

**STATE OF NEW MEXICO  
VILLAGE OF CUBA  
ANNUAL FINANCIAL REPORT  
JUNE 30, 2016**

**Harshwal & Company LLP  
Certified Public Accountants  
6739 Academy Road NE, Suite 130  
Albuquerque, NM 87109  
(505) 814-1201**

## **INTRODUCTORY SECTION**

**STATE OF NEW MEXICO  
VILLAGE OF CUBA  
TABLE OF CONTENTS**

	<b><u>Page</u></b>
<b>INTRODUCTORY SECTION</b>	
Table of Contents.....	1
Official Roster.....	4
<b>FINANCIAL SECTION</b>	
Independent Auditors’ Report.....	6
<b>BASIC FINANCIAL STATEMENTS</b>	
Government-wide Financial Statements:	
Statement of Net Position.....	11
Statement of Activities.....	13
Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	16
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position.....	17
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.....	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances -Governmental Funds to the Statement of Activities.....	19
Statements of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis) Major Funds:	
General Fund.....	21
Proprietary Funds - Statement of Net Position.....	23
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds.....	25
Statement of Cash Flows – Proprietary Funds.....	26
Statement of Fiduciary Assets and Liabilities – Agency Funds.....	27
Notes to the Financial Statements.....	28

**STATE OF NEW MEXICO  
VILLAGE OF CUBA  
TABLE OF CONTENTS**

	<u>Page</u>
<b>SUPPLEMENTARY INFORMATION</b>	
Non-major Fund Descriptions.....	54
Combining Balance Sheet - Nonmajor Governmental Funds.....	55
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds.....	58
Statements of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis) For Remaining Funds:	
Corrections Special Revenue Fund.....	62
EMS Special Revenue Fund .....	63
Fire Protection Special Revenue Fund.....	64
Law Enforcement Protection Special Revenue Fund.....	65
Library Special Revenue Fund.....	66
Lodgers Tax Special Revenue Fund.....	67
Streets Fund.....	68
Recreation Special Revenue Fund.....	69
Capital Projects Fund.....	70
Debt Service Fund.....	71
Water and Sewer Enterprise Fund.....	72
Housing Authority Enterprise Fund.....	73
<b>SUPPORTING SCHEDULES</b>	
Agency Funds Description.....	74
Schedule of Changes in Assets and Liabilities - Agency Funds.....	75
Collateral Pledged by Depository for Public Funds.....	76
Schedule of Deposit Accounts.....	77
Schedule of Joint Powers Agreements.....	78
Housing Authority - Financial Data Schedule.....	79
Schedule of Vendor information for Purchases Exceeding \$60,000 (excluding GRT).....	82
Schedule of the Village of Cuba Proportionate share of the Net Pension Liability of PERA fund Division.....	84

**STATE OF NEW MEXICO  
VILLAGE OF CUBA  
TABLE OF CONTENTS**

	<b><u>Page</u></b>
Schedule of the Village of Cuba Contributions Public Employees Retirement Association (PERA) Plan PERA Fund Division.....	86
Notes to Required Supplementary Information.....	87
<b>COMPLIANCE SECTION</b>	
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 <i>Government Auditing Standards</i> .....	89
Schedule of Findings and Responses.....	91
<b>EXIT CONFERENCE</b> .....	94

**STATE OF NEW MEXICO**  
**VILLAGE OF CUBA**  
**OFFICIAL ROSTER**  
**JUNE 30, 2016**

<b>Name</b>	<b>Title</b>
<b>Elected Officials</b>	
Mark Hatzenbuhler	Mayor
Gilbert Dominguez	Mayor Pro-tem
Brian Velarde	Council Member
Lee V. Ramirez	Council Member
Cecilia M. Delgado	Council Member
<b>Administrative Officials</b>	
Vandora P. Casados	Clerk-Treasurer (Supervisor)

## **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 the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each 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, 2016, 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, 2016, 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, each major fund, and the aggregate remaining fund information of the Village, as of June 30, 2016, 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, 2016, 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 84-85, the Schedule of Contributions on pages 86-87 and the notes to the required supplementary information page 87 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 December 12, 2016 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**



**Albuquerque, New Mexico**  
**December 12, 2016**

## **BASIC FINANCIAL STATEMENTS**

# **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO**  
**VILLAGE OF CUBA**  
STATEMENT OF NET POSITION  
JUNE 30, 2016

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 175,701	\$ 163,534	\$ 339,235
Taxes receivable	162,999		162,999
Court fines and fees receivable	2,982		2,982
Grant receivable		46,954	46,954
Accounts receivable, net of allowance		22,058	22,058
Other assets		413	413
Internal balances	384,403	(384,403)	
Noncurrent assets:			
Capital assets	6,940,377	7,746,578	14,686,955
Accumulated depreciation	<u>(3,175,924)</u>	<u>(2,910,665)</u>	<u>(6,086,589)</u>
<b>Total Assets</b>	<b><u>\$ 4,490,538</u></b>	<b><u>\$ 4,684,469</u></b>	<b><u>\$ 9,175,007</u></b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Differences between expected and actual experience	21,584	4,456	26,040
Changes in proportion	10,522	2,173	12,695
Employer contributions subsequent to the measurement date	<u>58,748</u>	<u>12,130</u>	<u>70,878</u>
Total deferred outflows of resources	<u>90,854</u>	<u>18,759</u>	<u>109,613</u>
<b>LIABILITIES AND NET POSITION</b>			
Accounts payable	\$ 47,693	\$ 21,627	\$ 69,320
Insurance payable	229,073	87,932	317,005
Gross receipts tax payable		189,575	189,575
Accrued salaries and benefits	68,164	8,514	76,678
Deposit payable		55,777	55,777
Unearned revenue		525	525
Long-term liabilities, due in one year	9,062	14,214	23,276
Compensated absences, due in one year	<u>22,723</u>	<u>4,763</u>	<u>27,486</u>
Total current liabilities	<u>376,715</u>	<u>382,927</u>	<u>759,642</u>
Noncurrent liabilities:			
Net pension liability	705,437	145,412	850,849
Long-term liabilities, due in more than one year	<u>90,938</u>	<u>318,589</u>	<u>409,527</u>
<b>Total Liabilities</b>	<b><u>1,173,090</u></b>	<b><u>846,928</u></b>	<b><u>2,020,018</u></b>

**STATE OF NEW MEXICO**  
**VILLAGE OF CUBA**  
STATEMENT OF NET POSITION  
JUNE 30, 2016

	Governmental Activities	Business-type Activities	Total
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Changes of assumptions	12,934	2,670	15,604
Investment experience	2,111	436	2,547
Differences between expected and actual experience	8,779	1,813	10,592
Total deferred inflows of resources	23,824	4,919	28,743
<b>NET POSITION</b>			
Net Investment in capital assets	3,664,453	4,503,110	8,167,563
Restricted for:			
Special revenue	169,789		169,789
Unrestricted	(449,764)	(651,729)	(1,101,493)
<b>Total Net Position</b>	3,384,478	3,851,381	7,235,859
<b><i>Total Net Position, deferred inflow and Liabilities</i></b>	\$ 4,581,392	\$ 4,703,228	\$ 9,284,620

**STATE OF NEW MEXICO**  
**VILLAGE OF CUBA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2016**

<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>
<b>Primary Government</b>				
General government	\$ 531,553	\$ 61,792	\$ 111,429	\$
Public safety	852,843	25,492	127,901	
Highways and streets	83,955		70,000	
Culture and recreation	236,117		13,934	
Public works	<u>131,527</u>			
Total governmental activities	<u>1,835,995</u>	<u>87,284</u>	<u>323,264</u>	<u>0</u>
<b>Business-type Activities:</b>				
Water and Sewer	537,426	336,580		167,507
Housing Authority	<u>194,842</u>	<u>56,169</u>	<u>1,119</u>	<u>105,341</u>
Total business-type activities	<u>732,268</u>	<u>392,749</u>	<u>1,119</u>	<u>272,848</u>
Total	<u>\$ 2,568,263</u>	<u>\$ 480,033</u>	<u>\$ 324,383</u>	<u>\$ 272,848</u>

**General Revenues:**

Taxes:

Franchise taxes

Gasoline taxes

Gross receipts taxes

Property taxes

Motor vehicle registrations

Lodger's taxes

Other taxes

Total General Revenues and Transfers

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, 2016**

	Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	Government Activities	Business Type Activities	Total
<b>Primary Government</b>			
General government	\$ (358,332)	\$	\$ (358,332)
Public safety	(699,450)		(699,450)
Highways and streets	(13,955)		(13,955)
Culture and recreation	(222,183)		(222,183)
Public works	<u>(131,527)</u>		<u>(131,527)</u>
Total governmental activities	<u>(1,425,447)</u>	<u>0</u>	<u>(1,425,447)</u>
<b>Business-type Activities:</b>			
Water and Sewer		(33,339)	(33,339)
Housing Authority		<u>(32,213)</u>	<u>(32,213)</u>
Total business-type activities	<u>0</u>	<u>(65,552)</u>	<u>(65,552)</u>
Total	<u>(1,425,447)</u>	<u>(65,552)</u>	<u>(1,490,999)</u>
<b>General Revenues:</b>			
Taxes:			
Franchise taxes	30,433		30,433
Gasoline taxes	87,294		87,294
Gross receipts taxes	771,885		771,885
Property taxes	66,260		66,260
Motor vehicle registrations	47,054		47,054
Lodger's taxes	15,599		15,599
Other taxes	<u>2,167</u>		<u>2,167</u>
Total General Revenues and Transfers	<u>1,020,692</u>	<u>0</u>	<u>1,020,692</u>
Change in net position	<u>(404,755)</u>	<u>(65,552)</u>	<u>(470,307)</u>
Net position, beginning	3,551,415	4,058,698	7,610,113
<i>Restatement</i>	237,818	(141,765)	96,053
<i>Net position, beginning, Restated</i>	<u>3,789,233</u>	<u>3,916,933</u>	<u>7,706,166</u>
Net position, ending	<u>\$ 3,384,478</u>	<u>\$ 3,851,381</u>	<u>\$ 7,235,859</u>



## **FUND FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO**  
**VILLAGE OF CUBA**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2016**

	101-General Funds	Other Governmental Funds	Total
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 96,783	\$ 78,918	\$ 175,701
Taxes receivable	161,304	1,695	162,999
Court fines and fees receivable		2,982	2,982
Due from other funds	<u>401,196</u>	<u>131,854</u>	<u>533,050</u>
<b>Total assets</b>	<u><u>\$ 659,283</u></u>	<u><u>\$ 215,449</u></u>	<u><u>\$ 874,732</u></u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 41,934	\$ 5,759	\$ 47,693
Insurance payable	229,073		229,073
Accrued salaries and benefits	68,164		68,164
Due to other funds	91,173	57,474	148,647
Unearned revenue	<u>          </u>	<u>307</u>	<u>307</u>
<b>Total liabilities</b>	<u><u>430,344</u></u>	<u><u>63,540</u></u>	<u><u>493,884</u></u>
<b>FUND BALANCES</b>			
Restricted for:			
Special Revenue Funds		169,789	169,789
Unassigned:			
General Fund	228,939		228,939
Special Revenue Funds		(15,952)	(15,952)
Debt service funds	<u>          </u>	<u>(1,928)</u>	<u>(1,928)</u>
<b>Total fund balances</b>	<u><u>228,939</u></u>	<u><u>151,909</u></u>	<u><u>380,848</u></u>
<b>Total liabilities and fund balances</b>	<u><u>\$ 659,283</u></u>	<u><u>\$ 215,449</u></u>	<u><u>\$ 874,732</u></u>

**STATE OF NEW MEXICO  
VILLAGE OF CUBA**

**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2016**

	<u>Governmental fund</u>
Amounts reported for governmental activities in the statement of net position are different because:	
Total fund balance - governmental funds	\$ 380,848
Accrued compensated absences not payable from current revenues.	(22,723)
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.	3,764,453
Net pension liability is not due and payable in the current period and therefore is not reported in the funds:	(705,437)
Liabilities are not due and payable with current financial resources and, therefore are not reported in the funds:	
Loan	(100,000)
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	90,854
Deferred inflows of resources related to pension	<u>(23,824)</u>
Net position - governmental activities	\$ <u><u>3,384,478</u></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, 2016**

	101-General Funds	Other Governmental Funds	Total
<b>REVENUES:</b>			
<i>Local revenue</i>			
Franchise tax	\$ 30,433	\$	\$ 30,433
Gross receipts tax - local	486,246		486,246
Property taxes	66,260		66,260
Licenses, fines & fees	62,562	25,492	88,054
Miscellaneous charges for services	46,284	17,766	64,050
<i>State revenue</i>			
Gross receipts tax - state shared	285,639		285,639
CFT gas tax	87,294		87,294
State fire allotment		95,412	95,412
Small cities distribution	90,000		90,000
Grants	<u>21,429</u>	<u>116,423</u>	<u>137,852</u>
<i>Total revenues</i>	<u>1,176,147</u>	<u>255,093</u>	<u>1,431,240</u>
<b>EXPENDITURES:</b>			
<i>Current:</i>			
General government	485,981	22,330	508,311
Public safety	697,959	68,693	766,652
Highways and streets		70,000	70,000
Culture and recreation	144,331	25,211	169,542
Public works	<u>104,815</u>	<u>26,712</u>	<u>131,527</u>
<i>Total expenditures</i>	<u>1,433,086</u>	<u>212,946</u>	<u>1,646,032</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(256,939)</u>	<u>42,147</u>	<u>(214,792)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Loan proceeds	<u>100,000</u>		<u>100,000</u>
<i>Total other financing sources (uses)</i>	<u>100,000</u>	<u>0</u>	<u>100,000</u>
Net change in fund balance	(156,939)	42,147	(114,792)
Fund balance - beginning of year	289,825	109,762	399,587
<i>Restatement</i>	<u>96,053</u>	<u>0</u>	<u>96,053</u>
Fund balance - beginning of year , <i>Restated</i>	<u>385,878</u>	<u>109,762</u>	<u>495,640</u>
Fund balance - end of year	<u>\$ 228,939</u>	<u>\$ 151,909</u>	<u>\$ 380,848</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, 2016**

	<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	\$ (114,792)
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	(216,605)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:	
Change in net pension liability and the related deferred inflows and deferred inflows of resources related to pensions	49,365
The issuance of long-term debt (e.g. bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities:.	
Loan proceeds	(100,000)
Accrued compensated absences are expensed under the accrual method, and not the modified accrual method.	<u>(22,723)</u>
Change in net position - governmental activities	<u><u>\$ (404,755)</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, 2016**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget- Positive (Negative)
<b>REVENUES:</b>				
Local revenue:				
Franchise Tax	\$ 35,000	\$ 35,000	\$ 30,433	\$ (4,567)
Gross receipts tax - local	485,001	485,001	486,246	1,245
Property taxes	55,000	55,000	66,260	11,260
Licenses, fines & fees	54,000	54,000	62,562	8,562
Miscellaneous charges for services	47,000	47,000	46,284	(716)
Other miscellaneous	75,000	75,000		(75,000)
State revenue:				
Gross receipts tax - state shared	710,000	710,000	285,639	(424,361)
CFT Gas tax- state shared	90,000	90,000	87,294	(2,706)
Legislative Appropriations	80,000	80,000		(80,000)
Small cities distribution	90,000	90,000	90,000	
Grants	18,888	118,888	21,429	(97,459)
<i>Total revenues</i>	<u>1,739,889</u>	<u>1,839,889</u>	<u>1,176,147</u>	<u>(663,742)</u>
<b>EXPENDITURES:</b>				
Current:				
General government	697,899	697,899	485,981	211,918
Public safety	630,594	630,594	697,872	(67,278)
Highways and streets	134,122	134,122		134,122
Culture and recreation	229,685	229,685	144,331	85,354
Public works		104,815	104,815	
<i>Total expenditures</i>	<u>1,692,300</u>	<u>1,797,115</u>	<u>1,432,999</u>	<u>364,116</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>47,589</u>	<u>42,774</u>	<u>(256,852)</u>	<u>(299,626)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Bond proceeds	100,000		100,000	100,000
<i>Total other financing sources (uses)</i>	<u>100,000</u>	<u>0</u>	<u>100,000</u>	<u>100,000</u>
Net changes in fund balances	147,589	42,774	(156,852)	(199,626)
Fund balance - beginning of Year	358,924	358,924	358,418	(506)
Fund balance - End of Year	<u>\$ 506,513</u>	<u>\$ 401,698</u>	<u>201,566</u>	<u>\$ (200,132)</u>

**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, 2016**

	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			\$ (156,852)	
Adjustments to revenues			100,000	
Adjustments to expenditures			(100,087)	
Net changes in fund balances-GAAP basis			\$ (156,939)	



**STATE OF NEW MEXICO**  
**VILLAGE OF CUBA**  
**PROPRIETARY FUNDS - STATEMENT OF NET POSITION**  
**JUNE 30, 2016**

	<u>500-Water and Sewer</u>	<u>600-Housing Authority</u>	<u>Total</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 95,732	\$ 67,802	\$ 163,534
Account receivables, net of allowance	20,025	2,033	22,058
Grant receivable		46,954	46,954
Other assets	<u>204</u>	<u>209</u>	<u>413</u>
Total current assets	<u>115,961</u>	<u>116,998</u>	<u>232,959</u>
Capital assets:			
Land and water rights	82,841	15,608	98,449
Construction in process	180,623		180,623
Buildings, improvements, and equipment	5,477,850	1,989,656	7,467,506
Accumulated depreciation	<u>(1,909,803)</u>	<u>(1,000,862)</u>	<u>(2,910,665)</u>
Total capital assets, net of accumulated depreciation	<u>3,831,511</u>	<u>1,004,402</u>	<u>4,835,913</u>
<b>Total assets</b>	<u>3,947,472</u>	<u>1,121,400</u>	<u>5,068,872</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Differences between expected and actual experience	4,456		4,456
Changes in proportion	2,173		2,173
Employer contributions subsequent to the measurement date	<u>12,130</u>		<u>12,130</u>
<b>Total deferred outflows of resources</b>	<u>18,759</u>		<u>18,759</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	9,327	12,300	21,627
Gross receipts tax payable	189,575		189,575
Insurance payable	79,551	8,381	87,932
Accrued compensated absences	4,763		4,763
Accrued payroll	6,514	2,000	8,514
Unearned revenue		525	525
Long-term liabilities, due in one year	14,214		14,214
Deposits payable	50,225	5,552	55,777
Due to other funds	<u>384,403</u>		<u>384,403</u>
Total current liabilities	<u>738,572</u>	<u>28,758</u>	<u>767,330</u>
Long-term liabilities:			
Note payable	318,589		318,589
Net pension liability	<u>145,412</u>		<u>145,412</u>
<b>Total liabilities</b>	<u>1,202,573</u>	<u>28,758</u>	<u>1,231,331</u>

**STATE OF NEW MEXICO**  
**VILLAGE OF CUBA**  
**PROPRIETARY FUNDS - STATEMENT OF NET POSITION**  
**JUNE 30, 2016**

	<u>500-Water and Sewer</u>	<u>600-Housing Authority</u>	<u>Total</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Changes of assumptions	2,670		2,670
Investment experience	436		436
Change in proportion	<u>1,813</u>		<u>1,813</u>
<b>Total deferred inflows of resources</b>	<u>4,919</u>		<u>4,919</u>
<b>NET POSITION</b>			
Net Investment in capital assets	3,498,708	1,004,402	4,503,110
Unrestricted	<u>(739,969)</u>	<u>88,240</u>	<u>(651,729)</u>
<b>Total Net position</b>	<u>2,758,739</u>	<u>1,092,642</u>	<u>3,851,381</u>
<b>Total Net position, deferred inflow and liabilities</b>	<u><u>\$ 3,966,231</u></u>	<u><u>\$ 1,121,400</u></u>	<u><u>\$ 5,087,631</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, 2016

	<u>500-Water and Sewer</u>	<u>600-Housing Authority</u>	<u>Total</u>
<b><i>Operating revenues:</i></b>			
Sales and services	\$ 336,580	\$	\$ 336,580
Facilities rentals		56,169	56,169
Miscellaneous/Other		<u>1,119</u>	<u>1,119</u>
<i>Total Operating revenues</i>	<u>336,580</u>	<u>57,288</u>	<u>393,868</u>
Operating expenses	347,199	141,733	488,932
Depreciation	<u>179,829</u>	<u>50,794</u>	<u>230,623</u>
<i>Total operating expenses</i>	<u>527,028</u>	<u>192,527</u>	<u>719,555</u>
<i>Operating income (loss)</i>	<u>(190,448)</u>	<u>(135,239)</u>	<u>(325,687)</u>
<b><i>Non-operating revenues (expenses):</i></b>			
Extraordinary maintenance		(2,315)	(2,315)
Intergovernmental capital grant	167,507	105,341	272,848
Debt service-interest and fees	<u>(10,398)</u>		<u>(10,398)</u>
<i>Total non-operating revenues (expenses)</i>	<u>157,109</u>	<u>103,026</u>	<u>260,135</u>
Change in net position	(33,339)	(32,213)	(65,552)
Total net position, beginning of year	2,933,843	1,124,855	4,058,698
<i>Restatement</i>	(141,765)	0	(141,765)
<i>Total net position, beginning of year, Restated</i>	<u>2,792,078</u>	<u>1,124,855</u>	<u>3,916,933</u>
Total net position, end of year	<u>\$ 2,758,739</u>	<u>\$ 1,092,642</u>	<u>\$ 3,851,381</u>

**STATE OF NEW MEXICO  
VILLAGE OF CUBA**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016**

	Water and Sewer	Housing Authority	Total
<b><i>Cash flows from operating activities:</i></b>			
Cash received from customers and grantors	\$ 337,464	\$ 55,863	\$ 393,327
Cash payments to vendors and employees	<u>(330,010)</u>	<u>(130,206)</u>	<u>(460,216)</u>
<i>Net cash provided (used) by operating activities</i>	<u>7,454</u>	<u>(74,343)</u>	<u>(66,889)</u>
<b><i>Cash flows from non-capital and related financing activities:</i></b>			
Change in due to/due from accounts	<u>23,625</u>	<u>          </u>	<u>23,625</u>
<i>Net cash (used) provided by noncapital financing activities</i>	<u>23,625</u>	<u>0</u>	<u>23,625</u>
<b><i>Cash flows from capital and related financing activities:</i></b>			
Capital grant received	167,507	71,317	238,824
Debt service - Principal and interest	(24,198)		(24,198)
Purchase of capital assets	<u>(144,731)</u>	<u>(12,687)</u>	<u>(157,418)</u>
<i>Net cash used by capital and related financing activities:</i>	<u>(1,422)</u>	<u>58,630</u>	<u>57,208</u>
<i>Net change in cash</i>	29,657	(15,713)	13,944
<i>Cash and cash equivalents, beginning of year</i>	<u>66,075</u>	<u>83,515</u>	<u>149,590</u>
<i>Cash and cash equivalents, end of year</i>	<u><u>\$ 95,732</u></u>	<u><u>\$ 67,802</u></u>	<u><u>\$ 163,534</u></u>
<b><i>Reconciliation of operating loss to cash provided by operating activities:</i></b>			
Operating income (loss)	\$ (190,448)	\$ (135,239)	\$ (325,687)
<b><i>Adjustments to reconcile operating income to net cash flows:</i></b>			
Depreciation expense	179,829	50,794	230,623
Extraordinary maintenance		(2,315)	(2,315)
Changes in assets and liabilities:			
Accounts receivable	884	(1,425)	(541)
Pension plan items	(10,193)		(10,193)
Accounts payable	(26,479)	12,111	(14,368)
Gross receipts tax payable	21,550		21,550
Insurance payable	27,560	6,595	34,155
Accrued compensated absences	2,442	(2,335)	107
Accrued payroll	1,339	(2,617)	(1,278)
Unearned revenue	-	(468)	(468)
Deposits payable	<u>970</u>	<u>556</u>	<u>1,526</u>
<b><i>Net cash provided (used) by operating activities</i></b>	<u><u>\$ 7,454</u></u>	<u><u>\$ (74,343)</u></u>	<u><u>\$ (66,889)</u></u>

**STATE OF NEW MEXICO  
VILLAGE OF CUBA**

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS  
JUNE 30, 2016**

	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ <u>19,255</u>
<b>Total assets</b>	<u>19,255</u>
<b>LIABILITIES</b>	
Due to other taxing units	<u>19,255</u>
<b>Total liabilities</b>	\$ <u><u>19,255</u></u>

**STATE OF NEW MEXICO**  
**VILLAGE OF CUBA**  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

**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.

During the year ended June 30, 2016, the Village adopted the following GASB Statements-

**GASB Statement 72, Fair Value Measurement and Application:**

This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

**GASB Statement 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68:**

The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all post-employment benefits with regard to providing decision-useful information, supporting assessments of accountability and inter period equity, and creating additional transparency. Implementation of this standard did not have a significant impact on the Village's financial.

**GASB Statement 79, Certain External Investment Pools and Pool Participants:**

This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. Professional judgment is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant. Implementation of this standard did not have a significant impact on the Village's financial.

**STATE OF NEW MEXICO**  
**VILLAGE OF CUBA**  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***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, 2016.

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.

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*.

**STATE OF NEW MEXICO**  
**VILLAGE OF CUBA**  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***A. Financial Reporting Entity (Continued)***

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, 2016

**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, 2016

**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.
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.

**STATE OF NEW MEXICO**  
**VILLAGE OF CUBA**  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***B. Cash and Cash Equivalents (Continued)***

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 received prior to June 15, 2015, are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015, are recorded at acquisition value. 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, 2016

**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. 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, 2016

**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, 2016

**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, 2016

**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, 2016, \$58,757 of the Village's deposits of \$396,470 was exposed to custodial credit risk and the same was uninsured and uncollateralized. As of June 30, 2016, the carrying amount of these deposits was \$358,490.

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 Union</u>	<u>Total</u>
	<u>Village of Cuba</u>	<u>Village of Cuba HA</u>		
Total amounts of deposits	\$ 308,757	\$ 68,485	\$ 19,228	\$ 396,470
Less: FDIC coverage	250,000	68,485	19,228	337,713
Total uninsured public funds	58,757	0	0	58,757
50% Collateral requirement	29,379			29,379
Pledged securities	59,948			59,948
(Over)/Under collateralized	\$ (30,569)	\$ 0	\$ 0	\$ (30,569)

**Reconciliation of Cash and cash equivalents**

Cash and cash equivalents per Statement of Net Position	\$ 339,235
Cash per Statement of Fiduciary Net Position	19,255
Add outstanding checks and other reconciling items	37,980
Bank balance of deposits	\$ 396,470

**STATE OF NEW MEXICO**  
**VILLAGE OF CUBA**  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

**NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)**

<u>Custodial Credit Risk-Deposits</u>	<u>Bank Balance</u>
Depository account:	
Account Balance	\$ <u>396,470</u>
FDIC Insured	337,713
Collateralized:	
Uninsured and collateralized with securities held by the pledging bank but not in Village's name	59,948
Uninsured and uncollateralized	<u>(1,191)</u>
Total deposits	<u>\$ 396,470</u>

**NOTE 3. RECEIVABLES**

Receivables as of June 30, 2016, are as follows:

<u>Governmental activities:</u>	<u>General Fund</u>	<u>Non-Major funds</u>	<u>Total</u>
Taxes:			
Gross receipts	\$ 161,304	\$	\$ 161,304
Lodgers		1,695	1,695
Court fines and fees		<u>2,982</u>	<u>2,982</u>
Total receivables	<u>\$ 161,304</u>	<u>\$ 4,677</u>	<u>\$ 165,981</u>

<u>Business-type activities:</u>	<u>Water and Sewer</u>	<u>Housing Authority</u>	<u>Total</u>
Receivables:			
Accounts Receivables	\$ 48,775	\$ 2,033	\$ 50,808
Allowance for uncollectible accounts	<u>(28,750)</u>		<u>(28,750)</u>
Account receivables, net of allowance	20,025	2,033	22,058
Grant receivable		<u>46,954</u>	<u>46,954</u>
Total receivables	<u>20,025</u>	<u>48,987</u>	<u>69,012</u>



**STATE OF NEW MEXICO**  
**VILLAGE OF CUBA**  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

**NOTE 4. CAPITAL ASSETS**

Governmental fund capital asset activity for the year ending June 30, 2016 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 capital assets, 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	1,906,077			1,906,077
Infrastructure	<u>164,655</u>			<u>164,655</u>
Total capital assets, depreciated	<u>6,854,247</u>	<u>0</u>	<u>0</u>	<u>6,854,247</u>
Accumulated depreciation for:				
Buildings and improvements	1,470,201	132,761		1,602,962
Equipment and other	1,458,992	76,074		1,535,066
Infrastructure	<u>30,126</u>	<u>7,770</u>		<u>37,896</u>
Total accumulated depreciation	<u>2,959,319</u>	<u>216,605</u>	<u>0</u>	<u>3,175,924</u>
Total capital assets, depreciated, net	<u>3,894,928</u>	<u>(216,605)</u>	<u>0</u>	<u>3,678,323</u>
Total capital assets, net	<u>\$ 3,981,058</u>	<u>\$ (216,605)</u>	<u>\$ 0</u>	<u>\$ 3,764,453</u>

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

Governmental activities:	
General government	\$ 49,884
Public safety	86,191
Highways and streets	13,955
Culture and recreation	<u>66,575</u>
Total depreciation expense	<u>\$ 216,605</u>

**STATE OF NEW MEXICO**  
**VILLAGE OF CUBA**  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

**NOTE 4. CAPITAL ASSETS (CONTINUED)**

Enterprise fund capital asset activity for the year ending June 30, 2016 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 Sewer	\$ 82,841	\$	\$ 82,841
Land- Housing Authority	15,608		15,608
Construction in progress- Water and Sewer	<u>83,115</u>	<u>97,508</u>	<u>180,623</u>
Total capital assets, not depreciated	<u>181,564</u>	<u>97,508</u>	<u>279,072</u>
Capital assets, depreciated:			
Water and Sewer:			
Plant and equipment	2,158,700	47,223	2,205,923
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>119,824</u>	<u>12,687</u>	<u>132,511</u>
Total capital assets, depreciated	<u>7,407,596</u>	<u>59,910</u>	<u>7,467,506</u>
Accumulated depreciation for:			
Water and Sewer	1,729,974	179,829	1,909,803
Housing Authority	<u>950,068</u>	<u>50,794</u>	<u>1,000,862</u>
Total accumulated depreciation	<u>2,680,042</u>	<u>230,623</u>	<u>2,910,665</u>
Total capital assets, depreciated, net	<u>4,727,554</u>	<u>(170,713)</u>	<u>4,556,841</u>
Total capital assets, net	<u>\$ 4,909,118</u>	<u>\$ (73,205)</u>	<u>\$ 4,835,913</u>

**STATE OF NEW MEXICO**  
**VILLAGE OF CUBA**  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

**NOTE 5. LONG-TERM OBLIGATIONS - GOVERNMENTAL FUNDS**

During the year ended June 30, 2016, 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:					
Loan (#3326- PP)	\$	\$ 100,000	\$	\$ 100,000	\$ 9,062
Compensated absences	<u>          </u>	<u>27,624</u>	<u>4,901</u>	<u>22,723</u>	<u>22,723</u>
Total	<u>\$</u>	<u>\$ 127,624</u>	<u>\$ 4,901</u>	<u>\$ 122,723</u>	<u>\$ 31,785</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.

*Village of Cuba- Initial Attack truck NMFA Project # 3326-PP:* The Village entered into a ten-year loan agreement in the original amount of \$176,323 with interest & admin fee at 2.1693%. Principal and interest payments are due annually in May, beginning from May, 2017. The debt payments are to be made to the New Mexico Finance Authority ("NMFA"). The draws on the loan during the year amounted to \$100,000.

The future requirements for the loan payment are as follows:

Year Ending	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	9,062	2,169	11,231
2018	9,259	1,973	11,232
2019	9,460	1,772	11,232
2020	9,665	1,567	11,232
2021	9,874	1,357	11,231
2022-2026	<u>52,680</u>	<u>3,477</u>	<u>56,157</u>
	<u>\$ 100,000</u>	<u>\$ 12,315</u>	<u>\$ 112,315</u>

**NOTE 6. LONG-TERM DEBT - ENTERPRISE FUNDS**

During the year ended June 30, 2016, 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	\$ 4,656	\$ 7,190	\$ 7,083	\$ 4,763	\$ 4,763
Water & Sewer loan CWSRF 006	<u>346,602</u>	<u>          </u>	<u>13,799</u>	<u>332,803</u>	<u>14,214</u>
Total	<u>\$ 351,258</u>	<u>\$ 7,190</u>	<u>\$ 20,882</u>	<u>\$ 337,566</u>	<u>\$ 18,977</u>

**STATE OF NEW MEXICO**  
**VILLAGE OF CUBA**  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

**NOTE 6. LONG-TERM DEBT - ENTERPRISE FUNDS- (CONT'D)**

*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>
2017	14,214	9,984	24,198
2018	14,640	9,558	24,198
2019	15,079	9,118	24,197
2020	15,532	8,666	24,198
2021	15,998	8,200	24,198
2022-2026	87,481	33,507	120,988
2027-2031	101,413	19,574	120,987
2032-2034	<u>68,446</u>	<u>4,148</u>	<u>72,594</u>
	<u>\$ 332,803</u>	<u>\$102,755</u>	<u>\$ 435,558</u>

**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 liened on January 1 of the year for which the taxes are imposed.

**STATE OF NEW MEXICO**  
**VILLAGE OF CUBA**  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

**NOTE 8. INTERFUND BALANCES**

Interfund balances at June 30, 2016 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>401,196</u>	General Fund	\$ <u>91,173</u>
Total Major Governmental Funds	<u>401,196</u>	Total Major Governmental Funds	<u>91,173</u>
Nonmajor Governmental Funds:		Nonmajor Governmental Funds:	
Corrections Fund	26,376	Street Fund	52,978
EMS Fund	10,981	Library	2,568
Fire Protection Fund	39,340	Debt Service	1,928
LEPF Fund	11,774		
Lodgers Fund	2,972		
Street Fund	37,026		
Recreation Fund	<u>3,385</u>		
Total Nonmajor Governmental Funds	<u>131,854</u>	Total Nonmajor Governmental Funds	<u>57,474</u>
		Proprietary Funds:	
		Water and Sewer Fund	<u>384,403</u>
		Total Proprietary Funds	<u>384,403</u>
Grand Total	<u><u>\$ 533,050</u></u>	Grand Total	<u><u>\$ 533,050</u></u>

**STATE OF NEW MEXICO**  
**VILLAGE OF CUBA**  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

**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.

The numbers used from the PERA report are for the Region VI Housing Authority pursuant to the NM legislature regarding restructuring of the State's regional housing authorities in 2009, as disclosed in Note 1 of the audited financial statements on page 19 of this report.

*Benefits provided.* For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2015, available at:

[http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366\\_Public\\_Employees\\_Retirement\\_Association\\_2015.pdf](http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2015.pdf)

*Contributions.* The contribution requirements of defined benefit plan members and the Village are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY15 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 FY15 annual audit report at [http://www.saonm.org/media/audits/366\\_Public\\_Employees\\_Retirement\\_Association\\_FY2015.pdf](http://www.saonm.org/media/audits/366_Public_Employees_Retirement_Association_FY2015.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 \$70,878 and there were no employer paid member benefits that were "picked up" by the employer for the year ended June 30, 2016.

**STATE OF NEW MEXICO**  
**VILLAGE OF CUBA**  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

**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, 2014. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2015, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2015.

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, 2015. Only employer contributions for the pay period end dates that fell within the period of June 30, 2014 to June 30, 2015 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2015 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, 2016, the Village reported a liability of \$478,186 for its proportionate share of the net pension liability. At June 30, 2015, the Village's proportion was 0.0469%, which was decrease of 0.004% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the Village recognized PERA Fund Division Municipal General, pension expense of \$(25,234). At June 30, 2016, 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, 2016

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	\$ 10,592
Changes of assumptions		186
Net difference between projected and actual earnings on pension plan investments		1,513
Village's contributions subsequent to the measurement date	36,390	
Total	\$ 36,390	\$ 12,291

\$36,390 reported as deferred outflows of resources related to pensions resulting from Village contributions subsequent to the measurement date June 30, 2015 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	Amount
2017	\$ 12,665
2018	12,665
2019	12,665
2020	(25,704)
Total	\$ 12,291

*For PERA Fund Division Municipal Police*, at June 30, 2016, the Village reported a liability of \$372,663 for its proportionate share of the net pension liability. At June 30, 2015, the Village's proportion was 0.0775%, which was an increase of 0.0051 from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the Village recognized PERA Fund Division Police, pension expense of \$36,554. At June 30, 2016, the Village reported PERA Fund Division Police 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, 2016

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 26,040	\$
Changes of assumptions		15,418
Net difference between projected and actual earnings on pension plan investments		1,034
Changes in proportion and differences between Village contributions and proportionate share of contributions	12,695	
Village's contributions subsequent to the measurement date	<u>34,488</u>	
Total	<u>\$ 73,223</u>	<u>\$ 16,452</u>

\$34,488 reported as deferred outflows of resources related to pensions resulting from Village contributions subsequent to the measurement date June 30, 2015 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>
2017	\$ 172
2018	172
2019	172
2020	(22,109)
2021	<u>(690)</u>
Total	<u>\$ (22,283)</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, 2014 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, 2015 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, 2015. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2014, actuarial valuation.

**STATE OF NEW MEXICO**  
**VILLAGE OF CUBA**  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

**NOTE 9 PENSION PLAN - PUBLIC EMPLOYEE RETIREMENT ASSOCIATION - Cont'd**

Actuarial valuation date		June 30, 2014
Actuarial cost method		Entry age normal
Amortization method		Level percentage of pay
Amortization period		Solved for based on statutory rates
Asset valuation method		Fair value
Actuarial assumptions:		
• Investment rate of return		7.75% annual rate, net of investment expense
• Payroll growth		3.50% annual rate
• Projected salary increases		3.50% to 14.25% annual rate
• Includes inflation at		3.00% annual rate

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

<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.

**STATE OF NEW MEXICO  
VILLAGE OF CUBA**

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

**NOTE 9 PENSION PLAN - PUBLIC EMPLOYEE RETIREMENT ASSOCIATION - Cont'd**

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.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
PERA Fund Municipal General Division			
Village's proportionate share of the net pension liability	\$ 814,161	\$ 478,186	\$ 198,846

	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	\$ 615,431	\$ 372,663	\$ 173,512

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued FY15 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, 2016.

**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, 2016

**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>
Street Fund	\$ (15,952)
Debt Service	\$ (1,928)

B. Excess of expenditures over appropriations:

<u>Fund</u>	<u>Amount</u>
Housing Authority Enterprise Fund	\$ 10,173

**NOTE 13. SUBSEQUENT EVENTS**

The Village has evaluated subsequent events through December 12, 2016, 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 has been reflected in governmental activity, business type activity and water and sewer fund of the Village's financial statements to accurately record the net pension liability and deferred outflows/inflows. The allocations of the net pension liability and deferred outflows/inflows, were made by contribution proportion between governmental activity and water & sewer fund activity.

In addition, a prior period adjustment was made in the amount of \$96,053 to the General Fund and Government-Wide financial statements of the primary government. An adjustment to deposits was made in the amount of \$96,053, this adjustment was made to record cash not previously recorded. A summary of restatements are as follows:

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Water and sewer fund</u>	<u>General fund</u>
Net Position June 30,2015	\$ 3,551,415	\$ 4,058,698	\$ 2,933,843	\$ 289,825
<u>Add/Less:</u> To remove net pension liability and deferred outflows/inflows transferred to Water/Sewer fund and Business type activity	141,765	(141,765)	(141,765)	
<u>Add/Less:</u> Record cash not previously recorded	<u>96,053</u>	<u>                    </u>	<u>                    </u>	<u>96,053</u>
Net Position June 30,2015, Restated	<u>\$ 3,789,233</u>	<u>\$ 3,916,933</u>	<u>\$ 2,792,078</u>	<u>\$ 385,878</u>

**STATE OF NEW MEXICO**  
**VILLAGE OF CUBA**  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

**NOTE 15. SUBSEQUENT ACCOUNTING STANDARD PRONOUNCEMENTS**

In June 2015, GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, was issued. The provisions of this Statement are effective for postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for fiscal years beginning after June 15, 2016. Earlier application is encouraged. The Village is still evaluating how this standard will affect the Village.

In June 2015, GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, was issued. The provisions of this Statement are effective for addressing accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers for fiscal years beginning after June 15, 2017. Earlier application is encouraged. The Village is still evaluating how this standard will affect the Village.

In August 2015, GASB Statement No. 77, Tax Abatement Disclosures, was issued. The provisions of this Statement require governments that enter into tax abatement agreements to disclose relevant information about those agreements and is effective for fiscal years beginning after December 15, 2015. Earlier application is encouraged. The Village is still evaluating how this standard will affect the Village.

In December 2015, GASB Statement No. 78, Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans, was issued. The provisions of this Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plans and is effective for fiscal years beginning after December 15, 2015. The Village is still evaluating how this standard will affect the Village.

In January 2016, GASB Statement No. 80, Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14, was issued. The provisions of this Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, Determining Whether Certain Organizations Are Component Units and is effective for reporting periods beginning after June 15, 2016. The Village is still evaluating how this standard will affect the Village.

**STATE OF NEW MEXICO**  
**VILLAGE OF CUBA**  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

**NOTE 15. SUBSEQUENT ACCOUNTING STANDARD PRONOUNCEMENTS - (CONT'D)**

In March 2016, GASB Statement No. 81, Irrevocable Split-Interest Agreements, was issued. The provisions of this Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period and are effective for reporting periods beginning after December 15, 2016. The Village is still evaluating how this standard will affect the Village.

In March 2016, GASB Statement No. 82, Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73, was issued. The provisions of this Statement clarifies that payments that are made by an employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements should be classified as plan member contributions for purposes of Statement 67 and as employee contributions for purposes of Statement 68. It also requires that an employer's expense and expenditures for those amounts be recognized in the period for which the contribution is assessed and classified in the same manner as the employer classifies similar compensation other than pensions and is effective for reporting periods after June 15, 2016. The Village is still evaluating how this standard will affect the Village.

## **SUPPLEMENTARY INFORMATION**

**STATE OF NEW MEXICO**  
**VILLAGE OF CUBA**  
**NONMAJOR FUNDS DESCRIPTION**  
**JUNE 30, 2016**

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, 2016**

	201- Corrections Fund	206-EMS	209-Fire Protection	211-LEPF
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,332	\$ 4,269	\$ 32,002	\$ 50
Taxes receivable				
Court fines and fees receivable	2,982			
Due from other funds	<u>26,376</u>	<u>10,981</u>	<u>39,340</u>	<u>11,774</u>
<b>Total assets</b>	<u>\$ 31,690</u>	<u>\$ 15,250</u>	<u>\$ 71,342</u>	<u>\$ 11,824</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 210	\$	\$ 4,084	\$
Due to other funds				
Unearned revenue			<u>307</u>	
<b>Total liabilities</b>	<u>210</u>	<u>0</u>	<u>4,391</u>	<u>0</u>
<b>FUND BALANCES</b>				
Restricted for:				
Special Revenue Funds	31,480	15,250	66,951	11,824
Unassigned:				
Special Revenue Funds				
Debt Service Funds				
<b>Total fund balances</b>	<u>31,480</u>	<u>15,250</u>	<u>66,951</u>	<u>11,824</u>
<b>Total liabilities and fund balances</b>	<u>\$ 31,690</u>	<u>\$ 15,250</u>	<u>\$ 71,342</u>	<u>\$ 11,824</u>

**STATE OF NEW MEXICO  
VILLAGE OF CUBA**

**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2016**

	<u>213-Library</u>	<u>214-Lodgers Tax</u>	<u>216-Street Fund</u>	<u>217- Recreation</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,916	\$ 35,659	\$	\$ 1,690
Taxes receivable		1,695		
Court fines and fees receivable				
Due from other funds	<u>                    </u>	<u>2,972</u>	<u>37,026</u>	<u>3,385</u>
<b>Total assets</b>	<b>\$ <u>2,916</u></b>	<b>\$ <u>40,326</u></b>	<b>\$ <u>37,026</u></b>	<b>\$ <u>5,075</u></b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 191	\$ 1,274	\$	\$
Due to other funds	2,568		52,978	
Unearned revenue	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Total liabilities</b>	<b><u>2,759</u></b>	<b><u>1,274</u></b>	<b><u>52,978</u></b>	<b><u>0</u></b>
<b>FUND BALANCES</b>				
Restricted for:				
Special Revenue Funds	157	39,052		5,075
Unassigned:				
Special Revenue Funds			(15,952)	
Debt Service Funds	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Total fund balances</b>	<b><u>157</u></b>	<b><u>39,052</u></b>	<b><u>(15,952)</u></b>	<b><u>5,075</u></b>
<b>Total liabilities and fund balances</b>	<b>\$ <u><u>2,916</u></u></b>	<b>\$ <u><u>40,326</u></u></b>	<b>\$ <u><u>37,026</u></u></b>	<b>\$ <u><u>5,075</u></u></b>

**STATE OF NEW MEXICO  
VILLAGE OF CUBA**

**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2016**

	403-Debt Service	Total
<b>ASSETS</b>		
Cash and cash equivalents	\$	\$ 78,918
Taxes receivable		1,695
Court fines and fees receivable		2,982
Due from other funds		131,854
<b>Total assets</b>	<b>\$ 0</b>	<b>\$ 215,449</b>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Accounts payable	\$	\$ 5,759
Due to other funds	1,928	57,474
Unearned revenue		307
<b>Total liabilities</b>	<b>1,928</b>	<b>63,540</b>
<b>FUND BALANCES</b>		
Restricted for:		
Special Revenue Funds		169,789
Unassigned:		
Special Revenue Funds		(15,952)
Debt Service Funds	(1,928)	(1,928)
<b>Total fund balances</b>	<b>(1,928)</b>	<b>151,909</b>
<b>Total liabilities and fund balances</b>	<b>\$ 0</b>	<b>\$ 215,449</b>

**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, 2016**

	201- Corrections Fund	206-EMS	209-Fire Protection
<b>REVENUES:</b>			
Local revenue			
Licenses, fines & fees	25,492		
Miscellaneous charges for services			
State revenue			
State fire allotment			95,412
Grants		9,489	
<i>Total revenues</i>	<u>25,492</u>	<u>9,489</u>	<u>95,412</u>
<b>EXPENDITURES:</b>			
Current:			
General governmental	22,330		
Public safety		6,774	61,919
Highways and streets			
Culture and recreation			1,800
Public works			
<i>Total expenditures</i>	<u>22,330</u>	<u>6,774</u>	<u>63,719</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>3,162</u>	<u>2,715</u>	<u>31,693</u>
Net change in fund balance	3,162	2,715	31,693
Fund balance - beginning of year	<u>28,318</u>	<u>12,535</u>	<u>35,258</u>
Fund balance - end of year	<u>\$ 31,480</u>	<u>\$ 15,250</u>	<u>\$ 66,951</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, 2016**

	211-LEPF	213-Library	214-Lodgers Tax
<b>REVENUES:</b>			
Local revenue			
Licenses, fines & fees			
Miscellaneous charges for services			15,599
State revenue			
State fire allotment			
Grants	23,000	13,934	
<i>Total revenues</i>	23,000	13,934	15,599
<b>EXPENDITURES:</b>			
Current:			
General governmental			
Public safety			
Highways and streets			
Culture and recreation		11,463	9,135
Public works	26,712		
<i>Total expenditures</i>	26,712	11,463	9,135
<i>Excess (deficiency) of revenues over expenditures</i>	(3,712)	2,471	6,464
Net change in fund balance	(3,712)	2,471	6,464
Fund balance - beginning of year	15,536	(2,314)	32,588
Fund balance - end of year	\$ 11,824	\$ 157	\$ 39,052

**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, 2016**

	216-Street Fund	217- Recreation	403-Debt Service	Total
<b>REVENUES:</b>				
Local revenue				
Licenses, fines & fees				25,492
Miscellaneous charges for services		2,167		17,766
State revenue				
State fire allotment				95,412
Grants	<u>70,000</u>	<u>          </u>	<u>          </u>	<u>116,423</u>
<i>Total revenues</i>	<u>70,000</u>	<u>2,167</u>	<u>0</u>	<u>255,093</u>
<b>EXPENDITURES:</b>				
Current:				
General governmental				22,330
Public safety				68,693
Highways and streets	70,000			70,000
Culture and recreation		2,813		25,211
Public works	<u>          </u>	<u>          </u>	<u>          </u>	<u>26,712</u>
<i>Total expenditures</i>	<u>70,000</u>	<u>2,813</u>	<u>0</u>	<u>212,946</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>0</u>	<u>(646)</u>	<u>0</u>	<u>42,147</u>
Net change in fund balance	0	(646)	0	42,147
Fund balance - beginning of year	<u>(15,952)</u>	<u>5,721</u>	<u>(1,928)</u>	<u>109,762</u>
Fund balance - end of year	<u><u>\$ (15,952)</u></u>	<u><u>\$ 5,075</u></u>	<u><u>\$ (1,928)</u></u>	<u><u>\$ 151,909</u></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, 2016**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget- Positive (Negative)
<b>REVENUES:</b>				
Local revenue:				
Licenses, fines & fees	\$ <u>50,000</u>	\$ <u>50,000</u>	\$ <u>25,492</u>	\$ <u>(24,508)</u>
<i>Total revenues</i>	<u>50,000</u>	<u>50,000</u>	<u>25,492</u>	<u>(24,508)</u>
<b>EXPENDITURES:</b>				
Current:				
General government	<u>50,000</u>	<u>50,000</u>	<u>22,330</u>	<u>27,670</u>
<i>Total expenditures</i>	<u>50,000</u>	<u>50,000</u>	<u>22,330</u>	<u>27,670</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	0	0	3,162	3,162
Fund balance - beginning of Year	<u>38,535</u>	<u>38,535</u>	<u>28,318</u>	<u>(10,217)</u>
Fund balance - End of Year	<u><u>\$ 38,535</u></u>	<u><u>\$ 38,535</u></u>	<u>31,480</u>	<u><u>\$ (7,055)</u></u>
Reconciliation of budgetary basis to GAAP basis:				
Excess (deficiency) of revenues over (under) expenditures-cash basis			3,162	
Adjustments to revenues			0	
Adjustments to expenditures			<u>0</u>	
Excess (deficiency) of revenues over (under) expenditures-GAAP basis			<u><u>\$ 3,162</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, 2016**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget- Positive (Negative)
<b>REVENUES:</b>				
State revenue:				
Grants	12,864	12,864	9,489	(3,375)
<i>Total revenues</i>	12,864	12,864	9,489	(3,375)
<b>EXPENDITURES:</b>				
Current:				
Public safety	12,864	9,489	6,774	2,715
<i>Total expenditures</i>	12,864	9,489	6,774	2,715
<i>Excess (deficiency) of revenues over (under) expenditures</i>	0	3,375	2,715	(660)
Fund balance - beginning of Year	10,981	10,981	12,065	1,084
Fund balance - End of Year	\$ 10,981	\$ 14,356	14,780	\$ 424
Reconciliation of budgetary basis to GAAP basis:				
Excess (deficiency) of revenues over (under) expenditures-cash basis			2,715	
Adjustments to revenues			0	
Adjustments to expenditures			0	
Excess (deficiency) of revenues over (under) expenditures-GAAP basis			\$ 2,715	

**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, 2016**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget- Positive (Negative)
<b>REVENUES:</b>				
State revenue:				
State fire allotment	\$ <u>77,852</u>	\$ <u>77,852</u>	\$ <u>95,412</u>	\$ <u>17,560</u>
<i>Total revenues</i>	<u>77,852</u>	<u>77,852</u>	<u>95,412</u>	<u>17,560</u>
<b>EXPENDITURES:</b>				
Current:				
Public safety	77,852	77,852	61,919	15,933
Culture and recreation	<u>          </u>	<u>          </u>	<u>1,800</u>	<u>(1,800)</u>
<i>Total expenditures</i>	<u>77,852</u>	<u>77,852</u>	<u>63,719</u>	<u>14,133</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	0	0	31,693	31,693
Fund balance - beginning of Year	<u>36,333</u>	<u>36,333</u>	<u>40,719</u>	<u>4,386</u>
Fund balance - End of Year	<u>\$ 36,333</u>	<u>\$ 36,333</u>	<u>72,412</u>	<u>\$ 36,079</u>
Reconciliation of budgetary basis to GAAP basis:				
Excess (deficiency) of revenues over (under) expenditures-cash basis			31,693	
Adjustments to revenues			0	
Adjustments to expenditures			<u>0</u>	
Excess (deficiency) of revenues over (under) expenditures-GAAP basis			<u>\$ 31,693</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, 2016**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget- Positive (Negative)
<b>REVENUES:</b>				
State revenue:				
Grants	\$ <u>23,000</u>	\$ <u>23,000</u>	\$ <u>23,000</u>	\$ _____
<i>Total revenues</i>	<u>23,000</u>	<u>23,000</u>	<u>23,000</u>	<u>0</u>
<b>EXPENDITURES:</b>				
Current:				
Public works	<u>27,799</u>	<u>27,799</u>	<u>26,712</u>	<u>1,087</u>
<i>Total expenditures</i>	<u>27,799</u>	<u>27,799</u>	<u>26,712</u>	<u>1,087</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	(4,799)	(4,799)	(3,712)	1,087
Fund balance - beginning of Year	<u>11,824</u>	<u>11,824</u>	<u>15,504</u>	<u>3,680</u>
Fund balance - End of Year	\$ <u><u>7,025</u></u>	\$ <u><u>7,025</u></u>	<u>11,792</u>	\$ <u><u>4,767</u></u>
Reconciliation of budgetary basis to GAAP basis:				
Excess (deficiency) of revenues over (under) expenditures-cash basis			(3,712)	
Adjustments to revenues			0	
Adjustments to expenditures			<u>0</u>	
Excess (deficiency) of revenues over (under) expenditures-GAAP basis			\$ <u><u>(3,712)</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, 2016**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget- Positive (Negative)
<b>REVENUES:</b>				
State revenue:				
Grants	\$ <u>3,573,899</u>	\$ <u>3,573,899</u>	\$ <u>13,934</u>	\$ <u>(3,559,965)</u>
<i>Total revenues</i>	<u>3,573,899</u>	<u>3,573,899</u>	<u>13,934</u>	<u>(3,559,965)</u>
<b>EXPENDITURES:</b>				
Current:				
Culture and recreation	<u>3,513,899</u>	<u>3,513,899</u>	<u>13,164</u>	<u>3,500,735</u>
<i>Total expenditures</i>	<u>3,513,899</u>	<u>3,513,899</u>	<u>13,164</u>	<u>3,500,735</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	60,000	60,000	770	(59,230)
Fund balance - beginning of Year	<u>0</u>	<u>0</u>	<u>(612)</u>	<u>(612)</u>
Fund balance - End of Year	<u>\$ 60,000</u>	<u>\$ 60,000</u>	<u>158</u>	<u>\$ (59,842)</u>
Reconciliation of budgetary basis to GAAP basis:				
Excess (deficiency) of revenues over (under) expenditures-cash basis			770	
Adjustments to revenues			0	
Adjustments to expenditures			<u>1,701</u>	
Excess (deficiency) of revenues over (under) expenditures-GAAP basis			<u>\$ 2,471</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, 2016**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget- Positive (Negative)
<b>REVENUES:</b>				
Local revenue:				
Miscellaneous charges for services	\$ <u>20,000</u>	\$ <u>20,000</u>	\$ <u>15,599</u>	\$ <u>(4,401)</u>
<i>Total revenues</i>	<u>20,000</u>	<u>20,000</u>	<u>15,599</u>	<u>(4,401)</u>
<b>EXPENDITURES:</b>				
Current:				
Culture and recreation	<u>20,000</u>	<u>20,000</u>	<u>9,135</u>	<u>10,865</u>
<i>Total expenditures</i>	<u>20,000</u>	<u>20,000</u>	<u>9,135</u>	<u>10,865</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	0	0	6,464	6,464
Fund balance - beginning of Year	<u>17,926</u>	<u>17,926</u>	<u>18,743</u>	<u>817</u>
Fund balance - End of Year	<u><u>\$ 17,926</u></u>	<u><u>\$ 17,926</u></u>	<u><u>25,207</u></u>	<u><u>\$ 7,281</u></u>
Reconciliation of budgetary basis to GAAP basis:				
Excess (deficiency) of revenues over (under) expenditures-cash basis			6,464	
Adjustments to revenues			0	
Adjustments to expenditures			<u>0</u>	
Excess (deficiency) of revenues over (under) expenditures-GAAP basis			<u><u>\$ 6,464</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, 2016**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget- Positive (Negative)
<b>REVENUES:</b>				
Local revenue:				
Grants	\$ <u>70,000</u>	\$ <u>70,000</u>	\$ <u>70,000</u>	\$ _____
<i>Total revenues</i>	<u>70,000</u>	<u>70,000</u>	<u>70,000</u>	<u>0</u>
<b>EXPENDITURES:</b>				
Current:				
Highways and streets	<u>70,000</u>	<u>70,000</u>	<u>70,000</u>	_____
<i>Total expenditures</i>	<u>70,000</u>	<u>70,000</u>	<u>70,000</u>	<u>0</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	0	0	0	0
Fund balance - beginning of Year	<u>(65,000)</u>	<u>(65,000)</u>	<u>(184)</u>	<u>64,816</u>
Fund balance - End of Year	<u><u>\$ (65,000)</u></u>	<u><u>\$ (65,000)</u></u>	<u><u>\$ (184)</u></u>	<u><u>\$ 64,816</u></u>
Reconciliation of budgetary basis to GAAP basis:				
Excess (deficiency) of revenues over (under) expenditures-cash basis				
Adjustments to revenues			0	
Adjustments to expenditures			<u>0</u>	
Excess (deficiency) of revenues over (under) expenditures-GAAP basis			<u><u>\$ 0</u></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, 2016**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget- Positive (Negative)
<b>REVENUES:</b>				
Local revenue:				
Miscellaneous charges for services	\$ <u>9,000</u>	\$ <u>9,000</u>	\$ <u>2,167</u>	\$ <u>(6,833)</u>
<i>Total revenues</i>	<u>9,000</u>	<u>9,000</u>	<u>2,167</u>	<u>(6,833)</u>
<b>EXPENDITURES:</b>				
Current:				
Culture and recreation	<u>9,000</u>	<u>9,000</u>	<u>2,813</u>	<u>6,187</u>
<i>Total expenditures</i>	<u>9,000</u>	<u>9,000</u>	<u>2,813</u>	<u>6,187</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	0	0	(646)	(646)
Fund balance - beginning of Year	<u>7,825</u>	<u>7,825</u>	<u>3,860</u>	<u>(3,965)</u>
Fund balance - End of Year	<u><u>\$ 7,825</u></u>	<u><u>\$ 7,825</u></u>	<u>3,214</u>	<u><u>\$ (4,611)</u></u>
Reconciliation of budgetary basis to GAAP basis:				
Excess (deficiency) of revenues over (under) expenditures-cash basis			(646)	
Adjustments to revenues			0	
Adjustments to expenditures			<u>0</u>	
Excess (deficiency) of revenues over (under) expenditures-GAAP basis			<u><u>\$ (646)</u></u>	

**STATE OF NEW MEXICO  
VILLAGE OF CUBA**

**STATEMENT OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)  
CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget- Positive (Negative)
<b>REVENUES:</b>				
Local revenue:				
Legislative Appropriations	\$ 517,310	\$ 517,310		\$ (517,310)
Grants	<u>80,000</u>	<u>80,000</u>		<u>(80,000)</u>
<i>Total revenues</i>	<u>597,310</u>	<u>597,310</u>	<u>0</u>	<u>(597,310)</u>
<b>EXPENDITURES:</b>				
Current:				
Highways and streets	517,310	517,310		517,310
Culture and recreation	<u>80,000</u>	<u>80,000</u>		<u>80,000</u>
<i>Total expenditures</i>	<u>597,310</u>	<u>597,310</u>	<u>0</u>	<u>597,310</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	0	0	0	0
Fund balance - beginning of Year	<u>0</u>	<u>0</u>	<u>(2,464)</u>	<u>(2,464)</u>
Fund balance - End of Year	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>(2,464)</u></u>	<u><u>\$ (2,464)</u></u>
Reconciliation of budgetary basis to GAAP basis:				
Excess (deficiency) of revenues over (under) expenditures-cash basis			0	
Adjustments to revenues			0	
Adjustments to expenditures			<u>0</u>	
Excess (deficiency) of revenues over (under) expenditures-GAAP basis			<u><u>\$ 0</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, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Local revenue:				
State revenue:				
<i>Total revenues</i>	0	0	0	0
<b>EXPENDITURES:</b>				
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, 2016**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget- Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Sales and services	\$ <u>483,000</u>	\$ <u>483,000</u>	\$ <u>336,580</u>	\$ <u>(146,420)</u>
<i>Total revenues</i>	<u>483,000</u>	<u>483,000</u>	<u>336,580</u>	<u>(146,420)</u>
<b>EXPENDITURES:</b>				
Operating expenses	<u>483,000</u>	<u>483,000</u>	<u>347,199</u>	<u>135,801</u>
<i>Total expenditures</i>	<u>483,000</u>	<u>483,000</u>	<u>347,199</u>	<u>135,801</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>0</u>	<u>0</u>	<u>(10,619)</u>	<u>(10,619)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Intergovernmental Capital grants			167,507	167,507
Debt service-interest and fees			<u>(10,398)</u>	<u>(10,398)</u>
<i>Total other financing sources (uses)</i>	<u>0</u>	<u>0</u>	<u>157,109</u>	<u>157,109</u>
Changes in net position	0	0	146,490	146,490
Net position - Beginning of Year	<u>1,713,004</u>	<u>1,713,004</u>	<u>3,449,341</u>	<u>1,736,337</u>
Net position - End of Year	<u>\$ 1,713,004</u>	<u>\$ 1,713,004</u>	<u>3,595,831</u>	<u>\$ 1,882,827</u>
Reconciliation of budgetary basis to GAAP basis:				
Changes in net position-cash basis			146,490	
Adjustments to revenues			0	
Adjustments to expenditures			0	
Depreciation			<u>(179,829)</u>	
Change in net position - GAAP basis			<u>\$ (33,339)</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, 2016**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget- Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Facilities rentals	\$ 57,800	\$ 57,800	\$ 56,169	\$ (1,631)
Miscellaneous/Other	<u>85,140</u>	<u>85,140</u>	<u>1,119</u>	<u>(84,021)</u>
<i>Total revenues</i>	<u>142,940</u>	<u>142,940</u>	<u>57,288</u>	<u>(85,652)</u>
<b>EXPENDITURES:</b>				
Operating expenses	<u>133,945</u>	<u>131,560</u>	<u>141,733</u>	<u>(10,173)</u>
<i>Total expenditures</i>	<u>133,945</u>	<u>131,560</u>	<u>141,733</u>	<u>(10,173)</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>8,995</u>	<u>11,380</u>	<u>(84,445)</u>	<u>(95,825)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Intergovernmental capital grant	<u>          </u>	<u>          </u>	<u>105,341</u>	<u>105,341</u>
<i>Total other financing sources (uses)</i>	<u>0</u>	<u>0</u>	<u>105,341</u>	<u>105,341</u>
Changes in net position	8,995	11,380	20,896	9,516
Net position - Beginning of Year	<u>859,892</u>	<u>859,892</u>	<u>1,202,950</u>	<u>343,058</u>
Net position - End of Year	<u>\$ 868,887</u>	<u>\$ 871,272</u>	<u>1,223,846</u>	<u>\$ 352,574</u>
Reconciliation of budgetary basis to GAAP basis:				
Change in net position-cash basis			20,896	
Adjustments to revenues			0	
Adjustments to expenditures			(2,315)	
Depreciation			<u>(50,794)</u>	
Change in net position-GAAP basis			<u>\$ (32,213)</u>	

**STATE OF NEW MEXICO**  
**VILLAGE OF CUBA**  
**AGENCY FUNDS DESCRIPTION**  
**JUNE 30, 2016**

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, 2016**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<b><i>MOTOR VEHICLE FUND:</i></b>				
<b>ASSETS</b>				
Cash	\$ 240	\$	\$	\$ 240
Total assets	<u>240</u>	<u>0</u>	<u>0</u>	<u>240</u>
<b>LIABILITIES</b>				
Due to other entities	<u>240</u>			<u>240</u>
Total liabilities	<u>240</u>	<u>0</u>	<u>0</u>	<u>240</u>
<b><i>MUNICIPAL COURT FUND:</i></b>				
<b>ASSETS</b>				
Cash	<u>9,572</u>	<u>88,493</u>	<u>83,395</u>	<u>14,670</u>
Total assets	<u>9,572</u>	<u>88,493</u>	<u>83,395</u>	<u>14,670</u>
<b>LIABILITIES</b>				
Due to other entities	<u>9,572</u>	<u>88,493</u>	<u>83,395</u>	<u>14,670</u>
Total liabilities	<u>9,572</u>	<u>88,493</u>	<u>83,395</u>	<u>14,670</u>
<b><i>MUNICIPAL JUDGE'S BOND FUND:</i></b>				
<b>ASSETS</b>				
Cash	<u>2,827</u>	<u>1,768</u>	<u>250</u>	<u>4,345</u>
Total assets	<u>2,827</u>	<u>1,768</u>	<u>250</u>	<u>4,345</u>
<b>LIABILITIES</b>				
Due to other entities	<u>2,827</u>	<u>1,768</u>	<u>250</u>	<u>4,345</u>
Total liabilities	<u>2,827</u>	<u>1,768</u>	<u>250</u>	<u>4,345</u>
<b>ASSETS (TOTAL)</b>				
CASH	<u>12,639</u>	<u>90,261</u>	<u>83,645</u>	<u>19,255</u>
TOTAL ASSETS	<u>12,639</u>	<u>90,261</u>	<u>83,645</u>	<u>19,255</u>
<b>LIABILITIES (TOTAL)</b>				
DUE TO OTHER ENTITIES	<u>12,639</u>	<u>90,261</u>	<u>83,645</u>	<u>19,255</u>
TOTAL LIABILITIES	<u>\$ 12,639</u>	<u>\$ 90,261</u>	<u>\$ 83,645</u>	<u>\$ 19,255</u>

**STATE OF NEW MEXICO**  
**VILLAGE OF CUBA**  
**COLLATERAL PLEDGED BY DEPOSITORY FOR PUBLIC FUNDS**  
**YEAR ENDED JUNE 30, 2016**

<u>Description of Pledged Collateral</u>	<u>Maturity</u>	<u>CUSIP No.</u>	<u>Market or Par Value June 30, 2016</u>
FNMA FNMS 3.500% 07/01/42	7/1/2042	3138M4ZH8	<u>\$ 59,948</u>
Total Wells Fargo Bank Pledged Securities			<u>\$ 59,948</u>

**STATE OF NEW MEXICO**  
**VILLAGE OF CUBA**  
**SCHEDULE OF DEPOSIT ACCOUNTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

<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	\$ 119,886	\$ 78,853
Wells Fargo	Juvenile Fund	Checking	1,640	1,640
Wells Fargo	Fire Protection	Checking	32,002	32,002
Wells Fargo	Library	Checking	2,916	2,916
Wells Fargo	Lodgers Tax	Checking	35,659	35,659
Wells Fargo	Miscellaneous Grants	Checking	17,717	17,718
Wells Fargo	Water and Sewer System	Checking	53,788	57,086
Wells Fargo	Water and Sewer Improvements	Checking		
Wells Fargo	W/S Deposits	Checking	38,548	38,548
Wells Fargo	Local Govt Corrections Fund	Checking	2,332	2,332
Wells Fargo	EMS	Checking	4,269	4,269
Cuba Credit Union	Regular Share Account	Savings	213	213
<u>Village of Cuba Housing Authority</u>				
Wells Fargo	Public Housing Deposits	Checking	62,933	62,250
Wells Fargo	Security Deposit Account	Checking	<u>5,552</u>	<u>5,552</u>
Cash and cash equivalents			<u>377,455</u>	<u>339,038</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>377,455</u>	<u>339,235</u>
Total deposit and investment accounts- non-agency			<u>377,455</u>	<u>339,235</u>
Agency funds cash accounts:				
Petty cash	MVD Cash Drawer	Petty Cash		240
Cuba Credit Union	Municipal Court	Checking	14,670	14,670
Cuba Credit Union	Municipal Court/ Bonds	Checking	<u>4,345</u>	<u>4,345</u>
Total cash - agency funds			<u>19,015</u>	<u>19,255</u>
Total depository accounts			<u>\$ 396,470</u>	<u>\$ 358,490</u>

**STATE OF NEW MEXICO**  
**VILLAGE OF CUBA**  
**SCHEDULE OF JOINT POWERS AGREEMENTS**  
**JUNE 30, 2016**

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	-	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



**STATE OF NEW MEXICO**  
**VILLAGE OF CUBA**  
HOUSING AUTHORITY - FINANCIAL DATA SCHEDULE  
JUNE 30, 2016

FDS Line #	Accounts Description	Low Rent Housing Project	Capital Fund Program	Total
<i>ASSETS:</i>				
111	Cash - Unrestricted	\$ 62,250	\$	\$ 62,250
114	Cash - Tenant Security Deposits	<u>5,552</u>	<u>          </u>	<u>5,552</u>
100	Total Cash	<u>67,802</u>	<u>0</u>	<u>67,802</u>
121	Accounts Receivable -PHA Projects	46,954		46,954
126	Accounts Receivable - Tenants	<u>2,033</u>	<u>          </u>	<u>2,033</u>
	Total Receivables, net of allowances for doubtful accounts	<u>48,987</u>	<u>0</u>	<u>48,987</u>
142	Prepaid Expenses and other Assets	<u>209</u>	<u>          </u>	<u>209</u>
150	Total Current Assets	<u>116,998</u>	<u>0</u>	<u>116,998</u>
161	Land	15,608		15,608
162	Buildings	1,754,085		1,754,085
163	Furniture, Equipment & Machinery - Dwellings	59,043		59,043
	Furniture, Equipment & Machinery - Administration	73,468		73,468
165	Leasehold Improvements	103,060		103,060
166	Accumulated Depreciation	<u>(1,000,862)</u>	<u>          </u>	<u>(1,000,862)</u>
	Total Capital Assets, Net of Accumulated Depreciation	<u>1,004,402</u>	<u>0</u>	<u>1,004,402</u>
180	Total Non-Current Assets	<u>1,004,402</u>	<u>0</u>	<u>1,004,402</u>
290	Total Assets	<u>\$ 1,121,400</u>	<u>\$ 0</u>	<u>\$ 1,121,400</u>
<i>LIABILITIES:</i>				
312	Accounts payable <= 90 days	\$ 12,300	\$	\$ 12,300
321	Accrued wage/payroll taxes payable	2,000		2,000
341	Tenant Security Deposits	5,552		5,552
342	Unearned Revenue	525		525
345	Other Current Liabilities	<u>8,381</u>	<u>          </u>	<u>8,381</u>
310	Total Current Liabilities	<u>28,758</u>	<u>0</u>	<u>28,758</u>
354	Accrued Compensated Absences - Non Current	<u>          </u>	<u>          </u>	<u>          </u>
350	Total Non-Current Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
300	Total Liabilities	<u>28,758</u>	<u>0</u>	<u>28,758</u>
508.4	Net Investment in capital assets	1,042,510		1,042,510
511.4	Restricted Net Position	0	0	0
512.4	Unrestricted Net Position	<u>50,132</u>	<u>          </u>	<u>50,132</u>
513	Total Equity - Net Assets / Position	<u>1,092,642</u>	<u>0</u>	<u>1,092,642</u>
600	Total Liabilities and Equity/ Net Position	<u>\$ 1,121,400</u>	<u>\$ 0</u>	<u>\$ 1,121,400</u>

**STATE OF NEW MEXICO**  
**VILLAGE OF CUBA**  
HOUSING AUTHORITY - FINANCIAL DATA SCHEDULE  
JUNE 30, 2016

FDS Line #	Accounts Description	Low Rent Housing Project	Capital Fund Program	Total
<i>REVENUE:</i>				
70300	Net Tenant Rental Revenue	\$ 56,169	\$	\$ 56,169
70400	Tenant Revenue - Other	<u>1,119</u>		<u>1,119</u>
70500	Total Tenant Revenue	<u>57,288</u>	<u>0</u>	<u>57,288</u>
70600	HUD PHA Operating Grants	83,651	8,450	92,101
70610	Capital Grants		<u>13,240</u>	<u>13,240</u>
70000	Total Revenue	<u>140,939</u>	<u>21,690</u>	<u>162,629</u>
<i>EXPENSES:</i>				
91100	Administrative Salaries	32,896		32,896
91200	Auditing Fees	2,400		2,400
91300	Management Fee	3,511		3,511
91310	Book-keeping Fee			
91400	Advertising and Marketing	420		420
91500	Employee Benefit Contributions - Admin.	14,284		14,284
91600	Office Expenses	1,296		1,296
91800	Travel	1,885		1,885
91900	Other	<u>14,747</u>		<u>14,747</u>
91000	Total Operating - Administrative	<u>71,439</u>	<u>0</u>	<u>71,439</u>
93100	Water	22,177		22,177
93200	Electricity	3,879		3,879
93300	Gas	835		835
93400	Fuel	1,026		1,026
93800	Other Utilities Expense	<u>181</u>		<u>181</u>
93000	Total Utilities	<u>28,098</u>	<u>0</u>	<u>28,098</u>
94100	Ordinary Maintenance and Operations-Labor	16,872		16,872
94200	Ordinary Maintenance and Operations-Materials and Other	12,361		12,361
94300	Ordinary Maintenance and Operations-Contracts	4,387		4,387
94500	Employee Benefit Contributions-Ordinary Maintenance	<u>1,429</u>		<u>1,429</u>
94000	Total Maintenance	<u>35,049</u>	<u>0</u>	<u>35,049</u>
96110	Property Insurance	3,429		3,429
96120	Liability Insurance	844		844
96130	Workmen's Compensation	<u>2,321</u>		<u>2,321</u>
96100	Total Insurance Premiums	<u>6,594</u>	<u>0</u>	<u>6,594</u>
96200	Other General Expenses		<u>553</u>	<u>553</u>
96000	Total Other General Expenses		<u>553</u>	<u>553</u>
96900	Total Operating Expenses	<u>141,180</u>	<u>553</u>	<u>141,733</u>
97000	Excess of Operating Revenue over Operating Expenses	<u>(241)</u>	<u>21,137</u>	<u>20,896</u>

**STATE OF NEW MEXICO**  
**VILLAGE OF CUBA**  
HOUSING AUTHORITY - FINANCIAL DATA SCHEDULE  
JUNE 30, 2016

FDS Line #	Accounts Description	Low Rent Housing Project	Capital Fund Program	Total
97100	Extraordinary Maintenance	2,315		2,315
97400	Depreciation Expense	<u>50,794</u>		<u>50,794</u>
90000	Total Expenses	<u>\$ 194,289</u>	<u>\$ 553</u>	<u>\$ 194,842</u>
<i>OTHER FINANCING SOURCES (USES):</i>				
10010	Operating Transfers In	\$ 8,450	\$	\$ 8,450
10020	Operating Transfers Out		<u>(8,450)</u>	<u>(8,450)</u>
10100	Total Other Financing Sources (Uses)	<u>8,450</u>	<u>(8,450)</u>	<u>0</u>
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(44,900)	12,687	(32,213)
11030	Beginning Equity	<u>1,124,855</u>	<u>0</u>	<u>1,124,855</u>
11040	Prior Period Adjustments, Equity Transfers and correction of Errors	<u>12,687</u>	<u>(12,687)</u>	<u>0</u>
	Ending Equity	<u>\$ 1,092,642</u>	<u>\$</u>	<u>\$ 1,092,642</u>
11630	Furniture & Equipment -Dwelling Purchases	<u>12,687</u>		<u>12,687</u>
11190	Unit Months Available	336		336
11210	Number of Unit Months Leased	331		331
11270	Excess Cash	76,266		76,266

**STATE OF NEW MEXICO  
VILLAGE OF CUBA**

**SCHEDULE OF VENDOR INFORMATION FOR PURCHASES EXCEEDING \$60,000 (EXCLUDING GRT)  
FOR THE YEAR ENDED JUNE 30, 2016**

Prepared by Agency Staff Name: Vandora P. Casados

Title: Clerk-Treasurer

Date: December 5, 2016

Agency Number	Agency Name	Agency Type	RFB #/ RFP #/	Type of Procurement	Vendor Name	Did Vendor Win Contract?	\$ Amount of Awarded Contract	\$ Amount of Amended Contract	Physical address of vendor (City, State)	Did the Vendor provide documentation of eligibility for in-state preference?	Did the Vendor provide documentation of eligibility for veterans' preference?	Brief Description of the Scope of Work	If the procurement is attributable to a Component Unit, Name of Component Unit
6046	Village of Cuba	Municipality	None										
There were no purchases that exceeded \$60,000 as on June 30, 2016.													

**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, 2016**

<u>Public Employees Retirement Association (PERA) Plan:</u>	<u>2016</u>	<u>2015</u>
Village's proportion of the net pension liability (asset)	0.0469%	0.0509%
Village's proportionate share of the net pension liability (asset)	\$ 478,186	\$ 397,075
Village's covered-employee payroll	\$ 372,185	\$ 436,544
Village's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	128.48%	90.96%
Plan fiduciary net position as a percentage of the total pension liability	76.99%	81.29%

**STATE OF NEW MEXICO  
VILLAGE OF CUBA**

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY OF PERA  
MUNICIPAL POLICE DIVISION  
FOR THE YEAR ENDED JUNE 30, 2016

<u>Public Employees Retirement Association (PERA) Plan:</u>	<u>2016</u>	<u>2015</u>
Village's proportion of the net pension liability (asset)	0.0775%	0.0724%
Village's proportionate share of the net pension liability (asset)	\$ 372,663	\$ 236,016
Village's covered-employee payroll	\$ 262,639	\$ 187,503
Village's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	141.89%	125.87%
Plan fiduciary net position as a percentage of the total pension liability	76.99%	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, 2016

<u>PERA Fund Division</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 36,390	\$ 36,979
Contributions in relation to the contractually required contribution	\$ 36,390	\$ 36,979
Contribution deficiency (excess)	-	-
Village's covered-employee payroll	\$ 372,185	\$ 436,544
Contributions as a percentage of covered-employee payroll	9.78%	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, 2016

<u>PERA Fund Division</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 34,488	\$ 29,124
Contributions in relation to the contractually required contribution	\$ 34,488	\$ 29,124
Contribution deficiency (excess)	-	-
Village's covered-employee payroll	\$ 262,639	\$ 187,503
Contributions as a percentage of covered-employee payroll	13.13%	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 FY15 audit available at [http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366\\_Public\\_Employees\\_Retirement\\_Association\\_2015.pdf](http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2015.pdf).

Changes of assumptions. The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2015 report is available at <http://www.nmpera.org/assets/uploads/downloads/retirementfund-valuation-reports/6-30-2015-PERA-Valuation-Report-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, 2014, the economic and demographic assumptions were updated for this valuation. The total increase to the unfunded actuarial accrued liability (UAAL) is \$410 million and results in a decrease to the funded ratio from 75.8% to 74.9%. For details about changes in the actuarial assumptions, see Appendix B on page 53-61 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, 2016, 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 December 12, 2016.

**Internal Control Over Financial Reporting**

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

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is 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**  
**December 12, 2016**

**STATE OF NEW MEXICO**  
**VILLAGE OF CUBA**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**JUNE 30, 2016**

**SECTION I - SUMMARY OF AUDIT RESULTS**

**Financial Statements:**

Type of auditors' report issued Unmodified

Internal control over financial reporting:

- Material weakness identified? No
- Significant deficiencies identified not considered to be material weaknesses? No
- Noncompliance material to financial statements noted? No

**STATE OF NEW MEXICO  
VILLAGE OF CUBA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2016**

**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 fund:

<u>Funds</u>	<u>Amount</u>
Housing Authority Enterprise Fund	\$ 10,173

The Village has made progress in implementing controls over budgeting in order to address this finding.

**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**

The Village of Cuba Housing Authority will assure that the budget tracking procedures are in place so that the Housing Authority Enterprise Fund will not exceed budgeted expenditures.

**Estimated Completion Date**

January 15, 2017

**Responsible party**

Cuba Housing Director and Public Housing Manager/Coordinator

**STATE OF NEW MEXICO**  
**VILLAGE OF CUBA**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**SECTION III - SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

2007-005 Excess of Expenditures Over Authorized Budget - Modified and repeated

2014-001 Internal Control over Cash Disbursement - Resolved

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

**STATE OF NEW MEXICO**  
**VILLAGE OF CUBA**  
EXIT CONFERENCE  
FOR THE YEAR ENDED JUNE 30, 2016

An exit conference was held on December 14, 2016, and attended by the following:

**Village of Cuba, New Mexico**

Vandora P. Casados, Clerk-Treasurer  
Pilar Rubio, Village Consultant

**Harshwal & Company LLP**

Sanwar Harshwal, CPA, Managing Partner  
Mariem Tall, Audit Manager  
Albert Hwu, Staff Auditor