

**STATE OF NEW MEXICO
VILLAGE OF CUBA
ANNUAL FINANCIAL REPORT
JUNE 30, 2015**

**Harshwal & Company LLP
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INTRODUCTORY SECTION

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VILLAGE OF CUBA
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VILLAGE OF CUBA
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STATE OF NEW MEXICO
VILLAGE OF CUBA
OFFICIAL ROSTER
JUNE 30, 2015

Name	Title
Elected Officials	
Mark Hatzenbuhler	Mayor
Gilbert Dominguez	Mayor Pro-tem
Cecilia M. Delgado	Councilor
Lee V. Ramirez	Councilor
Brian Velarde	Councilor
Administrative Officials	
Vandora P. Casados	Clerk-Treasurer

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Mr. Timothy Keller,
New Mexico State Auditor
The Honorable Mayor and the Village Council
Village of Cuba
Cuba, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund of the Village of Cuba, New Mexico (the "Village"), as of and for the year ended June 30, 2015, and the related notes to the financial statements which collectively comprise the Village's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Village nonmajor governmental, fiduciary funds and the budgetary comparisons for all nonmajor funds and enterprise funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2015, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require the Schedule of the Proportionate Share of the Net Pension Liability on pages 77-78, the Schedule of Contributions on pages 79-80 and the notes to the required supplementary information page 80 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with the auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the Village's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The other schedules as required by Section 2.2.2 NMAC are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The Financial Data Schedule as required by U.S. Department of Housing and Urban Development is presented for purposes of additional analysis and is not a required part of the financial statements.

The other schedules required by Section 2.2.2 NMAC and Financial Data Schedule are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other schedules as required by Section 2.2.2 NMAC and Financial Data Schedule are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2015 on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Harshwal & Company LLP
Certified Public Accountants

Harshwal & Company LLP

Albuquerque, New Mexico
November 23, 2015

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

STATE OF NEW MEXICO
VILLAGE OF CUBA
STATEMENT OF NET POSITION
JUNE 30, 2015

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 110,765	\$ 149,590	\$ 260,355
Taxes receivable	188,060		188,060
Court fines and fees receivable	2,207		2,207
Grant receivable		12,930	12,930
Accounts receivable, net of allowance		21,517	21,517
Other assets		413	413
Internal balances	360,778	(360,778)	
Noncurrent assets:			
Capital assets	6,940,377	7,589,160	14,529,537
Accumulated depreciation	<u>(2,959,319)</u>	<u>(2,680,041)</u>	<u>(5,639,360)</u>
Total Assets	<u>\$ 4,642,868</u>	<u>\$ 4,732,791</u>	<u>\$ 9,375,659</u>
DEFERRED OUTFLOWS OF RESOURCES			
Employer contributions subsequent to the measurement date	<u>66,103</u>	<u>0</u>	<u>66,103</u>
Total deferred outflows of resources	<u>66,103</u>	<u>0</u>	<u>66,103</u>
LIABILITIES			
Accounts payable	\$ 47,653	\$ 35,997	\$ 83,650
Insurance payable	158,971	168,025	326,996
Accrued salaries and benefits	55,292	53,777	109,069
Accrued payroll		9,792	9,792
Deposit payable		54,251	54,251
Unearned revenue		993	993
Long-term liabilities, due in one year		13,800	13,800
Compensated absences, due in one year		<u>4,656</u>	<u>4,656</u>
Total current liabilities	<u>261,916</u>	<u>341,291</u>	<u>603,207</u>
Noncurrent liabilities:			
Net pension liability	633,091		633,091
Long-term liabilities, due in more than one year		<u>332,802</u>	<u>332,802</u>
Total Liabilities	<u>895,007</u>	<u>674,093</u>	<u>1,569,100</u>

STATE OF NEW MEXICO
VILLAGE OF CUBA
STATEMENT OF NET POSITION
JUNE 30, 2015

DEFERRED INFLOWS OF RESOURCES

Changes of assumptions	19,442	0	19,442
Investment experience	<u>243,107</u>	<u>0</u>	<u>243,107</u>
Total deferred inflows of resources	<u>262,549</u>	<u>0</u>	<u>262,549</u>

NET POSITION

Net Investment in capital assets	3,981,058	4,562,517	8,543,575
Restricted for:			
Special revenue	129,956		129,956
Unrestricted	<u>(559,599)</u>	<u>(503,819)</u>	<u>(1,063,418)</u>
Total Net Position	<u>3,551,415</u>	<u>4,058,698</u>	<u>7,610,113</u>
<i>Total Net Position and Liabilities</i>	<u>\$ 4,708,971</u>	<u>\$ 4,732,791</u>	<u>\$ 9,441,762</u>

STATE OF NEW MEXICO
VILLAGE OF CUBA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government				
General government	\$ 647,438	\$ 65,901	\$ 124,025	\$
Public safety	687,235	21,649	202,550	
Highways and streets	80,312			
Culture and recreation	226,995		9,410	
Public works	<u>72,771</u>			
Total governmental activities	<u>1,714,751</u>	<u>87,550</u>	<u>335,985</u>	<u>0</u>
Business-type Activities:				
Water and Sewer	629,363	343,030		111,164
Housing Authority	<u>181,597</u>	<u>53,232</u>	<u>1,219</u>	<u>82,125</u>
Total business type activities	<u>810,960</u>	<u>396,262</u>	<u>1,219</u>	<u>193,289</u>
Total	<u>\$ 2,525,711</u>	<u>\$ 483,812</u>	<u>\$ 337,204</u>	<u>\$ 193,289</u>

General Revenues:

Taxes:
Franchise taxes
Gasoline taxes
Gross receipts taxes
Property taxes
Motor vehicle registrations
Lodger's taxes
Other taxes
Miscellaneous

Total General Revenues and Transfers

Excess (deficiency) of revenues over expenses

Change in net position

Net position, beginning

Restatement

Net position, beginning, Restated

Net position, ending

STATE OF NEW MEXICO
VILLAGE OF CUBA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

	Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	Government Activities	Business Type Activities	Total
Primary Government			
General government	\$ (457,512)	\$	\$ (457,512)
Public safety	(463,036)		(463,036)
Highways and streets	(80,312)		(80,312)
Culture and recreation	(217,585)		(217,585)
Public works	<u>(72,771)</u>		<u>(72,771)</u>
Total governmental activities	<u>(1,291,216)</u>	<u>0</u>	<u>(1,291,216)</u>
Business-type Activities:			
Water and Sewer		(175,169)	(175,169)
Housing Authority		<u>(45,021)</u>	<u>(45,021)</u>
Total business type activities	<u>0</u>	<u>(220,190)</u>	<u>(220,190)</u>
Total	<u>(1,291,216)</u>	<u>(220,190)</u>	<u>(1,511,406)</u>
General Revenues:			
Taxes:			
Franchise taxes	27,565		27,565
Gasoline taxes	95,823		95,823
Gross receipts taxes	786,962		786,962
Property taxes	58,357		58,357
Motor vehicle registrations	34,204		34,204
Lodger's taxes	11,996		11,996
Other taxes	4,639		4,639
Miscellaneous	<u>4,984</u>		<u>4,984</u>
Total General Revenues and Transfers	<u>1,024,530</u>	<u>0</u>	<u>1,024,530</u>
Excess (deficiency) of revenues over expenses	<u>(266,686)</u>	<u>(220,190)</u>	<u>(486,876)</u>
Change in net position	(266,686)	(220,190)	(486,876)
Net position, beginning	<u>4,681,325</u>	<u>4,278,888</u>	<u>8,960,213</u>
<i>Restatement</i>	(863,224)	0	(863,224)
<i>Net position, beginning, Restated</i>	3,818,101	4,278,888	8,096,989
Net position, ending	<u>\$ 3,551,415</u>	<u>\$ 4,058,698</u>	<u>\$ 7,610,113</u>

FUND FINANCIAL STATEMENTS

STATE OF NEW MEXICO
VILLAGE OF CUBA
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2015

	101-General Funds	Other Governmental Funds	Total
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 52,204	\$ 58,561	\$ 110,765
Taxes receivable	188,060		188,060
Court fines and fees receivable		2,207	2,207
Due from other funds	<u>377,044</u>	<u>129,813</u>	<u>506,857</u>
Total assets	<u><u>\$ 617,308</u></u>	<u><u>\$ 190,581</u></u>	<u><u>\$ 807,889</u></u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 22,047	\$ 25,606	\$ 47,653
Insurance payable	158,971		158,971
Accrued salaries and benefits	55,292		55,292
Due to other funds	91,173	54,906	146,079
Unearned revenue	<u> </u>	<u>307</u>	<u>307</u>
Total liabilities	<u><u>327,483</u></u>	<u><u>80,819</u></u>	<u><u>408,302</u></u>
FUND BALANCES			
Restricted for:			
Special Revenue Funds		129,956	129,956
Unassigned:			
General Fund	289,825		289,825
Special Revenue Funds		(18,266)	(18,266)
Debt service funds	<u> </u>	<u>(1,928)</u>	<u>(1,928)</u>
Total fund balances	<u><u>289,825</u></u>	<u><u>109,762</u></u>	<u><u>399,587</u></u>
Total liabilities and fund balances	<u><u>\$ 617,308</u></u>	<u><u>\$ 190,581</u></u>	<u><u>\$ 807,889</u></u>

**STATE OF NEW MEXICO
VILLAGE OF CUBA**

**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2015**

	<u>Governmental fund</u>
Amounts reported for governmental activities in the statement of net position are different because:	
Total fund balance - governmental funds	\$ 399,587
Unearned revenue is recorded as income under the accrual method, and not the modified accrual method.	307
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	3,981,058
Net pension liability is not due and payable in the current period and therefore is not reported in the funds:	(633,091)
Deferred outflows and inflows or resources related to pensions are applicable to future periods and therefore, are not reported in the funds:	
Deferred outflows of resources related to pension	66,103
Deferred inflows of resources related to pension	<u>(262,549)</u>
Net position - governmental activities	<u>\$ 3,551,415</u>

**STATE OF NEW MEXICO
VILLAGE OF CUBA**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>101-General Funds</u>	<u>Other Governmental Funds</u>	<u>Total</u>
REVENUES:			
<i>Local revenue</i>			
Franchise tax	\$ 27,565	\$	\$ 27,565
Gross receipts tax - local	493,620		493,620
Property taxes	58,357		58,357
Licenses, fines & fees	63,948	21,649	85,597
Miscellaneous charges for services	39,481	16,635	56,116
<i>State revenue</i>			
Gross receipts tax - state shared	293,342		293,342
CFT gas tax	95,823		95,823
State fire allotment		73,982	73,982
Small cities distribution	90,000		90,000
Grants	<u>35,378</u>	<u>137,978</u>	<u>173,356</u>
<i>Total revenues</i>	<u>1,197,514</u>	<u>250,244</u>	<u>1,447,758</u>
EXPENDITURES:			
<i>Current:</i>			
General government	613,954	19,880	633,834
Public safety	404,613	188,049	592,662
Highways and streets		65,000	65,000
Culture and recreation	130,332	23,613	153,945
Public works	<u>53,316</u>	<u>19,455</u>	<u>72,771</u>
<i>Total expenditures</i>	<u>1,202,215</u>	<u>315,997</u>	<u>1,518,212</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(4,701)</u>	<u>(65,753)</u>	<u>(70,454)</u>
OTHER FINANCING SOURCES (USES):			
<i>Total other financing sources (uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>
Net change in fund balance	(4,701)	(65,753)	(70,454)
Fund balance - beginning of year	<u>294,526</u>	<u>175,515</u>	<u>470,041</u>
Fund balance - end of year	<u>\$ 289,825</u>	<u>\$ 109,762</u>	<u>\$ 399,587</u>

**STATE OF NEW MEXICO
VILLAGE OF CUBA**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Governmental fund</u>
Amounts reported for governmental activities in the statement of net position are different because:	
Net changes in fund balances - governmental funds	\$ (70,454)
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the current period.	
Depreciation expense	(237,671)
Governmental funds report Village's pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense	
Pension expense	(32,416)
Employer contributions subsequent to the measurement date	66,103
Unearned revenue is recorded as income under the accrual method, and not the modified accrual method.	307
Accrued compensated absences are expensed under the accrual method, and not the modified accrual method.	<u>7,445</u>
Change in net position - governmental activities	<u><u>\$ (266,686)</u></u>

**STATEMENTS OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
MAJOR FUNDS**

**STATE OF NEW MEXICO
VILLAGE OF CUBA**

**STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS) GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		(Negative)
REVENUES:				
Local revenue:				
Franchise Tax	\$ 30,000	\$ 30,000	\$ 27,565	\$ (2,435)
Gross receipts tax - local	430,000	430,000	493,620	63,620
Property taxes	55,000	55,000	58,357	3,357
Licenses, fines & fees	54,000	54,000	63,963	9,963
Miscellaneous charges for services	47,000	47,000	39,481	(7,519)
Other miscellaneous	75,000	75,000		(75,000)
State revenue:				
Gross receipts tax - state shared	710,000	710,000	293,342	(416,658)
CFT Gas tax- state shared	88,000	88,000	95,823	7,823
Legislative Appropriations	80,000	80,000		(80,000)
Small cities distribution	90,000	90,000	90,000	
Grants	5,000	5,000	35,378	30,378
<i>Total revenues</i>	1,664,000	1,664,000	1,197,529	(466,471)
EXPENDITURES:				
Current:				
General government	797,199	797,199	613,954	183,245
Public safety	559,755	559,755	418,546	141,209
Highways and streets	96,128	96,128		96,128
Culture and recreation	202,921	202,921	130,332	72,589
Public works			53,316	(53,316)
<i>Total expenditures</i>	1,656,003	1,656,003	1,216,148	439,855
<i>Excess (deficiency) of revenues over (under) expenditures</i>	7,997	7,997	(18,619)	(26,616)
OTHER FINANCING SOURCES (USES):				
<i>Total other financing sources (uses)</i>	0	0	0	0
Net changes in fund balances	7,997	7,997	(18,619)	(26,616)
Fund balance - beginning of Year	350,927	350,927	377,037	26,110
Fund balance - End of Year	\$ 358,924	\$ 358,924	358,418	\$ (506)

**STATE OF NEW MEXICO
VILLAGE OF CUBA**

**STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS) GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balances-cash basis			\$ (18,619)	
Adjustments to revenues			(15)	
Adjustments to expenditures			13,933	
Net changes in fund balances-GAAP basis			\$ (4,701)	

STATE OF NEW MEXICO
VILLAGE OF CUBA
PROPRIETARY FUNDS - STATEMENT OF NET POSITION
JUNE 30, 2015

	<u>500-Water and Sewer</u>	<u>600-Housing Authority</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 66,075	\$ 83,515	\$ 149,590
Account receivables, net of allowance	20,909	608	21,517
Grant receivable		12,930	12,930
Other assets	<u>204</u>	<u>209</u>	<u>413</u>
Total current assets	<u>87,188</u>	<u>97,262</u>	<u>184,450</u>
Capital assets:			
Land and water rights	82,841	15,608	98,449
Construction in process	83,115		83,115
Buildings, improvements, and equipment	5,430,627	1,976,969	7,407,596
Accumulated depreciation	<u>(1,729,974)</u>	<u>(950,067)</u>	<u>(2,680,041)</u>
Total capital assets, net of accumulated depreciation	<u>3,866,609</u>	<u>1,042,510</u>	<u>4,909,119</u>
Total assets	<u><u>\$ 3,953,797</u></u>	<u><u>\$ 1,139,772</u></u>	<u><u>\$ 5,093,569</u></u>
LIABILITIES AND NET POSITION			
Current liabilities:			
Accounts payable	\$ 35,807	\$ 190	\$ 35,997
Gross receipts tax payable	168,025		168,025
Insurance payable	51,991	1,786	53,777
Accrued compensated absences	2,321	2,335	4,656
Accrued payroll	5,175	4,617	9,792
Unearned revenue		993	993
Long-term liabilities, due in one year	13,800		13,800
Deposits payable	49,255	4,996	54,251
Due to other funds	<u>360,778</u>		<u>360,778</u>
Total current liabilities	<u>687,152</u>	<u>14,917</u>	<u>702,069</u>
Long-term liabilities:			
Note payable	<u>332,802</u>		<u>332,802</u>
Total liabilities	<u><u>1,019,954</u></u>	<u><u>14,917</u></u>	<u><u>1,034,871</u></u>
NET POSITION			
Net Investment in capital assets	3,520,007	1,042,510	4,562,517
Unrestricted	<u>(586,164)</u>	<u>82,345</u>	<u>(503,819)</u>
Total Net position	<u><u>2,933,843</u></u>	<u><u>1,124,855</u></u>	<u><u>4,058,698</u></u>
Total Net position and liabilities	<u><u>\$ 3,953,797</u></u>	<u><u>\$ 1,139,772</u></u>	<u><u>\$ 5,093,569</u></u>

**STATE OF NEW MEXICO
VILLAGE OF CUBA**

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	<u>500-Water and Sewer</u>	<u>600-Housing Authority</u>	<u>Total</u>
<i>Operating revenues:</i>			
Sales and services	\$ 343,030	\$	\$ 343,030
Facilities rentals		53,232	53,232
Miscellaneous/Other		<u>1,219</u>	<u>1,219</u>
<i>Total Operating revenues</i>	<u>343,030</u>	<u>54,451</u>	<u>397,481</u>
Operating expenses	436,263	128,478	564,741
Depreciation	<u>182,296</u>	<u>53,119</u>	<u>235,415</u>
<i>Total operating expenses</i>	<u>618,559</u>	<u>181,597</u>	<u>800,156</u>
<i>Operating income (loss)</i>	<u>(275,529)</u>	<u>(127,146)</u>	<u>(402,675)</u>
<i>Non-operating revenues (expenses):</i>			
Intergovernmental capital grant	111,164	82,125	193,289
Debt service-interest and fees	<u>(10,804)</u>		<u>(10,804)</u>
<i>Total non-operating revenues (expenses)</i>	<u>100,360</u>	<u>82,125</u>	<u>182,485</u>
Change in net position	(175,169)	(45,021)	(220,190)
Total net position, beginning of year	<u>3,109,012</u>	<u>1,169,876</u>	<u>4,278,888</u>
Total net position, end of year	<u>\$ 2,933,843</u>	<u>\$ 1,124,855</u>	<u>\$ 4,058,698</u>

**STATE OF NEW MEXICO
VILLAGE OF CUBA**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

	Water and Sewer	Housing Authority	Total
<i>Cash flows from operating activities:</i>			
Cash received from customers and grantors	\$ 357,072	\$ 88,096	\$ 445,168
Cash payments to vendors and employees	<u>(384,698)</u>	<u>(148,504)</u>	<u>(533,202)</u>
<i>Net cash provided (used) by operating activities</i>	<u>(27,626)</u>	<u>(60,408)</u>	<u>(88,034)</u>
<i>Cash flows from non-capital and related financing activities:</i>			
Change in due to/due from accounts	<u>36,478</u>	<u> </u>	<u>36,478</u>
<i>Net cash (used) provided by noncapital financing activities</i>	<u>36,478</u>	<u> 0</u>	<u>36,478</u>
<i>Cash flows from capital and related financing activities:</i>			
Capital grant received	111,164	82,125	193,289
Debt service	(10,804)		(10,804)
Purchase of capital assets	<u>(80,729)</u>	<u>(5,337)</u>	<u>(86,066)</u>
<i>Net cash used by capital and related financing activities:</i>	<u>19,631</u>	<u>76,788</u>	<u>96,419</u>
<i>Net change in cash</i>	28,483	16,380	44,863
<i>Cash and cash equivalents, beginning of year</i>	<u>37,592</u>	<u>67,135</u>	<u>104,727</u>
<i>Cash and cash equivalents, end of year</i>	<u><u>\$ 66,075</u></u>	<u><u>\$ 83,515</u></u>	<u><u>\$ 149,590</u></u>
 <i>Reconciliation of operating loss to cash provided by operating activities:</i>			
Operating income (loss)	\$ (275,529)	\$ (127,146)	\$ (402,675)
<i>Adjustments to reconcile operating income to net cash flows:</i>			
Depreciation expense	182,296	53,119	235,415
Changes in assets and liabilities:			
Accounts receivable	14,246	(340)	13,906
Operating grants receivable		33,985	33,985
Other assets	(204)		(204)
Accounts payable	7,443	(9,867)	(2,424)
Gross receipts tax payable	26,220		26,220
Insurance Payable	22,857	(12,085)	10,772
Accrued compensated absences		2,150	2,150
Accrued payroll	(6,862)	(1,781)	(8,643)
Unearned Revenue	-	993	993
Deposits payable	<u>1,907</u>	<u>564</u>	<u>2,471</u>
<i>Net cash provided (used) by operating activities</i>	<u><u>\$ (27,626)</u></u>	<u><u>\$ (60,408)</u></u>	<u><u>\$ (88,034)</u></u>

STATE OF NEW MEXICO
VILLAGE OF CUBA
STATEMENT OF FIDUCIARY NET POSITION - AGENCY FUNDS
JUNE 30, 2015

	<u>Agency Fund</u>
ASSETS	
Cash and cash equivalents	\$ <u>12,639</u>
Total assets	<u>12,639</u>
LIABILITIES	
Due to other taxing units	<u>12,639</u>
Total liabilities	\$ <u><u>12,639</u></u>

STATE OF NEW MEXICO
VILLAGE OF CUBA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Entity: The Village of Cuba (Village) was incorporated in 1963 under the laws of the State of New Mexico. The Village operates under a Mayor-Council form of government and provides the following services as authorized by its charter: public safety (police and fire), streets, sanitation, health and social services, culture and recreation, education, public improvements, and general administrative services.

The financial statements of the Village 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

In evaluating how to define the Village, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 61. Blended component units, although legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity. Based upon the application of these criteria, the Village has no component units, and is not a component unit of another governmental agency.

As required by GAAP, the financial statements present the Village and entities for which the Village is considered to be financially accountable. There are no component units for the fiscal year ended June 30, 2015.

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the Village. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

STATE OF NEW MEXICO
VILLAGE OF CUBA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Financial Reporting Entity (Continued)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

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

Private-sector standards of accounting and financial reporting, generally are followed in the government-wide statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private sector guidance for their business-type activities, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

Enterprise funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with proprietary fund's principle ongoing operations.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are 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 Village 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 Village 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. Derived tax revenues include gross receipts tax, gasoline taxes, and cigarette taxes.

STATE OF NEW MEXICO
VILLAGE OF CUBA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Financial Reporting Entity (Continued)

Imposed nonexchange revenues — property taxes are levied and collected by the Valencia County treasurer on behalf of the Village. The taxes are levied in November and payable in two installments, November 10 and May 10. The County remits to the Village a percentage of the collections made during the month. Taxes are considered delinquent and subject to lien, penalty, and interest 30 days after the date on which they are due.

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

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 Village reports deferred revenue on its combined balance sheet. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the Village before it has legal claim to the resources, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods when both revenue recognition criteria are met, or when the Village has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

The Village reports the following major governmental funds:

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

Proprietary funds are accounted for on the flow of economic resources measurement focus (all assets and all liabilities associated with the operation of these funds are included on the balance sheet) and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The Village applies all applicable GASB pronouncements in accounting and reporting for its proprietary operations.

Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

STATE OF NEW MEXICO
VILLAGE OF CUBA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Financial Reporting Entity (Continued)

The Village reports the following major proprietary funds:

Waste and Sewer. To account for the provision of water and waste water services to the residents of the Village. All activities necessary to provide such services are accounted for in this fund including, but not limited to, administration, operations, maintenance billing, and collection.

Housing Authority. To account for all of the financial resources related to public housing.

The Village reports the following fund types:

General Fund is the general operating fund of the Village. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. Many of the more important functions of the Village, including the Village's general services and administration, are accounted for in this fund.

Special Revenue Funds are used to account for revenues derived from specific sources, which are usually required by law or regulation to be accounted for in separate funds.

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those constructed for proprietary funds.

Agency Funds are used to account for monies held by the Village in a custodial capacity on behalf of third parties or other agencies.

B. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits, money market funds, 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.

The Village does not have an investment policy. Village 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.

STATE OF NEW MEXICO
VILLAGE OF CUBA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Cash and Cash Equivalents (Continued)

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. Capital Assets

Capital assets, which include software, library books, property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

Governmental Accounting Standards Board (GASB) 34 *Basic Financial Statements and Managements Discussion and Analysis for State and Local Governments* allows phase III governments an exemption from the retroactive application of the capitalization requirements to major general infrastructure assets. The Village has elected not to retroactively record infrastructure assets.

Assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	10 - 50 years
Machinery and equipment	5 - 50 years
Furniture and fixtures	5 - 30 years
Infrastructure	5 - 50 years

Capital assets in proprietary funds are depreciated using the straight-line method over the estimated useful lives of the assets as follows:

Buildings and other improvements	25 - 33 years
Water and sewer system	10 - 50 years
Machinery and equipment	5 - 10 years

The Audit Act, 12-6-10, NMSA 1978, requires all assets, which cost more than \$5,000 and have a life greater than one year to be added to the General Fixed Asset Account Group and a yearly inventory of those assets must be taken.

STATE OF NEW MEXICO
VILLAGE OF CUBA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Accrued Employee Benefits

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as 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 general long-term debt account group. No expenditure is reported for these amounts. Vested or accumulated vacation leave for proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees.

E. Fund Equity

Beginning with fiscal year 2011, the Village implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined 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 Village itself, using its highest level of decision-making authority (i.e., Board of Trustees). To be reported as committed, amounts cannot be used for any other purpose unless the Village takes the same highest level action to remove or change the constraint.
- Assigned fund balance - amounts the Village intends to use for a specific purpose. Intent can be expressed by the Board of Trustees or by an official or body to which the Board of Trustees delegates the authority.
- Unassigned fund balance - amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The Board of Trustees establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Board of Trustees through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

STATE OF NEW MEXICO
VILLAGE OF CUBA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Fund Equity (Continued)

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

F. Net Position

Net position represents the difference between assets and liabilities. Net invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvements of those assets. Net invested in capital assets, net of related debt excludes unspent debt proceeds. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Village or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

G. 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.

H. Cash Flows

For purposes of the Statement of Cash Flows, the various enterprise funds consider all liquid assets with a maturity of three months or less when purchased to be cash equivalents.

I. 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, special revenue, capital projects, and enterprise funds.

STATE OF NEW MEXICO
VILLAGE OF CUBA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Budgetary Information (Continued)

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

1. Prior to June 1, the Village Administrator submits to the Village Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them based on previous year's history. Public hearings are conducted at the Village Hall to obtain taxpayer comments. Prior to July 1, the budget is legally enacted through passage of an ordinance.
2. The Village Administrator is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any funds must be approved by the Village Council and New Mexico State Department of Finance, Division of Local Governments.
3. Formal budgetary integration is employed as a management control device during the year for the general fund, special revenue funds, capital projects fund and enterprise funds.
4. The level of classification detail in which expenditures of expenses may not legally exceed appropriations for each budget is in fund total. Appropriations lapse at year-end.

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

K. Pensions

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

**STATE OF NEW MEXICO
VILLAGE OF CUBA**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 2. CASH AND CASH EQUIVALENTS

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the village. Deposits may be made to the extent that they are insured by an agency of the United States or by collateral deposited as security or by bond given by the financial institution.

The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of deposit.

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

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Village does not have a deposit policy for custodial credit risk. At June 30, 2015, \$33,319 of the Village's deposits of \$467,445 was exposed to custodial credit risk and the same was uninsured and uncollateralized. As of June 30, 2015, the carrying amount of these deposits was \$272,994.

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

The schedule listed below will meet the State of New Mexico, Office of the State Auditor's requirements in reporting the insured portion of the deposits.

	<u>Wells Fargo Bank</u>		<u>Cuba Credit</u>	<u>Total</u>
	<u>Village of</u> <u>Cuba</u>	<u>Village of</u> <u>Cuba HA</u>	<u>Union</u>	
Total amounts of deposits	\$ 372,931	\$ 81,902	\$ 12,612	\$ 467,445
Less: FDIC coverage	<u>250,000</u>	<u>81,902</u>	<u>12,612</u>	<u>344,514</u>
Total uninsured public funds	<u>122,931</u>	<u>0</u>	<u>0</u>	<u>122,931</u>
50% Collateral requirement	61,466			61,466
Pledged securities	<u>89,612</u>			<u>89,612</u>
(Over)/Under collateralized	<u>\$ (28,146)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (28,146)</u>

Reconciliation of Cash and cash equivalents

Cash and cash equivalents per Statement of Net Position	\$ 260,355
Cash per Statement of Fiduciary Net Position	12,639
Add outstanding checks, other reconciling and unreconciling items	<u>194,451</u>
Bank balance of deposits	<u><u>\$ 467,445</u></u>

STATE OF NEW MEXICO
VILLAGE OF CUBA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

<u>Custodial Credit Risk-Deposits</u>	<u>Bank Balance</u>
Depository account:	
Account Balance	\$ <u>467,445</u>
FDIC Insured	344,514
Collateralized:	
Uninsured and collateralized with securities held by the pledging bank but not in Village's name	89,612
Uninsured and uncollateralized	<u>33,319</u>
Total deposits	<u>\$ 467,445</u>

NOTE 3. RECEIVABLES

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

<u>Governmental activities:</u>	<u>General Fund</u>	<u>Non-Major funds</u>	<u>Total</u>
Taxes:			
Gross receipts	\$ 188,060	\$	\$ 188,060
Court fines and fees	<u> </u>	<u>2,207</u>	<u>2,207</u>
Total receivables	<u>\$ 188,060</u>	<u>\$ 2,207</u>	<u>\$ 190,267</u>

<u>Business-type activities:</u>	<u>Water and Sewer</u>	<u>Housing Authority</u>	<u>Total</u>
Receivables:			
Accounts	\$ 49,659	\$ 608	\$ 50,267
Allowance for uncollectible accounts	<u>(28,750)</u>	<u> </u>	<u>(28,750)</u>
Total receivables	<u>\$ 20,909</u>	<u>\$ 608</u>	<u>\$ 21,517</u>

STATE OF NEW MEXICO
VILLAGE OF CUBA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 4. CAPITAL ASSETS

Governmental fund capital asset activity for the year ending June 30, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Governmental Activities:</u>				
Capital assets, not depreciated:				
Land	\$ 86,130	\$	\$	\$ 86,130
Total, not depreciated	<u>86,130</u>	<u>0</u>	<u>0</u>	<u>86,130</u>
Capital assets, depreciated:				
Buildings and improvements	4,783,515			4,783,515
Equipment and other	2,053,027		(146,950)	1,906,077
Infrastructure	<u>164,655</u>			<u>164,655</u>
Total, depreciated	<u>7,001,197</u>	<u>0</u>	<u>(146,950)</u>	<u>6,854,247</u>
Accumulated depreciation for:				
Buildings and improvements	1,336,045	134,156		1,470,201
Equipment and other	1,510,197	95,745	(146,950)	1,458,992
Infrastructure	<u>22,356</u>	<u>7,770</u>		<u>30,126</u>
Total accumulated depreciation	<u>2,868,598</u>	<u>237,671</u>	<u>(146,950)</u>	<u>2,959,319</u>
Total capital assets, depreciated, net	<u>4,132,599</u>	<u>(237,671)</u>	<u>0</u>	<u>3,894,928</u>
Total capital assets, net	<u>\$ 4,218,729</u>	<u>\$ (237,671)</u>	<u>\$ 0</u>	<u>\$ 3,981,058</u>

Depreciation expense was charged to functions/programs of the government as follows:

Governmental activities:	
General government	\$ 54,736
Public safety	94,573
Highways and streets	15,312
Culture and recreation	<u>73,050</u>
Total depreciation expense	<u>\$ 237,671</u>

STATE OF NEW MEXICO
VILLAGE OF CUBA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 4. CAPITAL ASSETS (CONTINUED)

Enterprise fund capital asset activity for the year ending June 30, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Ending Balance</u>
<u>Business-type Activities:</u>			
Capital assets, not depreciated:			
Land- Water and Waste Water	\$ 2,112	\$ 80,729	\$ 82,841
Land- Housing Authority	15,608		15,608
Construction in progress	<u>83,115</u>		<u>83,115</u>
Total, not depreciated	<u>100,835</u>	<u>80,729</u>	<u>181,564</u>
Capital assets, depreciated:			
Water and Waste Water:			
Plant and equipment	2,158,700		2,158,700
Infrastructure	3,212,109		3,212,109
Equipment and other	59,818		59,818
Housing Authority:			
Buildings and improvements	1,857,145		1,857,145
Equipment and other	<u>114,487</u>	<u>5,337</u>	<u>119,824</u>
Total, depreciated	<u>7,402,259</u>	<u>5,337</u>	<u>7,407,596</u>
Accumulated depreciation for:			
Water and Waste Water	1,547,678	182,296	1,729,974
Housing Authority	<u>896,948</u>	<u>53,119</u>	<u>950,067</u>
Total accumulated depreciation	<u>2,444,626</u>	<u>235,415</u>	<u>2,680,041</u>
Total capital assets, depreciated, net	<u>4,957,633</u>	<u>(230,078)</u>	<u>4,727,555</u>
Total capital assets, net	<u>\$ 5,058,468</u>	<u>\$ (149,349)</u>	<u>\$ 4,909,119</u>

STATE OF NEW MEXICO
VILLAGE OF CUBA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 5. LONG-TERM OBLIGATIONS - GOVERNMENTAL FUNDS

During the year ended June 30, 2015, the following changes occurred:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Governmental activities:					
Compensated absences	<u>7,445</u>	<u> </u>	<u>7,445</u>	<u> </u>	<u> </u>
Total	<u>\$ 7,445</u>	<u>\$ </u>	<u>\$ 7,445</u>	<u>\$ </u>	<u>\$ </u>

Accrued Compensated Absences. Regular full time employees receive two weeks of vacation per year after completion of one year of employment with the Village. Part time and seasonal employees are not entitled to vacation benefits. Vacation balances are payable upon termination but may not be carried over to the next year. Balances are reset at each employee's anniversary date.

NOTE 6. LONG-TERM DEBT - ENTERPRISE FUNDS

During the year ended June 30, 2015, the following changes occurred:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Business-type activities:					
Compensated absences	\$ 2,506	\$ 2,150	\$	\$ 4,656	\$ 4,656
Water & Sewer loan CWSRF 006	<u>\$ 360,000</u>	<u>\$ </u>	<u>\$ 13,398</u>	<u>\$ 346,602</u>	<u>\$ 13,800</u>

Water & Sewer loan CWSRF 006: The Village entered into a twenty year loan agreement in the original amount of \$360,000 with interest & admin fee at 3%. Principal and interest payments are due annually on December, beginning December, 2014. The debt payments are to be made to the New Mexico Environmental Department by Sandoval County and the Village will reimburse the county on a regular basis.

The future requirements for notes payable are as follows:

Year Ending June 30	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	13,800	10,398	24,198
2017	14,214	9,984	24,198
2018	14,640	9,558	24,198
2019	15,079	9,118	24,197
2020	15,531	8,666	24,197
2021-2025	84,933	36,055	120,988
2026-2030	98,460	22,528	120,988
2031-2034	<u>89,945</u>	<u>6,846</u>	<u>96,791</u>
	<u>\$ 346,602</u>	<u>\$113,153</u>	<u>\$459,755</u>

STATE OF NEW MEXICO
VILLAGE OF CUBA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 7. PROPERTY TAXES

Sandoval County is responsible for assessing, collecting, and distributing property taxes for the Village. Property taxes are assessed on November 1 of each year based on the assessed value on the prior January 1 and are payable in two equal installments by November 10 of the year in which the tax bill is prepared and by May 10 of the following year. Property taxes are delinquent if not paid by December 10 and June 10. Taxes on real property are lien on January 1 of the year for which the taxes are imposed.

NOTE 8. INTERFUND BALANCES

Interfund balances at June 30, 2015 consisted of the following amounts:

<u>Interfund Receivable</u>	<u>Amount</u>	<u>Interfund Payable</u>	<u>Amount</u>
Major governmental Funds:		Major governmental Funds:	
General Fund	<u>\$ 377,044</u>	General Fund	<u>\$ 91,173</u>
Total Major Governmental Funds	<u>377,044</u>	Total Major Governmental Funds	<u>91,173</u>
Nonmajor Governmental Funds:		Nonmajor Governmental Funds:	
Corrections Fund	24,169	Street Fund	52,978
EMS Fund	10,981	Debt Service Fund	1,928
Fire Protection Fund	39,506		
LEPF Fund	11,774		
Lodgers Fund	2,972		
Street Fund	37,026		
Recreation Fund	<u>3,385</u>		
Total Nonmajor Governmental Funds	<u>129,813</u>	Total Nonmajor Governmental Funds	<u>54,906</u>
		Proprietary Funds:	
		Water and Sewer Fund	<u>360,778</u>
		Total Proprietary Funds	<u>360,778</u>
Grand Total	<u><u>\$ 506,857</u></u>	Grand Total	<u><u>\$ 506,857</u></u>

STATE OF NEW MEXICO
VILLAGE OF CUBA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 9. PENSION PLAN - PUBLIC EMPLOYEE RETIREMENT ASSOCIATION

General Information about the Pension Plan

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

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

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

Contributions. The contribution requirements of defined benefit plan members and the Village are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY14 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 29 through 31 of the PERA FY14 annual audit report at http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_2014.pdf. The PERA coverage options that apply to Village of Cuba are Municipal General Division and Municipal Police Division. Statutorily required contributions to the pension plan from the Village were \$66,103 and there were no employer paid member benefits that were “picked up” by the employer for the year ended June 30, 2015.

STATE OF NEW MEXICO
VILLAGE OF CUBA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 9 PENSION PLAN - PUBLIC EMPLOYEE RETIREMENT ASSOCIATION - (CONT'D)

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

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

For PERA Fund Division Municipal General, at June 30, 2015, the Village reported a liability of \$397,075 for its proportionate share of the net pension liability. At June 30, 2014, the Village's proportion was 0.0509%, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference.

For the year ended June 30, 2015, the Village recognized PERA Fund Division Municipal General, pension expense of \$16,566. At June 30, 2015, the Village reported PERA Fund Division Municipal General deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

STATE OF NEW MEXICO
VILLAGE OF CUBA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 9 PENSION PLAN - PUBLIC EMPLOYEE RETIREMENT ASSOCIATION - (CONT'D)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$	\$ 269
Net difference between projected and actual earnings on pension plan investments		155,346
Village's contributions subsequent to the measurement date	<u>36,979</u>	<u> </u>
Total	<u>\$ 36,979</u>	<u>\$ 155,615</u>

\$36,979 reported as deferred outflows of resources related to pensions resulting from Village contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	<u>Amount</u>
2016	\$ 38,903
2017	38,903
2018	38,903
2019	<u>38,906</u>
Total	<u>\$ 155,615</u>

For PERA Fund Division Municipal Police, at June 30, 2015, the Village reported a liability of \$236,016 for its proportionate share of the net pension liability. At June 30, 2014, the Village's proportion was 0.0724%, which was an increase of zero from its proportion measured as of June 30, 2013, due to the insignificance of the difference.

For the year ended June 30, 2015, the Village recognized PERA Fund Division Police, pension expense of \$15,850. At June 30, 2015, the Village reported PERA Fund Division Police deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$	\$ 19,173
Net difference between projected and actual earnings on pension plan investments		87,761
Village's contributions subsequent to the measurement date	<u>29,124</u>	<u> </u>
Total	<u>\$ 29,124</u>	<u>\$ 106,934</u>

STATE OF NEW MEXICO
VILLAGE OF CUBA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 9 PENSION PLAN - PUBLIC EMPLOYEE RETIREMENT ASSOCIATION - (CONT'D)

\$29,124 reported as deferred outflows of resources related to pensions resulting from Village contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	<u>Amount</u>
2016	\$ 26,710
2017	26,710
2018	26,710
2019	<u>26,804</u>
Total	<u>\$ 106,934</u>

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

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

**STATE OF NEW MEXICO
VILLAGE OF CUBA**

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 9 PENSION PLAN - PUBLIC EMPLOYEE RETIREMENT ASSOCIATION - (CONT'D)

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

<u>All Funds - Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	21.1%	5.00%
International Equity	24.8	5.2
Private Equity	7	8.2
Core and Global Fixed Income	26.1	1.85
Fixed Income Plus Sectors	5	4.8
Real Estate	5	5.30
Real Assets	7	5.7
Absolute Return	4	4.15
Total	<u>100</u>	

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

Sensitivity of the Village's proportionate share of the net pension liability to changes in the discount rate. The following tables show the sensitivity of the net pension liability to changes in the discount rate. In particular, the tables present the Village's net pension liability in each PERA Fund Division that Village participates in, under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

<u>PERA Fund Municipal General Division</u>	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
Village's proportionate share of the net pension liability	<u>\$ 748,575</u>	<u>\$ 397,075</u>	<u>\$ 125,524</u>

STATE OF NEW MEXICO
VILLAGE OF CUBA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 9 PENSION PLAN - PUBLIC EMPLOYEE RETIREMENT ASSOCIATION - (CONT'D)

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
PERA Fund Police Division			
Village's proportionate share of the net pension liability	<u>\$ 450,083</u>	<u>\$ 236,016</u>	<u>\$ 76,175</u>

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

Payables to the pension plan. The Village doesn't have any amount due to the plan at June 30, 2015.

NOTE 10. POST-EMPLOYMENT BENEFITS — STATE RETIREE HEALTH CARE PLAN

The Village has elected not to participate in the Retiree Health Care Act (Section 10-7C-1 to 10-7C-16, NMSA 1978).

NOTE 11. RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions and natural disasters for which the government carries commercial insurance. The Village participates in the State of New Mexico Self-Insurers Fund for workers' compensation claims and employers' liability insurance including general, auto, uninsured motorist, law enforcement, and public official's errors and omissions liabilities.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated, the liability for claims and judgments is reported in the General Long-Term Debt Account Group because it is not expected to be liquidated with expendable available financial resources.

STATE OF NEW MEXICO
VILLAGE OF CUBA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 12. DEFICIT FUND BALANCE AND EXCESS OF EXPENDITURES OVER BUDGET

Generally Accepted Accounting Principles require disclosures of certain information concerning individual funds including:

A. Deficit fund balances of individual funds are the following:

<u>Fund Name</u>	<u>Amount</u>
Library	\$ (2,314)
Street Fund	\$ (15,952)
Debt Service	\$ (1,928)

B. Excess of expenditures over appropriations:

<u>Fund</u>	<u>Amount</u>
Fire Protection Fund	\$ 14,845
Library Fund	\$ 10,022
Housing Authority Enterprise Fund	\$ 6,924

NOTE 13. SUBSEQUENT EVENTS

The Village has evaluated subsequent events through November 23, 2015, the date the financial statements were available to be issued. There were no material subsequent events.

NOTE 14. NET POSITION RESTATEMENT

A prior period adjustment of \$(863,224) has been reflected in the Village's financial statements to record the net pension asset/liability, deferred outflows/inflows, and adjusted pension expense and net position in accordance to GASB 68.

Beginning net position as previously reported at June 30, 2014	\$ 4,681,325
Prior period adjustment - Implementation GASB 68:	
Net pension liability (measurement date)	(926,844)
Deferred outflows - Village's contributions made during fiscal year 2014	<u>63,620</u>
Total prior period adjustment	<u>(863,224)</u>
Net position as restated, July 1, 2014	<u><u>\$ 3,818,101</u></u>

SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
VILLAGE OF CUBA
NONMAJOR FUNDS DESCRIPTION
JUNE 30, 2015

Corrections - To establish an additional source of funds for municipalities to offset the costs of corrections. The source of funds is a five-dollar fee, which must be paid by all persons violating laws relating to the operation of a motor vehicle. Authority is NMSA 33-9-3.

Emergency Medical Services - To account for funds available for emergency medical equipment and supplies attributable to such services. Financing is provided by the State of New Mexico. Authority is the Emergency Medical Services Fund Act, NMSA 24- 10A.

Fire Protection - To account for the operations and maintenance of the fire department. The operations are financed by an allotment from the annual fire grant from the State of New Mexico. Authority is NMSA 59-A-53-1.

Law Enforcement Protection - To account for the expenditures from the State of New Mexico for training, equipment and capital outlay. Authority is NMSA 29-13-4.

Library - To account for grant revenues and expenses related to operations of the Village of Cuba public library. Authority is NMAC 4-5-8.

Lodger's Tax - To account for lodger's tax collections. The tax is to be used for cultural and recreational activities. Authority is NMSA 3-38-14.

Street - To account for funds used to maintain roads for which the Village is responsible. Funding is provided by the gas tax. Expenditures are restricted to the construction and maintenance of Village roads. Authority is NMSA 7-1-6.27. The Village also receives intergovernmental grants for specific road projects.

Recreation - To account for revenues and expenditures relating to Village recreational facilities and programs. Financing is provided by the State. Such revenue provides for payment of all current operating costs and may be used for that purpose only. Authority is NMSA 7-12-15.

Capital Projects - To account for revenues and expenses related to capital projects. Authority is by Village Ordinance.

Debt Service - To account for the accumulation of resources for the retirement of debt, and to account for the principal, interest, and fee payments on debt.

**STATE OF NEW MEXICO
VILLAGE OF CUBA**

**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015**

	201- Corrections Fund	206-EMS	209-Fire Protection	211-LEPF
ASSETS				
Cash and cash equivalents	\$ 5,232	\$ 1,554	\$ 5,308	\$ 4,849
Court fines and fees receivable	2,207			
Due from other funds	24,169	10,981	39,506	11,774
Total assets	\$ 31,608	\$ 12,535	\$ 44,814	\$ 16,623
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 3,290	\$	\$ 9,249	\$ 1,087
Due to other funds				
Unearned Revenue			307	
Total liabilities	3,290	0	9,556	1,087
FUND BALANCES				
Restricted for:				
Special Revenue Funds	28,318	12,535	35,258	15,536
Unassigned:				
Special Revenue Funds				
Debt Service Funds				
Total fund balances	28,318	12,535	35,258	15,536
Total liabilities and fund balances	\$ 31,608	\$ 12,535	\$ 44,814	\$ 16,623

**STATE OF NEW MEXICO
VILLAGE OF CUBA**

**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015**

	<u>213-Library</u>	<u>214-Lodgers Tax</u>	<u>216-Street Fund</u>	<u>217- Recreation</u>
ASSETS				
Cash and cash equivalents	\$ 3,928	\$ 35,156	\$	\$ 2,534
Court fines and fees receivable				
Due from other funds	<u> </u>	<u>2,972</u>	<u>37,026</u>	<u>3,385</u>
Total assets	<u>\$ 3,928</u>	<u>\$ 38,128</u>	<u>\$ 37,026</u>	<u>\$ 5,919</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 6,242	\$ 5,540	\$	\$ 198
Due to other funds			52,978	
Unearned Revenue	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>6,242</u>	<u>5,540</u>	<u>52,978</u>	<u>198</u>
FUND BALANCES				
Restricted for:				
Special Revenue Funds		32,588		5,721
Unassigned:				
Special Revenue Funds	(2,314)		(15,952)	
Debt Service Funds	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>(2,314)</u>	<u>32,588</u>	<u>(15,952)</u>	<u>5,721</u>
Total liabilities and fund balances	<u>\$ 3,928</u>	<u>\$ 38,128</u>	<u>\$ 37,026</u>	<u>\$ 5,919</u>

**STATE OF NEW MEXICO
VILLAGE OF CUBA**

**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015**

	403-Debt Service	Total
ASSETS		
Cash and cash equivalents	\$	\$ 58,561
Court fines and fees receivable		2,207
Due from other funds		129,813
Total assets	\$ 0	\$ 190,581
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable	\$	\$ 25,606
Due to other funds	1,928	54,906
Unearned Revenue		307
Total liabilities	1,928	80,819
FUND BALANCES		
Restricted for:		
Special Revenue Funds		129,956
Unassigned:		
Special Revenue Funds		(18,266)
Debt Service Funds	(1,928)	(1,928)
Total fund balances	(1,928)	109,762
Total liabilities and fund balances	\$ 0	\$ 190,581

**STATE OF NEW MEXICO
VILLAGE OF CUBA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

	201- Corrections Fund	206-EMS	209-Fire Protection
	<u> </u>	<u> </u>	<u> </u>
REVENUES:			
Local revenue			
Licenses, fines & fees	21,649		
Miscellaneous charges for services			
State revenue			
State fire allotment			73,982
Grants		106,768	
<i>Total revenues</i>	<u>21,649</u>	<u>106,768</u>	<u>73,982</u>
EXPENDITURES:			
Current:			
General governmental	19,880		
Public safety		105,924	82,125
Highways and streets			
Culture and recreation			
Public works			
<i>Total expenditures</i>	<u>19,880</u>	<u>105,924</u>	<u>82,125</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>1,769</u>	<u>844</u>	<u>(8,143)</u>
Net change in fund balance	1,769	844	(8,143)
Fund balance - beginning of year	<u>26,549</u>	<u>11,691</u>	<u>43,401</u>
Fund balance - end of year	<u>\$ 28,318</u>	<u>\$ 12,535</u>	<u>\$ 35,258</u>

**STATE OF NEW MEXICO
VILLAGE OF CUBA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

	211-LEPF	213-Library	214-Lodgers Tax
REVENUES:			
Local revenue			
Licenses, fines & fees			
Miscellaneous charges for services			11,996
State revenue			
State fire allotment			
Grants	21,800	9,410	
<i>Total revenues</i>	21,800	9,410	11,996
EXPENDITURES:			
Current:			
General governmental			
Public safety			
Highways and streets			
Culture and recreation		11,724	9,236
Public works	19,365		
<i>Total expenditures</i>	19,365	11,724	9,236
<i>Excess (deficiency) of revenues over expenditures</i>	2,435	(2,314)	2,760
Net change in fund balance	2,435	(2,314)	2,760
Fund balance - beginning of year	13,101	0	29,828
Fund balance - end of year	\$ 15,536	\$ (2,314)	\$ 32,588

**STATE OF NEW MEXICO
VILLAGE OF CUBA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

	216-Street Fund	217- Recreation	403-Debt Service	Total
REVENUES:				
Local revenue				
Licenses, fines & fees				21,649
Miscellaneous charges for services		4,639		16,635
State revenue				
State fire allotment				73,982
Grants				137,978
<i>Total revenues</i>	<u>0</u>	<u>4,639</u>	<u>0</u>	<u>250,244</u>
EXPENDITURES:				
Current:				
General governmental				19,880
Public safety				188,049
Highways and streets	65,000			65,000
Culture and recreation		2,653		23,613
Public works	90			19,455
<i>Total expenditures</i>	<u>65,090</u>	<u>2,653</u>	<u>0</u>	<u>315,997</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(65,090)</u>	<u>1,986</u>	<u>0</u>	<u>(65,753)</u>
Net change in fund balance	(65,090)	1,986	0	(65,753)
Fund balance - beginning of year	<u>49,138</u>	<u>3,735</u>	<u>(1,928)</u>	<u>175,515</u>
Fund balance - end of year	<u>\$ (15,952)</u>	<u>\$ 5,721</u>	<u>\$ (1,928)</u>	<u>\$ 109,762</u>

**STATEMENTS OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR REMAINING FUNDS**

**STATE OF NEW MEXICO
VILLAGE OF CUBA**

**STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS) CORRECTIONS FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget- Positive (Negative)
REVENUES:				
Local revenue:				
Licenses, fines & fees	\$ <u>50,000</u>	\$ <u>50,000</u>	\$ <u>21,649</u>	\$ <u>(28,351)</u>
<i>Total revenues</i>	<u>50,000</u>	<u>50,000</u>	<u>21,649</u>	<u>(28,351)</u>
EXPENDITURES:				
Current:				
General government	<u>50,000</u>	<u>50,000</u>	<u>19,880</u>	<u>30,120</u>
<i>Total expenditures</i>	<u>50,000</u>	<u>50,000</u>	<u>19,880</u>	<u>30,120</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	0	0	1,769	1,769
Fund balance - beginning of Year	<u>38,535</u>	<u>38,535</u>	<u>26,549</u>	<u>(11,986)</u>
Fund balance - End of Year	<u><u>\$ 38,535</u></u>	<u><u>\$ 38,535</u></u>	<u><u>28,318</u></u>	<u><u>\$ (10,217)</u></u>
Reconciliation of budgetary basis to GAAP basis:				
Excess (deficiency) of revenues over (under) expenditures-cash basis			1,769	
Adjustments to revenues			0	
Adjustments to expenditures			<u>0</u>	
Excess (deficiency) of revenues over (under) expenditures-GAAP basis			<u><u>\$ 1,769</u></u>	

**STATE OF NEW MEXICO
VILLAGE OF CUBA**

**STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
EMERGENCY MEDICAL SERVICES FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget- Positive (Negative)
REVENUES:				
Local revenue:				
Other miscellaneous	\$ 95,000	\$ 95,000	\$	\$ (95,000)
State revenue:				
Grants	<u>12,864</u>	<u>12,864</u>	<u>106,768</u>	<u>93,904</u>
<i>Total revenues</i>	<u>107,864</u>	<u>107,864</u>	<u>106,768</u>	<u>(1,096)</u>
EXPENDITURES:				
Current:				
Public safety	<u>107,864</u>	<u>107,864</u>	<u>106,394</u>	<u>1,470</u>
<i>Total expenditures</i>	<u>107,864</u>	<u>107,864</u>	<u>106,394</u>	<u>1,470</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	0	0	374	374
Fund balance - beginning of Year	<u>10,981</u>	<u>10,981</u>	<u>11,691</u>	<u>710</u>
Fund balance - End of Year	<u><u>\$ 10,981</u></u>	<u><u>\$ 10,981</u></u>	<u><u>12,065</u></u>	<u><u>\$ 1,084</u></u>
Reconciliation of budgetary basis to GAAP basis:				
Excess (deficiency) of revenues over (under) expenditures-cash basis			374	
Adjustments to revenues			0	
Adjustments to expenditures			<u>470</u>	
Excess (deficiency) of revenues over (under) expenditures-GAAP basis			<u><u>\$ 844</u></u>	

**STATE OF NEW MEXICO
VILLAGE OF CUBA**

**STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS) FIRE PROTECTION FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget- Positive (Negative)
REVENUES:				
State revenue:				
State fire allotment	\$ <u>67,280</u>	\$ <u>67,280</u>	\$ <u>73,982</u>	\$ <u>6,702</u>
<i>Total revenues</i>	<u>67,280</u>	<u>67,280</u>	<u>73,982</u>	<u>6,702</u>
EXPENDITURES:				
Current:				
Public safety	<u>67,280</u>	<u>67,280</u>	<u>82,125</u>	<u>(14,845)</u>
<i>Total expenditures</i>	<u>67,280</u>	<u>67,280</u>	<u>82,125</u>	<u>(14,845)</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	0	0	(8,143)	(8,143)
Fund balance - beginning of Year	<u>36,333</u>	<u>36,333</u>	<u>48,862</u>	<u>12,529</u>
Fund balance - End of Year	<u><u>\$ 36,333</u></u>	<u><u>\$ 36,333</u></u>	<u><u>40,719</u></u>	<u><u>\$ 4,386</u></u>
Reconciliation of budgetary basis to GAAP basis:				
Excess (deficiency) of revenues over (under) expenditures-cash basis			(8,143)	
Adjustments to revenues			0	
Adjustments to expenditures			<u>0</u>	
Excess (deficiency) of revenues over (under) expenditures-GAAP basis			<u><u>\$ (8,143)</u></u>	

**STATE OF NEW MEXICO
VILLAGE OF CUBA**

**STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
LAW ENFORCEMENT PROTECTION FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget- Positive (Negative)
REVENUES:				
State revenue:				
Grants	\$ <u>23,000</u>	\$ <u>23,000</u>	\$ <u>21,800</u>	\$ <u>(1,200)</u>
<i>Total revenues</i>	<u>23,000</u>	<u>23,000</u>	<u>21,800</u>	<u>(1,200)</u>
EXPENDITURES:				
Current:				
Public works	<u>23,000</u>	<u>23,000</u>	<u>19,665</u>	<u>3,335</u>
<i>Total expenditures</i>	<u>23,000</u>	<u>23,000</u>	<u>19,665</u>	<u>3,335</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	0	0	2,135	2,135
Fund balance - beginning of Year	<u>11,824</u>	<u>11,824</u>	<u>13,369</u>	<u>1,545</u>
Fund balance - End of Year	<u><u>\$ 11,824</u></u>	<u><u>\$ 11,824</u></u>	<u>15,504</u>	<u><u>\$ 3,680</u></u>
Reconciliation of budgetary basis to GAAP basis:				
Excess (deficiency) of revenues over (under) expenditures-cash basis			2,135	
Adjustments to revenues			0	
Adjustments to expenditures			<u>300</u>	
Excess (deficiency) of revenues over (under) expenditures-GAAP basis			<u><u>\$ 2,435</u></u>	

**STATE OF NEW MEXICO
VILLAGE OF CUBA**

**STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS) LIBRARY FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES:				
State revenue:				
Grants	\$ _____	\$ _____	\$ <u>9,410</u>	\$ <u>9,410</u>
<i>Total revenues</i>	<u>0</u>	<u>0</u>	<u>9,410</u>	<u>9,410</u>
EXPENDITURES:				
Current:				
Culture and recreation			10,022	(10,022)
<i>Total expenditures</i>	<u>0</u>	<u>0</u>	<u>10,022</u>	<u>(10,022)</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	0	0	(612)	(612)
Fund balance - beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance - End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>(612)</u>	<u>\$ (612)</u>
Reconciliation of budgetary basis to GAAP basis:				
Excess (deficiency) of revenues over (under) expenditures-cash basis			(612)	
Adjustments to revenues			0	
Adjustments to expenditures			<u>(1,702)</u>	
Excess (deficiency) of revenues over (under) expenditures-GAAP basis			<u>\$ (2,314)</u>	

**STATE OF NEW MEXICO
VILLAGE OF CUBA**

**STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS) LODGERS TAX FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget- Positive (Negative)
REVENUES:				
Local revenue:				
Miscellaneous charges for services	\$ <u>20,000</u>	\$ <u>20,000</u>	\$ <u>11,996</u>	\$ <u>(8,004)</u>
<i>Total revenues</i>	<u>20,000</u>	<u>20,000</u>	<u>11,996</u>	<u>(8,004)</u>
EXPENDITURES:				
Current:				
Culture and recreation	<u>20,000</u>	<u>20,000</u>	<u>7,096</u>	<u>12,904</u>
<i>Total expenditures</i>	<u>20,000</u>	<u>20,000</u>	<u>7,096</u>	<u>12,904</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	0	0	4,900	4,900
Fund balance - beginning of Year	<u>17,926</u>	<u>17,926</u>	<u>13,843</u>	<u>(4,083)</u>
Fund balance - End of Year	<u><u>\$ 17,926</u></u>	<u><u>\$ 17,926</u></u>	<u>18,743</u>	<u><u>\$ 817</u></u>
Reconciliation of budgetary basis to GAAP basis:				
Excess (deficiency) of revenues over (under) expenditures-cash basis			4,900	
Adjustments to revenues			0	
Adjustments to expenditures			<u>(2,140)</u>	
Excess (deficiency) of revenues over (under) expenditures-GAAP basis			<u><u>\$ 2,760</u></u>	

**STATE OF NEW MEXICO
VILLAGE OF CUBA**

**STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS) STREET FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget- Positive (Negative)
REVENUES:				
Local revenue:				
Other miscellaneous	\$ 21,667	\$ 21,667	\$ _____	\$ (21,667)
<i>Total revenues</i>	<u>21,667</u>	<u>21,667</u>	<u>0</u>	<u>(21,667)</u>
EXPENDITURES:				
Current:				
Highways and streets	65,000	65,000	65,000	
Public works	<u>21,667</u>	<u>21,667</u>	<u>90</u>	<u>21,577</u>
<i>Total expenditures</i>	<u>86,667</u>	<u>86,667</u>	<u>65,090</u>	<u>21,577</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	(65,000)	(65,000)	(65,090)	(90)
Fund balance - beginning of Year	<u>0</u>	<u>0</u>	<u>64,906</u>	<u>64,906</u>
Fund balance - End of Year	<u>\$ (65,000)</u>	<u>\$ (65,000)</u>	<u>(184)</u>	<u>\$ 64,816</u>
Reconciliation of budgetary basis to GAAP basis:				
Excess (deficiency) of revenues over (under) expenditures-cash basis			(65,090)	
Adjustments to revenues			0	
Adjustments to expenditures			<u>0</u>	
Excess (deficiency) of revenues over (under) expenditures-GAAP basis			<u>\$ (65,090)</u>	

**STATE OF NEW MEXICO
VILLAGE OF CUBA**

**STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS) RECREATION FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget- Positive (Negative)
REVENUES:				
Local revenue:				
Miscellaneous charges for services	\$ <u>9,000</u>	\$ <u>9,000</u>	\$ <u>4,639</u>	\$ <u>(4,361)</u>
<i>Total revenues</i>	<u>9,000</u>	<u>9,000</u>	<u>4,639</u>	<u>(4,361)</u>
EXPENDITURES:				
Current:				
Culture and recreation	<u>9,000</u>	<u>9,000</u>	<u>2,653</u>	<u>6,347</u>
<i>Total expenditures</i>	<u>9,000</u>	<u>9,000</u>	<u>2,653</u>	<u>6,347</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	0	0	1,986	1,986
Fund balance - beginning of Year	<u>7,825</u>	<u>7,825</u>	<u>1,874</u>	<u>(5,951)</u>
Fund balance - End of Year	<u><u>\$ 7,825</u></u>	<u><u>\$ 7,825</u></u>	<u><u>3,860</u></u>	<u><u>\$ (3,965)</u></u>
Reconciliation of budgetary basis to GAAP basis:				
Excess (deficiency) of revenues over (under) expenditures-cash basis			1,986	
Adjustments to revenues			0	
Adjustments to expenditures			<u>0</u>	
Excess (deficiency) of revenues over (under) expenditures-GAAP basis			<u><u>\$ 1,986</u></u>	

**STATE OF NEW MEXICO
VILLAGE OF CUBA**

**STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS) DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES:				
Local revenue:				
State revenue:				
<i>Total revenues</i>	0	0	0	0
EXPENDITURES:				
Debt Service:				
<i>Total expenditures</i>	0	0	0	0
<i>Excess (deficiency) of revenues over (under) expenditures</i>	0	0	0	0
Fund balance - beginning of Year	29,063	29,063	689	(28,374)
Fund balance - End of Year	\$ 29,063	\$ 29,063	689	\$ (28,374)
Reconciliation of budgetary basis to GAAP basis:				
Excess (deficiency) of revenues over (under) expenditures-cash basis				
Adjustments to revenues			0	
Adjustments to expenditures			0	
Excess (deficiency) of revenues over (under) expenditures-GAAP basis			\$ 0	

**STATE OF NEW MEXICO
VILLAGE OF CUBA**

**STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
WATER AND SEWER ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Sales and services	\$ 483,000	\$ 483,000	\$ 343,030	\$ (139,970)
<i>Total revenues</i>	<u>483,000</u>	<u>483,000</u>	<u>343,030</u>	<u>(139,970)</u>
EXPENDITURES:				
Operating expenses	483,000	483,000	436,263	46,737
<i>Total expenditures</i>	<u>483,000</u>	<u>483,000</u>	<u>436,263</u>	<u>46,737</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>0</u>	<u>0</u>	<u>(93,233)</u>	<u>(93,233)</u>
OTHER FINANCING SOURCES (USES):				
Intergovernmental Capital grants			111,164	111,164
Debt service-interest and fees			<u>(10,804)</u>	<u>(10,804)</u>
<i>Total other financing sources (uses)</i>	<u>0</u>	<u>0</u>	<u>100,360</u>	<u>100,360</u>
Changes in net position	0	0	7,127	7,127
Net position - Beginning of Year	<u>1,713,004</u>	<u>1,713,004</u>	<u>3,442,214</u>	<u>1,729,210</u>
Net position - End of Year	<u>\$ 1,713,004</u>	<u>\$ 1,713,004</u>	<u>3,449,341</u>	<u>\$ 1,736,337</u>
Reconciliation of budgetary basis to GAAP basis:				
Changes in net position-cash basis			7,127	
Adjustments to revenues			0	
Adjustments to expenditures			0	
Depreciation			<u>(182,296)</u>	
Change in net position - GAAP basis			<u>\$ (175,169)</u>	

**STATE OF NEW MEXICO
VILLAGE OF CUBA**

**STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
HOUSING AUTHORITY ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget- Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Facilities rentals	\$ 57,800	\$ 57,800	\$ 53,232	\$ (4,568)
Miscellaneous/Other			1,219	1,219
<i>Total revenues</i>	<u>57,800</u>	<u>57,800</u>	<u>54,451</u>	<u>(3,349)</u>
EXPENDITURES:				
Operating expenses	<u>121,554</u>	<u>121,554</u>	<u>128,478</u>	<u>(6,924)</u>
<i>Total expenditures</i>	<u>121,554</u>	<u>121,554</u>	<u>128,478</u>	<u>(6,924)</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(63,754)</u>	<u>(63,754)</u>	<u>(74,027)</u>	<u>(10,273)</u>
OTHER FINANCING SOURCES (USES):				
Intergovernmental capital grant			<u>82,125</u>	<u>82,125</u>
<i>Total other financing sources (uses)</i>	<u>0</u>	<u>0</u>	<u>82,125</u>	<u>82,125</u>
Changes in net position	(63,754)	(63,754)	8,098	71,852
Net position - Beginning of Year	<u>923,646</u>	<u>923,646</u>	<u>1,194,852</u>	<u>271,206</u>
Net position - End of Year	<u>\$ 859,892</u>	<u>\$ 859,892</u>	<u>1,202,950</u>	<u>\$ 343,058</u>
Reconciliation of budgetary basis to GAAP basis:				
Change in net position-cash basis			8,098	
Adjustments to revenues			0	
Adjustments to expenditures			0	
Depreciation			<u>(53,119)</u>	
Change in net position-GAAP basis			<u>\$ (45,021)</u>	

STATE OF NEW MEXICO
VILLAGE OF CUBA
AGENCY FUNDS DESCRIPTION
JUNE 30, 2015

Motor Vehicle Fund - To account for motor vehicle fees collected by the Village on behalf of the State of New Mexico.

Municipal Court Fund - To account for the receipt and disbursement of money collected through the Municipal Judicial System and held for payment to various other state and local governmental agencies.

Municipal Judge's Bond Fund - To account for the receipt and disbursement of bond funds collected through the Municipal Judicial System and held for refund or conversion to pay fines and fees,

**STATE OF NEW MEXICO
VILLAGE OF CUBA**

**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS
JUNE 30, 2015**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<i>MOTOR VEHICLE FUND:</i>				
ASSETS				
Cash	\$ 240	\$	\$	\$ 240
Total assets	<u>240</u>	<u>0</u>	<u>0</u>	<u>240</u>
LIABILITIES				
Due to other entities	<u>240</u>			<u>240</u>
Total liabilities	<u>240</u>	<u>0</u>	<u>0</u>	<u>240</u>
<i>MUNICIPAL COURT FUND:</i>				
ASSETS				
Cash	<u>5,557</u>	<u>80,354</u>	<u>76,339</u>	<u>9,572</u>
Total assets	<u>5,557</u>	<u>80,354</u>	<u>76,339</u>	<u>9,572</u>
LIABILITIES				
Due to other entities	<u>5,557</u>	<u>80,354</u>	<u>76,339</u>	<u>9,572</u>
Total liabilities	<u>5,557</u>	<u>80,354</u>	<u>76,339</u>	<u>9,572</u>
<i>MUNICIPAL JUDGE'S BOND FUND:</i>				
ASSETS				
Cash	<u>5,023</u>	<u>2,164</u>	<u>4,360</u>	<u>2,827</u>
Total assets	<u>5,023</u>	<u>2,164</u>	<u>4,360</u>	<u>2,827</u>
LIABILITIES				
Due to other entities	<u>5,023</u>	<u>2,164</u>	<u>4,360</u>	<u>2,827</u>
Total liabilities	<u>5,023</u>	<u>2,164</u>	<u>4,360</u>	<u>2,827</u>
ASSETS (TOTAL)				
CASH	<u>10,820</u>	<u>82,518</u>	<u>80,699</u>	<u>12,639</u>
TOTAL ASSETS	<u>10,820</u>	<u>82,518</u>	<u>80,699</u>	<u>12,639</u>
LIABILITIES (TOTAL)				
DUE TO OTHER ENTITIES	<u>10,820</u>	<u>82,518</u>	<u>80,699</u>	<u>12,639</u>
TOTAL LIABILITIES	<u>\$ 10,820</u>	<u>\$ 82,518</u>	<u>\$ 80,699</u>	<u>\$ 12,639</u>

STATE OF NEW MEXICO
VILLAGE OF CUBA
COLLATERAL PLEDGED BY DEPOSITORY FOR PUBLIC FUNDS
YEAR ENDED JUNE 30, 2015

<u>Description of Pledged Collateral</u>	<u>Maturity</u>	<u>CUSIP No.</u>	<u>Market or Par Value June 30, 2015</u>
FNMS 3.500% 05/01/2042	5/1/2042	3138LRCQ3	\$ 771
FNMS 3.000% 02/01/2043	2/1/2043	3138MJUN7	8,581
FNMS 3.000% 02/01/2043	1/1/2043	3138NXC7	27,643
FNMS 3.000% 09/01/2043	3/1/2043	3138W7GH1	12,653
FNMS 4.000% 09/01/2040	9/1/2040	31419ANB9	<u>39,964</u>
Total Wells Fargo Bank Pledged Securities			<u>\$ 89,612</u>

STATE OF NEW MEXICO
VILLAGE OF CUBA
SCHEDULE OF DEPOSIT ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2015

<u>Depository</u>	<u>Account Name</u>	<u>Type</u>	<u>Depository Balance</u>	<u>Reconciled Balance</u>
<u>Village of Cuba</u>				
Wells Fargo	General	Checking	\$ 126,634	\$ 51,992
Wells Fargo	Juvenile Fund	Checking	2,484	2,484
Wells Fargo	Fire Protection	Checking	5,804	5,308
Wells Fargo	Law Enforcement Protection	Checking	4,799	4,799
Wells Fargo	Library	Checking	3,928	3,928
Wells Fargo	Lodgers Tax	Checking	35,156	35,156
Wells Fargo	Miscellaneous Grants	Checking	100,000	
Wells Fargo	Water and Sewer System	Checking	49,600	27,950
Wells Fargo	Water and Sewer Improvements	Checking	(4)	(4)
Wells Fargo	W/S Deposits	Checking	37,744	38,483
Wells Fargo	Local Govt Corrections Fund	Checking	5,232	5,232
Wells Fargo	EMS	Checking	1,554	1,554
Cuba Credit Union	Regular Share Account	Savings	213	213
<u>Village of Cuba Housing Authority</u>				
Wells Fargo	Public Housing Deposits	Checking	76,906	78,067
Wells Fargo	Security Deposit Account	Checking	<u>4,996</u>	<u>4,996</u>
Cash and cash equivalents			<u>455,046</u>	<u>260,158</u>
Petty cash	Petty cash - LEPF	Petty Cash		50
Petty cash	Petty cash - Recreation	Petty Cash		50
Petty cash	Petty cash - water	Petty Cash		<u>97</u>
Petty cash			<u>0</u>	<u>197</u>
Total deposit and investment accounts			<u>455,046</u>	<u>260,355</u>
Total deposit and investment accounts- non-agency			<u>455,046</u>	<u>260,355</u>
Agency funds cash accounts:				
Petty cash	MVD Cash Drawer	Petty Cash		240
Cuba Credit Union	Municipal Court	Checking	9,572	9,572
Cuba Credit Union	Municipal Court/ Bonds	Checking	<u>2,827</u>	<u>2,827</u>
Total cash - agency funds			<u>12,399</u>	<u>12,639</u>
Total depository accounts			<u>\$ 467,445</u>	<u>\$ 272,994</u>

STATE OF NEW MEXICO
VILLAGE OF CUBA
SCHEDULE OF JOINT POWERS AGREEMENTS
JUNE 30, 2015

Joint Power Agreement	Participants	Responsible Party	Description	Beginning and Ending Dates	Total estimated project amount and amount applicable to Village	Amount contributed by Village during fiscal year	Audit Responsibility	Fiscal agent and responsible reporting entity
Emergency 911 Regional Emergency Communications Center	County of Sandoval Village of Cuba	Sandoval County	Provision of enhanced emergency 911 services	Indefinite	The Village agrees to pay Sandoval County negotiated amount	\$	Sandoval County	Sandoval County
Prisoner Housing	County of Sandoval Village of Cuba	Sandoval County	To provide housing of municipal prisoners arrested by the village and confined in the Sandoval County Detention Center.	Indefinite	\$64 per inmate per day	25,192	Sandoval County	Sandoval County
Wildland fire protection and suppression	Energy, Minerals and Natural Resources Department (EMNRD) Forestry Division Village of Cuba	EMNRD	Mutual wildland fire suppression and management assistance and cooperation	Indefinite	Payments are on a reimbursement basis		EMNRD	EMNRD
Mutual and/or automatic aid for fire protection and EMS	County of Sandoval Village of Cuba 18 other counties and municipalities	Sandoval County	The cooperators provide mutual assistance to each other in extinguishing fires and in preserving life and property	5/27/09 - 5/26/14	No compensation		Sandoval County	Sandoval County

STATE OF NEW MEXICO
VILLAGE OF CUBA
HOUSING AUTHORITY - FINANCIAL DATA SCHEDULE
JUNE 30, 2015

FDS Line #	Accounts Description	Low Rent Housing Project (LRH)	Capital Funds Program (CFP)	Total
ASSETS:				
111	Cash - Unrestricted	\$ 78,519	\$	\$ 78,519
114	Cash - Tenant Security Deposits	4,996		4,996
100	Total Cash	<u>83,515</u>	<u>0</u>	<u>83,515</u>
121	Accounts Receivable -PHA Projects	12,930		12,930
126	Accounts Receivable - Tenants	608		608
120	Total Receivables, net of allowances for doubtful accounts	<u>13,538</u>	<u>0</u>	<u>13,538</u>
142	Prepaid Expenses and other Assets	209		209
150	Total Current Assets	<u>97,262</u>	<u>0</u>	<u>97,262</u>
161	Land	15,608		15,608
162	Buildings	1,754,085		1,754,085
163	Furniture, Equipment & Machinery - Dwellings	46,356		46,356
164	Furniture, Equipment & Machinery - Administration	73,468		73,468
165	Leasehold Improvements	103,060		103,060
166	Accumulated Depreciation	<u>(950,067)</u>		<u>(950,067)</u>
160	Total Capital Assets, Net of Accumulated Depreciation	<u>1,042,510</u>	<u>0</u>	<u>1,042,510</u>
180	Total Non-Current Assets	<u>1,042,510</u>	<u>0</u>	<u>1,042,510</u>
290	Total Assets	<u>\$ 1,139,772</u>	<u>\$ 0</u>	<u>\$ 1,139,772</u>
LIABILITIES:				
312	Accounts payable <= 90 days	\$ 190	\$	\$ 190
321	Accrued wage/payroll taxes payable	4,617		4,617
322	Accrued Compensated Absences - Current Portion	389		389
341	Tenant Security Deposits	4,996		4,996
342	Unearned Revenue	993		993
345	Other Current Liabilities	<u>1,786</u>		<u>1,786</u>
310	Total Current Liabilities	<u>12,971</u>	<u>0</u>	<u>12,971</u>
354	Accrued Compensated Absences - Non Current	<u>1,946</u>		<u>1,946</u>
350	Total Non-Current Liabilities	<u>1,946</u>	<u>0</u>	<u>1,946</u>
300	Total Liabilities	<u>14,917</u>	<u>0</u>	<u>14,917</u>
508.4	Net Investment in capital assets	<u>1,042,510</u>		<u>1,042,510</u>
511.4	Restricted Net Position	<u>0</u>	<u>0</u>	<u>0</u>
512.4	Unrestricted Net Position	<u>82,345</u>		<u>82,345</u>
513	Total Equity - Net Assets / Position	<u>1,124,855</u>	<u>0</u>	<u>1,124,855</u>
600	Total Liabilities and Equity/ Net Position	<u>\$ 1,139,772</u>	<u>\$ 0</u>	<u>\$ 1,139,772</u>

STATE OF NEW MEXICO
VILLAGE OF CUBA
HOUSING AUTHORITY - FINANCIAL DATA SCHEDULE
JUNE 30, 2015

FDS Line #	Accounts Description	Low Rent Housing Project (LRH)	Capital Funds Program (CFP)	Total
REVENUE:				
70300	Net Tenant Rental Revenue	\$ 53,232	\$	\$ 53,232
70400	Tenant Revenue - Other	<u>1,219</u>		<u>1,219</u>
70500	Total Tenant Revenue	54,451	0	54,451
70600	HUD PHA Operating Grants	70,254	4,755	75,009
70610	Capital Grants		<u>7,116</u>	<u>7,116</u>
70000	Total Revenue	<u>124,705</u>	<u>11,871</u>	<u>136,576</u>
EXPENSES:				
91100	Administrative Salaries	36,586		36,586
91310	Book-keeping Fee	7,114		7,114
91400	Advertising and Marketing	25		25
91500	Employee Benefit Contributions - Admin.	16,666		16,666
91600	Office Expenses	1,510		1,510
91800	Travel	1,808		1,808
91900	Other	<u>3,597</u>		<u>3,597</u>
91000	Total Operating - Administrative	<u>67,306</u>	<u>0</u>	<u>67,306</u>
93100	Water	19,106		19,106
93200	Electricity	3,971		3,971
93300	Gas	1,488		1,488
93400	Fuel	762		762
93800	Other Utilities Expense	<u>480</u>		<u>480</u>
93000	Total Utilities	<u>25,807</u>	<u>0</u>	<u>25,807</u>
94100	Ordinary Maintenance and Operations-Labor	11,507		11,507
94200	Ordinary Maintenance and Operations-Materials and Other	7,150		7,150
94300	Ordinary Maintenance and Operations-Contracts	1,621		1,621
94500	Employee Benefit Contributions-Ordinary Maintenance	<u>2,286</u>		<u>2,286</u>
94000	Total Maintenance	<u>22,564</u>	<u>0</u>	<u>22,564</u>
96110	Property Insurance	3,429		3,429
96120	Liability Insurance	844		844
96130	Workmen's Compensation	<u>3,664</u>		<u>3,664</u>
96100	Total Insurance Premiums	<u>7,937</u>	<u>0</u>	<u>7,937</u>
96210	Compensated Absences	<u>3,085</u>		<u>3,085</u>
96000	Total Other General Expenses	<u>3,085</u>		<u>3,085</u>
96900	Total Operating Expenses	<u>126,699</u>	<u>0</u>	<u>126,699</u>
97000	Excess of Operating Revenue over Operating Expenses	<u>(1,994)</u>	<u>11,871</u>	<u>9,877</u>
97100	Extraordinary Maintenance		1,779	1,779
97400	Depreciation Expense	<u>53,119</u>		<u>53,119</u>
90000	Total Expenses	<u>\$ 179,818</u>	<u>\$ 1,779</u>	<u>\$ 181,597</u>

STATE OF NEW MEXICO
VILLAGE OF CUBA
HOUSING AUTHORITY - FINANCIAL DATA SCHEDULE
JUNE 30, 2015

FDS Line #	Accounts Description	Low Rent Housing Project (LRH)	Capital Funds Program (CFP)	Total
	OTHER FINANCING SOURCES (USES):			
10010	Operating Transfers In	\$ 4,755	\$	\$ 4,755
10020	Operating Transfers Out	<u> </u>	(4,755)	<u>(4,755)</u>
10100	Total Other Financing Sources (Uses)	<u>4,755</u>	<u>(4,755)</u>	<u>0</u>
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(50,358)	5,337	(45,021)
11030	Beginning Equity	<u>1,169,876</u>	<u>0</u>	<u>1,169,876</u>
11040	Prior Period Adjustments, Equity Transfers and correction of Errors	<u>5,337</u>	<u>(5,337)</u>	<u>0</u>
	Ending Equity	<u>\$ 1,124,855</u>	<u>\$</u>	<u>\$ 1,124,855</u>
11630	Furniture & Equipment -Dwelling Purchases	<u> </u>	<u>3,558</u>	<u> </u>
11640	Furniture & Equipment - Administrative Purchases	<u> </u>	<u>1,779</u>	<u> </u>
11190	Unit Months Available	336		336
11210	Number of Unit Months Leased	322		322
11270	Excess Cash	73,524		73,524

**STATE OF NEW MEXICO
VILLAGE OF CUBA**

**SCHEDULE OF VENDOR INFORMATION FOR PURCHASES EXCEEDING \$60,000 (EXCLUDING GRT)
FOR THE YEAR ENDED JUNE 30, 2015**

Prepared by Agency Staff Name: Vandora P. Casados Title: Clerk-Treasurer Date: November 23, 2015

RFB #/ RFP #/ State-wide Price Agreement #	Type of Procurement	Awarded Vendor	\$ Amount of Awarded Contract	\$ Amount of Amended Contract	Name and Physical Address of All Vendor(s) that responded	In-state/ Out-of- state Vendor (Y or N) (Based on Statutory Definition)	Was the vendor in- state and chose Veteran's preference (Y or N)	Brief Description of the Scope of Work
The Village had no Vendor with Purchases Exceeding \$60,000.								

**PENSION LIABILITY
REQUIRED SUPPLEMENTARY INFORMATION**

**STATE OF NEW MEXICO
VILLAGE OF CUBA**

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY OF PERA
MUNICIPAL GENERAL DIVISION
FOR THE YEAR ENDED JUNE 30, 2015

<u>Public Employees Retirement Association (PERA) Plan:</u>	<u>2015</u>
Village's proportion of the net pension liability (asset)	0.0509%
Village's proportionate share of the net pension liability (asset)	\$ 397,075
Village's covered-employee payroll	\$ 436,544
Village's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	90.96%
Plan fiduciary net position as a percentage of the total pension liability	81.29%

**STATE OF NEW MEXICO
VILLAGE OF CUBA**

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY OF PERA
MUNICIPAL POLICE DIVISON
FOR THE YEAR ENDED JUNE 30, 2015

<u>Public Employees Retirement Association (PERA) Plan:</u>	<u>2015</u>
Village's proportion of the net pension liability (asset)	0.0724%
Village's proportionate share of the net pension liability (asset)	\$ 236,016
Village's covered-employee payroll	\$ 187,503
Village's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	125.87%
Plan fiduciary net position as a percentage of the total pension liability	81.29%

**STATE OF NEW MEXICO
VILLAGE OF CUBA**

SCHEDULE OF CONTRIBUTIONS PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA)
MUNICIPAL GENERAL DIVISION
FOR THE YEAR ENDED JUNE 30, 2015

<u>PERA Fund Division</u>	<u>2015</u>
Contractually required contribution	\$ 36,979
Contributions in relation to the contractually required contribution	\$ 36,979
Contribution deficiency (excess)	-
Village's covered-employee payroll	\$ 436,544
Contributions as a percentage of covered-employee payroll	8.47%

**STATE OF NEW MEXICO
VILLAGE OF CUBA**

SCHEDULE OF CONTRIBUTIONS PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA)
MUNICIPAL POLICE DIVISION
FOR THE YEAR ENDED JUNE 30, 2015

<u>PERA Fund Division</u>	<u>2015</u>
Contractually required contribution	\$ 29,124
Contributions in relation to the contractually required contribution	\$ 29,124
Contribution deficiency (excess)	-
Village's covered-employee payroll	\$ 187,503
Contributions as a percentage of covered-employee payroll	15.53%

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

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

COMPLIANCE SECTION

INDEPENDENT AUDITOR'S 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

Mr. Timothy Keller,
New Mexico State Auditor
The Honorable Mayor and the Village Council
Village of Cuba
Cuba, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund of the Village of Cuba, New Mexico (Village) as of and for the year ended June 30, 2015, and related notes to the financial statements, which collectively comprise the Village's basic financial statements, and the combining and individual funds and related budgetary comparisons of the Village's, presented as supplemental information, and have issued our report thereon dated November 23, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as item 2014-001 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses as items 2015-001 significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2007-005.

The Village's Response to Findings

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

Purpose of this Report

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

Harshwal & Company LLP
Certified Public Accountants

Harshwal & Company LLP

Albuquerque, New Mexico
November 23, 2015

STATE OF NEW MEXICO
VILLAGE OF CUBA
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2015

SECTION I - SUMMARY OF AUDIT RESULTS

Financial Statements:

Type of auditors' report issued	Unmodified
Internal control over financial reporting:	
• Material weakness identified?	Yes
• Significant deficiencies identified not considered to be material weaknesses?	Yes
• Noncompliance material to financial statements noted?	Yes

STATE OF NEW MEXICO
VILLAGE OF CUBA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2015

SECTION II - AUDIT FINDINGS IN RELATION TO FINANCIAL STATEMENTS

2007-005 Excess of Expenditures Over Authorized Budget (Non Compliance and Other)-Modified & Repeated

Condition

The Village's expenditures exceeded the authorized budget in the following funds:

<u>Funds</u>	<u>Amount</u>
Library Fund	\$ 10,022
Fire Protection Fund	\$ 14,845
Housing Authority Enterprise Fund	\$ 6,924

The Village Clerk Treasurer has started to review budgets regularly and also the Village is developing a process to ensure that funds do not exceed the DFA approved budget.

Criteria

Section 6-6-6, NMSA 1978, requires the Village to keep expenditures within budgeted amount.

Cause

Insufficient budget tracking procedures. Also, the detail used to create the budget figures are insufficient to know if the budget is realistic.

Effect

The Village may not have precise information for planning the activities and cash flows in the funds that are over budget.

Recommendation

The Village should develop a process to ensure that funds do not exceed their budgets.

Management Response

Per approved budget dated August 27, 2014, the Cuba Public Library Fund exceeded expenditures in the amount of \$10,022.00, the Fire Protection Fund exceeded expenditures in the amount of \$14,845.00 and the Housing Authority Enterprise Fund exceeded expenditures in the amount of \$6924.00. The Village will develop a process to ensure that funds do not exceed the DFA approved budget.

Estimated Completion Date

January 15, 2016.

Responsible party

Responsible Parties will be Village Clerk Treasurer and Housing Director.

STATE OF NEW MEXICO
VILLAGE OF CUBA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2015

SECTION II - AUDIT FINDINGS IN RELATION TO FINANCIAL STATEMENTS
(CONTINUED)

2014-001 Internal Control over Cash Disbursement (Material Weakness)-Modified & Repeated

Condition

During our testwork of cash disbursements, out of 70 items tested, we noted the following deficiencies:

- For ten disbursements totaling \$17,871, payments were not properly recorded.
- For two disbursements totaling \$613, sufficient supporting evidences were not provided.

The Village's management is in process for implementing the policy and procedure with the appropriate personnel to ensure these issues are resolved in subsequent years.

Criteria

Good accounting and internal control practices requires that all disbursements must originate with authorizing document and be supported by properly approved documents such as purchase orders, bill, petty cash reimbursement forms, payroll and time records, leases, contracts, or other supporting.

In addition, according to NMSA 1978 Section 6-6-3, the Village is expected to conform to the rules and regulations that they have adopted relating to internal controls.

Effect

The Village's internal control over authorizations and payments limit management's ability to monitor the accuracy of transactions and provide assurance with respect to funds. Without proper documentation, there are not adequate controls over expenditures which could result in over spending.

Cause

Management did not follow proper internal control procedures. The Village staff failed to ensure that all of the required documentation that support the expenditures were in place.

Auditors' Recommendation

The Village should implement policies and procedures to maintain proper supporting documentation, to properly review and approve the expenditures and also train personnel to adhere to the policies and procedures.

Management Response

The Village will implement policies and procedures to maintain proper supporting documentation, to properly review and approve the expenditures and attend trainings to adhere to the policies and procedures.

Estimated Completion Date

January 15, 2016

Responsible party

Responsible Parties will be procured auditor and Village Clerk-Treasurer.

STATE OF NEW MEXICO
VILLAGE OF CUBA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2015

SECTION II - AUDIT FINDINGS IN RELATION TO FINANCIAL STATEMENTS
(CONTINUED)

2015-001 Bank Reconciliation to the General Ledger-Compliance and Internal Control-Significant Deficiency

Condition

\$100,000, in cash was not included in the GL for Miscellaneous Grants bank account and required a material adjustment. The PH Operating bank account was not properly reconciled resulting in cash being overstated by \$1,613.

Criteria

All bank accounts are to be reconciled from the bank statement to the amount shown in the general ledger to comply with generally accepted accounting principles, and properly comply with the Villages internal control policies.

Effect

The Village is not maintaining adequate controls in regards to safeguarding cash and providing prompt and accurate recording.

Cause

The Village was unable to reconcile cash correctly.

Auditors' Recommendation

We recommend that each bank statement is reconciled to the general ledger balances on a monthly basis and all supporting documentation, including bank statements, should be maintained.

Management Response

The Grant in the amount of \$100,000.00 is deposited and secured to the Miscellaneous Grant Account, towards the purchase of an Initial Attack Truck for the Volunteer Fire Department in the amount of \$276,323.00. The amount of \$100,000.00 should have been recorded under the General Operating Fund 101. The Village will create a line item number for recording the grant amount in the software program. The NMFA Project # 3326-PP Loan is approved in the amount of \$ 176,323.00. The Bank Statements will be reconciled to the General Ledger established from the accountant on a monthly basis. As soon as all the bank statements become available from the financial institutions, the Village will reconcile the bank statements with supporting documentation.

Estimated Completion Date

January 15, 2016

Responsible party

Responsible Parties will be procured accountant and Village Clerk-Treasurer.

STATE OF NEW MEXICO
VILLAGE OF CUBA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2015

SECTION III - SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

- 2007-005 Excess of Expenditures Over Authorized Budget - Modified and repeated
- 2008-002 Disaster Recovery Plan and Information Technology General Controls - Resolved
- 2008-005 Payroll Disbursements - Resolved
- 2008-006 Compliance with Travel and Per Diem - Resolved
- 2013-001 Compliance with Pledged Collateral Requirement - Resolved
- 2014-001 Internal Control over Cash Disbursement - Modified and repeated

STATE OF NEW MEXICO
VILLAGE OF CUBA
EXIT CONFERENCE
FOR THE YEAR ENDED JUNE 30, 2015

An exit conference was held on November 23, 2015, and attended by the following:

Village of Cuba, New Mexico

Vandora P. Casados, Clerk-Treasurer

Harshwal & Company LLP

Sanwar Harshwal, CPA, Managing Partner

Mariem Tall, Staff Auditor

Daniel Gonzalez, Staff Auditor