, Managing Principal

* * * * *

The financial statements were prepared by Porch & Associates LLC from the books and records of the Town. However, the contents of these financial statements remain the responsibility of the Town's management.