

**STATE OF NEW MEXICO
VILLAGE OF CUBA
ANNUAL FINANCIAL REPORT
JUNE 30, 2019**

INTRODUCTORY SECTION

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

	<u>Page</u>
INTRODUCTORY SECTION	
Table of Contents	1
Official Roster.....	3
FINANCIAL SECTION	
Independent Auditor's Report	4
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements:	
Statement of Net Position	7
Statement of Activities	8
Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	9
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position.....	10
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	11
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances -Governmental Funds to the Statement of Activities	12
Statements of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis) Major Funds:	
General Fund.....	13
Fire Protection Fund.....	14
Proprietary Funds - Statement of Net Position	15
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	16
Statement of Cash Flows – Proprietary Funds.....	17
Statement of Fiduciary Assets and Liabilities – Agency Funds	18
Notes to the Financial Statements.....	19

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

	<u>Page</u>
SUPPLEMENTARY INFORMATION	
Non-major Fund Descriptions.....	45
Combining Balance Sheet - Nonmajor Governmental Funds	46
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds.....	49
SUPPORTING SCHEDULES	
Agency Funds Description.....	52
Schedule of Changes in Assets and Liabilities - Agency Funds.....	53
Collateral Pledged by Depository for Public Funds	54
Schedule of Deposit Accounts	55
Housing Authority - Financial Data Schedule.....	56
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Proportionate share of the Net Pension Liability of PERA Fund Division	58
Schedule of Contributions Public Employees Retirement Association (PERA) Fund Division	60
Notes to Required Supplementary Information.....	62
FEDERAL COMPLIANCE	
Schedule of Expenditures of Federal Awards.....	63
Notes to the Schedule of Expenditures of Federal Awards.....	64
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 <i>Government Auditing Standards</i>	65
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Uniform Guidance	67
Summary of Audit Results.....	69
Schedule of Findings and Questioned Costs.....	70-71
EXIT CONFERENCE	72

STATE OF NEW MEXICO
VILLAGE OF CUBA
OFFICIAL ROSTER
JUNE 30, 2019

Name		Title
	Elected Officials	
Richard R. Velarde		Mayor
Gilbert Dominguez		Mayor Pro-tem
Sandra K. Weippert		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. Brian Colón,
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, 2019, 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 2018 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, 2019, 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 68-69, the Schedule of Contributions on pages 70-71 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 Schedule of Expenditures for Federal Awards as required by the Office of Management and Budget Title 2 U.S. CFR Part 200, Uniform Guidance, and 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, Financial Data Schedule, and the Schedule of Expenditures of Federal Awards (Uniform Guidance) 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, Financial Data Schedule, and Schedule of Expenditures of Federal Awards 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 January 23, 2020 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 solely 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 effectiveness of the Village's 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.

Baldwin Accounting & Consulting, LLC

Baldwin Accounting & Consulting, LLC

Albuquerque, New Mexico

January 23, 2020

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

STATE OF NEW MEXICO
VILLAGE OF CUBA
STATEMENT OF NET POSITION
JUNE 30, 2019

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Assets			
Current Assets			
Cash and cash equivalents	\$ 338,083	\$ 226,506	\$ 564,589
Accounts receivable, net of allowance	-	37,066	37,066
Taxes receivable	190,199	-	190,199
Court fines and fees receivable	1,100	-	1,100
Grants receivable	-	116,334	116,334
Other assets	1,634	-	1,634
Internal balances	<u>352,036</u>	<u>(352,036)</u>	<u>-</u>
Total Current Assets	883,052	27,870	910,922
Noncurrent Assets			
Capital Assets	7,901,647	10,429,306	18,330,953
Less: Accumulated Depreciation	<u>(3,851,236)</u>	<u>(3,612,536)</u>	<u>(7,463,772)</u>
Total Noncurrent Assets	<u>4,050,411</u>	<u>6,816,770</u>	<u>10,867,181</u>
Deferred Outflows of Resources:			
Deferred Outflows, Pension Related	<u>281,159</u>	<u>54,103</u>	<u>335,262</u>
Total Deferred Outflows of Resources	<u>281,159</u>	<u>54,103</u>	<u>335,262</u>
Total Assets and Deferred Outflows of Resources	<u>5,214,622</u>	<u>6,898,743</u>	<u>12,113,365</u>
Liabilities			
Current Liabilities			
Accounts payable	39,983	19,408	59,391
Insurance payable	26,224	68,329	94,553
Gross receipts tax payable	-	287,325	287,325
Accrued salaries and benefits	24,779	58,906	83,685
Deposit payable	-	61,507	61,507
Unearned revenue	-	-	-
Long-term liabilities, due in one year	17,226	2,255	19,481
Compensated absences, due in one year	<u>11,213</u>	<u>2,989</u>	<u>14,202</u>
Total Current Liabilities	119,425	500,719	620,144
Noncurrent Liabilities			
Aggregate net pension liability	984,900	172,931	1,157,831
Long-term liabilities, due in more than one year	<u>110,609</u>	<u>744,668</u>	<u>855,277</u>
Total Noncurrent Liabilities	<u>1,095,509</u>	<u>917,599</u>	<u>2,013,108</u>
Deferred Inflows of Resources			
Deferred Inflows, Pension Related	<u>186,926</u>	<u>54,613</u>	<u>241,539</u>
Total Deferred Inflows of Resources	<u>186,926</u>	<u>54,613</u>	<u>241,539</u>
Total Liabilities and Deferred Inflows of Resources	<u>1,401,860</u>	<u>1,472,931</u>	<u>2,874,791</u>
Net Position			
Net investment in capital assets	3,922,576	5,132,083	9,054,659
Restricted for:			
Special revenue funds	187,994	-	187,994
Unrestricted	<u>(297,808)</u>	<u>293,729</u>	<u>(4,079)</u>
Total Net Position	<u>\$ 3,812,762</u>	<u>\$ 5,425,812</u>	<u>\$ 9,238,574</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
VILLAGE OF CUBA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 696,710	\$ 4,765	\$ 112,404	\$ -	\$ (579,541)	\$ -	\$ (579,541)
Public safety	599,647	70,128	544,814	-	15,295	-	15,295
Highways and streets	-	-	-	-	-	-	-
Culture and recreation	161,114	291	148,374	-	(12,449)	-	(12,449)
Public works	79,163	-	74,000	-	(5,163)	-	(5,163)
Debt service - interest	3,040	-	-	-	(3,040)	-	(3,040)
Total governmental activities	\$ 1,539,674	\$ 75,184	\$ 879,592	\$ -	(584,898)	-	(584,898)
Business-type activities:							
Water and sewer	582,545	419,610	-	817,123	-	654,188	654,188
Housing authority	164,495	74,941	138,229	-	-	48,675	48,675
Total business-type activities	747,040	494,551	138,229	817,123	-	702,863	702,863
Total	2,286,714	569,735	1,017,821	817,123	(584,898)	702,863	117,965
General revenues:							
Taxes:							
					35,911	-	35,911
					77,314	-	77,314
					730,691	-	730,691
					73,951	-	73,951
					52,491	-	52,491
					12,881	-	12,881
					-	-	-
					30,855	-	30,855
					1,014,094	-	1,014,094
					429,196	702,863	1,132,059
					3,253,398	4,718,111	7,971,509
					130,168	4,838	135,006
					3,383,566	4,722,949	8,106,515
					\$ 3,812,762	\$ 5,425,812	\$ 9,238,574

FUND FINANCIAL STATEMENTS

STATE OF NEW MEXICO
VILLAGE OF CUBA
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2019

	General Fund #101	Fire Protection Fund #209	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 231,516	\$ 42,396	\$ 64,171	\$ 338,083
Taxes receivable	187,850	-	2,349	190,199
Court fines and fees receivable	-	-	1,100	1,100
Due from other funds	306,556	35,292	88,691	430,539
Other assets	-	(307)	1,941	1,634
Total Assets	<u>\$ 725,922</u>	<u>\$ 77,381</u>	<u>\$ 158,252</u>	<u>\$ 961,555</u>
Liabilities and fund balance				
Liabilities:				
Accounts payable	\$ 29,695	\$ 6,746	\$ 3,542	\$ 39,983
Insurance payable	26,224	-	-	26,224
Accrued salaries and benefits	24,779	-	-	24,779
Due to other funds	25,525	-	52,978	78,503
Unearned revenue	-	-	-	-
Total liabilities	<u>106,223</u>	<u>6,746</u>	<u>56,520</u>	<u>169,489</u>
Fund balance:				
Restricted for:				
Special revenue funds	-	70,635	117,359	187,994
Unassigned				
General fund	619,699	-	-	619,699
Special revenue funds	-	-	(15,952)	(15,952)
Debt service funds	-	-	325	325
Total fund balance	<u>619,699</u>	<u>70,635</u>	<u>101,732</u>	<u>792,066</u>
Total liabilities and fund balance	<u>\$ 725,922</u>	<u>\$ 77,381</u>	<u>\$ 158,252</u>	<u>\$ 961,555</u>

The notes to the financial statements are an integral part of this statement.

**STATE OF NEW MEXICO
VILLAGE OF CUBA**

**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019**

	<u>Governmental Fund</u>
Amounts reported for governmental activities in the statement of net position are different because:	
Fund balances - total governmental funds	\$ 792,066
Accrued compensated absences are not payable from current revenues	(11,213)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets	7,901,647
Accumulated depreciation	(3,851,236)
Defined benefit pension plan deferred outflows and inflows are not financial resources and, therefore, are not reported in the funds	
Deferred outflows of resources related to pension	281,159
Deferred inflows of resources related to pension	(186,926)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds	
Net pension liability	(984,900)
Loan	<u>(127,835)</u>
Net position of governmental activities	<u>\$ 3,812,762</u>

The notes to the financial statements are an integral part of this statement.

**STATE OF NEW MEXICO
VILLAGE OF CUBA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	General Fund #101	Fire Protection Fund #209	Other Governmental Funds	Total Governmental Funds
Revenues:				
<i>Local revenue</i>				
Franchise tax	\$ 35,911	\$ -	\$ -	\$ 35,911
Gross receipts tax - local	209,732	-	-	209,732
Property taxes	73,951	-	-	73,951
Licenses, fines & fees	117,520	-	17,318	134,838
Miscellaneous charges for services	1,232	2,911	19,225	23,368
Interest	-	-	325	325
<i>State revenues</i>				
Gross receipts tax - state shared	612,801	-	-	612,801
CFT gas tax	77,314	-	-	77,314
State fire allotment	-	272,703	19,917	292,620
Small cities distribution	90,000	-	-	90,000
Grants	236,203	6,381	175,427	418,011
<i>Total revenues</i>	<u>1,454,664</u>	<u>281,995</u>	<u>232,212</u>	<u>1,968,871</u>
Expenditures:				
Current:				
General government	543,150	-	33,050	576,200
Public safety	374,167	110,598	16,086	500,851
Culture and recreation	124,273	-	12,015	136,288
Public works	62,845	-	-	62,845
Capital outlay	397,571	161,988	141,451	701,010
Debt service principal	-	-	17,009	17,009
Debt service interest and fees	-	-	3,040	3,040
<i>Total expenditures</i>	<u>1,502,006</u>	<u>272,586</u>	<u>222,651</u>	<u>1,997,243</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(47,342)</u>	<u>9,409</u>	<u>9,561</u>	<u>(28,372)</u>
<i>Net change in fund balance</i>	(47,342)	9,409	9,561	(28,372)
Fund balance (deficit) at beginning of the year	<u>567,786</u>	<u>72,014</u>	<u>95,809</u>	<u>735,609</u>
<i>Restatement</i>	99,255	(10,788)	(3,638)	84,829
<i>Fund balance - beginning as restated</i>	<u>667,041</u>	<u>61,226</u>	<u>92,171</u>	<u>820,438</u>
Fund balance at end of the year	<u>\$ 619,699</u>	<u>\$ 70,635</u>	<u>\$ 101,732</u>	<u>\$ 792,066</u>

The notes to the financial statements are an integral part of this statement.

**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, 2019**

	Governmental Fund
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
Net change in fund balance - total governmental funds	\$ (28,372)
<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	(240,841)
Capital outlay	701,010
<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>	
Debt service - principal	17,009
<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>	
Compensated absences at:	
June 30, 2018	22,757
June 30, 2019	(24,779)
Deferred contributions to pension plan	60,022
Pension expense	<u>(77,610)</u>
Change in net position of governmental activities	<u>\$ 429,196</u>

The notes to the financial statements are an integral part of this statement.

**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, 2019**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
Revenues:				
<i>Local revenue</i>				
Franchise tax	\$ 35,000	\$ 35,000	\$ 35,911	\$ 911
Gross receipts tax - local	513,000	513,000	209,732	(303,268)
Property taxes	68,594	68,594	73,951	5,357
Licenses, fines & fees	99,800	99,800	117,520	17,720
Miscellaneous charges for services	39,000	39,000	1,232	(37,768)
Interest	-	-	-	-
<i>State revenues</i>				
Gross receipts tax - state shared	300,000	300,000	612,801	312,801
CFT gas tax	80,000	80,000	77,314	(2,686)
State fire allotment	-	-	-	-
Small cities distribution	90,000	90,000	90,000	-
Grants	108,000	108,000	236,203	128,203
<i>Total revenues</i>	1,333,394	1,333,394	1,454,664	121,270
Expenditures:				
<i>Current:</i>				
General government	774,490	706,141	488,676	217,465
Public safety	476,819	479,019	374,167	104,852
Culture and recreation	166,058	166,058	124,273	41,785
Public works	97,772	97,772	62,845	34,927
Capital outlay	80,000	207,800	397,571	(189,771)
<i>Total expenditures</i>	1,595,139	1,656,790	1,447,532	209,258
Excess (deficiency) of revenues over expenditures	(261,745)	(323,396)	7,132	(87,988)
Net change in fund balance	(261,745)	(323,396)	7,132	(87,988)
Fund balance at beginning of the year	-	-	567,786	-
<i>Restatement</i>	-	-	99,255	-
<i>Fund balance - beginning as restated</i>	-	-	667,041	-
Fund balance at end of the year	\$ (261,745)	\$ (323,396)	674,173	\$ (87,988)
RECONCILIATION TO GAAP BASIS:				
Adjustments to revenues			-	
Adjustments to expenditures			(54,474)	
Fund balance at end of the year (GAAP basis)			\$ 619,699	

The notes to the financial statements are an integral part of this statement.

**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, 2019**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
<i>State revenue:</i>				
State fire allotment	\$ 197,459	\$ 197,459	\$ 272,703	\$ 75,244
Grants	-	-	9,292	-
<i>Total revenues</i>	197,459	197,459	281,995	75,244
Expenditures:				
<i>Current:</i>				
Public safety	177,410	177,410	103,852	73,558
Capital outlay	4,951	102,951	161,988	(59,037)
<i>Total expenditures</i>	177,410	177,410	265,840	14,521
Excess (deficiency) of revenues over expenditures	20,049	20,049	16,155	60,723
Net change in fund balance	20,049	20,049	16,155	60,723
Fund balance at beginning of the year	-	-	72,014	-
<i>Restatement</i>	-	-	(10,788)	-
<i>Fund balance - beginning as restated</i>	-	-	61,226	-
Fund balance at end of the year	\$ 20,049	\$ 20,049	77,381	\$ 60,723
RECONCILIATION TO GAAP BASIS:				
Adjustments to revenues			-	
Adjustments to expenditures			(6,746)	
Fund balance at end of the year (GAAP basis)			\$ 70,635	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
VILLAGE OF CUBA
PROPRIETARY FUNDS - STATEMENT OF NET POSITION
JUNE 30, 2019

	Water and Sewer Fund #500	Housing Authority Fund #600	Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 182,646	\$ 43,860	\$ 226,506
Accounts receivable, net of allowance	34,601	2,465	37,066
Grants receivable	-	116,334	116,334
Total Current Assets	<u>217,247</u>	<u>162,659</u>	<u>379,906</u>
Noncurrent Assets			
Capital Assets:			
Land and water rights	3,420,635	15,608	3,436,243
Construction in process	2,663,488	-	2,663,488
Buildings, improvements, and equipment	2,265,739	2,063,836	4,329,575
Less: Accumulated Depreciation	<u>(2,470,856)</u>	<u>(1,141,680)</u>	<u>(3,612,536)</u>
Total Noncurrent Assets	<u>5,879,006</u>	<u>937,764</u>	<u>6,816,770</u>
Deferred Outflows of Resources:			
Deferred Outflows, Pension Related	<u>40,719</u>	<u>13,384</u>	<u>54,103</u>
Total Deferred Outflows of Resources	<u>40,719</u>	<u>13,384</u>	<u>54,103</u>
Total Assets and Deferred Outflows of Resources	<u>6,136,972</u>	<u>1,113,807</u>	<u>7,250,779</u>
Liabilities			
Current Liabilities			
Accounts payable	15,359	4,049	19,408
Insurance payable	68,329	-	68,329
Gross receipts tax payable	287,325	-	287,325
Accrued salaries and benefits	58,085	821	58,906
Deposit payable	56,000	5,507	61,507
Unearned revenue	-	-	-
Due to other funds	352,036	-	352,036
Long-term liabilities, due in one year	2,255	-	2,255
Compensated absences, due in one year	<u>2,989</u>	<u>-</u>	<u>2,989</u>
Total Current Liabilities	<u>842,378</u>	<u>10,377</u>	<u>852,755</u>
Noncurrent Liabilities			
Aggregate net pension liability	142,638	30,293	172,931
Long-term liabilities, due in more than one year	<u>744,668</u>	<u>-</u>	<u>744,668</u>
Total Noncurrent Liabilities	<u>887,306</u>	<u>30,293</u>	<u>917,599</u>
Deferred Inflows of Resources			
Deferred Inflows, Pension Related	<u>27,071</u>	<u>27,542</u>	<u>54,613</u>
Total Deferred Inflows of Resources	<u>27,071</u>	<u>27,542</u>	<u>54,613</u>
Total Liabilities and Deferred Inflows of Resources	<u>1,756,755</u>	<u>68,212</u>	<u>1,824,967</u>
Net Position			
Net investment in capital assets	5,132,083	-	5,132,083
Unrestricted	<u>(751,866)</u>	<u>1,045,595</u>	<u>293,729</u>
Total Net Position	<u>\$ 4,380,217</u>	<u>\$ 1,045,595</u>	<u>\$ 5,425,812</u>

The notes to the financial statements are an integral part of this statement.

**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, 2019**

	<u>Water and Sewer Fund #500</u>	<u>Housing Authority Fund #600</u>	<u>Total</u>
Operating revenues:			
Sales and services	\$ 419,610	\$ -	\$ 419,610
Facilities rentals	-	73,162	73,162
Miscellaneous /other	-	1,779	1,779
	<hr/>	<hr/>	<hr/>
<i>Total operating revenues</i>	419,610	74,941	494,551
	<hr/>	<hr/>	<hr/>
Operating expenses:			
Operating expenses	386,008	111,571	497,579
Depreciation	186,092	50,364	236,456
	<hr/>	<hr/>	<hr/>
<i>Total operating expenses</i>	572,100	161,935	734,035
	<hr/>	<hr/>	<hr/>
<i>Operating income (loss)</i>	(152,490)	(86,994)	(239,484)
	<hr/>	<hr/>	<hr/>
Non-operating revenues (expenses):			
Extraordinary maintenance	-	(2,560)	(2,560)
Intergovernmental capital grant	-	137,948	137,948
Operating grant	817,123	-	817,123
Debt service-interest and fees	(10,445)	-	(10,445)
Gain/loss on sale of fixed assets	-	281	281
	<hr/>	<hr/>	<hr/>
<i>Total non-operating revenues (expenses)</i>	806,678	135,669	942,347
	<hr/>	<hr/>	<hr/>
<i>Change in net position</i>	654,188	48,675	702,863
	<hr/>	<hr/>	<hr/>
Total net position at beginning of year	3,721,191	996,920	4,718,111
<i>Restatement</i>	4,838	-	4,838
<i>Fund balance - beginning as restated</i>	3,726,029	996,920	4,722,949
	<hr/>	<hr/>	<hr/>
Total net position at end of year	\$ 4,380,217	\$ 1,045,595	\$ 5,425,812
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The notes to the financial statements are an integral part of this statement.

**STATE OF NEW MEXICO
VILLAGE OF CUBA
STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED JUNE 30, 2019**

	Water and Sewer	Housing Authority	Total
Cash Flows from Operating Activities			
Cash received from customers and grantors	\$ 411,075	\$ 80,943	\$ 492,018
Cash payments to vendors and employees	(457,246)	(151,775)	(609,021)
Net cash provided by operating activities	<u>(46,171)</u>	<u>(70,832)</u>	<u>(117,003)</u>
Cash Flows From Non-Capital and Related Financing Activities			
Change in due to/due from accounts	117,825	-	117,825
Net cash used by non-capital and related financing activities	<u>117,825</u>	<u>-</u>	<u>117,825</u>
Cash Flows From Capital and Related Financing Activities			
Purchase of capital assets	(817,123)	(40,095)	(857,218)
Capital grant received	817,123	137,948	955,071
Debt service - principal and interest	(27,840)	-	(27,840)
Loan proceeds	-	-	-
Net cash used by capital and related financing activities	<u>(27,840)</u>	<u>97,853</u>	<u>70,013</u>
Net change in cash and cash equivalents	43,814	27,021	70,835
Cash and cash equivalents, beginning of year	138,832	16,839	155,671
Cash and cash equivalents, end of year	<u>\$ 182,646</u>	<u>\$ 43,860</u>	<u>\$ 226,506</u>
Reconciliation of operating loss to net cash provided by operating activities:			
Operating income	\$ (152,490)	\$ (86,994)	\$ (239,484)
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Depreciation expense	186,092	50,364	236,456
(Increase) decrease in:			
Accounts receivables	(8,535)	(37,442)	(45,977)
Grants receivable	-	43,444	43,444
Increase (decrease) in:			
Accounts payable	(115,421)	(33,373)	(148,794)
Gross receipts tax payable	39,077	-	39,077
Insurance payable	(38,171)	(6,096)	(44,267)
Accrued compensated absences	739	-	739
Accrued liabilities	40,518	(492)	40,026
Unearned revenue	-	(548)	(548)
Deposits payable	2,020	305	2,325
Total adjustments	<u>106,319</u>	<u>16,162</u>	<u>122,481</u>
Net cash provided by operating activities	<u>\$ (46,171)</u>	<u>\$ (70,832)</u>	<u>\$ (117,003)</u>

The accompanying notes are in integral part of these financial statements

**STATE OF NEW MEXICO
VILLAGE OF CUBA
STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED JUNE 30, 2019**

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS
JUNE 30, 2019**

	<u>Agency Fund</u>
ASSETS	
Cash and cash equivalents	\$ <u>5,487</u>
Total assets	<u>5,487</u>
LIABILITIES	
Due to other taxing units	<u>5,487</u>
Total liabilities	<u>\$ 5,487</u>

STATE OF NEW MEXICO
VILLAGE OF CUBA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

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, 2019.

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, 2019

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, 2019

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, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Financial Reporting Entity (Continued)

The Village reports the following major proprietary funds:

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

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

The Village reports the following fund types:

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

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

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

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

B. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits, money market funds, and certificates of deposit. Cash deposits are reported at carrying amount, which reasonably estimates fair value.

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

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

1. United States Treasury Securities (Bills, Notes and Bonds) and other securities issued by the United States government or its agencies or instrumentalities that are either direct obligations of the United States of America, the Federal Home Loan Mortgage Corp., the Federal National Mortgage Association, the Federal Farm Credit Bank, or the Student Loan Marketing Association, or are backed by the full faith and credit of the United States government.
2. Insured and/or collateralized (with U.S. Government Securities and/or New Mexico Bonds) certificates of deposit of banks, savings and loan associations, and credit unions, pursuant to State Board of Finance Collateral Policies.

STATE OF NEW MEXICO
VILLAGE OF CUBA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Cash and Cash Equivalents (Continued)

3. Money market funds whose portfolios consist entirely of United States Government Securities or agencies sponsored by the United States government.
4. Investments in the New Mexico State Treasurer external investment pool (Local Government Investment Pool).

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, 2019 was \$231,516 or 14% 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 Management's 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

STATE OF NEW MEXICO
VILLAGE OF CUBA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Capital Assets (Continued)

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.

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.

STATE OF NEW MEXICO
VILLAGE OF CUBA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Fund Equity (Continued)

- 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).

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.

STATE OF NEW MEXICO
VILLAGE OF CUBA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

STATE OF NEW MEXICO
VILLAGE OF CUBA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2019, \$244,543 of the Village's deposits of \$562,086 was exposed to custodial credit risk and the same was uninsured and uncollateralized. As of June 30, 2019, the carrying amount of these deposits was \$562,086.

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.

STATE OF NEW MEXICO
VILLAGE OF CUBA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

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.

<i>Reconciliation of cash and cash equivalents</i>	<u>Balance</u>
Cash and cash equivalents per Statement of Net Position	\$ 564,589
Cash per Statement of Fiduciary Net Position	5,487
Add outstanding checks and other reconciling items	<u>(7,990)</u>
Total cash and equivalents	<u>\$ 562,086</u>

	<u>Wells Fargo Bank</u>		<u>Cuba Credit Union</u>	<u>Total</u>
	<u>Village of Cuba</u>	<u>Village of Cuba HA</u>		
Bank deposits:				
Total amounts of deposits	\$ 494,543	\$ 62,093	\$ 5,450	\$ 562,086
Insured (FDIC)	<u>250,000</u>	<u>62,093</u>	<u>5,450</u>	<u>317,543</u>
Total uninsured	244,543	-	-	244,543
State of New Mexico collateral requirement:				
50% of uninsured public fund bank deposits	122,272	-	122,272	244,543
Pledged security	<u>158,254</u>	<u>-</u>	<u>158,254</u>	<u>316,508</u>
Over collateralization	<u>\$ (35,983)</u>	<u>\$ -</u>	<u>\$ (35,983)</u>	<u>\$ (71,965)</u>

STATE OF NEW MEXICO
VILLAGE OF CUBA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3. RECEIVABLES

Receivables as of June 30, 2019, are as follows:

	General Fund	Fire Protection Fund #209	Non-Major Funds	Total
Governmental Activities:				
Taxes:				
Gross receipts	\$ 187,850	-	2,349	190,199
Lodgers	-	-	-	-
Court fines and fees	-	-	1,100	1,100
Total receivables	\$ 187,850	-	3,449	191,299
	Water and Sewer Fund #500	Housing Authority Fund #600	Total	
Business-type Activities:				
Receivables:				
Accounts receivable	\$ 67,914	2,465	70,379	
Allowance for uncollectible accounts	(33,313)	-	(33,313)	
Accounts receivable, net of allowance	34,601	2,465	37,066	
Grants receivable	-	116,334	116,334	
Total receivables	\$ 34,601	118,799	153,400	

STATE OF NEW MEXICO
VILLAGE OF CUBA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4. CAPITAL ASSETS

Governmental fund capital asset activity for the year ending June 30, 2019 was as follows:

	Beginning	Increases	Decreases	Adjustments	Ending
Governmental activities:					
<u>Capital assets, not depreciated:</u>					
Land	\$ 86,130	\$ -	\$ -	\$ -	\$ 86,130
Construction in progress	24,305	-	-	(24,305)	-
Total capital assets, not depreciated	<u>110,435</u>	<u>-</u>	<u>-</u>	<u>(24,305)</u>	<u>86,130</u>
<u>Capital assets being depreciated:</u>					
Buildings and improvements	4,871,116	80,845	-	24,305	4,976,266
Equipment and other	2,021,096	304,806	-	35,474	2,361,376
Infrastructure	164,655	315,359	-	-	480,014
Total capital assets, depreciated	<u>7,056,867</u>	<u>701,010</u>	<u>-</u>	<u>59,779</u>	<u>7,817,656</u>
Less accumulated depreciation for:					
Buildings and improvements	1,869,401	140,509	-	2,430	2,012,340
Equipment and other	1,685,128	89,339	-	2,139	1,776,606
Infrastructure	53,436	10,993	-	-	64,429
Total accumulated depreciation	<u>3,607,965</u>	<u>240,841</u>	<u>-</u>	<u>4,569</u>	<u>3,853,375</u>
Total capital assets, depreciated, net	<u>3,448,902</u>	<u>460,169</u>	<u>-</u>	<u>55,210</u>	<u>3,964,281</u>
Total capital assets, net	<u>\$ 3,559,337</u>	<u>\$ 460,169</u>	<u>\$ -</u>	<u>\$ 30,905</u>	<u>\$ 4,050,411</u>

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

Governmental activities:	
General government	\$ 100,900
Public safety	98,796
Culture and recreation	24,826
Public works	16,318
Total depreciation expense	<u>\$ 240,841</u>

STATE OF NEW MEXICO
VILLAGE OF CUBA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4. CAPITAL ASSETS (CONTINUED)

Enterprise fund capital asset activity for the year ending June 30, 2019 was as follows:

	Beginning	Increases	Decreases	Adjustments	Ending
Business-type activities:					
<u>Capital assets, not depreciated:</u>					
Land - Water and Sewer	\$ 82,841	\$ -	\$ -	\$ -	\$ 82,841
Land - Housing Authority	15,608	-	-	-	15,608
Construction in progress - Water and Sewer	1,846,365	817,123	-	-	2,663,488
Total capital assets, not depreciated	<u>1,944,814</u>	<u>817,123</u>	<u>-</u>	<u>-</u>	<u>2,761,937</u>
<u>Capital assets being depreciated:</u>					
<u>Water and Sewer:</u>					
Plant and equipment	2,205,923	-	-	-	2,205,923
Infrastructure	3,337,793	-	-	-	3,337,793
Equipment and other	59,818	-	-	-	59,818
<u>Housing Authority:</u>					
Buildings and improvements	1,882,557	-	-	-	1,882,557
Equipment and other	149,428	40,095	(6,774)	-	182,749
Total capital assets, depreciated	<u>7,635,519</u>	<u>40,095</u>	<u>(6,774)</u>	<u>-</u>	<u>7,668,840</u>
Less accumulated depreciation for:					
Water and Sewer	2,286,236	186,092	-	-	2,472,328
Housing Authority	1,098,540	50,364	(7,225)	-	1,141,680
Total accumulated depreciation	<u>3,384,776</u>	<u>236,456</u>	<u>(7,225)</u>	<u>-</u>	<u>3,614,008</u>
Total capital assets, depreciated, net	<u>4,250,743</u>	<u>(196,361)</u>	<u>451</u>	<u>-</u>	<u>4,054,833</u>
Total capital assets, net	<u>\$ 6,195,557</u>	<u>\$ 620,762</u>	<u>\$ 451</u>	<u>\$ -</u>	<u>\$ 6,816,770</u>

STATE OF NEW MEXICO
VILLAGE OF CUBA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 5. LONG-TERM OBLIGATIONS - GOVERNMENTAL FUNDS

During the year ended June 30, 2019, 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)	\$ 144,844	\$ -	\$ (17,009)	\$ 127,835	\$ 17,226
Compensated absences	<u>22,757</u>	<u>14,575</u>	<u>(26,119)</u>	<u>11,213</u>	<u>11,213</u>
 Total	 <u>\$ 167,601</u>	 <u>\$ 14,575</u>	 <u>\$ (43,128)</u>	 <u>\$ 139,048</u>	 <u>\$ 28,439</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 future requirements for the loan payment are as follows:

Year Ending	Principal	Interest	Total
2020	17,226	2,823	20,049
2021	17,493	2,556	20,049
2022	17,813	2,236	20,049
2023	18,187	1,862	20,049
2024	18,590	1,459	20,049
2025-2026	<u>38,526</u>	<u>1,572</u>	<u>40,098</u>
	<u>127,835</u>	<u>12,508</u>	<u>140,343</u>

STATE OF NEW MEXICO
VILLAGE OF CUBA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 6. LONG-TERM DEBT - ENTERPRISE FUNDS

During the year ended June 30, 2019, the following changes occurred:

	Beginning Balance	Additions	Deletions	Ending Balance	Due within One Year
Business type activities:					
Water & Sewer Loan CWSRF 006	\$ 303,949	\$ -	\$ (15,079)	\$ 288,870	\$ 15,532
Water & Sewer Loan CWSRF 061	404,700	-		404,700	-
New Mexico Environment Department (RIP 00012)	55,669	-	(2,316)	53,353	2,259
Compensated absences	2,250	4,167	(3,428)	2,989	2,989
	<u>2,250</u>	<u>4,167</u>	<u>(3,428)</u>	<u>2,989</u>	<u>2,989</u>
Total	<u>\$ 766,568</u>	<u>\$ 4,167</u>	<u>\$ (20,823)</u>	<u>\$ 749,912</u>	<u>\$ 20,780</u>

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

The future requirements for notes payable are as follows:

Year Ending	Principal	Interest	Total
2020	15,532	8,666	24,198
2021	15,997	8,200	24,197
2022	16,477	7,720	24,197
2023	16,972	7,226	24,198
2024	17,481	6,717	24,198
2025-2029	95,593	25,396	120,989
2030-2034	110,818	10,170	120,988
	<u>288,870</u>	<u>74,095</u>	<u>362,965</u>

Water & Sewer loan CWSRF 061: The Village entered into a loan agreement with New Mexico Environmental Department for the purpose of obtaining Waste Water Construction Loan. As of June 30, 2019, \$404,700 in the loan funds have been disbursed. This is a 0% interest loan and is due to expire on July 13, 2019.

STATE OF NEW MEXICO
VILLAGE OF CUBA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 6. LONG-TERM DEBT - ENTERPRISE FUNDS (CONTINUED)

Rural Infrastructure Program (RIP) 00012: The Village entered into a twenty-year loan agreement in the original amount of \$55,669 with interest & admin fee at 2.375%. Payments to begin on December 14, 2018 and annually thereafter on each succeeding year until the principal and interest are fully paid. Loan maturity will be on December 14, 2037.

The future requirements for notes payable are as follows:

| New Mexico Environment Department (RIP 00012)

Year Ending	Principal	Interest	Total
2020	2,259	1,270	3,529
2021	2,313	1,216	3,529
2022	2,368	1,161	3,529
2023	2,424	1,105	3,529
2024	2,482	1,047	3,529
2025-2029	13,321	4,324	17,645
2030-2034	14,980	2,665	17,645
2035-2038	13,206	800	14,006
	<u>53,353</u>	<u>13,588</u>	<u>66,941</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, 2019

NOTE 8. INTERFUND BALANCES

Interfund balances at June 30, 2019 consisted of the following amounts:

<u>Interfund Receivable</u>	<u>Amount</u>	<u>Interfund Payable</u>	<u>Amount</u>
Major governmental funds:		Major governmental funds:	
General Fund	\$ 306,556	General Fund	\$ 25,525
Fire Protection Fund	<u>35,292</u>		
Total Major Governmental Funds	<u>341,848</u>	Total Major Governmental Funds	<u>25,525</u>
Nonmajor Governmental Funds:		Nonmajor Governmental Funds:	
Corrections Fund	22,553	Street Fund	52,978
EMS Fund	10,981	Debt Service	-
LEPF Fund	11,774		
Lodgers Fund	2,972		
Street Fund	37,026		
Recreation Fund	<u>3,385</u>		<u>52,978</u>
Total Nonmajor Governmental Funds	<u>88,691</u>	Total Nonmajor Governmental Funds	<u>52,978</u>
		Proprietary Funds:	
		Water and Sewer Fund	<u>352,036</u>
		Total Proprietary Funds	<u>352,036</u>
Grand Total	<u>\$ 430,539</u>	Grand Total	<u>\$ 430,539</u>

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

**STATE OF NEW MEXICO
VILLAGE OF CUBA**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

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, 2019

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, 2017						
Coverage Plan	Employee Contribution %			Pension Factor per year of Service		Pension Maximum as % of the Final Average Salary
	Annual Salary less than \$20,000	Annual Salary greater than \$20,000	Employer Contribution %	TIER 1	TIER 2	
STATE PLAN						
State Plan 3	7.42%	8.92%	16.99%	3.00%	2.50%	90.00%
MUNICIPAL PLANS 1 - 4						
Municipal Plan 1(plan open to new employers)	7.00%	8.50%	7.40%	2.00%	2.00%	90%
Municipal Plan 2(plan open to new employers)	9.15%	10.65%	9.55%	2.50%	2.00%	90%
Municipal Plan 3(plan closed to new employers 6/95)	13.15%	14.65%	9.55%	3.00%	2.50%	90%
Municipal Plan 4(plan closed to new employers 6/00)	15.65%	17.15%	12.05%	3.00%	2.50%	90%
MUNICIPAL POLICE PLANS 1 - 5						
Municipal Police Plan 1	7.00%	8.50%	10.40%	2.00%	2.00%	90%
Municipal Police Plan 2	7.00%	8.50%	15.40%	2.50%	2.00%	90%
Municipal Police Plan 3	7.00%	8.50%	18.90%	2.50%	2.00%	90%
Municipal Police Plan 4	12.35%	13.85%	18.90%	3.00%	2.50%	90%
Municipal Police Plan 5	16.30%	17.80%	18.90%	3.50%	3.00%	90%
MUNICIPAL FIRE PLANS 1 - 5						
Municipal Fire Plan 1	8.00%	9.50%	11.40%	2.00%	2.00%	90%
Municipal Fire Plan 2	8.00%	9.50%	17.90%	2.50%	2.00%	90%
Municipal Fire Plan 3	8.00%	9.50%	21.65%	2.50%	2.00%	90%
Municipal Fire Plan 4	12.80%	14.30%	21.65%	3.00%	2.50%	90%
Municipal Fire Plan 5	16.20%	17.70%	21.65%	3.50%	3.00%	90%
MUNICIPAL DETENTION OFFICER PLAN 1						
Municipal Detention Officer Plan 1	16.65%	18.15%	17.05%	3.00%	3.00%	90%
STATE POLICE AND ADULT CORRECTIONAL OFFICER PLANS, ETC.						
State Police and Adult Correctional Officer Plan 1	7.60%	9.10%	25.50%	3.00%	3.00%	90%
State Plan 3 - Peace Officer	7.42%	8.92%	16.99%	3.00%	3.00%	90%
Juvenile Correctional Officer Plan 2	4.78%	6.28%	26.12%	3.00%	3.00%	90%

**STATE OF NEW MEXICO
VILLAGE OF CUBA**

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

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, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2018 using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date of June 30, 2018. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2018. 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, 2019, 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, 2019, the Village reported a liability of \$566,001 for its proportionate share of the net pension liability. At June 30, 2018, the Village’s proportion was 0.0355 percent, which was a decrease of (0.0102) percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2018, the Village recognized PERA Fund – General, pension income of \$8,239. At June 30, 2019, 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>
Difference between expected and actual experience	\$ 16,358	\$ 14,860
Changes of assumptions	51,316	3,254
Net difference between projected and actual earnings on pension plan investments	41,978	-
Changes in proportion and differences between contributions and proportionate share of contributions	3,624	110,270
Employer contributions subsequent to the measurement date	<u>29,570</u>	<u>-</u>
Total	<u>\$ 142,846</u>	<u>\$ 128,384</u>

\$29,570 reported as deferred outflows of resources related to pensions resulting from Village contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. 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, 2019

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

<u>Year ended June 30:</u>	<u>Amount</u>
2020	\$ 22,453
2021	(13,626)
2022	(25,728)
2023	1,793
Total	<u>\$ (15,108)</u>

For PERA Fund Division Municipal General - Housing Authority: at June 30, 2019, the Village reported a liability of \$30,293 for its proportionate share of the net pension liability. At June 30, 2019, the Village's proportion was 0.0019 percent, which was a decrease of 0.0027 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2019, the Village recognized PERA Fund – Housing Authority, pension income of \$6,211. At June 30, 2019 the Village reported PERA Fund Division – General Housing Authority 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>
Difference between expected and actual experience	\$ 876	\$ 796
Changes of assumptions	2,746	174
Net difference between projected and actual earnings on pension plan investments	2,247	-
Changes in proportion and differences between contributions and proportionate share of contributions	4,170	26,572
Employer contributions subsequent to the measurement date	<u>3,345</u>	<u>-</u>
Total	<u>\$ 13,384</u>	<u>\$ 27,542</u>

\$3,345 reported as deferred outflows of resources related to pensions resulting from Village contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. 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, 2019

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

<u>Year ended June 30:</u>	<u>Amount</u>
2020	\$ (4,220)
2021	(5,336)
2022	(7,976)
2023	<u>29</u>
Total	<u>\$ (17,503)</u>

For PERA Fund Division Municipal Police at June 30, 2019, the Village reported a liability of \$561,537 for its proportionate share of the net pension liability. At June 30, 2019, the Village's proportion was 0.0823 percent, which was a decrease of 0.0063 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2018, the Village recognized PERA Fund – Municipal Police, pension expense of \$42,106. At June 30, 2019 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>
Difference between expected and actual experience	\$ 27,490	\$ 55,663
Changes of assumptions	64,072	3,433
Net difference between projected and actual earnings on pension plan investments	38,642	-
Changes in proportion and differences between contributions and proportionate share of contributions	21,902	26,517
Employer contributions subsequent to the measurement date	<u>30,452</u>	<u>-</u>
Total	<u>\$ 182,558</u>	<u>\$ 85,613</u>

STATE OF NEW MEXICO
VILLAGE OF CUBA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

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

\$30,452 reported as deferred outflows of resources related to pensions resulting from Village contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	<u>Amount</u>
2020	\$ 22,453
2021	(13,626)
2022	(25,728)
2023	<u>1,793</u>
Total	<u>\$ (15,108)</u>

Actuarial assumptions. The total pension liability in the June 30, 2018 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, 2019

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

PERA

Actuarial valuation date	June 30, 2017
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Pay, Open
Amortization period	Solved for based on statutory rates
Asset valuation method	4 Year smoothed Market
Actuarial Assumptions:	
Investment rate of return	7.25% annual rate, net of investment expense
Projected benefit payment	100 years
Payroll Growth	3.00%
Projected salary increases	3.25% to 13.25% annual rate
Includes inflation at	2.50%, 2.75% all other years
Mortality Assumption	RP-2000 Mortality Tables with projection to 2018 using Scale AA
Experience Study Dates	July 1, 2008 to June 30, 2017 (demographic) and July 1, 2010 through June 20, 2018 (economic)

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2017. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2018. These assumptions were adopted by the Board use in the June 30, 2017 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%	7.48%
Risk Reduction & Mitigation	21.50	2.37
Credit Oriented Fixed Income	15.00	5.47
Real Assets	20.00	6.48
Total	100	

STATE OF NEW MEXICO
VILLAGE OF CUBA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

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

Discount rate: A single discount rate of 7.25% was used to measure the total pension liability as of June 30, 2018. This single discount rate was based on a long-term expected rate of return on pension plan investments of 7.25%, 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 Cuba's proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the Village of Cuba's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
PERA Fund Division - General Division	✓	✓	✓
Villages's proportionate share of the net pension liability	<u>\$ 872,170</u>	<u>\$ 566,001</u>	<u>\$ 312,904</u>
	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
PERA Fund Division - Police Division	✓	✓	✓
Villages's proportionate share of the net pension liability	<u>\$ 863,413</u>	<u>\$ 561,537</u>	<u>\$ 315,436</u>
	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
For Housing Authority PERA Fund Division - General Division	✓	✓	✓
Villages's proportionate share of the net pension liability	<u>\$ 46,679</u>	<u>\$ 30,293</u>	<u>\$ 16,747</u>

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, 2019 the Village had no outstanding amount of contributions to the pension plan and therefore, had no payables reported at fiscal year 2019.

STATE OF NEW MEXICO
VILLAGE OF CUBA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

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

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

NOTE 11. RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions and natural disasters for which the government carries commercial insurance. The Village participates in the State of New Mexico Self-Insurers Fund for workers' compensation claims and employers' liability insurance including general, auto, uninsured motorist, law enforcement, and public official's errors and omissions liabilities. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated, the liability for claims and judgments is reported in the General Long-Term Debt Account Group because it is not expected to be liquidated with expendable available financial resources.

NOTE 12. DEFICIT FUND BALANCE

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)

NOTE 13. RESTATEMENT

A restatement of \$135,006 is reported on the Statement of Activities of which \$104,865 was due to entries recorded by the predecessor auditor that did not reconcile to the Village's accounting records and \$30,141 was due to recording capital assets that were not recorded as of June 30, 2018.

NOTE 14. TAX ABATEMENT DISCLOSURES

The Village is not aware of any tax abatement disclosures that existed as of June 30, 2019 that would require disclosure under GASB 77.

NOTE 15. SUBSEQUENT EVENTS

The Village has evaluated subsequent events through January 23, 2020, the date the financial statements were available to be issued. There were no material subsequent events.

SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
VILLAGE OF CUBA
NONMAJOR FUNDS DESCRIPTION
JUNE 30, 2019

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, 2019**

	Corrections <u>Fund #201</u>	EMS <u>Fund #206</u>	LEPF <u>Fund #211</u>	Library <u>Fund #213</u>
Assets				
Cash and cash equivalents	\$ 38,635	\$ 4,393	\$ 6,930	\$ 3,780
Taxes receivable	-	-	-	-
Court fines and fees receivable	1,100	-	-	-
Due from other funds	22,553	10,981	11,774	-
Other assets	1,616	-	-	-
Total Assets	<u>\$ 63,904</u>	<u>\$ 15,374</u>	<u>\$ 18,704</u>	<u>\$ 3,780</u>
Liabilities and fund balance				
Liabilities:				
Accounts payable	\$ 1,235	\$ -	\$ 867	\$ 1,440
Insurance payable	-	-	-	-
Accrued salaries and benefits	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	<u>1,235</u>	<u>-</u>	<u>867</u>	<u>1,440</u>
Fund balance:				
Restricted for:				
Special revenue funds	62,669	15,374	17,837	2,340
Unassigned				
Special revenue funds	-	-	-	-
Debt service funds	-	-	-	-
Total fund balance	<u>62,669</u>	<u>15,374</u>	<u>17,837</u>	<u>2,340</u>
Total liabilities and fund balance	<u>\$ 63,904</u>	<u>\$ 15,374</u>	<u>\$ 18,704</u>	<u>\$ 3,780</u>

The notes to the financial statements are an integral part of this statement.

**STATE OF NEW MEXICO
VILLAGE OF CUBA**

**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019**

	<u>Lodgers Tax Fund #214</u>	<u>Street Fund #216</u>	<u>Recreation Fund #217</u>	<u>Debt Service Fund #403</u>
Assets				
Cash and cash equivalents	\$ 8,252	\$ -	\$ 2,181	\$ -
Taxes receivable	2,349	-	-	-
Court fines and fees receivable	-	-	-	-
Due from other funds	2,972	37,026	3,385	-
Other assets	-	-	-	325
Total Assets	<u>\$ 13,573</u>	<u>\$ 37,026</u>	<u>\$ 5,566</u>	<u>\$ 325</u>
Liabilities and fund balance				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Insurance payable	-	-	-	-
Accrued salaries and benefits	-	-	-	-
Due to other funds	-	52,978	-	-
Unearned revenue	-	-	-	-
Total liabilities	<u>-</u>	<u>52,978</u>	<u>-</u>	<u>-</u>
Fund balance:				
Restricted for:				
Special revenue funds	13,573	-	5,566	-
Unassigned				
Special revenue funds	-	(15,952)	-	-
Debt service funds	-	-	-	325
Total fund balance	<u>13,573</u>	<u>(15,952)</u>	<u>5,566</u>	<u>325</u>
Total liabilities and fund balance	<u>\$ 13,573</u>	<u>\$ 37,026</u>	<u>\$ 5,566</u>	<u>\$ 325</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
VILLAGE OF CUBA
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

	Total Nonmajor Governmental Funds
Assets	
Cash and cash equivalents	\$ 64,171
Taxes receivable	2,349
Court fines and fees receivable	1,100
Due from other funds	88,691
Other assets	<u>1,941</u>
Total Assets	\$ 158,252
 Liabilities and fund balance	
Liabilities:	
Accounts payable	\$ 3,542
Insurance payable	-
Accrued salaries and benefits	-
Due to other funds	52,978
Unearned revenue	<u>-</u>
Total liabilities	<u>56,520</u>
Fund balance:	
Restricted for:	
Special revenue funds	117,359
Unassigned	
Special revenue funds	(15,952)
Debt service funds	325
Total fund balance	<u>101,732</u>
Total liabilities and fund balance	\$ <u>158,252</u>

The notes to the financial statements are an integral part of this statement.

**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, 2019**

	Corrections Fund #201	EMS Fund #206	LEPF Fund #211	Library Fund #213
Revenues:				
<i>Local revenue</i>				
Licenses, fines & fees	\$ 17,318	\$ -	\$ -	\$ -
Miscellaneous charges for services	-	-	3,504	-
Interest	-	-	-	-
<i>State revenues</i>				
State fire allotment	-	-	-	-
Grants	-	140,380	22,400	12,647
<i>Total revenues</i>	17,318	140,380	25,904	12,647
Expenditures:				
Current:				
General government	5,416	-	-	-
Public safety	-	292	15,794	-
Culture and recreation	-	-	-	10,198
Public works	-	-	-	-
Capital outlay	-	135,914	4,097	1,440
Debt service:				
Debt service principal	-	-	-	-
Debt service interest and fees	-	-	-	-
<i>Total expenditures</i>	5,416	136,206	19,891	11,638
<i>Excess (deficiency) of revenues over expenditures</i>	11,902	4,174	6,013	1,009
<i>Net change in fund balance</i>	11,902	4,174	6,013	1,009
Fund balance (deficit) at beginning of the year	56,333	11,200	11,824	1,331
<i>Restatement</i>	(5,566)	-	-	-
<i>Fund balance - beginning as restated</i>	50,767	11,200	11,824	1,331
Fund balance at end of the year	\$ 62,669	\$ 15,374	\$ 17,837	\$ 2,340

The notes to the financial statements are an integral part of this statement.

**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, 2019**

	<u>Lodgers Tax Fund #214</u>	<u>Street Fund #216</u>	<u>Recreation Fund #217</u>	<u>Debt Service Fund #403</u>
Revenues:				
<i>Local revenue</i>				
Licenses, fines & fees	\$ -	\$ -	\$ -	\$ -
Miscellaneous charges for services	12,881	-	2,840	-
Interest	-	-	-	325
<i>State revenues</i>				
State fire allotment	-	-	-	19,917
Grants	-	-	-	-
<i>Total revenues</i>	<u>12,881</u>	<u>-</u>	<u>2,840</u>	<u>20,242</u>
Expenditures:				
<i>Current:</i>				
General government	27,634	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	1,817	-
Capital outlay	-	-	-	-
Public works	-	-	-	-
<i>Debt service:</i>				
Debt service principal	-	-	-	17,009
Debt service interest and fees	-	-	-	3,040
<i>Total expenditures</i>	<u>27,634</u>	<u>-</u>	<u>1,817</u>	<u>20,049</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(14,753)</u>	<u>-</u>	<u>1,023</u>	<u>193</u>
<i>Net change in fund balance</i>	(14,753)	-	1,023	193
Fund balance (deficit) at beginning of the year	<u>28,326</u>	<u>(15,952)</u>	<u>4,543</u>	<u>(1,796)</u>
<i>Restatement</i>	-	-	-	1,928
<i>Fund balance - beginning as restated</i>	<u>28,326</u>	<u>(15,952)</u>	<u>4,543</u>	<u>132</u>
Fund balance at end of the year	<u>\$ 13,573</u>	<u>\$ (15,952)</u>	<u>\$ 5,566</u>	<u>\$ 325</u>

The notes to the financial statements are an integral part of this statement.

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, 2019

	Total Nonmajor Governmental Funds
Revenues:	
<i>Local revenue</i>	
Licenses, fines & fees	\$ 17,318
Miscellaneous charges for services	19,225
Interest	325
<i>State revenues</i>	
State fire allotment	19,917
Grants	175,427
<i>Total revenues</i>	232,212
Expenditures:	
Current:	
General government	33,050
Public safety	16,086
Culture and recreation	12,015
Capital outlay	141,451
Public works	-
Debt service:	
Debt service principal	17,009
Debt service interest and fees	3,040
<i>Total expenditures</i>	222,651
<i>Excess (deficiency) of revenues over expenditures</i>	9,561
<i>Net change in fund balance</i>	9,561
Fund balance (deficit) at beginning of the year	95,809
Restatement	(3,638)
Fund balance - beginning as restated	92,171
Fund balance at end of the year	\$ 101,732

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
VILLAGE OF CUBA
AGENCY FUNDS DESCRIPTION
JUNE 30, 2019

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**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<i>MOTOR VEHICLE FUND:</i>				
ASSETS				
Cash	\$ 250	\$ -	\$ -	\$ 250
Total assets	250	-	-	250
LIABILITIES				
Due to other entities	250	-	-	250
Total liabilities	250	-	-	250
<i>MUNICIPAL COURT FUND:</i>				
ASSETS				
Cash	4,736	63,872	63,474	5,134
Total assets	4,736	63,872	63,474	5,134
LIABILITIES				
Due to other entities	4,736	63,872	63,474	5,134
Total liabilities	4,736	63,872	63,474	5,134
<i>MUNICIPAL JUDGE'S BOND FUND:</i>				
ASSETS				
Cash	4,677	900	5,474	103
Total assets	4,677	900	5,474	103
LIABILITIES				
Due to other entities	4,677	900	5,474	103
Total liabilities	4,677	900	5,474	103
ASSETS (TOTAL)				
CASH	9,663	64,772	68,948	5,487
TOTAL ASSETS	9,663	64,772	68,948	5,487
LIABILITIES (TOTAL)				
DUE TO OTHER ENTITIES	9,663	64,772	68,948	5,487
TOTAL LIABILITIES	\$ 9,663	\$ 64,772	\$ 68,948	\$ 5,487

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
VILLAGE OF CUBA
COLLATERAL PLEDGED BY DEPOSITORY FOR PUBLIC FUNDS
YEAR ENDED JUNE 30, 2019

<u>Description of Pledged Collateral</u>	<u>Maturity</u>	<u>CUSIP #</u>	<u>Market Value</u>
FNMA FNMS 2.500%	4/1/2031	3138WGUB8	53,669
FNMA FNMS 3.500%	9/1/2022	3140FE5Q3	104,586
Total BNY Mellon Bank Pledged Securities			\$ <u>158,255</u>

STATE OF NEW MEXICO
VILLAGE OF CUBA
SCHEDULE OF DEPOSIT ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2019

<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	\$ 171,890	\$ 181,523
Wells Fargo	Juvenile Fund	Checking	-	-
Wells Fargo	Fire Protection	Checking	43,200	42,396
Wells Fargo	Law Enforcement Protection	Checking	6,880	6,880
Wells Fargo	Library	Checking	3,799	3,780
Wells Fargo	Lodgers Tax	Checking	8,252	8,252
Wells Fargo	Miscellaneous Grants	Checking	36,421	36,421
Wells Fargo	Recreation	Checking	2,136	2,131
Wells Fargo	Water and Sewer Systems	Checking	135,087	144,013
Wells Fargo	Water and Sewer Improvements	Checking	-	-
Wells Fargo	W/S Deposits	Checking	43,850	43,849
Wells Fargo	Local Govt Corrections Fund	Checking	38,635	38,635
Wells Fargo	EMS	Checking	4,393	4,393
Cuba Credit Union	Regular Share Account	Savings	213	213
<u>Village of Cuba Housing Authority</u>				
Wells Fargo	Public Housing Deposits	Checking	55,677	46,349
Wells Fargo	Security Deposit Account	Checking	6,416	5,507
Cash and cash equivalents			<u>556,849</u>	<u>564,342</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	-	97
Petty cash			<u>-</u>	<u>247</u>
Total deposit and investment accounts			<u>556,849</u>	<u>564,589</u>
Total deposit and investment accounts - non-agency			<u>556,849</u>	<u>564,589</u>
Agency funds cash accounts:				
Petty cash	MVD Cash Drawer	Petty Cash	-	240
Cuba Credit Union	Municipal Court	Checking	5,134	5,134
Cuba Credit Union	Municipal Court/Bonds	Checking	103	103
Total cash - agency funds			<u>5,237</u>	<u>5,477</u>
Total depository accounts			<u>\$ 562,086</u>	<u>\$ 570,066</u>

**STATE OF NEW MEXICO
VILLAGE OF CUBA
HOUSING AUTHORITY FINANCIAL DATA SCHEDULE
JUNE 30, 2019**

	Low Rent Housing Project	Capital Fund Program	Total
111 Cash - Unrestricted	\$46,349	\$0	\$46,349
114 Cash - Tenant Security Deposits	\$5,507		\$5,507
100 Total Cash	\$51,856	\$0	\$51,856
122 Accounts Receivable - HUD Other Projects	\$116,334		\$116,334
126 Accounts Receivable - Tenants	\$2,465		\$2,465
126.1 Allowance for Doubtful Accounts - Tenants	\$0		\$0
126.2 Allowance for Doubtful Accounts - Other	\$0		\$0
129 Accrued Interest Receivable			
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$118,799	\$0	\$118,799
150 Total Current Assets	\$170,655	\$0	\$170,655
161 Land	\$15,608		\$15,608
162 Buildings	\$1,754,085		\$1,754,085
163 Furniture, Equipment & Machinery - Dwellings	\$107,811		\$107,811
164 Furniture, Equipment & Machinery - Administration	\$73,468		\$73,468
165 Leasehold Improvements	\$128,472		\$128,472
166 Accumulated Depreciation	-\$1,141,967		-\$1,141,967
160 Total Capital Assets, Net of Accumulated Depreciation	\$937,477	\$0	\$937,477
180 Total Non-Current Assets	\$937,477	\$0	\$937,477
200 Deferred Outflow of Resources	\$19,643		\$19,643
290 Total Assets and Deferred Outflow of Resources	\$1,127,775	\$0	\$1,127,775
311 Bank Overdraft			
312 Accounts Payable <= 90 Days	\$4,048		\$4,048
313 Accounts Payable >90 Days Past Due			
321 Accrued Wage/Payroll Taxes Payable	\$821		\$821
341 Tenant Security Deposits	\$5,507		\$5,507
310 Total Current Liabilities	\$10,376	\$0	\$10,376
357 Accrued Pension and OPEB Liabilities	\$63,208		\$63,208
350 Total Non-Current Liabilities	\$63,208	\$0	\$63,208
300 Total Liabilities	\$73,584	\$0	\$73,584
400 Deferred Inflow of Resources	\$7,097		\$7,097
508.4 Net Investment in Capital Assets	\$937,765		\$937,765
511.4 Restricted Net Position			
512.4 Unrestricted Net Position	\$109,329	\$0	\$109,329
513 Total Equity - Net Assets / Position	\$1,047,094	\$0	\$1,047,094
600 Total Liabilities, Deferred Inflows of Resources and Equity -	\$1,127,775	\$0	\$1,127,775

**STATE OF NEW MEXICO
VILLAGE OF CUBA
HOUSING AUTHORITY FINANCIAL DATA SCHEDULE
JUNE 30, 2019**

	Low Rent Housing Project	Capital Fund Program	Total
70300 Net Tenant Rental Revenue	\$73,162	\$0	\$73,162
70400 Tenant Revenue - Other	\$1,779		\$1,779
70500 Total Tenant Revenue	<u>\$74,941</u>	<u>\$0</u>	<u>\$74,941</u>
70600 HUD PHA Operating Grants	\$96,411		\$96,411
70610 Capital Grants	\$50,724		\$50,724
71600 Gain or Loss on Sale of Capital Assets	\$281		\$281
72000 Investment Income - Restricted			
70000 Total Revenue	<u>\$222,357</u>	<u>\$0</u>	<u>\$222,357</u>
91100 Administrative Salaries	\$36,000		\$36,000
91200 Auditing Fees	\$2,133		\$2,133
91310 Book-keeping Fee	\$9,192		\$9,192
91500 Employee Benefit contributions - Administrative	\$6,536		\$6,536
91600 Office Expenses	\$1,349		\$1,349
91800 Travel	\$1,943		\$1,943
91900 Other	\$15,952		\$15,952
91000 Total Operating - Administrative	<u>\$73,105</u>	<u>\$0</u>	<u>\$73,105</u>
93100 Water	\$21,369		\$21,369
93200 Electricity	\$4,222		\$4,222
93300 Gas	\$1,284		\$1,284
93400 Fuel	\$697		\$697
93000 Total Utilities	<u>\$27,572</u>	<u>\$0</u>	<u>\$27,572</u>
94100 Ordinary Maintenance and Operations - Labor			
94200 Ordinary Maintenance and Operations - Materials and	\$6,204		\$6,204
94300 Ordinary Maintenance and Operations Contracts	\$1,675		\$1,675
94000 Total Maintenance	<u>\$7,879</u>	<u>\$0</u>	<u>\$7,879</u>
96110 Property Insurance	\$3,685		\$3,685
96120 Liability Insurance	\$844		\$844
96100 Total insurance Premiums	\$4,529	\$0	\$4,529
96400 Bad debt - Tenant Rents	\$5,886		\$5,886
96000 Total Other General Expenses	<u>\$5,886</u>	<u>\$0</u>	<u>\$5,886</u>
96900 Total Operating Expenses	<u>\$118,971</u>	<u>\$0</u>	<u>\$118,971</u>
97000 Excess of Operating Revenue over Operating Expenses	\$103,386	\$0	\$103,386
97100 Extraordinary Maintenance	\$2,560		\$2,560
97400 Depreciation Expense	\$50,652		\$50,652
90000 Total Expenses	\$172,183	\$0	\$172,183
10030 Operating Transfers from/to Primary Government	\$0		\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	<u>\$50,174</u>	<u>\$0</u>	<u>\$50,174</u>
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0
11030 Beginning Equity	\$996,920	\$0	\$996,920
11040 Prior Period Adjustments, Equity Transfers and Correction			
11180 Housing Assistance Payments Equity			
11190 Unit Months Available	336		336
11210 Number of Unit Months Leased	306		306
11270 Excess Cash	\$150,642	\$0	\$150,642
11610 Land Purchases	\$0	\$0	\$0
11620 Building Purchases	\$0	\$0	\$0
11630 Furniture & Equipment - Dwelling Purchases	\$39,404	\$0	\$39,404
11640 Furniture & Equipment - Administrative Purchases	\$0	\$0	\$0
11650 Leasehold Improvements Purchases	\$0	\$0	\$0
11660 Infrastructure Purchases	\$0	\$0	\$0
13510 CFFP Debt Service Payments	\$0	\$0	\$0
13901 Replacement Housing Factor Funds	\$0	\$0	\$0

**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, 2019**

	2019*	2018	2017	2016	2015
Village's proportion of the net pension liability	0.03550%	0.04570%	0.04820%	0.04690%	0.05090%
Village's proportionate share of the net pension liability	\$ 566,001	\$ 627,957	\$ 770,074	\$ 478,186	\$ 397,075
Village's covered payroll	\$ 228,704	\$ 236,564	\$ 335,986	\$ 372,185	\$ 436,544
Village's proportionate share of the net pension liability as a percentage of its covered-employee payroll	247.48%	265.45%	229.20%	128.48%	90.96%
Plan fiduciary net position as a percentage of the total pension liability	71.13%	73.74%	69.18%	76.99%	81.29%

For Housing Authority

	2019*	2018	2017	2016	2015
Village's proportion of the net pension liability	0.00190%	0.00460%	0.00390%	0.00450%	0.00400%
Village's proportionate share of the net pension liability	\$ 30,293	\$ 63,208	\$ 62,309	\$ 45,881	\$ 31,204
Village's covered payroll	\$ 35,020	\$ 22,399	\$ 22,435	\$ 32,896	\$ 36,586
Village's proportionate share of the net pension liability as a percentage of its covered-employee payroll	86.50%	282.19%	277.73%	139.47%	85.29%
Plan fiduciary net position as a percentage of the total pension liability	71.13%	73.74%	69.18%	76.99%	81.29%

* Governmental Accounting Standards Board Statement No. 68 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information in those years that information is available. Complete information for the Village is not available prior to fiscal year 2015, the statement's requirements became effective.

**STATE OF NEW MEXICO
VILLAGE OF CUBA**

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY OF PERA
MUNICIPAL POLICE DIVISON
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>2019*</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Village's proportion of the net pension liability	0.08230%	0.08860%	0.08350%	0.07750%	0.07240%
Village's proportionate share of the net pension liability	\$ 561,537	\$ 492,231	\$ 616,088	\$ 372,663	\$ 236,016
Village's covered payroll	\$ 235,526	\$ 213,029	\$ 255,655	\$ 262,639	\$ 187,503
Village's proportionate share of the net pension liability as a percentage of its covered-employee payroll	238.42%	231.06%	240.98%	141.89%	125.87%
Plan fiduciary net position as a percentage of the total pension liability	71.13%	73.74%	69.18%	76.99%	81.25%

* Governmental Accounting Standards Board Statement No. 68 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information in those years that information is available. Complete information for the Village is not available prior to fiscal year 2015, the statement's requirements became effective.

**STATE OF NEW MEXICO
VILLAGE OF CUBA**

**SCHEDULE OF CONTRIBUTIONS PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA)
MUNICIPAL GENERAL DIVISION
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>2019*</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutory required contributions	29,570	30,702	40,355	36,390	36,979
Contribution in relations to the statutorily required contributions	(29,570)	(30,702)	(40,355)	(36,390)	(36,979)
Annual contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

For Housing Authority

	<u>2019*</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutory required contributions	3,345	1,532	3,735	2,940	3,566
Contribution in relations to the statutorily required contributions	(3,345)	(1,532)	(3,735)	(2,940)	(62,506)
Annual contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(58,940)</u>

* Governmental Accounting Standards Board Statement No. 68 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information in those years that information is available. Complete information for the Village is not available prior to fiscal year 2015, the statement's requirements became effective.

**STATE OF NEW MEXICO
VILLAGE OF CUBA**

**SCHEDULE OF CONTRIBUTIONS PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA)
MUNICIPAL POLICE DIVISION
FOR THE YEAR ENDED JUNE 30, 2019**

	2019*	2018	2017	2016	2015
Statutory required contributions	30,452	27,226	32,159	34,488	29,124
Contribution in relations to the statutorily required contributions	(30,452)	(27,226)	(32,159)	(34,488)	(29,124)
Annual contribution deficiency (excess)	-	-	-	-	-

* Governmental Accounting Standards Board Statement No. 68 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information in those years that information is available. Complete information for the Village is not available prior to fiscal year 2015, the statement's requirements became effective.

**STATE OF NEW MEXICO
VILLAGE OF CUBA**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019**

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

Assumptions. The Public Employee Retirement Association of New Mexico Annual Actuarial Valuations as of June 2018 report is available at <http://www.nmpera.org/>.

**STATE OF NEW MEXICO
VILLAGE OF CUBA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019**

Federal Agency/Pass Through Grantor/Program Title	Federal CFDA Number	State ID Number	Total Federal Awards Expended
<u>U.S. Department of Energy</u>			
Pass-through NM Environment Department:			
NM Environment Department	66.458		<u>817,123</u>
Total U.S. Department of Energy			<u>817,123</u>
<u>U.S. Department of Housing and Urban Development</u>			
Low Rent Operating Subsidy	14.850		87,758
Public Housing Capital Fund Program	14.872		<u>50,724</u>
Total U.S. Department of Housing and Urban Development			<u>138,482</u>
Total Federal Assistance			<u>\$ 955,605</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards

**STATE OF NEW MEXICO
VILLAGE OF CUBA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019**

Note 1: Significant Accounting Policies used in preparing the Schedule of Expenditure of Federal Awards
The modified accrual basis was used to prepare the Schedule of Expenditures of Federal Awards

Note 2: Insurance Requirements

There are no insurance requirements on the federal awards disclosed on the Schedule of Expenditures of Federal Awards

Note 3: Loans or Loan Guarantees

There were no loans or loan guarantees outstanding at year end.

Note 4: De Minimis Indirect Rate

The Village did not elect to use the 10% de minimis indirect cost rate.

COMPLIANCE SECTION

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

Independent Auditor's Report

Mr. Brian Colón,
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, 2019, 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 January 23, 2020.

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 2019-001.

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.

Baldwin Accounting & Consulting, LLC

Baldwin Accounting & Consulting, LLC

Albuquerque, New Mexico

January 23, 2020

Report on Compliance With Requirements
Applicable To Each Major Federal Program and
Internal Control Over Compliance in Accordance With
OMB Uniform Guidance
Independent Auditor's Report

Mr. Brian Colón
State Auditor of the State of New Mexico
Board Members of the Village of Cuba

Compliance

We have audited Village of Cuba's (Village's) compliance with the types of compliance requirements described in the *Title 2 U.S. CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2019. The Village's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Village's major federal programs based on our audit of the types of compliance requirements. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements in the *Uniform Guidance*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Village's compliance.

Opinion on Each Major Federal Program

In our opinion, the Village complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of the Village is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements. In planning and performing the compliance audit, we considered the Village's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Baldwin Accounting & Consulting, LLC

Baldwin Accounting & Consulting, LLC

Albuquerque, New Mexico

January 23, 2020

**STATE OF NEW MEXICO
SANTA ROSA CONSOLIDATED SCHOOLS
SUMMARY OF AUDIT RESULTS
FOR THE YEAR ENDED JUNE 30, 2019**

SECTION I - SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting

* Material weaknesses identified? No

* Significant deficiencies identified? No

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

* Material weaknesses identified? No

* Significant deficiencies identified? No

Type of auditor's report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance No

Identification of major programs:

<u>CFDA Numbers)</u>	<u>Name of Federal Program</u>
66.458	U.S Department of Energy Pass-through NM Environment Department

Dollar threshold used to distinguish between type A and typeB programs: \$ 750,000

Audited qualified as low risk Auditee No

STATE OF NEW MEXICO
VILLAGE OF CUBA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2019

Federal Compliance Findings

Prior Year Audit Findings

None

Current Year Audit Findings

None

Financial Statement Findings

Status

2018-001 Late Submission of IPA Recommendation
Form and Audit Contract

Resolved

Current Year Audit Findings

2019-001 Late Submission of Audit Report

STATE OF NEW MEXICO
VILLAGE OF CUBA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2019

SECTION II - AUDIT FINDINGS IN RELATION TO FINANCIAL STATEMENTS

2019-001 Late Submission of Audit Report (Other Non- Compliance)

Condition

The audit for the year ended June 30, 2019 was not submitted to the state auditor's office by the December 15, 2019 due date.

Criteria

The New Mexico Administrative Code (NMAC) 2.2.29 (State Auditor Rule), the deadline for submission of this report was December 15, 2019.

Effect

The Village was not in compliance with the State statute. The Village is potentially subject to state funding cuts and delays due to the untimely audit.

Cause

There were material adjustments needed from entries incorrectly recorded by the predecessor auditor that were not forwarded to the Village's management at completion of the 2018 audit. During fieldwork, the Village became aware that they were subject to a single audit. Additional time and work was needed by management to compile the schedule of expenditures of federal awards.

Auditor's Recommendation

We recommend that the Village ensure all reports are filed in a timely manner with the State Auditor's office to comply with all New Mexico State Statutes.

Management Response

The delay is a result of the Village becoming aware there were subject to a single audit. Additional work was needed to compile and prepare the Statement of Expenditures of Federal Awards. Fund balance for various major funds did not reconcile requiring additional time. The Village of Cuba will ensure that all Statement of Expenditures of Federal Awards and fund balances are compiled before the audit start date.

Estimated Completion Date

June 2020

Responsible Party

Clerk-Treasurer

STATE OF NEW MEXICO
VILLAGE OF CUBA
EXIT CONFERENCE
FOR THE YEAR ENDED JUNE 30, 2019

An exit conference was held on January 23, 2020, and attended by the following:

Village of Cuba, New Mexico

Richard R. Velarde, Mayor
Vandora P. Casados, Clerk-Treasurer
Pilar Rubio, Contract Accountant

Baldwin Accounting & Consulting, LLC

Lee Baldwin, CPA, CFE, CFGM – Accounting Director

Preparation of Financial Statements

The financial statements in this report were prepared substantially by the Independent Audit firm of Baldwin Accounting & Consulting, LLC, with the assistance of the Village's management.