

**STATE OF NEW MEXICO
VILLAGE OF CUBA
ANNUAL FINANCIAL REPORT
JUNE 30, 2017**

**Harshwal & Company LLP
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INTRODUCTORY SECTION

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VILLAGE OF CUBA
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VILLAGE OF CUBA
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STATE OF NEW MEXICO
VILLAGE OF CUBA
OFFICIAL ROSTER
JUNE 30, 2017

Name	Title
Elected Officials	
Mark Hatzenbuhler	Mayor
Gilbert Dominguez	Mayor Pro-tem
Brian L. Velarde	Council Member
Cecilia M. Delgado	Council Member
Monica A. Olivas	Council Member
Administrative Officials	
Vandora P. Casados	Clerk-Treasurer (Supervisor)

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Mr. Wayne Johnson,
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, the budgetary comparisons of the general fund and major special revenue fund of the Village of Cuba, New Mexico (the "Village"), as of and for the year ended June 30, 2017, 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 did not audit the 2016 Schedule of Employer Allocations and Pension Amounts of the State of New Mexico Public Employee Retirement Association (PERA), the administrator of the cost sharing pension plan for the Village. The schedules and statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Village, is based solely on the report of the other auditors.

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 Village of Cuba, as of June 30, 2017, and the respective changes in financial position where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and major special revenue fund for the year then ended in conformity 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 69-70, the Schedule of Contributions on pages 71-72 and the notes to the required supplementary information page 72 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

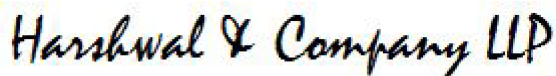
Our audit was conducted for the purpose of forming opinions on the Village's financial statements, that collectively comprise the Village of Cuba's basic financial statements. The combining and individual fund financial statements and the other schedules as required by Section 2.2.2 NMAC are presented 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 combining and individual fund financial statements, the other schedules required by Section 2.2.2 NMAC and Financial Data Schedule are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial 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 combining and individual fund financial statements, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2017 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, 2017

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

STATE OF NEW MEXICO
VILLAGE OF CUBA
STATEMENT OF NET POSITION
JUNE 30, 2017

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 269,658	\$ 138,493	\$ 408,151
Accounts receivable, net of allowance	1,470	16,151	17,621
Taxes receivable	187,162		187,162
Court fines and fees receivable	3,724		3,724
Grant receivable		94,175	94,175
Other assets	209		209
Internal balances	411,730	(411,730)	
Noncurrent assets:			
Capital assets	7,145,983	7,896,664	15,042,647
Accumulated depreciation	<u>(3,386,873)</u>	<u>(3,149,380)</u>	<u>(6,536,253)</u>
Total Assets	<u>\$ 4,633,063</u>	<u>\$ 4,584,373</u>	<u>\$ 9,217,436</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pension	<u>436,211</u>	<u>114,174</u>	<u>550,385</u>
Total deferred outflows of resources	<u>436,211</u>	<u>114,174</u>	<u>550,385</u>
LIABILITIES AND NET POSITION			
Accounts payable	\$ 72,374	\$ 18,644	\$ 91,018
Insurance payable	269,840	96,796	366,636
Gross receipts tax payable		216,895	216,895
Accrued salaries and benefits	51,976	9,340	61,316
Deposit payable		57,782	57,782
Long-term liabilities, due in one year	16,831	14,640	31,471
Compensated absences, due in one year	<u>14,374</u>	<u>467</u>	<u>14,841</u>
Total current liabilities	<u>425,395</u>	<u>414,564</u>	<u>839,959</u>
Noncurrent liabilities:			
Net pension liability	1,149,839	298,632	1,448,471
Long-term liabilities, due in more than one year	<u>144,844</u>	<u>303,949</u>	<u>448,793</u>
Total Liabilities	<u>1,720,078</u>	<u>1,017,145</u>	<u>2,737,223</u>

STATE OF NEW MEXICO
VILLAGE OF CUBA
STATEMENT OF NET POSITION
JUNE 30, 2017

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflow of resources related to pension	<u>34,571</u>	<u>12,440</u>	<u>47,011</u>
Total deferred inflows of resources	<u>34,571</u>	<u>12,440</u>	<u>47,011</u>
NET POSITION			
Net investment in capital assets	3,597,435	4,428,695	8,026,130
Restricted for:			
Special revenue	155,571		155,571
Unrestricted	<u>(438,381)</u>	<u>(759,733)</u>	<u>(1,198,114)</u>
Total Net Position	<u>3,314,625</u>	<u>3,668,962</u>	<u>6,983,587</u>
<i>Total Net Position, deferred inflow and Liabilities</i>	<u>\$ 5,069,274</u>	<u>\$ 4,698,547</u>	<u>\$ 9,767,821</u>

STATE OF NEW MEXICO
VILLAGE OF CUBA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
General government	\$ 543,558	\$ 76,631	\$ 191,433	\$
Public safety	744,504	23,735	222,143	
Highways and streets	13,591			
Culture and recreation	263,809		8,923	
Public works	74,959			
Debt service - interest	<u>5,401</u>			
Total governmental activities	<u>1,645,822</u>	<u>100,366</u>	<u>422,499</u>	<u>0</u>
Business-type Activities:				
Water and Sewer	547,164	347,334		91,267
Housing Authority	<u>182,474</u>	<u>66,517</u>	<u>1,044</u>	<u>81,946</u>
Total business-type activities	<u>729,638</u>	<u>413,851</u>	<u>1,044</u>	<u>173,213</u>
Total	<u>\$ 2,375,460</u>	<u>\$ 514,217</u>	<u>\$ 423,543</u>	<u>\$ 173,213</u>

General Revenues:

Taxes:	
Franchise taxes	
Gasoline taxes	
Gross receipts taxes	
Property taxes	
Motor vehicle registrations	
Lodger's taxes	
Other taxes	
Miscellaneous	
Total General Revenues and Transfers	
Change in net position	
Net position, beginning	
<i>Restatement</i>	
<i>Net position, beginning, Restated</i>	
Net position, ending	

STATE OF NEW MEXICO
VILLAGE OF CUBA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

<u>Functions/Programs</u>	Net (Expense) Revenue and Changes in Net Position		
	Government Activities	Business Type Activities	Total
Primary Government			
General government	\$ (275,494)	\$	\$ (275,494)
Public safety	(498,626)		(498,626)
Highways and streets	(13,591)		(13,591)
Culture and recreation	(254,886)		(254,886)
Public works	(74,959)		(74,959)
Debt service - interest	<u>(5,401)</u>	<u> </u>	<u>(5,401)</u>
Total governmental activities	<u>(1,122,957)</u>	<u>0</u>	<u>(1,122,957)</u>
Business-type Activities:			
Water and Sewer		(108,563)	(108,563)
Housing Authority		<u>(32,967)</u>	<u>(32,967)</u>
Total business-type activities	<u>0</u>	<u>(141,530)</u>	<u>(141,530)</u>
Total	<u>(1,122,957)</u>	<u>(141,530)</u>	<u>(1,264,487)</u>
General Revenues:			
Taxes:			
Franchise taxes	30,623		30,623
Gasoline taxes	82,267		82,267
Gross receipts taxes	771,304		771,304
Property taxes	64,075		64,075
Motor vehicle registrations	65,728		65,728
Lodger's taxes	13,333		13,333
Other taxes	2,097		2,097
Miscellaneous	<u>23,677</u>	<u> </u>	<u>23,677</u>
Total General Revenues and Transfers	<u>1,053,104</u>	<u>0</u>	<u>1,053,104</u>
Change in net position	<u>(69,853)</u>	<u>(141,530)</u>	<u>(211,383)</u>
Net position, beginning	3,384,478	3,851,381	7,235,859
<i>Restatement</i>	0	(40,889)	(40,889)
<i>Net position, beginning, Restated</i>	<u>3,384,478</u>	<u>3,810,492</u>	<u>7,194,970</u>
Net position, ending	<u>\$ 3,314,625</u>	<u>\$ 3,668,962</u>	<u>\$ 6,983,587</u>

FUND FINANCIAL STATEMENTS

STATE OF NEW MEXICO
VILLAGE OF CUBA
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2017

	101-General Funds	209-Fire Protection	Other Governmental Funds	Total
ASSETS				
Cash and cash equivalents	\$ 191,621	\$ 24,462	\$ 53,575	\$ 269,658
Accounts receivable			1,470	1,470
Taxes receivable	185,224		1,938	187,162
Court fines and fees receivable			3,724	3,724
Due from other funds	340,101	35,637	53,872	429,610
Other assets	<u>209</u>			<u>209</u>
Total assets	<u>\$ 717,155</u>	<u>\$ 60,099</u>	<u>\$ 114,579</u>	<u>\$ 891,833</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 53,626	\$ 11,016	\$ 7,732	\$ 72,374
Insurance payable	269,840			269,840
Accrued salaries and benefits	51,976			51,976
Due to other funds			17,880	17,880
Unearned revenue		<u>307</u>		<u>307</u>
Total liabilities	<u>375,442</u>	<u>11,323</u>	<u>25,612</u>	<u>412,377</u>
FUND BALANCES				
Restricted for:				
Special Revenue Funds		48,776	106,795	155,571
Unassigned:				
General Fund	341,713			341,713
Special Revenue Funds			(15,952)	(15,952)
Debt service funds			<u>(1,876)</u>	<u>(1,876)</u>
Total fund balances	<u>341,713</u>	<u>48,776</u>	<u>88,967</u>	<u>479,456</u>
Total liabilities and fund balances	<u>\$ 717,155</u>	<u>\$ 60,099</u>	<u>\$ 114,579</u>	<u>\$ 891,833</u>

**STATE OF NEW MEXICO
VILLAGE OF CUBA**

**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2017**

	<u>Governmental fund</u>
Amounts reported for governmental activities in the statement of net position are different because:	
Total fund balance - governmental funds	\$ 479,456
Accrued compensated absences not payable from current revenues.	(14,374)
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.	3,759,110
Net pension liability is not due and payable in the current period and therefore is not reported in the funds:	(1,149,839)
Liabilities are not due and payable with current financial resources and, therefore are not reported in the funds:	
Loan	(161,675)
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	436,211
Deferred inflows of resources related to pension	<u>(34,571)</u>
Net position - governmental activities	<u>\$ 3,314,625</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, 2017**

	101-General Funds	209-Fire Protection	Other Governmental Funds	Total
REVENUES:				
<i>Local revenue</i>				
Franchise tax	\$ 30,623	\$	\$	\$ 30,623
Gross receipts tax - local	164,793			164,793
Property taxes	64,075			64,075
Licenses, fines & fees	73,253		23,735	96,988
Miscellaneous charges for services	92,731		15,430	108,161
Interest			51	51
<i>State revenue</i>				
Gross receipts tax - state shared	606,512			606,512
CFT gas tax	82,267			82,267
State fire allotment		168,456	20,050	188,506
Small cities distribution	90,000			90,000
Grants	101,433		42,560	143,993
<i>Total revenues</i>	<u>1,305,687</u>	<u>168,456</u>	<u>101,826</u>	<u>575,969</u>
EXPENDITURES:				
Current:				
General government	380,794		12,740	393,534
Public safety	459,168	186,631	14,765	660,564
Culture and recreation	170,922		28,050	198,972
Public works	52,746		22,213	74,959
Capital outlay	205,606			205,606
Debt service - principal			14,648	14,648
Debt service - interest and fees			5,401	5,401
<i>Total expenditures</i>	<u>1,269,236</u>	<u>186,631</u>	<u>97,817</u>	<u>553,684</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>36,451</u>	<u>(18,175)</u>	<u>4,009</u>	<u>22,285</u>
OTHER FINANCING SOURCES (USES):				
Loan proceeds	<u>76,323</u>	<u>-</u>	<u></u>	<u>76,323</u>
<i>Total other financing sources (uses)</i>	<u>76,323</u>	<u>0</u>	<u>0</u>	<u>76,323</u>
Net change in fund balance	112,774	(18,175)	4,009	98,608
Fund balance - beginning of year	228,939	66,951	84,958	380,848
Fund balance - end of year	<u>\$ 341,713</u>	<u>\$ 48,776</u>	<u>\$ 88,967</u>	<u>\$479,456</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, 2017**

	<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	\$ 98,608
<p>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.</p>	
Depreciation expense	(210,949)
Capital outlay	205,606
<p>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:</p>	
Change in net pension liability and the related deferred inflows and deferred inflows of resources related to pensions	(109,792)
<p>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:</p>	
Loan proceeds	(76,323)
Debt service - principal	14,648
Accrued compensated absences are expensed under the accrual method, and not the modified accrual method.	<u>8,349</u>
Change in net position - governmental activities	<u><u>\$ (69,853)</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, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES:				
Local revenue:				
Franchise Tax	\$ 35,000	\$ 35,000	\$ 30,623	\$ (4,377)
Gross receipts tax - local	590,000	590,000	164,793	(425,207)
Property taxes	55,000	55,000	64,075	9,075
Licenses, fines & fees	59,000	59,000	73,253	14,253
Miscellaneous charges for services	62,000	62,000	69,054	7,054
Other miscellaneous	50,000	50,000		(50,000)
State revenue:				
Gross receipts tax - state shared	365,000	365,000	606,512	241,512
CFT Gas tax- state shared	90,000	90,000	82,267	(7,733)
Legislative Appropriations	80,000	80,000		(80,000)
Small cities distribution	90,000	90,000	90,000	
Grants	12,000	12,000	101,433	89,433
<i>Total revenues</i>	<u>1,488,000</u>	<u>1,488,000</u>	<u>1,282,010</u>	<u>(205,990)</u>
EXPENDITURES:				
Current:				
General government	555,307	555,307	471,655	83,652
Public safety	472,982	472,982	459,168	13,814
Highways and streets	117,278	117,278		117,278
Culture and recreation	169,080	169,080	170,754	(1,674)
Public works			52,746	(52,746)
Capital Outlay			114,745	(114,745)
<i>Total expenditures</i>	<u>1,314,647</u>	<u>1,314,647</u>	<u>1,269,068</u>	<u>45,579</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>173,353</u>	<u>173,353</u>	<u>12,942</u>	<u>(160,411)</u>
OTHER FINANCING SOURCES (USES):				
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	273,353	173,353	112,942	(60,411)
Fund balance - beginning of Year	358,924	358,924	358,418	(506)
Fund balance - End of Year	<u>\$ 632,277</u>	<u>\$ 532,277</u>	<u>471,360</u>	<u>\$ (60,917)</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, 2017**

	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			\$ 112,942	
Adjustments to revenues			100,000	
Adjustments to expenditures			(100,168)	
Net changes in fund balances-GAAP basis			\$ 112,774	

**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, 2017**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget- Positive (Negative)
REVENUES:				
Local revenue:				
Franchise Tax	\$	\$	\$	\$
Gross receipts tax - local				
Property taxes				
Licenses, fines & fees				
Miscellaneous charges for services				
Interest				
Other miscellaneous				
State revenue:				
Gross receipts tax - state shared				
CFT Gas tax- state shared				
State fire allotment	158,000	158,000	168,456	10,456
Legislative Appropriations				
Small cities distribution				
Grants				
<i>Total revenues</i>	158,000	158,000	168,456	10,456
EXPENDITURES:				
Current:				
General government				
Public safety	145,218	175,996	186,631	(10,635)
Highways and streets				
Culture and recreation				
Public works				
Capital Outlay				
<i>Total expenditures</i>	145,218	175,996	186,631	(10,635)
<i>Excess (deficiency) of revenues over (under) expenditures</i>	12,782	(17,996)	(18,175)	(179)

**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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>OTHER FINANCING SOURCES (USES):</i>				
<i>Total other financing sources (uses)</i>				
Net changes in fund balances	12,782	(17,996)	(18,175)	(179)
Fund balance - beginning of Year	36,333	36,333	72,412	36,079
Fund balance - End of Year	\$ 49,115	\$ 18,337	54,237	\$ 35,900
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balances-cash basis			\$ (18,175)	
Adjustments to revenues				
Adjustments to expenditures				
Net changes in fund balances-GAAP basis			\$ (18,175)	

STATE OF NEW MEXICO
VILLAGE OF CUBA
PROPRIETARY FUNDS - STATEMENT OF NET POSITION
JUNE 30, 2017

	<u>500-Water and Sewer</u>	<u>600-Housing Authority</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 110,433	\$ 28,060	\$ 138,493
Account receivables, net of allowance	12,526	3,625	16,151
Grant receivable		94,175	94,175
Total current assets	<u>122,959</u>	<u>125,860</u>	<u>248,819</u>
Capital assets:			
Land and water rights	82,841	15,608	98,449
Construction in process	271,890		271,890
Buildings, improvements, and equipment	5,536,669	1,989,656	7,526,325
Accumulated depreciation	<u>(2,099,029)</u>	<u>(1,050,351)</u>	<u>(3,149,380)</u>
Total capital assets, net of accumulated depreciation	<u>3,792,371</u>	<u>954,913</u>	<u>4,747,284</u>
Total assets	<u>3,915,330</u>	<u>1,080,773</u>	<u>4,996,103</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pension	<u>89,345</u>	<u>24,829</u>	<u>114,174</u>
Total deferred outflows of resources	<u>89,345</u>	<u>24,829</u>	<u>114,174</u>
LIABILITIES			
Current liabilities:			
Accounts payable	11,089	7,555	18,644
Gross receipts tax payable	216,895		216,895
Insurance payable	92,016	4,780	96,796
Accrued compensated absences	467		467
Accrued payroll	8,079	1,261	9,340
Long-term liabilities, due in one year	14,640		14,640
Deposits payable	52,230	5,552	57,782
Due to other funds	<u>411,730</u>		<u>411,730</u>
Total current liabilities	<u>807,146</u>	<u>19,148</u>	<u>826,294</u>
Long-term liabilities:			
Note payable	303,949		303,949
Net pension liability	<u>236,323</u>	<u>62,309</u>	<u>298,632</u>
Total liabilities	<u>1,347,418</u>	<u>81,457</u>	<u>1,428,875</u>

STATE OF NEW MEXICO
VILLAGE OF CUBA
PROPRIETARY FUNDS - STATEMENT OF NET POSITION
JUNE 30, 2017

	<u>500-Water and Sewer</u>	<u>600-Housing Authority</u>	<u>Total</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pension	<u>7,081</u>	<u>5,359</u>	<u>12,440</u>
Total deferred inflows of resources	<u>7,081</u>	<u>5,359</u>	<u>12,440</u>
NET POSITION			
Net investment in capital assets	3,473,782	954,913	4,428,695
Unrestricted	<u>(823,606)</u>	<u>63,873</u>	<u>(759,733)</u>
Total Net position	<u>2,650,176</u>	<u>1,018,786</u>	<u>3,668,962</u>
Total Net position, deferred inflow and liabilities	<u>\$ 4,004,675</u>	<u>\$ 1,105,602</u>	<u>\$ 5,110,277</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, 2017**

	<u>500-Water and Sewer</u>	<u>600-Housing Authority</u>	<u>Total</u>
<i>Operating revenues:</i>			
Sales and services	\$ 347,334	\$	\$ 347,334
Facilities rentals		66,517	66,517
Miscellaneous/Other		<u>1,044</u>	<u>1,044</u>
<i>Total Operating revenues</i>	<u>347,334</u>	<u>67,561</u>	<u>414,895</u>
Operating expenses	347,954	127,583	475,537
Depreciation	<u>189,226</u>	<u>49,489</u>	<u>238,715</u>
<i>Total operating expenses</i>	<u>537,180</u>	<u>177,072</u>	<u>714,252</u>
<i>Operating income (loss)</i>	<u>(189,846)</u>	<u>(109,511)</u>	<u>(299,357)</u>
<i>Non-operating revenues (expenses):</i>			
Extraordinary maintenance		(5,402)	(5,402)
Intergovernmental capital grant	91,267	81,946	173,213
Debt service-interest and fees	<u>(9,984)</u>		<u>(9,984)</u>
<i>Total non-operating revenues (expenses)</i>	<u>81,283</u>	<u>76,544</u>	<u>157,827</u>
Change in net position	(108,563)	(32,967)	(141,530)
Total net position, beginning of year	2,758,739	1,092,642	3,851,381
<i>Restatement</i>	0	(40,889)	(40,889)
<i>Total net position, beginning of year, Restated</i>	<u>2,758,739</u>	<u>1,051,753</u>	<u>3,810,492</u>
Total net position, end of year	<u>\$ 2,650,176</u>	<u>\$ 1,018,786</u>	<u>\$ 3,668,962</u>

STATE OF NEW MEXICO
VILLAGE OF CUBA
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Water and Sewer</u>	<u>Housing Authority</u>	<u>Total</u>
<i>Cash flows from operating activities:</i>			
Cash received from customers and grantors	\$ 355,037	\$ 66,178	\$ 421,215
Cash payments to vendors and employees	<u>(284,646)</u>	<u>(140,645)</u>	<u>(425,291)</u>
<i>Net cash provided (used) by operating activities</i>	<u>70,391</u>	<u>(74,467)</u>	<u>(4,076)</u>
<i>Cash flows from non-capital and related financing activities:</i>			
Change in due to/due from accounts	<u>27,327</u>	<u> </u>	<u>27,327</u>
<i>Net cash (used) provided by noncapital financing activities</i>	<u>27,327</u>	<u>0</u>	<u>27,327</u>
<i>Cash flows from capital and related financing activities:</i>			
Capital grant received	91,267	34,725	125,992
Debt service - Principal and interest	(24,198)		(24,198)
Purchase of capital assets	<u>(150,086)</u>	<u> </u>	<u>(150,086)</u>
<i>Net cash used by capital and related financing activities:</i>	<u>(83,017)</u>	<u>34,725</u>	<u>(48,292)</u>
<i>Net change in cash</i>	14,701	(39,742)	(25,041)
<i>Cash and cash equivalents, beginning of year</i>	<u>95,732</u>	<u>67,802</u>	<u>163,534</u>
<i>Cash and cash equivalents, end of year</i>	<u>\$ 110,433</u>	<u>\$ 28,060</u>	<u>\$ 138,493</u>

STATE OF NEW MEXICO
VILLAGE OF CUBA
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

Reconciliation of operating loss to cash provided by operating activities:

Operating income (loss)	\$ (189,846)	\$ (109,511)	\$ (299,357)
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Adjustments to reconcile operating income to net cash flows:

Depreciation expense	189,226	49,489	238,715
Extraordinary maintenance		(5,402)	(5,402)
Changes in assets and liabilities:			
Accounts receivable	7,499	(1,592)	5,907
Pension plan items	22,487	1,950	24,437
Other assets	204	209	413
Accounts payable	1,762	(4,745)	(2,983)
Gross receipts tax payable	27,320		27,320
Insurance payable	12,465	(3,601)	8,864
Accrued compensated absences	(4,296)		(4,296)
Accrued payroll	1,565	(739)	826
Unearned revenue	-	(525)	(525)
Deposits payable	<u>2,005</u>	<u> </u>	<u>2,005</u>

<i>Net cash provided (used) by operating activities</i>	<u>\$ 70,391</u>	<u>\$ (74,467)</u>	<u>\$ (4,076)</u>
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**STATE OF NEW MEXICO
VILLAGE OF CUBA**

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS
JUNE 30, 2017**

	<u>Agency Fund</u>
ASSETS	
Cash and cash equivalents	\$ <u>20,345</u>
Total assets	<u>20,345</u>
LIABILITIES	
Due to other taxing units	<u>20,345</u>
Total liabilities	\$ <u><u>20,345</u></u>

STATE OF NEW MEXICO
VILLAGE OF CUBA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Financial Reporting Entity

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

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

As required by GAAP, the financial statements present the Village and entities for which the Village is considered to be financially accountable. There are no component units for the fiscal year ended June 30, 2017.

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

STATE OF NEW MEXICO
VILLAGE OF CUBA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Financial Reporting Entity (Continued)

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

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

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

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

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

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

Governmental financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period. For this purpose, the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is made.

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

STATE OF NEW MEXICO
VILLAGE OF CUBA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Financial Reporting Entity (Continued)

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. *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.

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.

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, 2017

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.
3. Money market funds whose portfolios consist entirely of United States Government Securities or agencies sponsored by the United States government.

STATE OF NEW MEXICO
VILLAGE OF CUBA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Cash and Cash Equivalents (Continued)

4. Investments in the New Mexico State Treasurer external investment pool (Local Government investment Pool).

Reserve Requirements

The New Mexico Department of Finance and Administration (DFA) requires New Mexico municipalities to maintain a cash balance in the General Fund of at least 1/12th (8.33%) of the General Fund's budgeted expenditures in order to maintain adequate cash flow until the next significant property tax collection. The Village met and exceeded the State's cash reserve requirements. The General Fund's cash reserve at June 30, 2017 was \$191,621 or 15% of the General Fund's final budget, exceeding the 1/12th reserve requirement.

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, 2017

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, 2017

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, 2017

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, 2017

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, 2017, \$130,623 of the Village's deposits of \$429,720 was exposed to custodial credit risk and the same was uninsured and uncollateralized. As of June 30, 2017, the carrying amount of these deposits was \$428,496.

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

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

	<u>Wells Fargo Bank</u>		<u>Cuba Credit</u>	<u>Total</u>
	<u>Village of</u>	<u>Village of</u>	<u>Union</u>	
	<u>Cuba</u>	<u>Cuba HA</u>		
Total amounts of deposits	\$ 380,623	\$ 28,779	\$ 20,318	\$ 429,720
Less: FDIC coverage	<u>250,000</u>	<u>28,779</u>	<u>20,318</u>	<u>299,097</u>
Total uninsured public funds	<u>130,623</u>	<u>0</u>	<u>0</u>	<u>130,623</u>
50% Collateral requirement	65,312			65,312
Pledged securities	<u>93,679</u>			<u>93,679</u>
(Over)/Under collateralized	<u>\$ (28,367)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (28,367)</u>

Reconciliation of Cash and cash equivalents

Cash and cash equivalents per Statement of Net Position	\$ 408,151
Cash per Statement of Fiduciary Net Position	20,345
Add outstanding checks and other reconciling items	<u>1,224</u>
Bank balance of deposits	<u><u>\$ 429,720</u></u>

STATE OF NEW MEXICO
VILLAGE OF CUBA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

<u>Custodial Credit Risk-Deposits</u>	<u>Bank Balance</u>
Depository account:	
Account Balance	\$ <u>429,720</u>
FDIC Insured	299,097
Collateralized:	
Uninsured and collateralized with securities held by the pledging bank but not in Village's name	93,679
Uninsured and uncollateralized	<u>36,944</u>
Total deposits	<u>\$ 429,720</u>

NOTE 3. RECEIVABLES

Receivables as of June 30, 2017, are as follows:

<u>Governmental activities:</u>	<u>General Fund</u>	<u>206 EMS</u>	<u>Non-Major funds</u>	<u>Total</u>
Taxes:				
Gross receipts	\$ 185,224	\$	\$	\$ 185,224
Lodgers			1,938	1,938
Court fines and fees			3,724	3,724
Others			<u>1,470</u>	<u>1,470</u>
Total receivables	<u>\$ 185,224</u>	<u>\$</u>	<u>\$ 7,132</u>	<u>\$ 192,356</u>

<u>Business-type activities:</u>	<u>Water and Sewer</u>	<u>Housing Authority</u>	<u>Total</u>
Receivables:			
Accounts Receivables	\$ 45,839	\$ 3,625	\$ 49,464
Allowance for uncollectible accounts	<u>(33,313)</u>	<u></u>	<u>(33,313)</u>
Account receivables, net of allowance	12,526	3,625	16,151
Grant receivable	<u></u>	<u>94,175</u>	<u>94,175</u>
Total receivables	<u>12,526</u>	<u>97,800</u>	<u>110,326</u>

STATE OF NEW MEXICO
VILLAGE OF CUBA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 4. CAPITAL ASSETS

Governmental fund capital asset activity for the year ending June 30, 2017 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
Constructions in progress		<u>111,906</u>		<u>111,906</u>
Total capital assets, not depreciated	<u>86,130</u>	<u>111,906</u>	<u>0</u>	<u>198,036</u>
Capital assets, depreciated:				
Buildings and improvements	4,783,515			4,783,515
Equipment and other	1,906,077	93,700		1,999,777
Infrastructure	<u>164,655</u>			<u>164,655</u>
Total capital assets, depreciated	<u>6,854,247</u>	<u>93,700</u>	<u>0</u>	<u>6,947,947</u>
Accumulated depreciation for:				
Buildings and improvements	1,602,962	132,064		1,735,026
Equipment and other	1,535,066	71,115		1,606,181
Infrastructure	<u>37,896</u>	<u>7,770</u>		<u>45,666</u>
Total accumulated depreciation	<u>3,175,924</u>	<u>210,949</u>	<u>0</u>	<u>3,386,873</u>
Total capital assets, depreciated, net	<u>3,678,323</u>	<u>(117,249)</u>	<u>0</u>	<u>3,561,074</u>
Total capital assets, net	<u>\$ 3,764,453</u>	<u>\$ (5,343)</u>	<u>\$ 0</u>	<u>\$ 3,759,110</u>

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

Governmental activities:	
General government	\$ 48,581
Public safety	83,940
Highways and streets	13,591
Culture and recreation	<u>64,837</u>
Total depreciation expense	<u>\$ 210,949</u>

STATE OF NEW MEXICO
VILLAGE OF CUBA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 4. CAPITAL ASSETS (CONTINUED)

Enterprise fund capital asset activity for the year ending June 30, 2017 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>180,623</u>	<u>91,267</u>	<u>271,890</u>
Total capital assets, not depreciated	<u>279,072</u>	<u>91,267</u>	<u>370,339</u>
Capital assets, depreciated:			
Water and Sewer:			
Plant and equipment	2,205,923		2,205,923
Infrastructure	3,212,109	58,819	3,270,928
Equipment and other	59,818		59,818
Housing Authority:			
Buildings and improvements	1,857,145		1,857,145
Equipment and other	<u>132,511</u>		<u>132,511</u>
Total capital assets, depreciated	<u>7,467,506</u>	<u>58,819</u>	<u>7,526,325</u>
Accumulated depreciation for:			
Water and Sewer	1,909,803	189,226	2,099,029
Housing Authority	<u>1,000,862</u>	<u>49,489</u>	<u>1,050,351</u>
Total accumulated depreciation	<u>2,910,665</u>	<u>238,715</u>	<u>3,149,380</u>
Total capital assets, depreciated, net	<u>4,556,841</u>	<u>(179,896)</u>	<u>4,376,945</u>
Total capital assets, net	<u>\$ 4,835,913</u>	<u>\$ (88,629)</u>	<u>\$ 4,747,284</u>

STATE OF NEW MEXICO
VILLAGE OF CUBA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 5. LONG-TERM OBLIGATIONS - GOVERNMENTAL FUNDS

During the year ended June 30, 2017, 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	\$ 76,323	\$ 14,648	\$ 161,675	\$ 16,831
Compensated absences	<u>22,723</u>	<u>27,191</u>	<u>35,540</u>	<u>14,374</u>	<u>14,374</u>
Total	<u>\$ 122,723</u>	<u>\$ 103,514</u>	<u>\$ 50,188</u>	<u>\$ 176,049</u>	<u>\$ 31,205</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:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	16,831	3,218	20,049
2019	17,009	3,040	20,049
2020	17,226	2,823	20,049
2021	17,493	2,556	20,049
2022	17,813	2,236	20,049
2023-2026	<u>75,303</u>	<u>4,893</u>	<u>80,196</u>
	<u>\$ 161,675</u>	<u>\$ 18,766</u>	<u>\$ 180,441</u>

NOTE 6. LONG-TERM DEBT - ENTERPRISE FUNDS

During the year ended June 30, 2017, the following changes occurred:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Business-type activities:					
Compensated absences	\$	\$ 2,452	\$ 1,985	\$ 467	\$ 467
Water & Sewer loan CWSRF 006	<u>332,803</u>	<u></u>	<u>14,214</u>	<u>318,589</u>	<u>14,640</u>
Total	<u>\$ 332,803</u>	<u>\$ 2,452</u>	<u>\$ 16,199</u>	<u>\$ 319,056</u>	<u>\$ 15,107</u>

STATE OF NEW MEXICO
VILLAGE OF CUBA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

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>
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	16,477	7,720	24,197
2023-2027	90,105	30,883	120,988
2028-2032	104,457	16,532	120,989
2033-2034	<u>46,301</u>	<u>2,094</u>	<u>48,395</u>
	<u>\$ 318,589</u>	<u>\$ 92,771</u>	<u>\$ 411,360</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, 2017

NOTE 8. INTERFUND BALANCES

Interfund balances at June 30, 2017 consisted of the following amounts:

<u>Interfund Receivable</u>	<u>Amount</u>	<u>Interfund Payable</u>	<u>Amount</u>
Major governmental Funds:			
General Fund	\$ 340,101		
Fire Protection Fund	<u>35,637</u>		
Total Major Governmental Funds	<u>375,738</u>		
Nonmajor Governmental Funds:			
Corrections Fund	24,760	Nonmajor Governmental Funds:	
EMS Fund	10,981	Street Fund	15,952
	-	Library	-
LEPF Fund	11,774	Debt Service	1,928
Lodgers Fund	2,972		
Recreation Fund	<u>3,385</u>		
Total Nonmajor Governmental Funds	<u>53,872</u>	Total Nonmajor Governmental Funds	<u>17,880</u>
		Proprietary Funds:	
		Water and Sewer Fund	<u>411,730</u>
		Total Proprietary Funds	<u>411,730</u>
Grand Total	<u><u>\$ 429,610</u></u>	Grand Total	<u><u>\$ 429,610</u></u>

**STATE OF NEW MEXICO
VILLAGE OF CUBA**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 9. PENSION PLAN - PUBLIC EMPLOYEE RETIREMENT ASSOCIATION

Plan description. Public Employees Retirement 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 Officers, 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 Public Employees Retirement 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), each employee and elected official of every affiliated public employer is required to be a member in the Public Employees Retirement Fund, unless specifically excluded.

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

TIER II. The retirement age and service credit requirements for normal retirement for PERA state and municipal general members hired increased effective July 1, 2013 with the passage of Senate Bill 27 in the 2013 Legislative Session. Under the new requirements (Tier II), general members are eligible to retire at any age if the member has at least eight years of service credit and the sum of the member's age and service credit equals at least 85 or at age 67 with 8 or more years of service credit. General members hired on or before June 30, 2013 (Tier I) remain eligible to retire at any age with 25 or more years of service credit. Under Tier II, police and firefighters in Plans 3, 4 and 5 are eligible to retire at any age with 25 or more years of service credit. State police and adult correctional officers, peace officers and municipal juvenile detention officers will remain in 25-year retirement plans, however, service credit will no longer be enhanced by 20%. All public safety members in Tier II may retire at age 60 with 6 or more years of service credit. Generally, under Tier II pension factors were reduced by .5%, employee Contribution increased 1.5 percent and effective July 1, 2014 employer contributions were raised .05 percent. The computation of final average salary increased as the average of salary for 60 consecutive months.

STATE OF NEW MEXICO
VILLAGE OF CUBA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

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

Contributions. See PERA's compressive annual financial report for Contribution provided description

PERA Contribution Rates and Pension Factors as of July 1, 2016						
Coverage Plan	Employee Contribution Percentage		Employer Contribution Percentage	Pension Factor per Year of Service		Pension Maximum as a Percentage of the Final Average Salary
	Annual Salary less than \$20,000	Annual Salary greater than \$20,000		TIER 1	TIER 2	
State Plan 3	7.42 %	8.92 %	16.99 %	3.0 %	2.5 %	90 %
Municipal Plan 1 (plan open to new employers)	7.0 %	8.5 %	7.4 %	2.0 %	2.0 %	90 %
Municipal Plan 2 (plan open to new employers)	9.15 %	10.65 %	9.55 %	2.5 %	2.0 %	90 %
Municipal Plan 3 (plan closed to new employers 6/95)	13.15 %	14.65 %	9.55 %	3.0 %	2.5 %	90 %
Municipal Plan 4 (plan closed to new employers 6/00)	15.65 %	17.15 %	12.05 %	3.0 %	2.5 %	90 %
Municipal Police Plan 1	7.0%	8.5%	10.40%	2.0%	2.0%	90%
Municipal Police Plan 2	7.0%	8.5%	15.40%	2.5%	2.0%	90%
Municipal Police Plan 3	7.0%	8.5%	18.90%	2.5%	2.0%	90%
Municipal Police Plan 4	12.35%	13.85%	18.90%	3.0%	2.5%	90%
Municipal Police Plan 5	16.3%	17.8%	18.90%	3.5%	3.0%	90%
Municipal Fire Plan 1	8.0%	9.5%	11.40%	2.0%	2.0%	90%
Municipal Fire Plan 2	8.0%	9.5%	17.90%	2.5%	2.0%	90%
Municipal Fire Plan 3	8.0%	9.5%	21.65%	2.5%	2.0%	90%
Municipal Fire Plan 4	12.8%	14.3%	21.65%	3.0%	2.5%	90%
Municipal Fire Plan 5	16.2%	17.7%	21.65%	3.5%	3.0%	90%
Municipal Detention Officer Plan 1	16.65%	18.15%	17.05%	3.0%	3.0%	90%
State Police and Adult Correctional Officer Plan 1	7.60%	9.10%	25.50%	3.0%	3.0%	90%
State Plan 3 - Peace Officer	7.42%	8.92%	16.99%	3.0%	3.0%	90%
Juvenile Correctional Officer Plan 2	4.78%	6.28%	26.12%	3.0%	3.0%	90%

STATE OF NEW MEXICO
VILLAGE OF CUBA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

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 net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2016 using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date of June 30, 2016. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2016. The Village of Cuba’s proportion of the net pension liability was based on a projection of the Village of Cuba’s long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2017, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

For PERA Fund Division Municipal General at June 30, 2017, the Village reported a liability of \$770,074 for its proportionate share of the net pension liability. At June 30, 2016, the Village’s proportion was 0.0482 percent, which was an increase of 0.0013 percent from its proportion measured as of June 30, 2015.

For the year ended June 30, 2016, the Village recognized PERA Fund – General, pension expense of \$90,105. At June 30, 2017, the Village reported PERA Fund Division – General deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 38,476	\$ 7,516
Net difference between projected and actual earnings on pension plan investments	141,692	
Changes of assumptions	45,156	128
Changes in proportion and differences between Village contributions and proportionate share of contributions	10,272	22,897
Village's contributions subsequent to the measurement date	<u>40,355</u>	<u> </u>
Total	<u>\$ 275,951</u>	<u>\$ 30,541</u>

\$40,355 reported as deferred outflows of resources related to pensions resulting from Village contributions subsequent to the measurement date June 30, 2016 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**STATE OF NEW MEXICO
VILLAGE OF CUBA**

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

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

Year ended June 30:	Amount
2018	\$ 40,521
2019	40,521
2020	87,862
2021	36,151
Total	\$ 205,055

For PERA Fund Division Municipal General - Housing Authority: at June 30, 2017, the Village reported a liability of \$62,309 for its proportionate share of the net pension liability. At June 30, 2016, the Village's proportion was 0.0039 percent, which was a decrease of (0.0006) percent from its proportion measured as of June 30, 2015.

For the year ended June 30, 2016, the Village recognized PERA Fund – General, pension expense of \$5,685. At June 30, 2017, the Village reported PERA Fund Division – General deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,113	\$ 608
Net difference between projected and actual earnings on pension plan investments	11,465	
Changes of assumptions	3,654	10
Changes in proportion and differences between Village contributions and proportionate share of contributions	2,862	4,741
Village's contributions subsequent to the measurement date	3,735	
Total	\$ 24,829	\$ 5,359

\$3,735 reported as deferred outflows of resources related to pensions resulting from Village contributions subsequent to the measurement date June 30, 2016 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. 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
2018	\$ 3,591
2019	3,591
2020	5,791
2021	2,762
Total	\$ 15,735

STATE OF NEW MEXICO
VILLAGE OF CUBA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

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

For PERA Fund Division Municipal Police at June 30, 2017, the Village reported a liability of \$616,088 for its proportionate share of the net pension liability. At June 30, 2016, the Village's proportion was 0.0835 percent, which was an increase of 0.0060 percent from its proportion measured as of June 30, 2015.

For the year ended June 30, 2016, the Village recognized PERA Fund – General, pension expense of \$90,763. At June 30, 2017, the Village reported PERA Fund Division – General deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 45,230	\$
Net difference between projected and actual earnings on pension plan investments	97,438	
Changes of assumptions	40,806	11,111
Changes in proportion and differences between Village contributions and proportionate share of contributions	33,972	
Village's contributions subsequent to the measurement date	32,159	
Total	\$ 249,605	\$ 11,111

\$32,159 reported as deferred outflows of resources related to pensions resulting from Village contributions subsequent to the measurement date June 30, 2016 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. 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
2018	53,726
2019	53,726
2020	73,335
2021	25,548
Total	\$ 206,335

Actuarial assumptions. The total pension liability in the June 30, 2016 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

STATE OF NEW MEXICO
VILLAGE OF CUBA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

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

PERA

Actuarial valuation date	30-Jun-15
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Pay, Open
Amortization period	Solved for based on statutory rates
Asset valuation method	Fair Value
Actuarial Assumptions:	-
Investment rate of return	7.48% annual rate, net of investment expense
Projected benefit payment	100 years
Payroll Growth	2.75% for first 10 years, then 3.25% annual rate
Projected salary increases	2.75% to 14.00% annual rate
Includes inflation at	2.25% annual rate first 10 years 2.75% all other years
	-
	-
Mortality Assumption	RP-2000 Mortality Tables (Combined table for healthy post-retirement, Employee table for active members, and Disabled table for disabled retirees before retirement age) with projection to 2018 using Scale AA.
Experience Study Dates	July 1, 2008 to June 30, 2013 (demographic) and Ju

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2015. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2016. These assumptions were adopted by the Board use in the June 30, 2015 actuarial valuation.

The long-term expected rate of return on pension plan investments was determined using a building-block method 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 allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

ALL FUNDS - Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	43.50%	7.39%
Risk Reduction & Mitigation	21.50	1.79
Credit Oriented Fixed Income	15.00	5.77
Real Assets	20.00	7.35
Total	100	

**STATE OF NEW MEXICO
VILLAGE OF CUBA**

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 9. PERA Pension Plans (continued)

Discount rate: A single discount rate of 7.48% was used to measure the total pension liability as of June 30, 2016. This single discount rate was based on a long-term expected rate of return on pension plan investments of 7.48%, compounded annually, net of expense. Based on the stated assumptions and the projection of cash flows, the plan’s fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability. The projections of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels.

Sensitivity of the Village’s proportionate share of the net pension liability to changes in the discount rate. The following presents the Village of Grady’s proportionate share of the net pension liability calculated using the discount rate of 7.48 percent, as well as what the Village of Grady’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.48 percent) or 1-percentage-point higher (8.48 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
<u>PERA Fund Division – General Division</u>	<u>(6.48%)</u>	<u>(7.48%)</u>	<u>(8.48%)</u>
Village’s proportionate share of the net pension liability	\$ 1,148,112	\$ 770,074	\$ 456,510

For Housing authority:

	1% Decrease	Current Discount Rate	1% Increase
<u>PERA Fund Division – General Division</u>	<u>(6.48%)</u>	<u>(7.48%)</u>	<u>(8.48%)</u>
Village’s proportionate share of the net pension liability	\$ 92,897	\$ 62,309	\$ 36,937

	1% Decrease	Current Discount Rate	1% Increase
<u>PERA Fund Division – Police Division</u>	<u>(6.48%)</u>	<u>(7.48%)</u>	<u>(8.48%)</u>
Village’s proportionate share of the net pension liability	\$ 906,419	\$ 616,088	\$ 378,632

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in separately issued PERA’S financial reports.

Payables to the pension plan. At June 30, 2017, the Village had no outstanding amount of contributions to the pension plan and therefore, had no payables reported at fiscal year 2017.

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).

STATE OF NEW MEXICO
VILLAGE OF CUBA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

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.

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	\$ (1,876)

B. Excess of expenditures over appropriations:

<u>Fund</u>	<u>Amount</u>
Fire Protection Fund	\$ (10,635)

NOTE 13. SUBSEQUENT EVENTS

The Village has evaluated subsequent events through December 12, 2017, the date the financial statements were available to be issued. There were no material subsequent events.

NOTE 14. NET POSITION RESTATEMENT

A prior period adjustment of \$40,889 has been reflected in the Village's housing authority financial statements to record the net pension asset/liability, deferred outflows/inflows, and adjusted pension expense and net position in accordance to GASB 68.

	<u>Housing Authority</u>
Net Position June 30, 2016	\$ 1,092,642
Prior period adjustment - Implementation GASB 68:	
Net pension liability - 2016	(45,881)
Deferred outflows/Inflows - 2016	4,992
Total prior period adjustment	<u>(40,889)</u>
Net position as restated, July 1, 2016	<u>\$ 1,051,753</u>

SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
VILLAGE OF CUBA
NONMAJOR FUNDS DESCRIPTION
JUNE 30, 2017

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.

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, 2017**

	201- Corrections Fund	206-EMS	211-LEPF	213-Library
ASSETS				
Cash and cash equivalents	\$ 12,521	\$ 141	\$ 3,851	\$ 6,848
Accounts receivable	1,470			
Taxes receivable				
Court fines and fees receivable	3,724			
Due from other funds	<u>24,760</u>	<u>10,981</u>	<u>11,774</u>	<u> </u>
Total assets	<u>\$ 42,475</u>	<u>\$ 11,122</u>	<u>\$ 15,625</u>	<u>\$ 6,848</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$	\$	\$ 3,014	\$ 4,663
Due to other funds	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>0</u>	<u>0</u>	<u>3,014</u>	<u>4,663</u>
FUND BALANCES				
Restricted for:				
Special Revenue Funds	42,475	11,122	12,611	2,185
Unassigned:				
Special Revenue Funds				
Debt Service Funds	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>42,475</u>	<u>11,122</u>	<u>12,611</u>	<u>2,185</u>
Total liabilities and fund balances	<u>\$ 42,475</u>	<u>\$ 11,122</u>	<u>\$ 15,625</u>	<u>\$ 6,848</u>

**STATE OF NEW MEXICO
VILLAGE OF CUBA**

**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017**

	214-Lodgers Tax	216-Street Fund	217- Recreation	403-Debt Service
ASSETS				
Cash and cash equivalents	\$ 28,795	\$	\$ 1,367	\$ 52
Accounts receivable				
Taxes receivable	1,938			
Court fines and fees receivable				
Due from other funds	<u>2,972</u>	<u> </u>	<u>3,385</u>	<u> </u>
Total assets	<u>\$ 33,705</u>	<u>\$ 0</u>	<u>\$ 4,752</u>	<u>\$ 52</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$	\$	\$ 55	\$
Due to other funds	<u> </u>	<u>15,952</u>	<u> </u>	<u>1,928</u>
Total liabilities	<u>0</u>	<u>15,952</u>	<u>55</u>	<u>1,928</u>
FUND BALANCES				
Restricted for:				
Special Revenue Funds	33,705		4,697	
Unassigned:				
Special Revenue Funds		(15,952)		
Debt Service Funds	<u> </u>	<u> </u>	<u> </u>	<u>(1,876)</u>
Total fund balances	<u>33,705</u>	<u>(15,952)</u>	<u>4,697</u>	<u>(1,876)</u>
Total liabilities and fund balances	<u>\$ 33,705</u>	<u>\$ 0</u>	<u>\$ 4,752</u>	<u>\$ 52</u>

STATE OF NEW MEXICO
VILLAGE OF CUBA
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	Total
ASSETS	
Cash and cash equivalents	\$ 53,575
Accounts receivable	1,470
Taxes receivable	1,938
Court fines and fees receivable	3,724
Due from other funds	53,872
Total assets	\$ 114,579
LIABILITIES AND FUND BALANCES	
LIABILITIES	
Accounts payable	\$ 7,732
Due to other funds	17,880
Total liabilities	25,612
FUND BALANCES	
Restricted for:	
Special Revenue Funds	106,795
Unassigned:	
Special Revenue Funds	(15,952)
Debt Service Funds	(1,876)
Total fund balances	88,967
Total liabilities and fund balances	\$ 114,579

**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, 2017**

	201- Corrections Fund	206-EMS	211-LEPF
REVENUES:			
Local revenue			
Licenses, fines & fees	23,735		
Miscellaneous charges for services			
Interest			
State revenue			
State fire allotment			
Grants		10,637	23,000
<i>Total revenues</i>	<u>23,735</u>	<u>10,637</u>	<u>23,000</u>
EXPENDITURES:			
Current:			
General governmental	12,740		
Public safety		14,765	
Culture and recreation			
Public works			22,213
Debt service:			
Principal			
Interest and fees			
<i>Total expenditures</i>	<u>12,740</u>	<u>14,765</u>	<u>22,213</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>10,995</u>	<u>(4,128)</u>	<u>787</u>
Net change in fund balance	10,995	(4,128)	787
Fund balance - beginning of year	<u>31,480</u>	<u>15,250</u>	<u>11,824</u>
Fund balance - end of year	<u>\$ 42,475</u>	<u>\$ 11,122</u>	<u>\$ 12,611</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, 2017**

	213-Library	214-Lodgers Tax	216-Street Fund	217- Recreation
REVENUES:				
Local revenue				
Licenses, fines & fees				
Miscellaneous charges for services		13,333		2,097
Interest				
State revenue				
State fire allotment				
Grants	8,923			
<i>Total revenues</i>	8,923	13,333	0	2,097
EXPENDITURES:				
Current:				
General governmental				
Public safety				
Culture and recreation	6,895	18,680		2,475
Public works				
Debt service:				
Principal				
Interest and fees				
<i>Total expenditures</i>	6,895	18,680	0	2,475
<i>Excess (deficiency) of revenues over expenditures</i>	2,028	(5,347)	0	(378)
Net change in fund balance	2,028	(5,347)	0	(378)
Fund balance - beginning of year	157	39,052	(15,952)	5,075
Fund balance - end of year	\$ 2,185	\$ 33,705	\$ (15,952)	\$ 4,697

**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, 2017**

	403-Debt Service	Total
REVENUES:		
Local revenue		
Licenses, fines & fees		23,735
Miscellaneous charges for services		15,430
Interest	51	51
State revenue		
State fire allotment	20,050	20,050
Grants		42,560
	<u>20,101</u>	<u>101,826</u>
<i>Total revenues</i>		
EXPENDITURES:		
Current:		
General governmental		12,740
Public safety		14,765
Culture and recreation		28,050
Public works		22,213
Debt service:		
Principal	14,648	14,648
Interest and fees	5,401	5,401
	<u>20,049</u>	<u>97,817</u>
<i>Total expenditures</i>		
<i>Excess (deficiency) of revenues over expenditures</i>	<u>52</u>	<u>4,009</u>
Net change in fund balance	52	4,009
Fund balance - beginning of year	<u>(1,928)</u>	<u>84,958</u>
Fund balance - end of year	<u>\$ (1,876)</u>	<u>\$ 88,967</u>

STATE OF NEW MEXICO
VILLAGE OF CUBA
AGENCY FUNDS DESCRIPTION
JUNE 30, 2017

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, 2017**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<i>MOTOR VEHICLE FUND:</i>				
ASSETS				
Cash	\$ 240	\$	\$	\$ 240
Total assets	<u>240</u>	<u>0</u>	<u>0</u>	<u>240</u>
LIABILITIES				
Due to other entities	<u>240</u>			<u>240</u>
Total liabilities	<u>240</u>	<u>0</u>	<u>0</u>	<u>240</u>
<i>MUNICIPAL COURT FUND:</i>				
ASSETS				
Cash	<u>14,670</u>	<u>94,225</u>	<u>94,189</u>	<u>14,706</u>
Total assets	<u>14,670</u>	<u>94,225</u>	<u>94,189</u>	<u>14,706</u>
LIABILITIES				
Due to other entities	<u>14,670</u>	<u>94,225</u>	<u>94,189</u>	<u>14,706</u>
Total liabilities	<u>14,670</u>	<u>94,225</u>	<u>94,189</u>	<u>14,706</u>
<i>MUNICIPAL JUDGE'S BOND FUND:</i>				
ASSETS				
Cash	<u>4,345</u>	<u>2,938</u>	<u>1,884</u>	<u>5,399</u>
Total assets	<u>4,345</u>	<u>2,938</u>	<u>1,884</u>	<u>5,399</u>
LIABILITIES				
Due to other entities	<u>4,345</u>	<u>2,938</u>	<u>1,884</u>	<u>5,399</u>
Total liabilities	<u>4,345</u>	<u>2,938</u>	<u>1,884</u>	<u>5,399</u>
ASSETS (TOTAL)				
CASH	<u>19,255</u>	<u>97,163</u>	<u>96,073</u>	<u>20,345</u>
TOTAL ASSETS	<u>19,255</u>	<u>97,163</u>	<u>96,073</u>	<u>20,345</u>
LIABILITIES (TOTAL)				
DUE TO OTHER ENTITIES	<u>19,255</u>	<u>97,163</u>	<u>96,073</u>	<u>20,345</u>
TOTAL LIABILITIES	<u>\$ 19,255</u>	<u>\$ 97,163</u>	<u>\$ 96,073</u>	<u>\$ 20,345</u>

STATE OF NEW MEXICO
VILLAGE OF CUBA
COLLATERAL PLEDGED BY DEPOSITORY FOR PUBLIC FUNDS
YEAR ENDED JUNE 30, 2017

<u>Description of Pledged Collateral</u>	<u>Maturity</u>	<u>CUSIP No.</u>	<u>Market or Par Value June 30, 2017</u>
FNMA FNMS 3.500% 07/01/42	1/1/2043	3138NYCZ6	<u>\$ 93,679</u>
Total Wells Fargo Bank Pledged Securities			<u>\$ 93,679</u>

STATE OF NEW MEXICO
VILLAGE OF CUBA
SCHEDULE OF DEPOSIT ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2017

<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	\$ 192,804	\$ 191,533
Wells Fargo	Juvenile Fund	Checking	1,317	1,317
Wells Fargo	Fire Protection	Checking	24,462	24,462
Wells Fargo	Library	Checking	6,848	6,848
Wells Fargo	Lodgers Tax	Checking	28,795	28,795
Wells Fargo	Water and Sewer System	Checking	70,661	70,984
Wells Fargo	Water and Sewer Improvements	Checking		
Wells Fargo	W/S Deposits	Checking	40,889	40,889
Wells Fargo	Local Govt Corrections Fund	Checking	10,905	10,905
Wells Fargo	EMS	Checking	141	141
Cuba Credit Union	Regular Share Account	Savings	213	213
<u>Village of Cuba Housing Authority</u>				
Wells Fargo	Public Housing Deposits	Checking	23,227	22,508
Wells Fargo	Security Deposit Account	Checking	<u>5,552</u>	<u>5,552</u>
Cash and cash equivalents			<u>409,615</u>	<u>407,948</u>
Petty cash	Petty cash - GF	Petty Cash		50
Petty cash	Petty cash - LEPF	Petty Cash		50
Petty cash	Petty cash - Recreation	Petty Cash		50
Petty cash	Petty cash - water	Petty Cash		<u>53</u>
Petty cash			<u>0</u>	<u>203</u>
Total deposit and investment accounts			<u>409,615</u>	<u>408,151</u>
Total deposit and investment accounts- non-agency			<u>409,615</u>	<u>408,151</u>
Agency funds cash accounts:				
Petty cash	MVD Cash Drawer	Petty Cash		240
Cuba Credit Union	Municipal Court	Checking	14,706	14,706
Cuba Credit Union	Municipal Court/ Bonds	Checking	<u>5,399</u>	<u>5,399</u>
Total cash - agency funds			<u>20,105</u>	<u>20,345</u>
Total depository accounts			<u>\$ 429,720</u>	<u>\$ 428,496</u>

STATE OF NEW MEXICO
VILLAGE OF CUBA
SCHEDULE OF JOINT POWERS AGREEMENTS
JUNE 30, 2017

Joint Power Agreement	Participants	Responsible Party	Description	Beginning and Ending Dates	Total estimated project amount and amount applicable to Village	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, 2017

FDS Line Items	Low Rent Housing Project	Capital Fund Program	Total
111 Cash - Unrestricted	\$ 22,508		\$ 22,508
114 Cash - Tenant Security Deposits	5,552		5,552
100 Total Cash	28,060		28,060
122 Accounts Receivable - HUD Other Projects	94,175		94,175
126 Accounts Receivable - Tenants	3,625		3,625
120 Total Receivables, Net of Allowances for Doubtful Accounts	97,800		97,800
150 Total Current Assets	125,860		125,860
161 Land	15,608		15,608
162 Buildings	1,754,085		1,754,085
163 Furniture, Equipment & Machinery - Dwellings	59,043		59,043
164 Furniture, Equipment & Machinery - Administration	73,468		73,468
165 Leasehold Improvements	103,060		103,060
166 Accumulated Depreciation	(1,050,351)		(1,050,351)
160 Total Capital Assets, Net of Accumulated Depreciation	954,913		954,913
180 Total Non-Current Assets	954,913		954,913
200 Deferred Outflow of Resources	24,829		24,829
290 Total Assets and Deferred Outflow of Resources	1,105,602		1,105,602
312 Accounts Payable <= 90 Days	7,555		7,555
321 Accrued Wage/Payroll Taxes Payable	1,261		1,261
341 Tenant Security Deposits	5,552		5,552
345 Other Current Liabilities	4,780		4,780
310 Total Current Liabilities	19,148		19,148
357 Accrued Pension and OPEB Liabilities	62,309		62,309
350 Total Non-Current Liabilities	62,309		62,309
300 Total Liabilities	81,457		81,457
400 Deferred Inflow of Resources	5,359		5,359
508.4 Net Investment in Capital Assets	954,913		954,913
512.4 Unrestricted Net Position	63,873		63,873
513 Total Equity - Net Assets / Position	1,018,786		1,018,786
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$ 1,105,602		\$ 1,105,602

STATE OF NEW MEXICO
VILLAGE OF CUBA
HOUSING AUTHORITY FINANCIAL DATA SCHEDULE
JUNE 30, 2017

FDS Line Items	Low Rent Housing Project	Capital Fund Program	Total
70300 Net Tenant Rental Revenue	\$ 66,517		\$ 66,517
70400 Tenant Revenue - Other	1,044		1,044
70500 Total Tenant Revenue	67,561		67,561
70600 HUD PHA Operating Grants	81,079		81,079
70610 Capital Grants		867	867
70000 Total Revenue	148,640	867	149,507
			-
91100 Administrative Salaries	24,385		24,385
91200 Auditing Fees	2,400		2,400
91300 Management Fee	4,784		4,784
91500 Employee Benefit contributions - Administrative	3,239		3,239
91600 Office Expenses	509		509
91900 Other	16,461	867	17,328
91000 Total Operating - Administrative	51,778	867	52,645
			-
93100 Water	23,210		23,210
93200 Electricity	4,036		4,036
93300 Gas	1,065		1,065
93400 Fuel	585		585
93000 Total Utilities	28,896		28,896
			-
94100 Ordinary Maintenance and Operations - Labor	24,119		24,119
94200 Ordinary Maintenance and Operations - Materials and Other	7,499		7,499
94300 Ordinary Maintenance and Operations Contracts	4,627		4,627
94500 Employee Benefit Contributions - Ordinary Maintenance	4,161		4,161
94000 Total Maintenance	40,406		40,406
			-
96110 Property Insurance	3,429		3,429
96120 Liability Insurance	844		844
96140 All Other Insurance	1,363		1,363
96100 Total insurance Premiums	5,636		5,636
96900 Total Operating Expenses	126,716	867	127,583
			-
97000 Excess of Operating Revenue over Operating Expenses	21,924	-	21,924
			-
97100 Extraordinary Maintenance	5,402		5,402
97400 Depreciation Expense	49,489		49,489
90000 Total Expenses	181,607	867	182,474
			-
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(32,967)	-	(32,967)
			-
11030 Beginning Equity	1,092,642		1,092,642
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	(40,889)		(40,889)
			-
11190 Unit Months Available	336		336
11210 Number of Unit Months Leased	330		330
11270 Excess Cash	96,153		96,153

**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, 2017

<u>Public Employees Retirement Association (PERA) Plan:</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Village's proportion of the net pension liability (asset)	0.0482%	0.0469%	0.0509%
Village's proportionate share of the net pension liability (asset)	\$770,074	\$ 478,186	\$ 397,075
Village's covered-employee payroll	\$335,986	\$ 372,185	\$ 436,544
Village's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	229.20%	128.48%	90.96%
Plan fiduciary net position as a percentage of the total pension liability	69.18%	76.99%	81.29%

For Housing Authority

<u>Public Employees Retirement Association (PERA) Plan:</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Village's proportion of the net pension liability (asset)	0.0039%	0.0045%	0.0040%
Village's proportionate share of the net pension liability (asset)	\$ 62,309	\$ 45,881	\$ 31,204
Village's covered-employee payroll	\$ 22,435	\$ 32,896	\$ 36,586
Village's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	277.73%	139.47%	85.29%
Plan fiduciary net position as a percentage of the total pension liability	69.18%	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, 2017

<u>Public Employees Retirement Association (PERA) Plan:</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Village's proportion of the net pension liability (asset)	0.0835%	0.0775%	0.0724%
Village's proportionate share of the net pension liability (asset)	\$ 616,088	\$ 372,663	\$236,016
Village's covered-employee payroll	\$ 255,655	\$ 262,639	\$187,503
Village's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	240.98%	141.89%	125.87%
Plan fiduciary net position as a percentage of the total pension liability	69.18%	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, 2017

<u>PERA Fund Division</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 40,355	\$ 36,390	\$36,979
Contributions in relation to the contractually required contribution	\$ 40,355	\$ 36,390	\$36,979
Contribution deficiency (excess)	-	-	-

For Housing Authority:

<u>PERA Fund Division</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 3,735	\$ 2,940	\$ 3,566
Contributions in relation to the contractually required contribution	\$ 3,735	\$ 2,940	\$ 3,566
Contribution deficiency (excess)	-	-	-

**STATE OF NEW MEXICO
VILLAGE OF CUBA**

SCHEDULE OF CONTRIBUTIONS PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA)
MUNICIPAL POLICE DIVISION
FOR THE YEAR ENDED JUNE 30, 2017

<u>PERA Fund Division</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 32,159	\$34,488	\$ 29,124
Contributions in relation to the contractually required contribution	\$ 32,159	\$34,488	\$ 29,124
Contribution deficiency (excess)	-	-	-

Changes of benefit terms. The PERA and COLA and retirement eligibility benefits changes in recent years are described in Note 1 of PERA’s CFAR. <https://www.saonm.org>.

Assumptions. The Public Employee Retirement Association of New Mexico Annual Actuarial Valuations as of June 2016 report is available at <http://www.nmpera.org/>.

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. Wayne Johnson,
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 and major special revenue fund of the Village of Cuba, New Mexico (Village) as of and for the year ended June 30, 2017, and related notes to the financial statements, which collectively comprise the Village's basic financial statements, and the combining and individual funds of the Village's, presented as supplemental information, and have issued our report thereon dated December 12, 2017.

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, 2017

STATE OF NEW MEXICO
VILLAGE OF CUBA
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2017

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, 2017**

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>
Fire Protection Fund	\$ 10,635

The Village did not make any 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 will assure that all recorded expenses for the fiscal year end are expended according to the approved budget.

Estimated Completion Date

January 15, 2018

Responsible party

Village Clerk-Treasurer

STATE OF NEW MEXICO
VILLAGE OF CUBA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2017

SECTION III - SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

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

STATE OF NEW MEXICO
VILLAGE OF CUBA
EXIT CONFERENCE
FOR THE YEAR ENDED JUNE 30, 2017

An exit conference was held on December 13, 2017, 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