

STATE OF NEW MEXICO  
VILLAGE OF DES MOINES  
BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2015  
INDEPENDENT AUDITORS' REPORT

STATE OF NEW MEXICO  
 VILLAGE OF DES MOINES  
 FOR THE YEAR ENDED JUNE 30, 2015  
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STATE OF NEW MEXICO  
VILLAGE OF DES MOINES  
DIRECTORY OF OFFICIALS  
JUNE 30, 2015

**Village Council**

<b>NAME</b>	<b>TITLE</b>
Chris Moehring	Mayor
Sandra Fernandez	Village Councilor
Scott Warner	Village Councilor
Raymond Sisneros	Village Councilor
Stephanie Taylor	Village Councilor

**Village Officials**

Stephanie King	Village Clerk/Treasurer
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# Beasley, Mitchell & Co.

Certified Public Accountants

Donald A. Beasley, CPA, Partner  
Christine Wright, CPA, Partner  
Beth Fant, EA, Partner  
Brad Beasley, CPA, Partner

## INDEPENDENT AUDITORS' REPORT

Mr. Timothy Keller, State Auditor  
and the Mayor and Village Council of the  
Village of Des Moines, New Mexico

### Report on Financial Statements

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

### Management's Responsibility for the Financial Statements

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

### Auditors' 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 opinions.

## **Opinions**

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

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the GASB 68 Required Supplementary Information on pages 61 - 63 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 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 financial statements the combining and individual fund financial statements, and the budgetary comparisons that collectively comprise the Village of Des Moines basic financial statements. The combining and individual nonmajor fund financial statements and the schedule of vendors required by 2.2.2.10(A)(2)(g) NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate 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 statements 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 nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

#### **Other Reporting Required by Government Auditing Standards**

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

*Beasley Mitchell & Co LLP*

Beasley, Mitchell & Co.  
Las Cruces, New Mexico  
November 23, 2015



STATE OF NEW MEXICO  
VILLAGE OF DES MOINES  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2015

This section of Village of Des Moines' annual financial report presents our discussion and analysis of the Village's financial performance during the fiscal year ended June 30, 2015. Please read it in conjunction with the Village's financial statements, which follow this section.

### **Financial Highlights**

- The assets of the Village of Des Moines exceeded its liabilities at the close of the most recent fiscal year end by \$1,204,046 (net position).
- The government's total net position decreased by \$163,741 during the fiscal year. The majority of this is due to a decrease in revenues when compared to the year ended June 30, 2015.
- As of June 30, 2015, the Village's governmental funds reported combined ending fund balances of \$46,693.
- At the close of the current fiscal year, unassigned fund balance of the general fund was \$26,530.

### **Overview of the Financial Statements**

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Village:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Village's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the government, reporting the Village's operations in more detail than the government-wide statements.
- The governmental funds statements tell how general government services were financed in the short term as well as what remains for future spending.
- Proprietary fund statements offer short-term and long-term financial information about the activities the government operates like businesses.

### **Government-Wide Statements**

The *government-wide financial statements* are designed to provide readers with a broad overview of the Village of Des Moines' finances, in a manner similar to a private-sector business.

The *statements of net position* presents information on all of the Village of Des Moines' assets and liabilities, with the difference between the two reported as *net position*. Over time,

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VILLAGE OF DES MOINES  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2015

increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village of Des Moines is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Village of Des Moines that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Village of Des Moines include general government, public safety, public works and culture and recreation. The business-type activities of the Village include water and solid waste services.

### **Fund Financial Statements**

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village of Des Moines, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village of Des Moines can be divided into two categories: governmental funds and proprietary funds.

### **Governmental Funds**

*Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows and outflows of expendable resources*, as well as on *balances of expendable resources* available at the end of the fiscal year. Such information may be useful in determining what financial resources are available in the near future to finance the Village's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Village maintains seven individual governmental funds organized according to their type (special revenue). Information is presented separately in governmental fund balance sheet and

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MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2015

statement of revenues, expenditures, and changes in fund balances for the General Fund, Fire Fund, Senior Citizens Fund, Ambulance Fund and Street Fund, all of which are considered to be major funds. Data from the other two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The Village of Des Moines adopts an annual appropriated budget for its general fund and all other funds. A budgetary comparison statement has been provided for the General Fund, Fire Fund, Senior Citizens Fund, Ambulance Fund and Street Fund to demonstrate compliance with this budget. In addition, the individual financial statements of the non-major governmental fund types include budgetary comparison data.

### **Proprietary Funds**

*Proprietary funds* are generally used to account for services for which the Village charges customers, either outside customers or internal units or departments of the Village. Proprietary funds provide the same type of information as shown in the government-wide financial statements, only in more detail. The Village maintains two proprietary funds, the Water Fund and the Solid Waste Fund. The proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements.

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 33 - 59 of this report.

### **Combining Statements**

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the financial statements.

### **Analysis of Net Position**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Village, assets exceeded liabilities by \$1,204,046 at the close of the current fiscal year.

The largest portion of the Village of Des Moines' net position represent the Village's net investment of \$1,228,798 in capital assets (e.g., land, buildings and improvements, infrastructure, and equipment). The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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VILLAGE OF DES MOINES  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2015

A portion of the Village's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net deficit is \$24,752.

At the end of the current fiscal year, the Village is able to report positive balances in all categories of net position, for the government as a whole as well as for the business-type activities.

### **Analysis of Changes in Net Position**

During the current fiscal year, the Village's net position in governmental and business-type activities decreased by \$163,741. These decreases are explained in the governmental activities discussion.

#### **Governmental Activities**

Governmental activities decreased the Village's net position by \$117,081. Grant revenue increased \$45,400 over grant revenue in the prior year. Property taxes, gross receipts taxes and other taxes contributed \$97,938 for covering the \$561,026 program expense associated with governmental activities during FY2015.

Governmental revenues consisted mostly of grants. The total revenues decreased \$57,263.

Total revenues from governmental activities are summarized below. For fiscal year 2014-2015, Local and State taxes made up 0.22% of the total general government revenues compared to 0.44% of the revenues in the prior year.

#### **Business-Type Activities**

Business-type activities decreased the Village's net position by \$46,660 after net transfers of \$2,744 out to the general fund, compared to the prior year's decrease of \$6,331 after net transfers of \$6,072 from the general fund. The key element of this increase compared to the prior year change was a decrease in charges for services during fiscal year 2015. The Village will continue to see a decrease as charges for services have been reported in the general fund, since the utility funds are no longer self-sustaining.

STATE OF NEW MEXICO  
VILLAGE OF DES MOINES  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2015

**SUMMARY OF NET POSITION**

	Governmental Activities		Business-Type Activities		Total		Total % Change
	2015	2014	2015	2014	2015	2014	
<b>ASSETS AND DEFERRED OUTFLOWS</b>							
Current and other assets	\$ 80,027	\$ 71,014	\$ 13,745	\$ 20,920	\$ 93,772	\$ 91,934	0.02 %
Non current assets	-	243	-	-	-	243	(1.00)%
Capital assets, net of A/D	1,365,786	1,483,740	217,607	255,999	1,583,393	1,739,739	(0.09)%
Total assets	1,445,813	1,554,997	231,352	276,919	1,677,165	1,831,916	(0.08)%
Deferred outflows	5,791	-	-	-	5,791	-	1.00 %
Total assets and deferred outflows	\$ 1,451,604	\$ 1,554,997	\$ 231,352	\$ 276,919	\$ 1,682,956	\$ 1,831,916	(0.08)
<b>LIABILITIES, DEFERRED INFLOWS, AND NET POSITION</b>							
Current liabilities	\$ 49,772	\$ 28,182	\$ 6,608	\$ 5,515	\$ 56,380	\$ 33,697	0.67 %
Long-term liabilities	400,518	354,595	-	-	400,518	354,595	0.13 %
Total liabilities	450,290	382,777	6,608	5,515	456,898	388,292	0.18 %
Deferred inflows	22,012	-	-	-	22,012	-	1.00 %
Total liabilities and deferred inflows	472,302	382,777	6,608	5,515	478,910	388,292	0.23 %
<b>NET POSITION</b>							
Net investment in capital assets	1,011,191	1,483,740	217,607	255,999	1,228,798	1,739,739	(0.29)%
Unrestricted	(31,889)	(311,520)	7,137	15,405	(24,752)	(296,115)	(0.92)%
Total net position	979,302	1,172,220	224,744	271,404	1,204,046	1,443,624	(0.17)%
Total liabilities, deferred inflows and net position	\$ 1,451,604	\$ 1,554,997	\$ 231,352	\$ 276,919	\$ 1,682,956	\$ 1,831,916	(0.08)%

STATE OF NEW MEXICO  
VILLAGE OF DES MOINES  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2015

**SUMMARY OF CHANGES IN NET POSITION**

	Governmental Activities		Business-Type Activities		Total		Total % Change
	2015	2014	2015	2014	2015	2014	
<b>REVENUES</b>							
Charges for services	\$ 55,742	\$ -	\$ 251	\$ 21,435	\$ 55,993	\$ 21,435	1.61 %
Operating grant and contributions	286,900	208,167	-	-	286,900	208,167	0.38 %
Capital grants and contributions	-	33,333	-	-	-	33,333	(1.00)%
Taxes	97,938	219,934	-	5,037	97,938	224,971	(0.56)%
Other income	621	37,030	-	-	621	37,030	(0.98)%
<b>Total revenues</b>	<b>441,201</b>	<b>498,464</b>	<b>251</b>	<b>26,472</b>	<b>441,452</b>	<b>524,936</b>	<b>(0.16)%</b>
<b>EXPENSES</b>							
General government	160,658	155,028	-	-	160,658	155,028	0.04 %
Public safety	269,094	405,472	-	-	269,094	405,472	(0.34)%
Public works	64,342	65,761	-	-	64,342	65,761	(0.02)%
Cultural and recreation	66,932	83,359	-	-	66,932	83,359	(0.20)%
Proprietary expenses	-	-	44,167	26,731	44,167	26,731	0.65 %
<b>Total expenses</b>	<b>561,026</b>	<b>709,620</b>	<b>44,167</b>	<b>26,731</b>	<b>605,193</b>	<b>736,351</b>	<b>(0.18)%</b>
Change in net position before transfers	(119,825)	(211,156)	(43,916)	(259)	(163,741)	(211,415)	(0.23)%
Transfers	2,744	6,072	(2,744)	(6,072)	-	-	- %
<b>Changes in net position</b>	<b>(117,081)</b>	<b>(205,084)</b>	<b>(46,660)</b>	<b>(6,331)</b>	<b>(163,741)</b>	<b>(211,415)</b>	<b>(0.23)%</b>
Net position - beginning	1,172,220	1,377,304	271,404	277,735	1,443,624	1,655,039	(0.13)%
Restatement	(75,837)	-	-	-	(75,837)	-	1.00 %
<b>Net position - beginning, restated</b>	<b>1,096,383</b>	<b>-</b>	<b>271,404</b>	<b>-</b>	<b>1,367,787</b>	<b>-</b>	<b>1.00 %</b>
<b>Net position - ending</b>	<b>\$ 979,302</b>	<b>\$ 1,172,220</b>	<b>\$ 224,744</b>	<b>\$ 271,404</b>	<b>\$ 1,204,046</b>	<b>\$ 1,443,624</b>	<b>(0.17)%</b>

STATE OF NEW MEXICO  
VILLAGE OF DES MOINES  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2015

### **Financial Analysis of the Village of Des Moines as a Whole**

As noted earlier, the Village of Des Moines uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

#### **Governmental Funds**

The focus of the Village of Des Moines' *governmental funds* is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the Village of Des Moines' financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Types of governmental funds reported by the Village include the General Fund and Special Revenue Funds.

As of the end of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$46,693, a decrease of \$23,942 in comparison with the prior year. The decrease is primarily due to the decrease in tax revenue.

Revenues for governmental functions overall totaled \$440,888 in the fiscal year-ended June 30, 2015, which represents a decrease of \$57,263 from the fiscal year-ended June 30, 2014. Expenditures for governmental functions totaled \$467,574. This was a decrease from the fiscal year-ended June 30, 2014. In the fiscal year-ended June 30, 2015, expenditures for governmental functions exceeded revenues by approximately \$26,686.

The General Fund is the chief operating fund of the Village. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$26,530.

The fund balance of the Village's General Fund decreased \$25,824 during the current fiscal year.

#### **Proprietary Funds**

The Village's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

At the end of the fiscal year, the unrestricted net position for the Proprietary Funds were \$7,137. The total decrease in net position for the proprietary funds was \$46,660.

#### **Budgetary Highlights**

Village budgets reflect the same pattern as seen in the revenue and expenditures of the Village. The State of New Mexico budget process is defined under State law and regulation. To enhance the process of developing a budget at the Village level, the Village of Des Moines utilizes goals and objectives defined by the Village Council Members, community input meetings, long-term plans and input from various staff groups to develop the Village budget. The Village priorities are well defined through out this process.

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GASB Statement No. 34 does not require a statement presenting the overall result of the budget for each year; however, all major budgetary funds are required to be reported as a separate statement.

**General Fund Budgetary Highlights**

The General Fund accounts for all of the general services provided by the Village of Des Moines. The Village has not modified the budget throughout the fiscal year. If modifications were needed, this is done with resolutions to the budget.

**Capital Asset and Debt Administration**

**Capital Assets**

The Village of Des Moines' capital assets for its governmental and business-type activities as of June 30, 2015 amount to \$1,583,393 (net of accumulated depreciation). Capital assets include land, buildings and improvements, equipment, and infrastructure. The total increase in the Village's capital assets (excluding accumulated depreciation) for the current fiscal year was \$47,790 for governmental activities and primarily consisted of a water tank in construction in progress.

The following is a schedule showing the Net Value of the Capital Assets and the application of the principal balances of the notes as of the fiscal year end:

**Capital Assets, Net of Depreciation  
June 30, 2015**

	Governmental Activities		Business - Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 8,431	\$ 431	\$ 2,427	\$ 10,427	\$ 10,858	\$ 10,858
Construction in Progress	39,790	-	-	-	39,790	-
Building & Infrastructure	947,830	1,038,402	215,180	245,572	1,163,010	1,283,974
Equipment	369,735	444,907	-	-	369,735	444,907
Capital Assets, Net of A/D	<u>\$1,365,786</u>	<u>\$1,483,740</u>	<u>\$ 217,607</u>	<u>\$ 255,999</u>	<u>\$1,583,393</u>	<u>\$1,739,739</u>

For government-wide financial statement presentation, all depreciable capital assets were depreciated from acquisition date to the end of the current fiscal year. Fund financial statements record capital asset purchases as expenditures. See Note 5 in the accompanying Notes to the Financial Statements for further information regarding capital assets.



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The Statement of Net Position shows the Net Investment in Capital Assets in the amount of \$1,228,798. This investment includes the land, buildings and improvements, infrastructure, and equipment.

**Debt administration**

The Village's long term debt is summarized as follows. Additional information on the Village's debt can be found in Note 6.

	Long Term Debt June 30, 2015				
	Balance 6/30/14	Additions	Reductions	Balance 06/30/15	Amount Due Within One Year
Notes payable	\$ 371,257	\$ -	\$ 16,662	\$ 354,595	\$ 16,751
Compensated absences	10,898	3,863	4,128	10,633	4,127
Total	\$ 382,155	\$ 3,863	\$ 20,790	\$ 365,228	\$ 20,878

**Contacting the Village of Des Moines' Financial Management**

This financial report is designed to provide a general overview of the Village of Des Moines' finances for those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Village of Des Moines PO Box 127, Village of Des Moines, NM 88418.

**GOVERNMENT - WIDE FINANCIAL STATEMENTS**

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

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
ASSETS AND DEFERRED OUTFLOWS			
CURRENT ASSETS:			
Cash and cash equivalents	\$ 54,373	\$ 7,137	\$ 61,510
Taxes receivable	11,629	-	11,629
Accounts receivable	<u>14,025</u>	<u>6,608</u>	<u>20,633</u>
Total current assets	80,027	13,745	93,772
NON-CURRENT ASSETS:			
Capital assets, net of accumulated depreciation	<u>1,365,786</u>	<u>217,607</u>	<u>1,583,393</u>
Total non-current assets	<u>1,365,786</u>	<u>217,607</u>	<u>1,583,393</u>
Total assets	1,445,813	231,352	1,677,165
DEFERRED OUTFLOWS:			
Deferred outflows - pension expense	<u>5,791</u>	<u>-</u>	<u>5,791</u>
Total deferred outflows	<u>5,791</u>	<u>-</u>	<u>5,791</u>
Total assets and deferred outflows	<u>\$ 1,451,604</u>	<u>\$ 231,352</u>	<u>\$ 1,682,956</u>

See independent auditors' report and accompanying notes to financial statements

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

	<b>Governmental Activities</b>	<b>Business- type Activities</b>	<b>Total</b>
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION			
CURRENT LIABILITIES:			
Accounts payable	\$ 28,894	\$ -	\$ 28,894
Compensated absences	4,127	6,608	10,735
Current portion of long-term debt	16,751	-	16,751
Total current liabilities	49,772	6,608	56,380
NON-CURRENT LIABILITIES:			
Compensated absences, net of current	6,506	-	6,506
Net pension liability	56,168	-	56,168
Loans and notes payable, net of current	337,844	-	337,844
Total non-current liabilities	400,518	-	400,518
Total liabilities	450,290	6,608	456,898
DEFERRED INFLOWS:			
Deferred inflows - change in assumption	38	-	38
Deferred inflows - net difference between projected and actual investment earnings	21,974	-	21,974
Total deferred inflows	22,012	-	22,012
Total liabilities and deferred inflows	472,302	6,608	478,910
NET POSITION:			
Net investment in capital assets	1,011,191	217,607	1,228,798
Unrestricted	(31,889)	7,137	(24,752)
Total net position	979,302	224,744	1,204,046
Total liabilities, deferred inflows, and net position	\$ 1,451,604	\$ 231,352	\$ 1,682,956

See independent auditors' report and accompanying notes to financial statements

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

Functions/Programs:	Program Revenues				Net (Expense) Revenue and Change in Net Position		Total
	Expenses	Charges for Services	Program Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Primary government:							
Governmental activities:							
General government	\$ 160,658	\$ -	\$ 186,477	\$ -	\$ 25,819	\$ -	\$ 25,819
Public safety	269,094	55,742	95,491	-	(117,861)	-	(117,861)
Public works	64,342	-	-	-	(64,342)	-	(64,342)
Culture and recreation	66,932	-	4,932	-	(62,000)	-	(62,000)
Total governmental activities	561,026	55,742	286,900	-	(218,384)	-	(218,384)
Business-type activities:							
Water and solid waste	44,167	251	-	-	-	(43,916)	(43,916)
Total business-type activities	44,167	251	-	-	-	(43,916)	(43,916)
Total primary government	\$ 605,193	\$ 55,993	\$ 286,900	\$ -	(218,384)	(43,916)	(262,300)
General Revenues:							
Taxes:							
Property taxes					7,724	-	7,724
Gross receipts taxes					83,270	-	83,270
Motor vehicle and fuel taxes					824	-	824
Gasoline taxes					6,120	-	6,120
Interest income					18	-	18
Miscellaneous					603	-	603
Transfers between governmental and business-type					2,744	(2,744)	-
Total general revenues and transfers					101,303	(2,744)	98,559
Change in net position					(117,081)	(46,660)	(163,741)
Net position, beginning of year as previously restated					1,172,220	271,404	1,443,624
Restatement					(75,837)	-	(75,837)
Net position, beginning of year as restated					1,096,383	271,404	1,367,787
Net position, end of year					\$ 979,302	\$ 224,744	\$ 1,204,046

See independent auditors' report and accompanying notes to financial statements

**GOVERNMENTAL FUND STATEMENTS**

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

	<u>General Fund</u>	<u>Fire Fund</u>	<u>Senior Citizens Fund</u>	<u>Non-Major Governmental Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 37,585	\$ 12,987	\$ 3,037	\$ 764	\$ 54,373
Accounts receivable	10,650	-	3,375	-	14,025
Taxes receivable	<u>11,629</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,629</u>
Total assets	<u>\$ 59,864</u>	<u>\$ 12,987</u>	<u>\$ 6,412</u>	<u>\$ 764</u>	<u>\$ 80,027</u>

See independent auditors' report and accompanying notes to financial statements

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

	<u>General Fund</u>	<u>Fire Fund</u>	<u>Senior Citizens Fund</u>	<u>Non-Major Governmental Fund</u>	<u>Total Governmental Funds</u>
LIABILITIES AND FUND BALANCE					
LIABILITIES:					
Current liabilities					
Accounts payable	\$ 28,894	\$ -	\$ -	\$ -	\$ 28,894
Compensated absences	4,127	-	-	-	4,127
Total liabilities	33,021	-	-	-	33,021
Deferred inflows:					
Property tax	313	-	-	-	313
Total deferred inflows	313	-	-	-	313
Total liabilities and deferred inflows	33,334	-	-	-	33,334
FUND BALANCES:					
Restricted, reported in:					
Special revenue funds	-	12,987	6,412	764	20,163
Unassigned, reported in:					
General fund	26,530	-	-	-	26,530
Total fund balances	26,530	12,987	6,412	764	46,693
Total liabilities, deferred inflows, and fund balances	<u>\$ 59,864</u>	<u>\$ 12,987</u>	<u>\$ 6,412</u>	<u>\$ 764</u>	<u>\$ 80,027</u>

See independent auditors' report and accompanying notes to financial statements



STATE OF NEW MEXICO  
VILLAGE OF DES MOINES  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2015

Total fund balances - governmental funds \$ 46,693

Amount reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.

The cost of capital assets	3,384,236	
Accumulated depreciation	<u>(2,018,450)</u>	1,365,786

Deferred outflows:

Contributions made after the measurement date, that will be recognized as a reduction of net pension liability		5,791
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Deferred inflows due to actual non-investment experience that was better than expected and changes in benefits or assumption which result in a decrease to net pension liability:

Change in assumption	(38)	
Difference between projected and actual investment earnings on pension plan investments	<u>(21,974)</u>	(22,012)

Deferred inflows- assets not available to pay for current period expenditures and therefore, are deferred in the funds - property tax

313

Other long-term liabilities and certain other liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term and other liabilities at year end consist of:

Note payable	(354,595)	
Net pension liability	(56,168)	
Compensated absences	<u>(6,506)</u>	<u>(417,269)</u>

Total net position - governmental activities \$ 979,302

See independent auditors' report and accompanying notes to financial statements

STATE OF NEW MEXICO  
VILLAGE OF DES MOINES  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015

	<u>General Fund</u>	<u>Fire Fund</u>	<u>Senior Citizens Fund</u>	<u>Non-Major Governmental Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Taxes	\$ 96,848	\$ -	\$ -	\$ 777	\$ 97,625
Intergovernmental income - state	129,790	70,089	56,687	25,402	281,968
Charges for services	51,219	-	-	4,523	55,742
Interest income	-	17	-	1	18
Federal grants	-	-	4,932	-	4,932
Miscellaneous	3	600	-	-	603
<b>Total revenues</b>	<b>277,860</b>	<b>70,706</b>	<b>61,619</b>	<b>30,703</b>	<b>440,888</b>
<b>EXPENDITURES</b>					
General government	119,489	-	-	-	119,489
Public safety	113,399	71,818	-	34,743	219,960
Culture and recreation	-	-	54,585	-	54,585
Capital outlay	47,790	-	-	-	47,790
Principal	16,662	-	-	-	16,662
Interest	9,088	-	-	-	9,088
<b>Total expenditures</b>	<b>306,428</b>	<b>71,818</b>	<b>54,585</b>	<b>34,743</b>	<b>467,574</b>
Excess (deficiency) of revenues over expenditures	<u>(28,568)</u>	<u>(1,112)</u>	<u>7,034</u>	<u>(4,040)</u>	<u>(26,686)</u>

See independent auditors' report and accompanying notes to financial statements

STATE OF NEW MEXICO  
VILLAGE OF DES MOINES  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015

	<u>General Fund</u>	<u>Fire Fund</u>	<u>Senior Citizens Fund</u>	<u>Non-Major Governmental Fund</u>	<u>Total Governmental Funds</u>
OTHER FINANCING SOURCES (USES):					
Transfer in	<u>2,744</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,744</u>
Total other sources (uses)	<u>2,744</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,744</u>
Net change in fund balance	(25,824)	(1,112)	7,034	(4,040)	(23,942)
Fund balance at beginning of year	<u>52,354</u>	<u>14,099</u>	<u>(622)</u>	<u>4,804</u>	<u>70,635</u>
Fund balance at end of year	<u>\$ 26,530</u>	<u>\$ 12,987</u>	<u>\$ 6,412</u>	<u>\$ 764</u>	<u>\$ 46,693</u>

See independent auditors' report and accompanying notes to financial statements

STATE OF NEW MEXICO  
VILLAGE OF DES MOINES  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015

Net change in fund balances - total governmental funds \$ (23,942)

Amount reported for governmental activities in the Statement of Activities are different because:

Pension expense, net 3,448

Deferred inflows- assets not available to pay for current period expenditures and therefore, are deferred in the funds - property tax 313

Governmental funds report capital outlays 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:

Capital assets reported as capital outlay expenditures	47,790	
Depreciation expense	(165,744)	(117,954)

Governmental funds report loan payments as debt service expenditures. However, in the statement of activities, these payments are not recognized as expenditures 16,662

In the Statement of Activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amount paid). 4,392

Change in net position of governmental activities \$ (117,081)

STATE OF NEW MEXICO  
VILLAGE OF DES MOINES  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2015

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ 56,097	\$ 56,097	\$ 96,848	\$ 40,751
Intergovernmental income	128,850	128,850	129,790	940
Charges for services	44,000	44,000	51,219	7,219
Miscellaneous revenue	10,000	10,000	3	(9,997)
Total revenues	238,947	238,947	277,860	38,913
EXPENDITURES:				
General government	236,000	236,000	104,712	131,288
Public safety	-	-	113,399	(113,399)
Capital outlay	-	-	47,790	(47,790)
Principal	-	-	16,662	(16,662)
Interest	-	-	9,088	(9,088)
Total expenditures	236,000	236,000	291,651	(55,651)
Deficiency of revenues over expenditures	2,947	2,947	(13,791)	(16,738)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	2,744	2,744
Total other financing uses	-	-	2,744	2,744
Net changes in fund balance	2,947	2,947	(11,047)	(13,994)
Fund balance - beginning of the year	52,354	52,354	52,354	-
Fund balance - end of the year	\$ 55,301	\$ 55,301	\$ 41,307	\$ (13,994)
Reconciliation of budgetary basis to GAAP basis:				
Net change in fund balance budgetary basis			\$ (11,047)	
Net expenditure accruals			(14,777)	
Net change in fund balance GAAP basis			\$ (25,824)	

See independent auditors' report and accompanying notes to financial statements

STATE OF NEW MEXICO  
VILLAGE OF DES MOINES  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
SPECIAL REVENUE FUND - FIRE FUND  
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Intergovernmental income - state	\$ 55,000	\$ 44,582	\$ 70,089	\$ 25,507
Interest income	-	-	17	17
Miscellaneous revenue	-	-	600	600
	<u>55,000</u>	<u>44,582</u>	<u>70,706</u>	<u>26,124</u>
Total revenues				
EXPENDITURES:				
Public safety	<u>82,500</u>	<u>82,500</u>	<u>71,818</u>	<u>10,682</u>
Total expenditures	<u>82,500</u>	<u>82,500</u>	<u>71,818</u>	<u>10,682</u>
Net changes in fund balance	(27,500)	(37,918)	(1,112)	36,806
Fund balance - beginning of the year	<u>14,099</u>	<u>14,099</u>	<u>14,099</u>	<u>-</u>
Fund balance - end of the year	<u>\$ (13,401)</u>	<u>\$ (23,819)</u>	<u>\$ 12,987</u>	<u>\$ 36,806</u>
Reconciliation of budgetary basis to GAAP basis:				
Net change in fund balance budgetary basis			<u>\$ (1,112)</u>	
Net change in fund balance GAAP basis			<u>\$ (1,112)</u>	

See independent auditors' report and accompanying notes to financial statements

STATE OF NEW MEXICO  
VILLAGE OF DES MOINES  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
SPECIAL REVENUE FUND - SENIOR CITIZENS FUND  
FOR THE YEAR ENDED JUNE 30, 2015

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Federal grants	\$ 1,500	\$ 1,500	\$ 4,932	\$ 3,432
State grants	46,500	46,500	53,312	6,812
Miscellaneous revenue	9,500	9,500	-	(9,500)
Total revenues	57,500	57,500	58,244	744
EXPENDITURES:				
Culture and recreation	57,500	57,500	54,585	2,915
Total expenditures	57,500	57,500	54,585	2,915
Excess of revenues over expenditures	-	-	3,659	3,659
Net changes in fund balance	-	-	3,659	3,659
Fund balance - beginning of the year	(622)	(622)	(622)	-
Fund balance - end of the year	\$ (622)	\$ (622)	\$ 3,037	\$ 3,659
Reconciliation of budgetary basis to GAAP basis:				
Net change in fund balance budgetary basis			\$ 3,659	
Net revenue accruals			3,375	
Net change in fund balance GAAP basis			\$ 7,034	

See independent auditors' report and accompanying notes to financial statements

**PROPRIETARY FUNDS**



STATE OF NEW MEXICO  
VILLAGE OF DES MOINES  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2015

	<u>Joint Utilities</u>
ASSETS	
CURRENT ASSETS:	
Cash and cash equivalents	\$ 7,137
Accounts receivable	<u>6,608</u>
Total current assets	13,745
NON-CURRENT ASSETS:	
Capital assets, net of accumulated depreciation	<u>217,607</u>
Total non-current assets	<u>217,607</u>
Total assets	<u>\$ 231,352</u>
LIABILITIES AND NET POSITION	
CURRENT LIABILITIES:	
Customer meter deposits	<u>\$ 6,608</u>
Total liabilities	6,608
NET POSITION	
Net investment in capital assets	217,607
Unrestricted	<u>7,137</u>
Total net position	<u>224,744</u>
Total liabilities and net position	<u>\$ 231,352</u>

See independent auditors' report and accompanying notes to financial statements

STATE OF NEW MEXICO  
VILLAGE OF DES MOINES  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Joint Utilities</u>
OPERATING REVENUE:	
Charges for services	\$ <u>251</u>
Total operating revenue	251
OPERATING EXPENSES:	
General government	26,776
Depreciation	<u>17,391</u>
Total operating expenses	<u>44,167</u>
Operating loss	(43,916)
NON-OPERATING REVENUES:	
Transfers out	<u>(2,744)</u>
Total transfers	<u>(2,744)</u>
Change in net position	(46,660)
Net position, beginning of year	<u>271,404</u>
Net position, end of year	<u>\$ 224,744</u>

See independent auditors' report and accompanying notes to financial statements

STATE OF NEW MEXICO  
VILLAGE OF DES MOINES  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Joint Utilities</u>
<b>Cash flows from operating activities:</b>	
Cash received from customers	\$ 7,426
Cash paid to suppliers and employees	<u>(25,683)</u>
Net cash provided by operating activities	(18,257)
<b>Cash flows from non-capital financing activities:</b>	
Transfers from other funds	<u>(2,744)</u>
Net cash provided by non-capital financing activities	(2,744)
<b>Cash flows from capital and related financing activities:</b>	
Disposal of capital assets	<u>21,001</u>
Net cash used in capital and related financing activities	<u>21,001</u>
Net decrease in cash and cash equivalents	-
Cash and cash equivalents - beginning	<u>7,137</u>
Cash and cash equivalents - ending	<u>\$ 7,137</u>
<b>Reconciliation of operating loss to net cash used in operating activities:</b>	
Operating loss	\$ (43,916)
<b>Adjustments to operating loss to net cash used in operating activities:</b>	
Depreciation	17,391
<b>Changes in net position and liabilities:</b>	
Accounts receivable	7,175
Customer deposits	<u>1,093</u>
Net cash provided by operating activities	<u>\$ (18,257)</u>

See independent auditors' report and accompanying notes to financial statements

**NOTES TO FINANCIAL STATEMENTS**

STATE OF NEW MEXICO  
VILLAGE OF DES MOINES  
NOTES TO BASIC FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Village of Des Moines (the "Village") have been prepared in accordance with general accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements. Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued after November 30, 1989 that do not conflict with or contradict GASB pronouncements. The more significant of the Village's accounting policies are described below.

**A. Reporting Entity**

The Village of Des Moines was incorporated under the laws of the State of New Mexico during 1915. The Village operates under a Council-Mayor form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, sanitation and water, culture-recreation, education, public improvements, planning and zoning, and general administrative service matters.

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Village is considered a primary government, since it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the Village may, without the approval or consent of another governmental entity, determine or modify its own budget, set rates or charges and issue bonded debt.

The Village has no component units, defined by GASB Statement No. 14 as other legally separate organizations for which the elected Village members are financially accountable. There are no other primary governments with which the Village Council Members are financially accountable. There are no other primary governments with which the Village has a significant relationship.

The accounts of the Village are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

STATE OF NEW MEXICO  
VILLAGE OF DES MOINES  
NOTES TO BASIC FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015

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

***B. Basis of Presentation***

***Government-Wide Financial Statements (GWFS)*** - The government-wide financial statements (the statement of net position and the statement of changes in net position) report information on all of the activities of the Village. Fiduciary funds are not included in the GWFS. Fiduciary Funds are reported only in the Statement of Fiduciary Net Position at the fund financial statement level. The Village has no Fiduciary Funds. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include: 1) Charges for services is the term used for a broad category of program revenues that arise from charges to customers, applicants, or others who purchase, use, or directly benefit from the goods, services, or privileges provided, or are otherwise directly affected by the services. Revenues in this category include fees charged for specific services, such as water use or garbage collection; licenses and permits, such as businesses licenses, liquor licenses, and building permits; operating special assessments, such as for street cleaning or special street lighting; and any other amounts charged to service recipients. Fines and forfeitures are also included in this category because they result from direct charges to those who are otherwise directly affected by a program or service, even though specific grants and contributions (operating and capital) include revenues arising from mandatory and voluntary nonexchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program. Some grants and contributions consist of capital assets or resources that are restricted for capital purposes to purchase, construct, or renovate capital assets associated with a specific program. These should be reported separately from grants and contributions that may be used either for operating expenses or for capital expenditures of the program at the discretion of the reporting government. These categories of program revenue are specifically attributable to a program and reduce the net expense of that program to the reporting government.

The Village segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

**Governmental funds** are those funds through which most governmental functions

STATE OF NEW MEXICO  
VILLAGE OF DES MOINES  
NOTES TO BASIC FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015

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

typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The Village has presented the following major governmental funds:

**General Fund** - The General Fund is the general operating fund of the Village and accounts for all revenues and expenditures of the Village not encompassed within other funds.

**Special Revenue Funds**

**Fire Fund** - To account for the operation and maintenance of the Village Fire Department. Financing is primarily from State grants. The fund was created by the authority of state grant provisions (NMSA 59A-53-1).

**Senior Citizens Fund** - To account for State revenues for senior citizens' activities. Financing is provided by State appropriation and the State of New Mexico Agency on Aging. The authority for the allocation and setup of the fund is 7-12-15, NMSA, 1978.

**Enterprise Funds**

All Enterprise Funds are combined. The Enterprise Funds are composed of the following:

**Proprietary Funds** - To account for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. All assets and liabilities are included on the Statement of Net Position. The Village has presented the following major proprietary funds:

**Water Fund** - To account for the provision of water service to the residents of the Village. Activities include administration, operations and maintenance of the water system and billing and collection activities. The funds also account for the accumulation of resources for, and the payment of, long-term debt principal and interest for water debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds.

**Solid Waste Fund** - To account for the disposal of solid waste for the residents of the Village.

C. **Measurement Focus, Basis of Accounting**

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

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government wide and proprietary financial statements are reported using the economic resources measurement focus. The government wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Village gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Derived tax revenue, such as franchise and sales tax revenue, is recognized when the underlying exchange transaction occurs.

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the Village's taxpayer or citizenry, as a whole; program revenues reduced the cost of the function to be financed from the Village's general revenues. Program revenues include charges for services or applicants who purchase, use, or directly benefit from the goods or services provided by the given function.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e. when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Village considers property taxes as available if they are collected within 30 days after year end. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due. The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income and intergovernmental revenues. Sales taxes collected and held by the state at year end on behalf of the government are also recognized as revenue. All other governmental fund revenues are recognized when received.

**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position**

*Cash and Cash Equivalents* - The Village's cash and cash equivalents are considered to



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

be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. The Village is authorized under the provisions of Chapter 6, Article 10, paragraph 10, NMSA 1978, to deposit its money in banks, savings and loan associations and/or credit unions whose accounts are insured by an agency of the United States.

**Investments** - All money not immediately necessary for the public uses of the Village may be invested in:

(a) bonds or negotiable securities of the United States, the state or any county, municipality or Village which has a taxable valuation of real property for the last preceding year of at least one million dollars (\$1,000,000) and has not defaulted in the payment of any interest or sinking fund obligation or failed to meet any bonds at maturity at any time within five years last preceding; or

(b) securities that are issued by the United States government or by its agencies or instrumentalities and that are either direct obligations of the United States or are backed by the full faith and credit of the United States government or agencies guaranteed by the United States government; or

(c) in contracts with banks, savings and loan associations or credit unions for the present purchase and resale at a specified time in the future of specific securities at specified prices at a price differential representing the interest income to be earned by the investor. The contract shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with the investment. The contract shall be fully secured by obligations of the United States having a market value of at least one hundred two percent of the contract. The collateral required for investment in the contracts provided for in this subsection shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with investment.

**Receivables and Payables** - Receivables include property taxes, interfund loans that are expected to be paid back and amount due from state government agencies related to various grant agreements. Payables represent routine monthly bills for services rendered and products purchased and accrued salaries and benefits.

**Deferred Outflows** - In the government-wide fund financial statements, deferred outflows are contributions to a pension plan after the measurement date, and the change in assumption.

**Property Taxes** - The County collects the Village's share of property taxes assessed. Property taxes attach an enforceable lien on property as of January 1st. Tax notices are sent by the County treasurer to property owners by November 1st of each year to be paid in whole or in two installments by November 10th and April 10th of each year. The

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

County collects such taxes and distributes them to the Village on a monthly basis. The Village accounts for its share of property taxes in the General Fund. Only those collections received are recorded as revenues for the budget presentation.

**Restricted Funds** - Restricted assets for the Village include utility customer deposits reflected in the business-type funds. These assets may only be expended for the specific purposes as noted, due to externally imposed provisions of the agreements with utility customers.

**Capital Assets** - Capital assets, which include property, buildings, equipment, and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. Capital assets are recorded at historical costs and depreciated over their estimated useful lives (with no salvage value). 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. Donated capital assets are recorded at their estimated fair market value on the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The construction period interest is not capitalized in the proprietary funds.

Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight line depreciation is used based on the following estimated useful lives:

Assets	Years
Buildings	40 - 50
Building improvements	40
Public domain infrastructure	12 - 20
System infrastructure	20 - 30
Equipment	10 - 12
Vehicles	3 - 5
Computer equipment	5

**Use of Restricted Funds** - When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources as they are needed.

**Revenue** - The policy for defining the proprietary fund's operating revenues and expenses is how individual transactions would be categorized for purposes of preparing a statement of cash flows. Transactions for which cash flows are reported as capital and related financing activities, noncapital financing activities, or investing activities normally are not reported as components of operating income.

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

**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.

**Compensated Absences** - Village employees are entitled to certain compensated absences based on their employment classification and length of employment. With minor exceptions, the Village allows 40 hour week employees to accumulate unused sick leave. Accumulated unused sick leave, however, is not paid upon termination from employment or retirement, but will be paid only upon illness while in the employment of the Village. Accordingly, no provision for accumulated unused sick leave has been made in the accompanying financial statements.

Full-time, permanent employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the Village. Accumulated unused vacation is payable upon retirement or termination from employment. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**Deferred Inflows** - Within the governmental funds, revenues must be available in order to be recognized. Revenues such as real estate taxes that are not available are recorded as deferred inflows and reflected within the balance sheet.

**Net Position** - The government-wide and business-type activities fund financial statements utilize a net position presentation. When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, and then unrestricted resources as needed.

**Net Investment in Capital Assets** - This category reflects the portion of net position that are associated with capital assets less outstanding capital asset related debt.

**Unrestricted Net Position** - This category reflects net position of the Village, not restricted for any project or other purpose.

**Fund Balance** - In the fund financial statements, governmental fund balances are classified as follows:

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

***Nonspendable*** - fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts. It also includes amounts to be held in perpetuity.

***Restricted*** - Fund balance should be reported when constraints placed on the use of resources are either:

- a. Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
- b. Imposed by law through constitutional provisions or enabling legislation. Enabling legislation, as the term is used in this Statement, authorizes the government to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that a government can be compelled by an external party-such as citizens, public interest groups, or the judiciary-to use resources created by enabling legislation only for the purposes specified by the legislation.

***Unassigned*** - fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

The Village's policy is to apply restricted resources first, committed sources second, assigned resources third, and unassigned resources last when an expense is incurred for purposes for which all or any fund balance classification is available.

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

**Inter-Fund Transactions** - Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund from 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. All other inter-fund transactions, except quasi-external transactions and reimbursements are reported as transfers. All other inter-fund transfers are reported as operating transfers.

**Estimates** - The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

***Implementation of New Accounting Standards***

In 2015, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 72, *Fair Value Measurement and Application*. The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2015. Earlier application is encouraged. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The Village is analyzing the effect that this statement will have on its financial statements, and currently believes it will have no significant effect on the financial statements for the upcoming year.

In 2015, GASB issued GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The provisions in Statement 73 are effective for fiscal years beginning after June 15, 2015 - except those provisions that address employers and governmental non-employer contributing entities for pensions that are not within the scope of Statement 68, which are effective for fiscal years beginning after June 15, 2016. Earlier application is encouraged. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The Village is analyzing the effect that this statement will have on its financial statements, and currently believes it will have no

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

significant effect on the financial statements for the upcoming year.

In 2015, the GASB issued GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The provisions in Statement 74 are effective for fiscal years beginning after June 15, 2016. Earlier application is encouraged. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.

***Implementation of New Accounting Standards (continued)***

This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The Village is analyzing the effect that this statement will have on its financial statements, and currently believes it will have no significant effect on the financial statements for the upcoming year.

In 2015, the GASB issued GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017. Earlier application is encouraged. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The Village is analyzing the effect that this statement will have on its financial statements, and currently believes it will have no significant effect on the financial statements for the upcoming year.

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**  
*Implementation of New Accounting Standards (continued)*

In 2015, the GASB issued GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The provisions in Statement 76 are effective for reporting periods beginning after June 15, 2015. Earlier application is encouraged. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The Village is analyzing the effect that this statement will have on its financial statements, and currently believes it will have no significant effect on the financial statements for the upcoming year.

In 2015, the GASB issued GASB Statement No. 77, *Tax Abatement Disclosures*. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged. Financial statements prepared by state and local governments in conformity with generally accepted accounting principles provide citizens and taxpayers, legislative and oversight bodies, municipal bond analysts, and others with information they need to evaluate the financial health of governments, make decisions, and assess accountability. This information is intended, among other things, to assist these users of financial statements in assessing (1) whether a government’s current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government’s financial resources come from and how it uses them, and (4) a government’s financial position and economic condition and how they have changed over time. The Village is analyzing the effect that this statement will have on its financial statements, and currently believes it will have no significant effect on the financial statements for the upcoming year.

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Budgetary Information

Annual budgets for the Village are prepared prior to June 1 and must be approved by the Council Members and the New Mexico Department of Finance and Administration. Once the budget has been formally approved, the Village Council Members and the Department of Finance and Administration must also approve any amendments. A separate budget is prepared for each fund. Line items within each budget may be over-expended; however, it is not legally permissible to over-expend any budget in total.

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**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

These budgets are prepared on the Non-GAAP cash basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year.

The budgetary information presented in these financial statements has been amended in accordance with the above procedures.

Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, and Proprietary Funds.

The Village is required to balance its budgets each year. Accordingly, amounts that are excess or deficient are presented as changes in cash designated for expenditures, not as an excess or deficiency of revenues over expenditures. The accompanying Statements of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAP Budgetary Basis) and Actual present comparisons of the legally adopted budget with actual data on a budgetary basis.

Since accounting principals applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principals, a reconciliation of resultant basis, perspective, equity and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year-ended June 30, 2015 is presented.

**Budgetary Control**

1. Prior to June 1, the Village's Clerk-Treasurer submits the budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted in May and June to obtain taxpayers comments.
2. Prior to July 1, the budget is legally enacted through passage of an ordinance and then must be approved by Local Government Division of the State Department of Finance and Administration.
3. The Village Council is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the State Department of Finance and Administration.
4. Formal budgetary integration is employed as a management control device during the year for all funds.
5. The level of budget authority is at the fund level.



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**3. CASH AND DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS**

Cash

New Mexico State Statutes provide authoritative guidance regarding the deposit of cash and idle cash.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more bank 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 of America or by collateral deposited as security or by bond given by the financial institution. The rate of interest 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.

Idle cash may be invested in a wide variety of instruments, including money market accounts, certificates of deposit, the New Mexico State Treasurer's investment pool, or in securities which are issued by the state or by the United States government, or by their departments or agencies, and which are either direct obligations of the state or the United States, or are backed by the full faith and credit of those governments.

Cash Deposited with Financial Institutions

The Village maintains cash in one financial institution within Des Moines, New Mexico. The Village's deposits are carried at cost.

As of June 30, 2016, the amount of cash reported on the financial statements differs from the amount on deposit with the financial institution because of transactions in transit and outstanding checks. A summary of the reconciliation is as follows:

	<u>Amount Per Bank</u>	<u>Plus DIT</u>	<u>Outstanding Checks</u>	<u>Balance Per Books</u>
Farmers & Stockmen's Bank	<u>\$ 65,198</u>	<u>\$ 1,276</u>	<u>\$ 4,964</u>	<u>\$ 61,510</u>

Statement of Net Position:

Cash	<u>\$ 61,510</u>
Total	<u>\$ 61,510</u>

Except for items in transit, the carrying value of deposits by the respective depositories equated to the carrying value by the Village.

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**3. CASH AND DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (CONTINUED)**

All deposits are collateralized with eligible securities, as described by New Mexico State Statute, in amounts equal to at least 50% of the Village carrying value of the deposits (demand and certificates of deposit). Such collateral, as permitted by the state statutes is held in each respective depository bank's collateral pool at a Federal Reserve Bank, or member bank other than the depository bank, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds with the exception of deposit insurance provided by the Federal Deposit Insurance Corporation.

	<b>Farmers &amp; Stockmen's Bank</b>
Amount held in bank June 30, 2015	\$ 65,198
Less FDIC Insurance	250,000
Uninsured Public Funds	(184,802)
50% Collateral Requirements (Section 6-10-17 NMSA-1978)	(92,401)
Pledged Securities	125,000
Over (Under) Collateralized	\$ 217,401

A detailed listing of the pledged collateral is contained in the supplemental financial information section of this report. According to the Federal Deposit Insurance Corporation, public unit deposits are owned by the public unit. Demand, time deposits, savings deposits and interest bearing money market accounts at a public unit in an institution in the same state will be insured up to \$250,000 in aggregate.

***Custodial Credit Risk - Deposits*** - Custodial Credit Risk is the risk that in the event of bank failure, the Village's deposits may not be returned to it. The Village does not have a deposit policy for custodial credit risk. As of June 30, 2015, none of the Village's bank balance of \$65,198 was exposed to custodial credit risk.

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**4. ACCOUNTS AND TAXES RECEIVABLES**

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

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>
Taxes:		
Property taxes	\$ 68	\$ -
Gasoline taxes	853	-
Gross receipts taxes	10,577	-
Motor vehicle taxes	131	-
Other receivables:		
Grants receivable	14,025	-
Services	<u>-</u>	<u>6,608</u>
	<u>\$ 25,654</u>	<u>\$ 6,608</u>

Taxes receivable for the governmental funds consists primarily of taxes collected by the collection agency in the current year but not remitted to the Village until after year-end. All governmental fund receivables are considered collectible.

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**5. CAPITAL ASSETS**

Capital asset activity for the Village's primary government for the year ended June 30, 2015, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Government activities:				
Capital assets not being depreciated:				
Land	\$ 431	\$ 8,000	\$ -	\$ 8,431
Construction in progress	<u>-</u>	<u>39,790</u>	<u>-</u>	<u>39,790</u>
Total capital assets not being depreciated	<u>431</u>	<u>47,790</u>	<u>-</u>	<u>48,221</u>
Capital Assets, being depreciated				
Buildings and improvements	795,536	-	-	795,536
Infrastructure	1,333,315	-	-	1,333,315
Equipment	<u>1,207,164</u>	<u>-</u>	<u>-</u>	<u>1,207,164</u>
Total capital assets, being depreciated	<u>3,336,015</u>	<u>-</u>	<u>-</u>	<u>3,336,015</u>
Total capital assets	<u>3,336,446</u>	<u>47,790</u>	<u>-</u>	<u>3,384,236</u>
Less accumulated depreciation for:				
Buildings and improvements	161,925	23,806	-	185,731
Infrastructure	928,524	66,766	-	995,290
Equipment	<u>762,257</u>	<u>75,172</u>	<u>-</u>	<u>837,429</u>
Total accumulated depreciation	<u>1,852,706</u>	<u>165,744</u>	<u>-</u>	<u>2,018,450</u>
Total other capital assets, net	<u>\$1,483,740</u>	<u>\$ (117,954)</u>	<u>\$ -</u>	<u>\$1,365,786</u>

Depreciation expense was charged to governmental activities as follows:

General	\$ 36,473
Public Safety	52,582
Culture and Recreation	12,347
Public Works	<u>64,342</u>
Total depreciation expense	<u>\$ 165,744</u>

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5. CAPITAL ASSETS (CONTINUED)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets not being depreciated:				
Land - Water	\$ 2,427	\$ -	\$ -	\$ 2,427
Land - Solid Waste	<u>8,000</u>	<u>-</u>	<u>(8,000)</u>	<u>-</u>
Total capital assets not depreciated	<u>10,427</u>	<u>-</u>	<u>(8,000)</u>	<u>2,427</u>
Other Capital Assets				
Building - Water	20,000	-	-	20,000
Equipment	46,324	-	-	46,324
Infrastructure	<u>705,186</u>	<u>-</u>	<u>(80,000)</u>	<u>625,186</u>
Total capital assets at historical cost	<u>771,510</u>	<u>-</u>	<u>(80,000)</u>	<u>691,510</u>
Total capital assets	<u>781,937</u>	<u>-</u>	<u>(88,000)</u>	<u>693,937</u>
Less accumulated depreciation				
Buildings - Water	12,418	500	-	12,918
Equipment	46,324	-	-	46,324
Infrastructure	<u>467,196</u>	<u>16,892</u>	<u>(67,000)</u>	<u>417,088</u>
Total capital assets depreciated, net	<u>525,938</u>	<u>17,392</u>	<u>(67,000)</u>	<u>476,330</u>
Business-type capital assets, net	<u>\$ 255,999</u>	<u>\$ (17,392)</u>	<u>\$ (21,000)</u>	<u>\$ 217,607</u>

Depreciation expense for business-type activities for the year ended June 30, 2015 was \$17,392.

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**6. NOTES PAYABLE AND COMPENSATED ABSENCES**

A summary of activity of compensated absences is as follows:

	<u>Balance</u> <u>6/30/14</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>06/30/15</u>	<u>Amount</u> <u>Due Within</u> <u>One Year</u>
Notes payable	\$ 371,257	\$ -	\$ 16,662	\$ 354,595	\$ 16,751
Compensated absences	<u>10,898</u>	<u>3,863</u>	<u>4,128</u>	<u>10,633</u>	<u>4,127</u>
Total	<u>\$ 382,155</u>	<u>\$ 3,863</u>	<u>\$ 20,790</u>	<u>\$ 365,228</u>	<u>\$ 20,878</u>

The Village obtained a new loan during 2013 in the amount of \$386,719, from the New Mexico Finance Authority. The loan requires variable annual payments from \$25,071 to \$25,483 including variable interest from 0.30% to 3.36% and matures May 2033. Loan debt service requirements to maturity are as follows:

<u>Years ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 16,751	\$ 8,403	\$ 25,154
2017	16,863	8,307	25,170
2018	17,010	8,177	25,187
2019	17,188	8,016	25,204
2020	17,419	7,803	25,222
2021-2026	112,269	39,436	151,705
2027-2032	135,440	19,983	155,423
2033-2033	<u>21,655</u>	<u>828</u>	<u>22,483</u>
	<u>\$ 354,595</u>	<u>\$ 100,953</u>	<u>\$ 455,548</u>

**7. PROPERTY TAXES**

Union County collects the Village's share of property taxes assessed. Property taxes attach an enforceable lien on property as of January 1st. Tax notices are sent by the County treasurer to property owners by November 1st of each year to be paid in whole or in two installments by November 10th and April 10th of each year. The County collects such taxes and distributes them to the Village on a monthly basis. The Village accounts for its share of property taxes in the General Fund. Only those collections received are recorded as revenues for the budget presentation.

STATE OF NEW MEXICO  
VILLAGE OF DES MOINES  
NOTES TO BASIC FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015

**8. PENSION PLAN PUBLIC EMPLOYEES RETIREMENT ASSOCIATION**

The Village adopted GASB 68 during the year ended June 30, 2015. GASB 68, *Accounting and Financial Reporting for Pensions*, requires contributing employers of cost-sharing multiple employer defined benefit pension plans to include the net pension liability, pension expense, and pension-related deferred inflows and outflows of resources related to their share of the pension plan in their government-wide financial statement presentation. PERA engaged their financial statement auditors to prepare a schedule allocating these obligations to the contributing employers as of the year ended June 30, 2014. As part of adopting GASB 68 during the current year, the Village recognized a Net Pension Liability (NPL), which represents the Village's share of the underfunded pension obligation at June 30, 2015.

**General Information about the Pension Plan**

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

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

**Benefits provided.** For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2014 available at: [http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366\\_Public\\_Employees\\_Retirement\\_Association\\_2014.pdf](http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2014.pdf).

**Contributions.** The contribution requirements of defined benefit plan members and the (name of employer) are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY14 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures

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VILLAGE OF DES MOINES  
NOTES TO BASIC FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015

**8. PENSION PLAN PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)**

**Contributions (continued)**

on pages 29 through 31 of the PERA FY14 annual audit report at [http://osanm.org/media/audits/366\\_Public\\_Employees\\_Retirement\\_Association\\_2014.pdf](http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_2014.pdf). The PERA coverage options that apply to the Village of Des Moines is Municipal General Division. Statutorily required contributions to the pension plan from the (Village of Des Moines were \$5,791 and employer paid member benefits that were "picked up" by the employer were \$0 for the year ended June 30, 2015.

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

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred Inflows and Outflows were preformed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members. The Village of Des Moines' proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity's percentage of that membership group's total employer contributions for the fiscal year ended June 30, 2014. Only employer contributions for the pay period end dates that fell within the period of July 1, 2013 to June 30, 2014 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2014 are included in the total contribution amounts.

In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.



STATE OF NEW MEXICO  
VILLAGE OF DES MOINES  
NOTES TO BASIC FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015

**8. PENSION PLAN PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)**

For PERA Fund Division Municipal General, at June 30, 2015, the Village of Des Moines reported a liability of \$56,168 for its proportionate share of the net pension liability. At June 30, 2014, the Village of Des Moines' proportion was 0.0072%, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference.

For the year ended June 30, 2015, the Village of Des Moines recognized PERA Fund Division Municipal General pension expense of \$2,343 . At June 30, 2015, the Village of Des Moines reported PERA Fund Division Municipal General deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred inflows of Resources
Change in Assumption	\$ -	\$ 38
Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	21,974
Contributions Made After Measurement Date	5,791	-
<b>TOTAL</b>	<b>\$ 5,791</b>	<b>\$ 22,012</b>

In June 30, 2016 \$5,791, deferred outflows - contributions made after measurement date, will be recognized as a reduction of net pension liability. Other deferred amounts to be recognized in fiscal years following the reporting date are below:

Year Ended June 30:

2016	\$	5,503
2017		5,503
2018		5,503
2019		5,503
2020		-
Thereafter	\$	-

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

STATE OF NEW MEXICO  
VILLAGE OF DES MOINES  
NOTES TO BASIC FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015

**8. PENSION PLAN PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)**

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

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

ALL FUNDS - Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	21.1 %	5.00 %
International Equity	24.8	5.20
Private Equity	7.0	8.20
Core and Global Fixed Income	26.1	1.85
Fixed Income Plus Sectors	5.0	4.80
Real Estate	5.0	5.30
Real Assets	7.0	5.70
Absolute Return	<u>4.0</u>	4.15
Total	100.0 %	

STATE OF NEW MEXICO  
 VILLAGE OF DES MOINES  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2015

**8. PENSION PLAN PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)**

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

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the net pension liability of the Village of Des Moines, calculated using the discount rate of 7.75 percent, as well as what the Villages's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease 6.75%	Current 7.75%	1% Increase 8.75%
Net Pension Liability	\$ 105,889	\$ 56,168	\$ 17,756

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

**Payables to the pension plan.** Employers should disclose the amount of payables to the Plan with a description of what gave rise to the payable per GASBS 68, paragraphs 122 and 124. At June 30, 2015, there was no payable to the plan.

STATE OF NEW MEXICO  
VILLAGE OF DES MOINES  
NOTES TO BASIC FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015

**9. POST-EMPLOYMENT BENEFITS - STATE RETIREE HEALTH CARE PLAN**

**Plan Description** - Village of Des Moines contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit post employment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

Eligible retirees are: 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; 2) retirees defined by the Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years.

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the post employment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

**Funding Policy** - The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at [www.nmrhca.state.nm.us](http://www.nmrhca.state.nm.us). The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the board.

STATE OF NEW MEXICO  
VILLAGE OF DES MOINES  
NOTES TO BASIC FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015

**9. POST-EMPLOYMENT BENEFITS - STATE RETIREE HEALTH CARE PLAN (CONTINUED)**

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2015, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act. The Village of Des Moines' contributions to the RHCA for the years ended June 30, 2015, 2014 and 2013 were \$2,308, \$2,296, and \$2,472, respectively, which equal the required contributions for each year.

**10. RISK MANAGEMENT**

The Village is exposed to various risks of loss related to torts, theft of or damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters.

To manage these risks the Village participates as a member of the New Mexico Self Insurer's Fund, a pooled joint powers Insurance Authority. The Authority is administered by the New Mexico Municipal League, a nonprofit, comprised of 103 public entities. The Authority is organized under joint powers agreements as provided by Section 11-1-1 et. Seq, NMSA, 1978. The purpose of the Authority is to arrange and administer programs for pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group-purchased insurance for property and other coverage. Each member government participates in the election of Board of Directors, who appoints the Insurance Board of Trustees. Insurance premiums paid to the Authority for fiscal year 2015 amounted to \$24,690.

Tort claims are generally limited by the Tort Claims Act, Section 41-4-1 et. Seq, NMSA, 1978. The Village retains some risk for coverage which may be less than the tort claims limitation. Certain claims relating to certain public construction, operation of motor vehicles, building maintenance and certain health care activities are exempt from the Act.

STATE OF NEW MEXICO  
 VILLAGE OF DES MOINES  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2015

**10. RISK MANAGEMENT (CONTINUED)**

**General Liability Insurance:** The policy provides an annual aggregate coverage of \$4,000,000 with \$400,000 per person for bodily injury and \$750,000 per occurrence. Property damage coverage is for \$100,000 per occurrence.

**Workers' Compensation Insurance:** The policy limits provides coverage of \$1,050,000 per occurrence and \$1,050,000 annual aggregate coverage.

**Property Insurance:** Property insurance insures Village buildings for an aggregate of \$1,396,033, including contents, with separate electronic data processing equipment of \$9,000. Deductibles are \$250 per occurrence. Automobile comprehensive is included with a deductible of \$250.

**Fidelity Bond:** Blanket fidelity bond coverage in the amount of \$500,000 with deductible of \$10,000 is provided.

The New Mexico Self Insurer's Fund assesses a premium to the Village to cover expenses of the fund which includes claims, reinsurance expenses, administration and other costs.

Risk management activities are reported primarily in the General Fund. Other funds may reimburse the General Fund for certain coverage. The Village has not significantly reduced Insurance coverage from the prior year. Settlements have not exceeded Insurance coverage for the past three years. Management is not aware of any outstanding claims.

**11. INTERFUND TRANSFERS**

Interfund transfers during the year ended June 30, 2015 consisted the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 2,744	\$ -
Joint Utilities Fund	-	2,744
	\$ 2,744	\$ 2,744

STATE OF NEW MEXICO  
VILLAGE OF DES MOINES  
NOTES TO BASIC FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015

**12. EXCESS EXPENDITURES OVER APPROPRIATIONS**

New Mexico State Statutes restricts all officials and governing authorities from approving claims in excess of the approved budget. The Village exceeded its authorized budget by \$66,990 as follows:

Fund	Budget Expenses	Actual Expenses	Difference
General Fund	\$ 236,000	\$ 291,651	\$ 55,651
Ambulance Fund	<u>15,000</u>	<u>26,339</u>	<u>11,339</u>
Totals	<u>\$ 251,000</u>	<u>\$ 317,990</u>	<u>\$ 66,990</u>

**13. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through November 23, 2015 the date the financial statements were available to be issued.

**14. RESTATEMENT**

A prior period adjustment of \$75,837 was recorded for governmental activities during the fiscal year ended June 30, 2015. The restatement was made to book the calculated net pension liability and deferred outflows and inflows per implementation of GASB 68, as follows:

	<u>Governmental Activities</u>
Pension expense	(3,448)
Deferred outflows	5,791
Deferred inflows	(22,012)
Net pension liability	<u>(56,168)</u>
Total prior period adjustment	<u>(75,837)</u>

**REQUIRED SUPPLEMENTARY INFORMATION**



STATE OF NEW MEXICO VILLAGE OF DES MOINES  
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 PERA MUNICIPAL GENERAL DIVISION  
 LAST 10 FISCAL YEARS\*  
 PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PLAN  
 FOR THE YEAR ENDED JUNE 30, 2015

	<b>2015</b>
The State of New Mexico Village of Des Moines' proportion of the net pension liability	\$ 56,168
The State of New Mexico Village of Des Moines' proportionate share of the net pension liability	0.0072%
The State of New Mexico Village of Des Moines' covered-employee payroll	\$ 76,406
The State of New Mexico Village of Des Moines' proportionate share of the net pension liability as a percentage of its covered-employee payroll	74.00 %
Plan fiduciary net position as a percentage of the total pension liability	81.29 %

\*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, The State of New Mexico Village of Des Moines will present information for those years for which information is available.

STATE OF NEW MEXICO VILLAGE OF DES MOINES  
 SCHEDULE OF CONTRIBUTIONS  
 PERA MUNICIPAL GENERAL DIVISION  
 LAST 10 FISCAL YEARS\*  
 PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PLAN  
 FOR THE YEAR ENDED JUNE 30, 2015

	<b>2015</b>
Contractually required contribution	\$ 5,791
Contributions in relation to the contractually required contribution	5,791
Contribution deficiency (excess)	-
The State of New Mexico Village of Des Moines' covered-employee payroll	\$ 76,406
Contributions as a percentage of covered-employee payroll	0.08 %

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, The State of New Mexico Village of Des Moines will present information for those years for which information is available.

STATE OF NEW MEXICO VILLAGE OF DES MOINES  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2015

***Changes of benefit terms:*** The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY 14 audit available at [http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366\\_Public\\_Employees\\_Retirement\\_Association\\_2014.pdf](http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2014.pdf).

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

**SUPPLEMENTAL INFORMATION**

**NON-MAJOR GOVERNMENTAL FUNDS**

## SPECIAL REVENUE FUNDS

**EMS Fund** - To account for State grants and charges for services for the operation and enhancement of local emergency medical services in order to reduce injury and loss of life. Authorized by the Emergency Medical Services Fund Act, Section 24-10A-1, NMSA, 1978.

**Ambulance Fund** - To account for ambulance services and maintenance of equipment. Financing is provided from the State and authorized by the Emergency Medical Services Act, Section 24-10A-1, NMSA, 1978.

STATE OF NEW MEXICO  
VILLAGE OF DES MOINES  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE FUNDS  
JUNE 30, 2015

	<b>Ambulance Fund</b>	<b>EMS Fund</b>	<b>Total Nonmajor Fund</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 758	\$ 6	\$ 764
Total assets	\$ 758	\$ 6	\$ 764
<b>LIABILITIES AND FUND BALANCE</b>			
Fund balance:			
Restricted, reported in:			
Special revenue funds	\$ 758	\$ 6	\$ 764
Total liabilities and fund balance	\$ 758	\$ 6	\$ 764

See independent auditors' report and accompanying notes to financial statements

STATE OF NEW MEXICO  
VILLAGE OF DES MOINES  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - NON-MAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Ambulance Funds</u>	<u>EMS Funds</u>	<u>Total Nonmajor Funds</u>
REVENUES			
Taxes	\$ 777	\$ -	\$ 777
Intergovernmental income- state	17,000	8,402	25,402
Charges for services	4,523	-	4,523
Interest income	<u>1</u>	<u>-</u>	<u>1</u>
Total revenues	22,301	8,402	30,703
EXPENDITURES			
Public safety	<u>26,339</u>	<u>8,404</u>	<u>34,743</u>
Total expenditures	<u>26,339</u>	<u>8,404</u>	<u>34,743</u>
Excess (deficiency) of revenues over expenditures	<u>(4,038)</u>	<u>(2)</u>	<u>(4,040)</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(4,038)	(2)	(4,040)
Fund balance, beginning of year	<u>4,796</u>	<u>8</u>	<u>4,804</u>
Fund balance, end of year	<u>\$ 758</u>	<u>\$ 6</u>	<u>\$ 764</u>

See independent auditors' report and accompanying notes to financial statements



STATE OF NEW MEXICO  
VILLAGE OF DES MOINES  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
NON-MAJOR SPECIAL REVENUE FUND - AMBULANCE FUND  
FOR THE YEAR ENDED JUNE 30, 2015

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Local taxes	\$ -	\$ -	\$ 777	\$ 777
Charges for services	5,000	5,000	4,523	(477)
Interest income	-	-	1	1
State grants	<u>13,500</u>	<u>13,500</u>	<u>17,000</u>	<u>3,500</u>
Total revenues	18,500	18,500	22,301	3,801
EXPENDITURES:				
Public safety	<u>15,000</u>	<u>15,000</u>	<u>26,339</u>	<u>(11,339)</u>
Total expenditures	<u>15,000</u>	<u>15,000</u>	<u>26,339</u>	<u>(11,339)</u>
Excess (deficiency) of revenues over expenditures	<u>3,500</u>	<u>3,500</u>	<u>(4,038)</u>	<u>(7,538)</u>
Net changes in fund balance	3,500	3,500	(4,038)	(7,538)
Fund balance - beginning of the year	<u>4,796</u>	<u>4,796</u>	<u>4,796</u>	<u>-</u>
Fund balance - end of the year	<u>\$ 8,296</u>	<u>\$ 8,296</u>	<u>\$ 758</u>	<u>\$ (7,538)</u>
Reconciliation of budgetary basis to GAAP basis:				
Net change in fund balance budgetary basis			<u>\$ (4,038)</u>	
Net change in fund balance GAAP basis			<u>\$ (4,038)</u>	

See independent auditors' report and accompanying notes to financial statements

STATE OF NEW MEXICO  
VILLAGE OF DES MOINES  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
NON-MAJOR SPECIAL REVENUE FUND - EMS FUND  
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
State grants	\$ 8,402	\$ 8,402	\$ 8,402	\$ -
Total revenues	8,402	8,402	8,402	-
EXPENDITURES:				
Public safety	8,045	8,404	8,404	-
Total expenditures	8,045	8,404	8,404	-
Excess (deficiency) of revenues over expenditures	357	(2)	(2)	-
Net changes in fund balance	357	(2)	(2)	-
Fund balance - beginning of the year	8	8	8	-
Fund balance - end of the year	<u>\$ 365</u>	<u>\$ 6</u>	<u>\$ 6</u>	<u>\$ -</u>
Reconciliation of budgetary basis to GAAP basis:				
Net change in fund balance budgetary basis			<u>\$ (2)</u>	
Net change in fund balance GAAP basis			<u>\$ (2)</u>	

See independent auditors' report and accompanying notes to financial statements

**PROPRIETARY FUNDS**

STATE OF NEW MEXICO  
VILLAGE OF DES MOINES  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
PROPRIETARY FUNDS - JOINT UTILITIES  
FOR THE YEAR ENDED JUNE 30, 2015

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Charges for services	\$ -	\$ -	\$ 251	\$ 251
Total revenues	-	-	251	251
Excess (deficiency) of revenues over expenditures	-	-	251	251
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(2,744)	(2,744)
Total other financing sources (uses)	-	-	(2,744)	(2,744)
Net changes in fund balance	-	-	(2,493)	(2,493)
Fund balance - beginning of the year	268,660	268,660	268,660	-
Fund balance - end of the year	\$ 268,660	\$ 268,660	\$ 266,167	\$ (2,493)
Reconciliation of budgetary basis to GAAP basis:				
Net change in fund balance budgetary basis			\$ (2,493)	
Net expenditure accruals			(26,776)	
Depreciation expense			(17,391)	
Net change in fund balance GAAP basis			\$ (46,660)	

See independent auditors' report and accompanying notes to financial statements

STATE OF NEW MEXICO  
VILLAGE OF DES MOINES  
SCHEDULE OF VENDOR INFORMATION FOR PURCHASES EXCEEDING \$60,000 (EXCLUDING GRT)  
FOR THE YEAR ENDED JUNE 30, 2015  
PREPARED BY: STEPHANIE KING, CLERK/TREASURER    DATE: NOVEMBER 20, 2015

RFB#/RFP#	Type of Procurement	Awarded Vendor	\$ Amount of Awarded Contract	\$ Amount of Amended Contract	Name and Physical Address per the Procurement Documentation of ALL Vendor(s) that Responded	In-State/Out-of-State Vendor (Y or N) (Based on Statutory Definition)	Was the Vendor In-State and Chose Veteran's Preference (Y or N) For Federal Funds Answer N/A	Brief Description of the Scope of Work
13-1519-STB		D&R Tank	\$250,290	\$-	D&R Tank, 1210 Prospect St, Albuquerque, NM 87105 Engineering America, 1820 East Ray Road, Chandler, AZ85225	In-State	Yes	Construction of a new 74,000 gallon ground storage tank including tank foundation and connection to all tank piping

See independent auditors' report and accompanying notes to financial statements

STATE OF NEW MEXICO  
VILLAGE OF DES MOINES  
SCHEDULE OF DEPOSITORIES  
AS OF JUNE 30, 2015

	<u>Type</u>	Amount Per <u>Bank</u>	Plus DIT	Outstanding <u>Checks</u>	Balance Per <u>Books</u>
Farmers and Stockmen's Bank					
General Fund	CK	\$ 40,600	\$ -	\$ 3,015	\$ 37,585
Fire Fund	CK	7,896	-	105	7,791
Senior Citizens Fund	CK	4,594	-	1,557	3,037
Ambulance Fund	SV	146	612	-	758
EMS Fund	CK	169	-	163	6
Water Fund	CK	7,261	-	124	7,137
Fire Fund Savings	SV	<u>4,532</u>	<u>664</u>	<u>-</u>	<u>5,196</u>
Total		<u>\$ 65,198</u>	<u>\$ 1,276</u>	<u>\$ 4,964</u>	<u>\$ 61,510</u>

Type:

CK= Checking

SV= Savings

CD= Certificate of Deposit

	<u>Farmers &amp; Stockmen's Bank</u>
Amount held in bank June 30, 2015	\$ 65,198
Less FDIC Insurance	<u>250,000</u>
Uninsured Public Funds	<u>(184,802)</u>
50% Collateral Requirements (Section 6-10-17 NMSA-1978)	(92,401)
Pledged Securities	<u>125,000</u>
Over (Under) Collateralized	<u>\$ 217,401</u>

See independent auditors' report and accompanying notes to financial statements

STATE OF NEW MEXICO  
 VILLAGE OF DES MOINES  
 SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY FOR PUBLIC FUNDS  
 AS OF JUNE 30, 2015

<u>Description of Pledged Collateral</u>	<u>Amount</u>	<u>Name and Location of Safekeeper</u>
FHLB GRT, CUSIP#264430KB4, Maturing 9/1/2018	\$ 95,000	Federal Home Loan Bank of Dallas
FHLB GRT, CUSIP#264430KK4, Maturing 9/1/2018	<u>30,000</u>	Federal Home Loan Bank of Dallas
Total pledged securities	<u>\$ 125,000</u>	

See independent auditors' report and accompanying notes to financial statements

## COMPLIANCE SECTION





# Beasley, Mitchell & Co.

Certified Public Accountants

Donald A. Beasley, CPA, Partner  
Christine Wright, CPA, Partner  
Beth Fant, EA, Partner  
Brad Beasley, CPA, Partner

## 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 AUDITORS' REPORT

Mr. Timothy Keller, State Auditor  
and the Mayor and Village Council of the  
Village of Des Moines

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, and the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds of Village of Des Moines, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Village of Des Moines' basic financial statements, and the combining and individual funds and related budgetary comparisons of the Village, presented as supplemental information, and have issued our report thereon dated November 23, 2015.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Village of Des Moines' 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 Village of Des Moines' internal control. Accordingly, we do not express an opinion on the effectiveness of Village of Des Moines' 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. (2005-002, 2005-004, 2015-001, 2015-002, 2015-003, 2015-004 and 2015-005)

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Village of Des Moines' financial statements are free from 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2005-006.

### **Village of Des Moines' Response to Findings**

Village of Des Moines' responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. Village of Des Moines' 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 results 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 of Des Moines internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Beasley Mitchell & Co LLP*

Beasley, Mitchell & Co.  
Las Cruces, New Mexico  
November 23, 2015

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

PRIOR YEAR FINDINGS:

05-02	Segregation of Duties - Significant Deficiency	Repeated
05-04	Policies - Significant Deficiency	Repeated
05-06	Budgetary Control - Other	Repeated

CURRENT YEAR FINDINGS:

2015-001	Payroll Documentation - Significant Deficiency
2015-002	Journal Entries - Significant Deficiency
2015-003	Lack of Supporting Documentation for Test of Controls - Significant Deficiency
2015-004	Per Diem - Significant Deficiency
2015-005	Lack of Procurement Officer - Significant Deficiency

VILLAGE OF DES MOINES  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2015

**Segregation of Duties (2005-002) - Significant Deficiency**

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<b>CONDITION</b>	During a significant portion of the year, the Village Clerk was the only administrative employee. The Clerk records transactions, collects revenues, prepares bank reconciliations, bills and posts utility receivables, deposits funds, and prepares payables for payment. The Village is working on hiring an employee in order to segregate duties.
<b>CRITERIA</b>	Systems of internal control with the most favorable designs allow for an adequate segregation of duties to reduce the risk of error or fraud because they are structured using a combination of controls designed to either detect instances of error or fraud that occur, or optimally, to prevent instances of error or fraud before they occur (AU 325).
<b>CAUSE</b>	There are no segregation of duties among the Village's personnel.
<b>EFFECT</b>	The Village is at risk for both the possible misstatement of the financial statements and misappropriation of assets.
<b>RECOMMENDATION</b>	We recommend the Village provide adequate appropriations for personnel to staff the administrative functions of the Village and that every effort be made to fill these positions. We further recommend that management structure operating procedures such that no one person has complete responsibility for any transaction.
<b>RESPONSE</b>	Management is in the process of implementing procedures to correct this finding.

**EXPECTED COMPLETION DATE:** June 30, 2016

**EMPLOYEE RESPONSIBLE:** Village Clerk

VILLAGE OF DES MOINES  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2015

**Policies (2005-004) - Significant Deficiency**

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<b>CONDITION</b>	The Village has not promulgated policies or written operating procedures to provide guidance to management and, particularly, to strengthen internal controls and processes. Policies have not yet been started, but are expected to be started in the FYE 16.
<b>CRITERIA</b>	Policies and written procedures provide uniformity and structure to processes to strengthen internal controls which protect the assets of the Village, avoid misstatement of the financial statements and provide some level of assurance the Village is in compliance with regulatory directives and state law. Examples of policies to consider are: procurement, cash disbursements, and deposit of Village funds, bank reconciliations, conflict of interest, travel and disposition of obsolete property. NMAC 1.15.3.115
<b>CAUSE</b>	Due to the size of the government, written policies and procedures have not been a priority.
<b>EFFECT</b>	The internal control structure of the government is at risk, in part, due to a lack of written policies and procedures.
<b>RECOMMENDATION</b>	We recommend that written policies be developed by the Village to address the major weaknesses in internal control and the major processes during the current year.
<b>RESPONSE</b>	Management is in the process of implementing procedures to correct this finding.

**EXPECTED COMPLETION DATE:** June 30, 2016

**EMPLOYEE RESPONSIBLE:** Village Clerk

VILLAGE OF DES MOINES  
 SCHEDULE OF FINDINGS AND RESPONSES  
 FOR THE YEAR ENDED JUNE 30, 2015

**Budgetary Control (2005-006) - Other**

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**CONDITION**                    The actual expenditures incurred in several funds were greater than the budgeted expenditures. The Village did not submit a corrected budget. No progress has been noted in correcting the issue.

Fund	Budget Expenses	Actual Expenses	Difference
General Fund	\$ 236,000	\$ 291,651	\$ 55,651
Ambulance Fund	<u>15,000</u>	<u>26,339</u>	<u>11,339</u>
Totals	<u>\$ 251,000</u>	<u>\$ 317,990</u>	<u>\$ 66,990</u>

**CRITERIA**                    The local government is required to make corrections, revisions and amendments to the proposed budgets to meet the requirements of the law. (NMSA 1978 Section 6- 6-2-0).

**CAUSE**                        Village personnel have not had training in the use of controls and reconciliations to ensure accuracy in budgetary control processes.

**EFFECT**                     The Village is at risk of unknowingly exceeding the approved budget.

**RECOMMENDATION**        We recommend that the Village provide accounting personnel with training in the use of controls and reconciliations to accurately monitor the approved budget.

**RESPONSE**                 Management is in the process of implementing procedures to correct this finding.

**EXPECTED COMPLETION DATE:** June 30, 2016

**EMPLOYEE RESPONSIBLE:** Village Clerk

VILLAGE OF DES MOINES  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2015

**Payroll Documentation (2015-001) - Significant Deficiency**

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<b>CONDITION</b>	During our test of payroll, it was noted that the Village was unable to locate the required payroll Form I-9 for 1 of the 3 employees selected.
<b>CRITERIA</b>	The Immigration Reform and Control Act of 1986, Public Law 99-603 (8 USC 1324a) requires employers to collect the information requested in the I-9 Form and retain the form in order to verify the identity and employment authorization of the individuals hired for employment, and preclude the unlawful hiring of those who are not authorized to work in the United States.
<b>CAUSE</b>	Lack of management supervision over payroll files.
<b>EFFECT</b>	There did not appear to be a system to verify if all required payroll forms have been obtained by the Village, creating a high risk in the area of payroll.
<b>RECOMMENDATION</b>	We recommend that the Village implement a process to ensure that supporting documentation for all employees is retained and readily available.
<b>RESPONSE</b>	The Village will review all payroll files and ensure the proper documentation is included. Further, the Village will implement policies and procedures for the hiring process.

**EXPECTED COMPLETION DATE:** June 30, 2016

**EMPLOYEE RESPONSIBLE:** Village Clerk

VILLAGE OF DES MOINES  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2015

**Journal Entries (2015-002) - Significant Deficiency**

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<b>CONDITION</b>	During journal entry testwork performed, it was noted that the Village does not have a review and approval process in place for the recording of manual journal entries.
<b>CRITERIA</b>	NMAC 2.20.5.8 states that each local body shall establish and maintain an internal control structure to provide management with reasonable assurance that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with GAAP. The internal control structure shall include written administrative controls. The entity should establish sufficient internal controls over journal entries and other adjustments.
<b>CAUSE</b>	The Village has limited staffing resources, thus has not implemented an approval process over adjustments to mitigate the risk of management override
<b>EFFECT</b>	There may be unauthorized adjustments made, leaving room for error and management override.
<b>RECOMMENDATION</b>	We recommend that the Village implement a review and approval process for journal entries and other adjustments to mitigate the risk of management override or financial statement manipulation.
<b>RESPONSE</b>	The Village will implement policies and procedures over the accounting process including adjusting journal entries.

**EXPECTED COMPLETION DATE:** June 30, 2016

**EMPLOYEE RESPONSIBLE:** Village Clerk



VILLAGE OF DES MOINES  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2015

**Lack of Supporting Documentation for Test of Controls (2015-003) - Significant Deficiency**

<b>CONDITION</b>	During our test of details/test of controls, supporting documentation, such as an invoice, could not be provided for 1 out of 25 expenses tested totaling \$329.99.
<b>CRITERIA</b>	The Auditing Standards (AU) Section 325 Exhibit B lists the following circumstance as a possible control deficiency, significant deficiency, or material weakness: "inadequate documentation of the components of internal control."
<b>CAUSE</b>	The Village did not keep proper records and supervision to ensure all supporting documentation was properly filled for retention.
<b>EFFECT</b>	Lack of adequate documentation of disbursements increases the risk of preventing or detecting errors or irregularities on a timely basis.
<b>RECOMMENDATION</b>	We recommend that the Village implement a process to ensure that supporting documentation for all expenses is retained and readily available.
<b>RESPONSE</b>	The Village will review current procedures to ensure controls are in place to mitigate the misplacement of documentation.

**EXPECTED COMPLETION DATE:** June 30, 2016

**EMPLOYEE RESPONSIBLE:** Village Clerk

VILLAGE OF DES MOINES  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2015

**Per Diem (2015-004) - Significant Deficiency**

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<b>CONDITION</b>	During our NM Compliance testwork, 3 out of 8 per diem samples tested showed travel expenses were paid in full to the employee prior to the travel instead of the approved 80% amount required. Further, 2 out of the 8 samples had a miscalculation of mileage, over estimating mileage by 110 miles and 197 miles resulting in an overpayment of \$172. Lastly, 2 out of the 8 samples had an employee who was only paid for 80% of their travel resulting in an underpayment of \$297.
<b>CRITERIA</b>	NMAC 2.2.10 G (2) requires the Authority to comply with the Per Diem and Mileage Act, Sections 10-8-1 through 10-8-8, for all per diem and reimbursement rates.
<b>CAUSE</b>	The Village was aware of the statute and related regulations regarding the 80% maximum allowed disbursement of travel expenses to employees but insisted on providing employees with the full amount. In regards to the mileage overpayment/underpayment, the Village failed to maintain proper controls in place to monitor and verify per diem expenses to detect any errors.
<b>EFFECT</b>	The Village has inappropriately managed per diem, resulting in the violation of Section 10-8-7, NMSA 1978, and in the over/under payments to various employees.
<b>RECOMMENDATION</b>	The Village needs appropriate management personnel to enforce travel and per diem compliance with greater detail.
<b>RESPONSE</b>	The Village will implement policies and procedures over the accounting process including per diem, that will be compliant with NMSA.

**EXPECTED COMPLETION DATE:** June 30, 2016

**EMPLOYEE RESPONSIBLE:** Village Clerk

VILLAGE OF DES MOINES  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2015

**Lack of Procurement Officer (2015-005) - Significant Deficiency**

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<b>CONDITION</b>	During our NM Compliance testwork, it was noted that the Village did not have a Chief Procurement Officer.
<b>CRITERIA</b>	Section 13-1-97 of NMSA 1978 requires that purchases be made through a central purchasing office which properly authorizes and approves the purchase prior to payment. An authorized official should indicate that the goods or services have been received prior to payment for the goods or services
<b>CAUSE</b>	The Village failed to designate and register a purchasing agent.
<b>EFFECT</b>	The Village does not implement a proper purchasing process which exposes the Village to the risk of following an improper purchasing process and increases the risk of errors in payments issued by Village due to the lack of proper supervision and monitoring by the Chief Procurement Officer.
<b>RECOMMENDATION</b>	The Village should designate an agent to become certified and registered as a Chief Procurement Officer for the Village.
<b>RESPONSE</b>	The Village will work on having an employee go through the proper training, certification and registration.

**EXPECTED COMPLETION DATE:** June 30, 2016

**EMPLOYEE RESPONSIBLE:** Village Clerk

STATE OF NEW MEXICO  
VILLAGE OF DES MOINES  
FINANCIAL STATEMENT PREPARATION  
FOR THE YEAR ENDED JUNE 30, 2015

The financial statements of the Village of Des Moines as of, and for the year ended, June 30, 2015 were prepared by Beasley, Mitchell & Co., LLP, with the aid of responsible Village personnel. Official responsible personnel agree that the presentations are made with their knowledge and agreement.

STATE OF NEW MEXICO  
VILLAGE OF DES MOINES  
ENTRANCE AND EXIT CONFERENCE  
FOR THE YEAR ENDED JUNE 30, 2015

An entrance conference was conducted September 28, 2014 in a closed meeting of the Village of Des Moines pursuant to Section 12-6-5 NMSA, 1978 with the following individuals in attendance:

**Village of Des Moines**

Sandra Fernandez  
Stephanie King

Village Councilor  
Village Clerk/Treasurer

**Beasley, Mitchell & Co., LLP**

Dahlia Garcia  
Gabriela Cohen

Senior, Audit Department  
Staff, Audit Department

An exit conference was conducted September 30, 2015 in a closed meeting of the Village of Des Moines pursuant to Section 12-6-5 NMSA, 1978 with the following individuals in attendance:

**Village of Des Moines**

Sandra Fernandez  
Stephanie King

Village Councilor  
Village Clerk/Treasurer

**Beasley, Mitchell & Co., LLP**

Dahlia Garcia  
Gabriela Cohen

Senior, Audit Department  
Staff, Audit Department