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STATE OF NEW MEXICO  
Village of Folsom

Independent Accountants' Report on  
Applying Agreed-Upon Procedures  
June 30, 2018

*Sandra Rush CPA PC  
1101 E Llano Estacado  
Clovis, New Mexico 88101*

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STATE OF NEW MEXICO  
VILLAGE OF FOLSOM  
Office of the State Auditor Tier 6 Agreed-Upon Procedures

Table of Contents  
June 30, 2018

	<u>Page</u>
Table of Contents	1
Official Roster	2
Independent Accountants' Report on Applying Agreed-Upon Procedures	3
Agreed-Upon Procedures	
Schedule of Procedures and Results	4-8
Schedule of Revenues, Expenses, and Changes in Cash Balance Budget and Actual (Non - GAAP Budgetary Basis)	
General Fund - 101	9
Special Revenue Fund - Fire Fund - 209	10
Special Revenue Fund - Road Fund - 216	11
Special Revenue Fund - EMS Fund - 206	12
Special Revenue Fund - Recreation Fund - 217	13
Department of Finance and Administration Local Government Division Fourth Quarter June 30, 2018	14-18
Summary of Findings	19
Schedule of Findings and Responses	20-24
Exit Conference	24

STATE OF NEW MEXICO  
VILLAGE OF FOLSOM  
Office of the State Auditor Tier 6 Agreed-Upon Procedures

Official Roster  
For the year ended June 30, 2018

Village Council

Stephanie King	Mayor
Terry McNabb	Mayor Pro-Tem
Tristan McNabb	Councilor
Barbara Schoonover	Councilor
Derek Karr	Councilor

Administrative Officials

Brisenth Doherty	Clerk-Treasurer
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Independent Accountants'  
Report on Applying Agreed-Upon Procedures


Wayne Johnson  
New Mexico State Auditor  
Mayor and Village Council  
Village of Folsom  
Folsom, New Mexico

I have performed the procedures enumerated in the attached schedule of procedures and results, which were agreed to by the Office of the State Auditor and the Village of Folsom, New Mexico, have specified, listed in the attached schedule, as require by Tier 6 of the Audit Act - Section 12-6-3B(6) NMSA 1978 and Section 2.2.2.16 NMAC for the year ended June 30, 2018. Village of Folsom, New Mexico's management is responsible for the Village's accounting records. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, I make no representation regarding the sufficiency of the procedures described in the attached schedule of procedures and responses either for the purpose for which this report has been requested or for any other purpose.

My procedures and results are included in the attached schedule.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. I was not engaged to, and did not, conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the subject matter of the Village of Folsom for the year ending June 30, 2018. Accordingly, the firm does not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the information and use of Village of Folsom, the New Mexico State Auditor's Office, Department of Finance Administration, New Mexico Legislature, and is not intended to be and should not be used by anyone other than those specified parties.

  
Sandra Rush CPA PC  
Clovis, New Mexico  
August 24, 2018

1. Revenue Calculation and Tier Determination

Procedure

Verify the local public body's revenue calculation and tier determination documented on the form provided at [www.osa.org](http://www.osa.org) under "Tiered System Reporting Main Page."

Results of Procedure

The Village of Folsom had revenue of \$344,934; therefore, a Tier 6 agreed upon procedure engagement is required.

2. Cash

Procedures

- a) Determine whether bank reconciliations are being performed in a timely manner and whether all bank and investment statements for the fiscal year are complete and on-hand.
- b) Test at least 30% of the bank reconciliations for accuracy. Also trace ending balances to the general ledger, supporting documentation, and the financial reports submitted to DFA-Local Government Division.
- c) Determine whether the local public body's financial institutions have provided it with the 50% of pledged collateral on all uninsured deposits as required by Section 6-10-17 NMSA 1978, NM Public Money Act, if applicable.

Results of Procedures

- a) Obtained the bank statements and corresponding reconciliations for all the Village's accounts as of June 30, 2018. No exceptions were noted as a result of this procedure. Bank reconciliations were completed in a timely manner, and all bank statements and reconciliations are complete and on hand.
- b) It was noted that 1 out of 29 reconciliations tested did not tie to the general ledger with a total difference in cash of \$299. It was also noted that 8 out of 29 reconciliations did not tie to the financial reports submitted to DFA-LGD with a total of \$13,721 (finding 2018-002)
- c) It was noted that the Village was properly collateralized.

3. Capital Assets

Procedure

Verify that the local public body is performing a yearly inventory as required by Section 12-6-10 NMSA 1978.

Results of Procedure

The Village has no record of the last count and observation completed. (finding 2018-003).

4. Debt

Procedure

If the local public body has any debt, verify that the required payments were made during the year. If the debt agreement requires reserves, verify that the local public body is in compliance with those requirements.

Results of Procedure

Obtained the annual debt statements and verified that all payments were made during the year. The Village is in compliance with debt service requirements.

5. Revenue

Procedures

Identify the nature and amount of revenue from sources by reviewing the budget, agreements, rate schedules, and underlying documentation.

- a) Perform an analytical review, test actual revenue compared to budgeted revenue for the year for each type of revenue.

Select a sample of revenues equal to at least 30% of the total dollar amount and test the following attributes:

- b) Amount recorded in the general ledger agrees to the supporting documentation and the bank statement.
- c) Proper recording of classification, amount, and period per review of supporting documentation and the general ledger. Perform this revenue work on the same accounting basis that the local public body keeps its accounting records on, cash basis, modified accrual basis, or accrual basis.

Results of Procedures

- a) Actual revenue compared to budgeted revenue for the fiscal year is reasonable and within expectations. The variance analysis for the budget to actual may be noted in the budgetary analysis in pages 9-13.
- b) A sample of 4 revenue items totaling \$178,972 were tested. No exceptions were noted as a result of this procedure. Amounts recorded in the general ledger agreed with supporting documents and with the corresponding bank account.
- c) A sample of 4 revenue items totaling \$178,972 were tested. No exceptions were noted as a result of this procedure. Amounts were properly recorded on a cash basis as to classification, amount and period per review of supporting documentation.

6. Expenditures

Procedures

Select a sample of cash disbursements equal to at least 30% of the total dollar amount and test the following attributes:

- a) Determine that amount recorded as disbursed agrees to adequate supporting documentation. Verify that amount, payee, date and description agree to the vendor's invoice, purchase order, contract and canceled check, as appropriate.
- b) Determine that disbursements were properly authorized and approved in compliance with the budget, legal requirements and established policies and procedures.
- c) Determine that the bid process (or request for proposal process if applicable), purchase orders, contracts and agreements were processed in accordance with the New Mexico Procurement Code (Section 13-1-28 through 13-1-199 NMSA 1978) and State Purchasing Regulations (1.4.I NMAC) and Regulations Governing the Per Diem and Mileage Act (2.42.2 NMAC).

Results of Procedures

- a) Twelve (12) expenditures totaling \$98,304 were tested. No exceptions were noted as a result of this procedure. The amount recorded as disbursed agrees to adequate supporting documentation, amount, payee, date and description agree to the vendor's invoice, purchase order, contract and canceled check, as appropriate, except as otherwise noted in finding (finding 2018-001).
- b) Twelve (12) expenditures totaling \$98,304 were tested. No exceptions were noted as result of this procedure. The disbursements were properly authorized and approved in compliance with the budget, legal requirements, and established policies and procedures, except as otherwise noted in finding (finding 2011-001).

c) Twelve (12) expenditures totaling \$98, 304 were tested. No exceptions were noted as a result of this procedure. The bid process (or request for proposal process, (if applicable), purchase orders, contracts and agreements were processed in accordance with the New Mexico Section 13-1-28 through 13-1-99 NMSA 1978) and State Purchasing Regulations (1.4.1 NMAC) and Regulations Governing the Per Diem and Mileage Act (2.42.2 NMAC).

## 7. Journal Entries Procedures

### Procedures

Test all non-routine journal entries, adjustments, and reclassifications posted to the general ledger for the following attributes:

- a) Journal entries appear reasonable and have supporting documentation.
- b) The local public body has procedures that require journal entries to be reviewed and there is evidence the reviews are being performed.

### Results of Procedures

- a) Per inquiry with management and scan through the general ledger, the Village did not record any adjusting journal entries.
- b) Per inquiry with management, the Village does not have a review process for adjusting journal entries (finding 2018-004).

## 8. Budget Procedures

### Procedures

Obtain the original fiscal year budget and all budget amendments made throughout the fiscal year and perform the following test work:

- a) Verify, through a review of the minutes and correspondence, that the original budget and subsequent budget adjustments were approved by the local public body's governing body and DFA- LGD.
- b) Determine if the total actual expenditures exceeded the final budgets at the legal level of budgetary control; if so, report a compliance finding.
- c) From the original and final approved budgets and general ledger, prepare a schedule of revenues and expenditures - budget and actual on the budgetary basis used by the local public body (cash, accrual or modified accrual basis) for each individual fund.

### Results of Procedures

- a) The review of board minutes and letter from the State indicated that the budget and budget adjustments were approved by the board and the DFA.
- b) Total actual expenditures from the general ledger exceeded budgeted amounts by \$41,434 as disclosed in the variance analysis for budget to actual on pages 9-13 (finding 2018- 001).
- c) A schedule of revenue and expenses - budget and actual were prepared from the Village records on cash budgetary basis on pages 9-13.

## 9 Capital Outlay Appropriations Procedures

### Procedures

The scope of the agreed-upon procedures engagement shall encompass any and all state-funded capital outlay appropriations of the New Mexico Legislature that meet Tier 6 criteria.; Request and review all state-funded capital outlay awards, joint powers agreements, correspondence and other relevant documentation for any capital outlay

award funds expended by the recipient during the fiscal year that meet the Tier 6 criteria. Perform the following tests on all state-funded capital outlay expenditures:

Procedures

- a) Determine that the amount recorded as disbursed agrees to adequate supporting documentation. Verify that amount, payee date and description agree to the purchase order, contract, vendor's invoice and canceled check, as appropriate.
- b) Determine that the cash disbursements were properly authorized and approved in accordance with the budget, legal requirements and established policies and procedures.
- c) Determine that the bid process (or request for proposal process is applicable), purchase orders, contracts and agreements were processed in accordance with the New Mexico Procurement Code and State Purchasing Regulations (Section 13-1-28 through 13-1-199 NMSA 1978 and 1.4 i NMAC).
- d) Determine the physical existence (by observation) of the capital asset based on expenditures to date.
- e) Verify that status reports were submitted to the state agency per terms of agreement and amounts in the status report agree with the general ledger and other supporting documentation.
- f) If the project was funded in advance, determine if the award balance (and cash balance) appropriately reflects the percentage of completion based on the project schedule and expenditures to date.
- g) If the project is complete, determine if there is an unexpended balance and whether it was reverted per statute and agreement with the granter.
- h) Determine whether cash received for the award was accounted for in a separate fund or separate bank account that is non- interest bearing if so, required by the capital outlay award agreement.
- i) Determine whether reimbursement requests were properly supported by costs incurred by the recipient. Determine whether the costs were paid by the local public body prior to the request for reimbursement.

Results of Procedures

- a) No exceptions were noted as a result of this procedure. There were no capital outlay appropriations noted.
- b) No exceptions were noted as a result of this procedure. There were no capital outlay appropriations noted.
- c) No exceptions were noted as a result of this procedure. There were no capital outlay appropriations noted.
- d) No exceptions were noted as a result of this procedure. There were no capital outlay appropriations noted.
- e) No exceptions were noted as a result of this procedure. There were no capital outlay appropriations noted.
- f) No exceptions were noted as a result of this procedure. There were no capital outlay appropriations noted.
- g) No exceptions were noted as a result of this procedure. There were no capital outlay appropriations noted.
- h) No exceptions were noted as a result of this procedure. There were no capital outlay appropriations noted.
- i) No exceptions were noted as a result of this procedure. There were no capital outlay appropriations noted.



10. Other Procedure

Procedure

If Information comes to the IPA's attention (regardless of materiality) indicating any fraud, illegal acts, noncompliance, or any internal control deficiencies, such instances must be disclosed in the report as required by Section 12-6-6 NMSA 1978. The findings must include the required content per Section 2.2.2.10(1)(3)(C) NMAC.

Results of Procedure

Please refer to the schedule of findings and responses on pages 20-24.

STATE OF NEW MEXICO  
VILLAGE OF FOLSOM  
Office of the State Auditor Tier 6 Agreed-Upon Procedures  
Schedule of Revenues, Expenses, and Changes in Cash Balance  
Budget and Actual (Non - GAAP Budgetary Basis)  
General Fund - 101  
For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue				
Property tax	\$ 5,000	\$ 5,000	\$ 2,095	\$ (2,905)
Gross receipts tax local	4,000	4,000	3,061	(939)
Gross receipts tax infrastructure	400	400	410	10
Gross receipts tax environment	200	200	205	5
Gross receipts tax other dedication	50	50	3,733	3,683
Interest	20	20	3,268	3,248
Sanation	2,000	2,000	1,188	(812)
Miscellaneous	5,000	5,000	1,785	(3,215)
Gross receipts tax state shared	4,000	4,000	2,257	(1,743)
Gas tax	-	-	-	-
MVD tax	500	500	380	(120)
State grant - law enforcement	20,000	20,000	21,637	1,637
State grant	-	-	2,895	2,895
Small cities assistance	90,000	90,000	90,000	-
Total revenue	<u>131,170</u>	<u>131,170</u>	<u>132,914</u>	<u>1,744</u>
Expenditures				
Current				
General government				
Executive - legislative	2,400	2,400	3,603	(1,203)
Finance and administration	60,000	60,000	80,441	(20,441)
Public safety	20,000	20,000	21,313	(1,313)
Public works	7,000	7,000	6,325	675
Miscellaneous	4,000	4,000	-	4,000
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>93,400</u>	<u>93,400</u>	<u>111,682</u>	<u>(18,282)</u>
Excess (deficiency) revenues over (under) expenditures	37,770	37,770	21,232	(16,538)
Other financing sources (uses):				
Operating transfers net	-	-	-	-
Designated cash	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in cash balances	37,770	37,770	21,232	(16,538)
Cash balance, beginning	-	-	218,286	218,286
Reinstatement	-	-	29,394	29,394
Cash balance, beginning restated	<u>-</u>	<u>-</u>	<u>247,680</u>	<u>247,680</u>
Cash balance, ending	<u>\$ 37,770</u>	<u>\$ 37,770</u>	<u>\$ 268,912</u>	<u>\$ 231,142</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
VILLAGE OF FOLSOM  
Office of the State Auditor Tier 6 Agreed-Upon Procedures  
Schedule of Revenues, Expenses, and Changes in Cash Balances  
Budget and Actual (Non - GAAP Budgetary Basis)  
Special Revenue Fund - Fire Fund - 209  
For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues</b>				
Property tax	\$ -	\$ -	\$ -	\$ -
Gross receipts tax local	-	-	-	-
Gross receipts tax infrastructure	-	-	-	-
Gross receipts tax environment	-	-	-	-
Gross receipts tax other dedication	-	-	-	-
Interest	250	250	3,204	2,954
Sanation	-	-	-	-
Miscellaneous	-	-	-	-
Gross receipts tax state shared	-	-	-	-
Gas tax	-	-	-	-
MVD tax	-	-	-	-
State grant - law enforcement	-	-	-	-
State grant	157,000	157,000	179,329	22,329
Small cities assistance	-	-	-	-
<b>Total revenues</b>	<b>157,250</b>	<b>157,250</b>	<b>182,533</b>	<b>25,283</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>General government</b>				
Executive - legislative	-	-	-	-
Finance and administration	-	-	-	-
Public safety	188,000	188,000	115,733	72,267
Public works	-	-	-	-
Miscellaneous	-	-	-	-
Capital outlay	-	-	-	-
<b>Debt service</b>				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>188,000</b>	<b>188,000</b>	<b>115,733</b>	<b>72,267</b>
Excess (deficiency) revenues over (under) expenditures	(30,750)	(30,750)	66,800	97,550
<b>Other financing sources (uses)</b>				
Operating transfers net	-	-	-	-
Designated cash	30,750	30,750	-	(30,750)
<b>Total other financing sources (uses)</b>	<b>30,750</b>	<b>30,750</b>	<b>-</b>	<b>(30,750)</b>
Net change in cash balances	-	-	66,800	66,800
Cash balance, beginning	-	-	274,115	274,115
Reinstatement	-	-	(26,186)	(26,186)
Cash balance, beginning	-	-	247,929	247,929
Cash balance, ending	\$ -	\$ -	\$ 314,729	\$ 314,729

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
VILLAGE OF FOLSOM  
Office of the State Auditor Tier 6 Agreed-Upon Procedures  
Schedule of Revenues, Expenses, and Changes in Cash Balances  
Budget and Actual (Non - GAAP Budgetary Basis)  
Special Revenue Fund - Road Fund - 216  
For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues</b>				
Property tax	\$ -	\$ -	\$ -	\$ -
Gross receipts tax local	-	-	-	-
Gross receipts tax infrastructure	-	-	-	-
Gross receipts tax environment	-	-	-	-
Gross receipts tax other dedication	-	-	-	-
Interest	15	15	870	855
Sanation	-	-	-	-
Miscellaneous	-	-	-	-
Gross receipts tax state shared	-	-	-	-
Gas tax	5,000	5,000	5,371	371
MVD tax	-	-	-	-
State grant - law enforcement	-	-	-	-
State grant	-	-	7,036	7,036
Small cities assistance	-	-	-	-
<b>Total revenues</b>	<b>5,015</b>	<b>5,015</b>	<b>13,277</b>	<b>8,262</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>General government</b>				
Executive - legislative	-	-	-	-
Finance and administration	-	-	-	-
Public safety	-	-	-	-
Public works	3,500	3,500	2,460	1,040
Miscellaneous	-	-	-	-
Capital outlay	-	-	-	-
<b>Debt service</b>				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>3,500</b>	<b>3,500</b>	<b>2,460</b>	<b>1,040</b>
Excess (deficiency) revenues over (under) expenditures	1,515	1,515	10,817	9,302
<b>Other financing sources (uses)</b>				
Operating transfers net	-	-	-	-
Designated cash	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in cash balances</b>	<b>1,515</b>	<b>1,515</b>	<b>10,817</b>	<b>9,302</b>
Cash balance, beginning	-	-	63,087	63,087
Reinstatement	-	-	(1,143)	(1,143)
Cash balance, beginning	-	-	61,944	61,944
Cash balance, ending	<u>\$ 1,515</u>	<u>\$ 1,515</u>	<u>\$ 72,761</u>	<u>\$ 71,246</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
VILLAGE OF FOLSOM  
Office of the State Auditor Tier 6 Agreed-Upon Procedures  
Schedule of Revenues, Expenses, and Changes in Cash Balances  
Budget and Actual (Non - GAAP Budgetary Basis)  
Special Revenue Fund - EMS Fund - 206  
For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Property tax	\$ -	\$ -	\$ -	\$ -
Gross receipts tax local	-	-	-	-
Gross receipts tax infrastructure	-	-	-	-
Gross receipts tax environment	-	-	-	-
Gross receipts tax other dedication	-	-	-	-
Interest	5	5	165	160
Sanation	-	-	-	-
Miscellaneous	-	-	-	-
Gross receipts tax state shared	-	-	-	-
Gas tax	-	-	-	-
MVD tax	-	-	-	-
State grant - law enforcement	-	-	-	-
State grant	-	-	7,036	7,036
Small cities assistance	-	-	-	-
<b>Total revenues</b>	<b>5</b>	<b>5</b>	<b>7,201</b>	<b>7,196</b>
Expenditures				
Current				
General government				
Executive - legislative	-	-	-	-
Finance and administration	-	-	-	-
Public safety	2,500	2,500	25,652	(23,152)
Public works	-	-	-	-
Miscellaneous	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>2,500</b>	<b>2,500</b>	<b>25,652</b>	<b>(23,152)</b>
Excess (deficiency) revenues over (under) expenditures	(2,495)	(2,495)	(18,451)	(15,956)
Other financing sources (uses)				
Operating transfers net	-	-	-	-
Designated cash	2,495	2,495	-	(2,495)
<b>Total other financing sources (uses)</b>	<b>2,495</b>	<b>2,495</b>	<b>-</b>	<b>(2,495)</b>
Net change in cash balances	-	-	(18,451)	(18,451)
Cash balance, beginning	-	-	21,487	21,487
Reinstatement	-	-	-	-
<b>Cash balance, beginning restated</b>	<b>-</b>	<b>-</b>	<b>21,487</b>	<b>21,487</b>
<b>Cash balance, ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,036</b>	<b>\$ 3,036</b>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
VILLAGE OF FOLSOM  
Office of the State Auditor Tier 6 Agreed-Upon Procedures  
Schedule of Revenues, Expenses, and Changes in Cash Balances  
Budget and Actual (Non - GAAP Budgetary Basis)  
Special Revenue Fund - Recreation Fund - 217  
For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Property tax	\$ -	\$ -	\$ -	\$ -
Gross receipts tax local	-	-	-	-
Gross receipts tax infrastructure	-	-	-	-
Gross receipts tax environment	-	-	-	-
Gross receipts tax other dedication	3	3	-	(3)
Interest	100	100	115	15
Sanation	-	-	-	-
Miscellaneous	-	-	3,500	3,500
Gross receipts tax state shared	-	-	-	-
Gas tax	-	-	-	-
MVD tax	-	-	-	-
State grant - law enforcement	-	-	-	-
State grant	-	-	-	-
Small cities assistance	-	-	-	-
Total revenues	<u>103</u>	<u>103</u>	<u>3,615</u>	<u>3,512</u>
Expenditures				
Current				
General government				
Executive - legislative	-	-	-	-
Finance and administration	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Miscellaneous	5,000	5,000	-	5,000
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Excess (deficiency) revenues over (under) expenditures	(4,897)	(4,897)	3,615	8,512
Other financing sources (uses)				
Operating transfers net	-	-	-	-
Designated cash	<u>4,897</u>	<u>4,897</u>	<u>-</u>	<u>(4,897)</u>
Total other financing sources (uses)	<u>4,897</u>	<u>4,897</u>	<u>-</u>	<u>(4,897)</u>
Net change in cash balances	-	-	3,615	3,615
Cash balance, beginning	-	-	30,957	30,957
Reinstatement	-	-	81	81
Cash balance, beginning	-	-	<u>31,038</u>	<u>31,038</u>
Cash balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,653</u>	<u>\$ 34,653</u>

The accompanying notes are an integral part of these financial statements.

MUNICIPALITY: Folsom

DEPARTMENT OF FINANCE AND ADMINISTRATION  
LOCAL GOVERNMENT DIVISION

Period Ending: 06/30/2018

SUBMIT TO LOCAL GOVERNMENT DIVISION NO LATER THAN 30 DAYS  
AFTER THE CLOSE OF EACH QUARTER.

Prepared By: Brisenth Doherty

I HEREBY CERTIFY THAT THE CONTENTS IN THIS REPORT ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND THAT THIS REPORT DEPICTS ALL FUNDS.

*Brisenth Doherty 07/10/2018*

Signature

Date

YEAR-TO-DATE TRANSACTIONS

Fund #	FUND NAME	BEGINNING CASH BALANCE CURRENT FY (1)	YEAR-TO-DATE TRANSACTIONS				QTR ENDING CASH BALANCE (1)+(2)-(3)+(4)+(5) (6)	INVESTMENTS (7)	CASH + INVESTMENTS (8)	REQUIRED RESERVES (9)	AVAILABLE CASH (8) - (9)
			REVENUES TO DATE (2)	TRANSFERS TO DATE (3)	EXPENDITURES TO DATE (4)	ADJUSTMENTS (5)					
101	GENERAL FUND (GF)	\$186,279	283,553	(222,296)	52,946		\$194,589	0	\$194,589	4,412	\$190,177
201	CORRECTION	\$0	0	0	0	0	\$0	0	\$0		\$0
202	ENVIRONMENTAL GRT	\$0	0	0	0	0	\$0	0	\$0		\$0
206	EMS	\$21,487	164	7,036	25,652	0	\$3,036	0	\$3,036		\$3,036
207	ENHANCED 911	\$0	0	0	0	0	\$0	0	\$0		\$0
209	FIRE PROTECTION FUND	\$238,555	3,093	165,560	91,020	0	\$316,188	0	\$316,188		\$316,188
211	LEPF	\$0	0	20,000	19,676	0	\$324	0	\$324		\$324
214	LODGERS' TAX	\$0	0	0	0	0	\$0	0	\$0		\$0
216	MUNICIPAL STREET	\$63,653	6,241	7,037	2,460	0	\$74,471	0	\$74,471		\$74,471
217	RECREATION	\$31,011	115	3,500	0	0	\$34,626	0	\$34,626		\$34,626
218	INTERGOVERNMENTAL GRANTS	\$0	0	0	0	0	\$0	0	\$0		\$0
219	SENIOR CITIZEN	\$0	0	0	0	0	\$0	0	\$0		\$0
223	DWI PROGRAM	\$0	0	0	0	0	\$0	0	\$0		\$0
299	OTHER	\$60,615	581	19,162	23,223	0	\$57,135	0	\$57,135		\$57,135
300	CAPITAL PROJECT FUNDS	\$0	0	0	0	0	\$0	0	\$0		\$0
401	G. O. BONDS	\$0	0	0	0	0	\$0	0	\$0		\$0
402	REVENUE BONDS	\$0	0	0	0	0	\$0	0	\$0		\$0
403	DEBT SERVICE OTHER		0	0	0	0	\$0	0	\$0		\$0
500	ENTERPRISE FUNDS										
	Water Fund	\$0	0	0	0	0	\$0	0	\$0		\$0
	Solid Waste	\$0	0	0	0	0	\$0	0	\$0		\$0
	Waste Water	\$0	0	0	0	0	\$0	0	\$0		\$0
	Airport	\$0	0	0	0	0	\$0	0	\$0		\$0
	Ambulance	\$0	0	0	0	0	\$0	0	\$0		\$0
	Cemetery	\$0	0	0	0	0	\$0	0	\$0		\$0
	Housing	\$0	0	0	0	0	\$0	0	\$0		\$0
	Parking	\$0	0	0	0	0	\$0	0	\$0		\$0
	Other Enterprise (enter fund	\$0	0	0	0	0	\$0	0	\$0		\$0
	Other Enterprise (enter fund	\$0	0	0	0	0	\$0	0	\$0		\$0
	Other Enterprise (enter fund	\$0	0	0	0	0	\$0	0	\$0		\$0
	Other Enterprise (enter fund	\$0	0	0	0	0	\$0	0	\$0		\$0
600	INTERNAL SERVICE FUNDS	\$0	0	0	0	0	\$0	0	\$0		\$0
700	TRUST AND AGENCY FUNDS	\$0	0	0	0	0	\$0	0	\$0		\$0
GRAND TOTAL		\$601,600	\$293,748	(\$0)	\$214,977	\$0	\$680,370	\$0	\$680,370	\$4,412	\$675,958

GENERAL FUND - MUNICIPALITY

COMPARATIVE STATEMENT OF REVENUES AND EXPENDITURES	BUDGETED AMOUNTS			ACTUALS Y-T-D	ENCUMBRANCES Y-T-D	Variance With Adjusted Budget	
	Approved Budget	Budget Adjustments	Adjusted Budget			Positive (Negative)	
						\$	%
<b>REVENUES</b>							
<b>Taxes:</b>							
Property Tax - Current Year	\$5,000	\$0	\$5,000	\$2,095		(\$2,905)	41.91%
Property Tax - Delinquent	\$0	\$0	\$0	\$0		\$0	n/a
Property Tax - Penalty & Interest	\$0	\$0	\$0	\$0		\$0	n/a
Oil and Gas - Equipment	\$0	\$0	\$0	\$0		\$0	n/a
Oil and Gas - Production	\$0	\$0	\$0	\$0		\$0	n/a
Franchise Fees	\$0	\$0	\$0	\$0		\$0	n/a
Gross receipts - Local Option	\$4,000	\$0	\$4,000	\$3,061		(\$939)	76.53%
Gross Receipts - Infrastructure	\$400	\$0	\$400	\$410		\$10	102.49%
Gross Receipts - Environment	\$200	\$0	\$200	\$205		\$5	102.53%
Gross Receipts - Other Dedication	\$50	\$0	\$50	\$5,541		\$5,491	11082.32%
<b>Intergovernmental -State Shared:</b>							
Gross receipts	\$4,000	\$0	\$4,000	\$4,064		\$64	101.60%
Cigarette Tax	\$0	\$0	\$0	\$0		\$0	n/a
Gas Tax [1 cent]	\$0	\$0	\$0	\$0		\$0	n/a
Gas Tax [2 cent]	\$0	\$0	\$0	\$0		\$0	n/a
Motor Vehicle	\$500	\$0	\$500	\$380		(\$120)	75.91%
Grants - Federal	\$0	\$0	\$0	\$0		\$0	n/a
Grants - State	\$0	\$0	\$0	\$0		\$0	n/a
Grants - Local	\$0	\$0	\$0	\$0		\$0	n/a
Legislative Appropriations	\$0	\$0	\$0	\$0		\$0	n/a
Small Cities Assistance	\$90,000	\$0	\$90,000	\$90,000		\$0	100.00%
<b>Licenses and Permits</b>	\$0	\$0	\$0	\$0		\$0	n/a
<b>Charges for Services</b>	\$2,000	\$0	\$2,000	\$1,188		(\$812)	59.38%
<b>Fines and Forfeits</b>	\$0	\$0	\$0	\$0		\$0	n/a
<b>Interest on Investments</b>	\$20	\$0	\$20	\$2,687		\$2,667	13432.90%
<b>Miscellaneous</b>	\$5,000	\$0	\$5,000	\$173,922		\$168,922	3478.44%
<b>TOTAL GENERAL FUND REVENUES</b>	<b>\$111,170</b>	<b>\$0</b>	<b>\$111,170</b>	<b>\$283,553</b>		<b>\$172,383</b>	<b>255.06%</b>
<b>EXPENDITURES</b>							
Executive-Legislative	2,400	\$0	\$2,400	\$2,350	\$0	\$50	97.92%
Judicial	0	\$0	\$0	\$0	\$0	\$0	n/a
Elections	0	\$0	\$0	\$0	\$0	\$0	n/a
Finance & Administration	60,000	\$0	\$60,000	\$44,271	\$0	\$15,729	73.79%
Public Safety	0	\$0	\$0	\$0	\$0	\$0	n/a
Highways & Streets	0	\$0	\$0	\$0	\$0	\$0	n/a
Senior Citizens	0	\$0	\$0	\$0	\$0	\$0	n/a
Sanitation	7,000	\$0	\$7,000	\$6,325	\$0	\$675	90.36%
Health and Welfare	0	\$0	\$0	\$0	\$0	\$0	n/a
Culture and Recreation	0	\$0	\$0	\$0	\$0	\$0	n/a
Economic Development & Housing	0	\$0	\$0	\$0	\$0	\$0	n/a
Airport	0	\$0	\$0	\$0	\$0	\$0	n/a
Other - Miscellaneous	4,000	\$0	\$4,000	\$0	\$0	\$4,000	0.00%
<b>TOTAL GENERAL FUND EXPENDITURES</b>	<b>\$73,400</b>	<b>\$0</b>	<b>\$73,400</b>	<b>\$52,946</b>	<b>\$0</b>	<b>\$20,454</b>	<b>72.13%</b>
<b>OTHER FINANCING SOURCES</b>							
Transfers In	\$0	\$0	\$0	(\$222,296)		(\$222,296)	n/a
Transfers (Out)	\$0	\$0	\$0			\$0	n/a
<b>TOTAL - OTHER FINANCING SOURCES</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$222,296)</b>		<b>(\$222,296)</b>	<b>n/a</b>
<b>Excess (deficiency) of revenues over expenditures</b>				<b>\$8,310</b>			



SPECIAL REVENUES - MUNICIPALITY - QUARTERLY REPORT

SPECIAL REVENUES - RESOURCES	Fund	BUDGET			ACTUALS		Encumbrances (expend line only)	Budget Balance	Budget Variance %
		Approved Budget	Resolutions Adj. Budget	Adjusted Budget	Year to Date Total				
<b>CORRECTIONS REVENUES</b>	<b>201</b>								
Correction Fees	201	0	0	0	0		0	n/a	
Miscellaneous	201	0	0	0	0		0	n/a	
<b>TOTAL Revenues</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>0</b>	<b>n/a</b>	
<b>EXPENDITURES</b>	<b>201</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>n/a</b>	
<b>OTHER FINANCING SOURCES</b>									
Transfers In	201	0	0	0	0		0	n/a	
Transfers (Out)	201	0	0	0	0		0	n/a	
<b>TOTAL - OTHER FINANCING SOURCES</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>0</b>	<b>n/a</b>	
Excess (deficiency) of revenues over expenses	201				0				
<b>ENVIRONMENTAL REVENUES</b>	<b>202</b>								
GRT - Environmental	202	0	0	0	0		0	n/a	
Miscellaneous	202	0	0	0	0		0	n/a	
<b>TOTAL Revenues</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>0</b>	<b>n/a</b>	
<b>EXPENDITURES</b>	<b>202</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>n/a</b>	
<b>OTHER FINANCING SOURCES</b>									
Transfers In	202	0	0	0	0		0	n/a	
Transfers (Out)	202	0	0	0	0		0	n/a	
<b>TOTAL - OTHER FINANCING SOURCES</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>0</b>	<b>n/a</b>	
Excess (deficiency) of revenues over expenses	202				0				
<b>EMS REVENUES</b>	<b>206</b>								
State EMS Grant	206	0	0	0	0		0	n/a	
Miscellaneous	206	5	0	5	164		159	3284.60%	
<b>TOTAL Revenues</b>		<b>5</b>	<b>0</b>	<b>5</b>	<b>164</b>		<b>159</b>	<b>3284.60%</b>	
<b>EXPENDITURES</b>	<b>206</b>	<b>2,500</b>	<b>0</b>	<b>2,500</b>	<b>25,652</b>	<b>0</b>	<b>(23,152)</b>	<b>1026.07%</b>	
<b>OTHER FINANCING SOURCES</b>									
Transfers In	206		0	0	7,036		7,036	n/a	
Transfers (Out)	206	0	0	0	0		0	n/a	
<b>TOTAL - OTHER FINANCING SOURCES</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>7,036</b>		<b>7,036</b>	<b>n/a</b>	
Excess (deficiency) of revenues over expenses	206				(18,154)				
<b>E911 REVENUES</b>	<b>207</b>								
State-E-911 Enhancement	207	0	0	0	0		0	n/a	
Network & Data Base Grant	207	0	0	0	0		0	n/a	
Miscellaneous	207	0	0	0	0		0	n/a	
<b>TOTAL Revenues</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>0</b>	<b>n/a</b>	
<b>EXPENDITURES</b>	<b>207</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>n/a</b>	
<b>OTHER FINANCING SOURCES</b>									
Transfers In	207	0	0	0	0		0	n/a	
Transfers (Out)	207	0	0	0	0		0	n/a	
<b>TOTAL - OTHER FINANCING SOURCES</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>0</b>	<b>n/a</b>	
Excess (deficiency) of revenues over expenses	207				0				
<b>FIRE PROTECTION REVENUES</b>	<b>209</b>								
State - Fire Marshall Allotment	209	150,000	0	150,000	150,000		(150,000)	0.00%	
Miscellaneous	209	250	0	250	3,093		2,843	1237.20%	
<b>TOTAL Revenues</b>		<b>150,250</b>	<b>0</b>	<b>150,250</b>	<b>3,093</b>		<b>(147,157)</b>	<b>2.06%</b>	

SPECIAL REVENUES - MUNICIPALITY - QUARTERLY REPORT

SPECIAL REVENUES - RESOURCES	Fund	BUDGET			ACTUALS		Encumbrances (expend line only)	Budget Balance	Budget Variance %
		Approved Budget	Resolutions Adj. Budget	Adjusted Budget	Year to Date Total				
<b>EXPENDITURES</b>	209	180,000	0	180,000	91,020	0	88,980	50.57%	
OTHER FINANCING SOURCES									
Transfers In	209	0	0	0	165,560		165,560	n/a	
Transfers (Out)	209	48,626	0	48,626	0		48,626	0.00%	
<b>TOTAL - OTHER FINANCING SOURCES</b>		<b>48,626</b>	<b>0</b>	<b>48,626</b>	<b>165,560</b>		<b>116,934</b>	<b>340.48%</b>	
Excess (deficiency) of revenues over expenses	209				77,633				
<b>LAW ENFORCEMENT PROTECTION REVENUES</b>	<b>211</b>								
State-Law Enforcement Protection	211	20,000	0	20,000	0		20,000	0.00%	
Miscellaneous	211	0	0	0	0		0	n/a	
<b>TOTAL Revenues</b>		<b>20,000</b>	<b>0</b>	<b>20,000</b>	<b>0</b>		<b>20,000</b>	<b>0.00%</b>	
<b>EXPENDITURES</b>	<b>211</b>	<b>20,000</b>	<b>0</b>	<b>20,000</b>	<b>19,676</b>	<b>0</b>	<b>324</b>	<b>98.38%</b>	
OTHER FINANCING SOURCES									
Transfers In	211	0	0	0	20,000		20,000	n/a	
Transfers (Out)	211	0	0	0	0		0	n/a	
<b>TOTAL - OTHER FINANCING SOURCES</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>20,000</b>		<b>20,000</b>	<b>n/a</b>	
Excess (deficiency) of revenues over expenses	211				324				
<b>LODGERS' TAX REVENUES</b>	<b>214</b>								
Lodgers' Tax	214	0	0	0	0		0	n/a	
Miscellaneous	214	0	0	0	0		0	n/a	
<b>TOTAL Revenues</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>0</b>	<b>n/a</b>	
<b>EXPENDITURES</b>	<b>214</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>n/a</b>	
OTHER FINANCING SOURCES									
Transfers In	214	0	0	0	0		0	n/a	
Transfers (Out)	214	0	0	0	0		0	n/a	
<b>TOTAL - OTHER FINANCING SOURCES</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>0</b>	<b>n/a</b>	
Excess (deficiency) of revenues over expenses	214				0				
<b>MUNICIPAL STREET REVENUES</b>	<b>216</b>								
GRT - Infrastructure (1/8 cent)	216	0	0	0	0		0	n/a	
GRT - Municipal	216	0	0	0	0		0	n/a	
Gasoline Tax - (1 cent / 2 cent)	216	5,000	0	5,000	5,371		371	107.42%	
Motor Vehicle - Registration (all)	216	0	0	0	0		0	n/a	
State Grants	216	0	0	0	0		0	n/a	
Federal Grants	216	0	0	0	0		0	n/a	
Miscellaneous	216	15	0	15	870		855	5802.47%	
<b>TOTAL Revenues</b>		<b>5,015</b>	<b>0</b>	<b>5,015</b>	<b>6,241</b>		<b>1,226</b>	<b>124.45%</b>	
<b>EXPENDITURES</b>	<b>216</b>	<b>3,500</b>	<b>0</b>	<b>3,500</b>	<b>2,460</b>	<b>0</b>	<b>1,040</b>	<b>70.28%</b>	
OTHER FINANCING SOURCES									
Transfers In	216	0	0	0	7,037		7,037	n/a	
Transfers (Out)	216	0	0	0	0		0	n/a	
<b>TOTAL - OTHER FINANCING SOURCES</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>7,037</b>		<b>7,037</b>	<b>n/a</b>	
Excess (deficiency) of revenues over expenses	216				10,818				
<b>RECREATION REVENUES</b>	<b>217</b>								
Cigarette Tax - (1 cent)	217	3	0	3	0		3	0.00%	
Miscellaneous	217	100	0	100	115		15	115.25%	
<b>TOTAL Revenues</b>		<b>103</b>	<b>0</b>	<b>103</b>	<b>115</b>		<b>12</b>	<b>111.89%</b>	
<b>EXPENDITURES</b>	<b>217</b>	<b>5,000</b>	<b>0</b>	<b>5,000</b>	<b>0</b>	<b>0</b>	<b>5,000</b>	<b>0.00%</b>	

OTHER MISC. (FUND 299) DETAIL LIST

SPECIAL REVENUES	BUDGET			ACTUALS			
	Approved Budget	Resolutions Adj. Budget	Adjusted Budget	Year to Date Total	Encumbrances (expend line only)	Budget Balance	Budget Variance %
<b>Wildland Fund</b>							
REVENUES	7,000	0	7,000	0		7,000	0.00%
EXPENDITURES	8,000	0	8,000	17,677	0	10,677	220.96%
OTHER FINANCING SOURCES							
Transfers In	0	0	0	13,768		13,768	n/a
Transfers (Out)	0	0	0	0		0	n/a
TOTAL - OTHER FINANCING SOURCES	0	0	0	13,768		13,768	n/a
Excess (deficiency) of revenues over expenditures				(2,900)			
<b>General Fund II</b>							
REVENUES	0	0	0	581		581	n/a
EXPENDITURES	0	0	0	0	0	0	n/a
OTHER FINANCING SOURCES							
Transfers In	0	0	0	0		0	n/a
Transfers (Out)	0	0	0	0		0	n/a
TOTAL - OTHER FINANCING SOURCES	0	0	0	0		0	n/a
Excess (deficiency) of revenues over expenditures				581			
<b>TT&amp;I</b>							
REVENUES	5,700	0	5,700	0		5,700	0.00%
EXPENDITURES	5,700	0	5,700	5,546	0	154	97.30%
OTHER FINANCING SOURCES							
Transfers In	0	0	0	5,394		5,394	n/a
Transfers (Out)	0	0	0	0		0	n/a
TOTAL - OTHER FINANCING SOURCES	0	0	0	5,394		5,394	n/a
Excess (deficiency) of revenues over expenditures				(152)			
<b>(enter fund name here)</b>							
REVENUES	0	0	0	0		0	n/a
EXPENDITURES	0	0	0	0	0	0	n/a
OTHER FINANCING SOURCES							
Transfers In	0	0	0	0		0	n/a
Transfers (Out)	0	0	0	0		0	n/a
TOTAL - OTHER FINANCING SOURCES	0	0	0	0		0	n/a
Excess (deficiency) of revenues over expenditures				0			
<b>(enter fund name here)</b>							
REVENUES	0	0	0	0		0	n/a
EXPENDITURES	0	0	0	0	0	0	n/a
OTHER FINANCING SOURCES							
Transfers In	0	0	0	0		0	n/a
Transfers (Out)	0	0	0	0		0	n/a
TOTAL - OTHER FINANCING SOURCES	0	0	0	0		0	n/a
Excess (deficiency) of revenues over expenditures				0			
<b>(enter fund name here)</b>							
REVENUES	0	0	0	0		0	n/a
EXPENDITURES	0	0	0	0	0	0	n/a
OTHER FINANCING SOURCES							
Transfers In	0	0	0	0		0	n/a
Transfers (Out)	0	0	0	0		0	n/a
TOTAL - OTHER FINANCING SOURCES	0	0	0	0		0	n/a
Excess (deficiency) of revenues over expenditures				0			
<b>(enter fund name here)</b>							
REVENUES	0	0	0	0		0	n/a
EXPENDITURES	0	0	0	0	0	0	n/a
OTHER FINANCING SOURCES							
Transfers In	0	0	0	0		0	n/a
Transfers (Out)	0	0	0	0		0	n/a
TOTAL - OTHER FINANCING SOURCES	0	0	0	0		0	n/a
Excess (deficiency) of revenues over expenditures				0			

STATE OF NEW MEXICO  
 VILLAGE OF FOLSOM  
 Office of the State Auditor Tier 6 Agreed-Upon Procedures  
 Summary of Findings  
 For the Year Ended June 30, 2018

<i>Agency Number</i>	<i>Agency Name</i>	<i>Agency Type</i>	<i>Audit Fiscal Year</i>	<i>Financial Statement Opinion</i>	<i>Finding Number</i>	<i>New or Repeat Finding</i>	<i>Year Finding Originated</i>	<i>Classification of Finding</i>	<i>Category of Finding</i>	<i>Summary of Finding (250 characters max.)</i>	<i>If the Finding is attributable to a Component Unit, Name of Component Unit</i>
6072	Village of Folsom	Municipalities	2018	AUP - No Opinion	2018-001	Repeat	2011	Material Weakness	Budgetary Compliance	Actual expenditures and transfers were greater than budgeted expenditures and transfers	N/A
6072	Village of Folsom	Municipalities	2018	AUP - No Opinion	2018-002	Repeat	2012	Significant Deficiency	Cash and Investments	Bank reconciliations did not tie to the general ledger &/or DFA report	N/A
6072	Village of Folsom	Municipalities	2018	AUP - No Opinion	2018-003	Repeat	2012	Other Noncompliance	Capital Assets	No record of capital assets	N/A
6072	Village of Folsom	Municipalities	2018	AUP - No Opinion	2018-004	Repeat	2012	Significant Deficiency	Lack of Policies, Procedures or Internal Controls	No review or approval policy in place for recording adjusting entries	N/A
6072	Village of Folsom	Municipalities	2018	AUP - No Opinion	2018-005	New	2018	Significant Deficiency	Expenditures and Expenses - Lack of Documentation	Purchase orders dated after invoice date, invoices not available, copy of checks not available	N/A

STATE OF NEW MEXICO  
 VILLAGE OF FOLSOM  
 Office of The State Auditor Tier 6 Agreed- Upon Procedures  
 Schedule of Findings and Responses  
 For the Year Ended June 30, 2018

Prior Year Findings		
2018-001 (2011-001)	Actual Expenditures Exceeded the Approved Budgets	Repeated
2018-002 (2012-001)	Cash	Repeated
2018-003 (2012-002)	Capital Assets	Repeated
2018-004 (2012-003)	Journal Entries	Repeated

2018-001 (2011-001) Actual Expenditures Exceeded the Approved Budgets Material Weakness

Condition

The actual expenditures incurred in two 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 Expense	Actual Expense	Variance
General Fund	\$ 93,400	\$ 111,682	\$ (18,282)
EMS Fund	2,500	25,652	(23,152)
Totals	<u>\$ 95,900</u>	<u>\$ 137,334</u>	<u>\$ (41,434)</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 received adequate 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

I recommend that the Village provide accounting personnel with training in the use of controls and reconciliation's to accurately monitor the approved budget.

Response

The Village is aware of the issue and will be more diligent in having bars and budget adjustments done in a timely manner.

Expected Correction Date: 18/19 fiscal year

Employee Responsible: Clerk

2018-002 (2012-001) Cash

Significant Deficiency

Condition

It was noted that 1 out of 29 bank reconciliations tested did not tie to the general ledger with a total difference in cash of \$299. It was also noted that 8 out of 29 reconciliations did not tie to the financial reports submitted to the DFA with a total \$13,721.

The Village plans to address the issue in the current year. There has been no progress made from the prior year report.

Criteria

Per Section 6-10-2 NMSA 1978, it is the duty of every public official or agency of this state that receives or disburses public money to maintain a cash record in which is entered daily, in detail, all items of receipts and disbursements of public money. The cash record shall be balanced daily to show the balance of public money on hand at the close of each day's business.

Cause

Village failed to maintain accurate reconciliations, resulting from being understaffed.

Effect

Incorrect reconciliations may result in an increased risk for error, fraud, waste, or abuse.

Recommendation

It is recommended that the Village review the reconciliation process and establish internal controls to mitigate the risk of error. Reconciliations should be reviewed and approved by management.

Response

The village will start utilizing the general ledger and bank reconciliations together to look for any possible discrepancies, if discrepancies occur council will then take acknowledgement and investigate as to why and proceed as needed.

Expected Correction Date: 18/19 fiscal year

Employee Responsible: Clerk

2018-003 (2012-002) Capital Assets

Material Weakness

#### Condition

The Village has no records of any fixed asset listing or of the last inventory count. There has been no progress made from the prior year report.

#### Criteria

NMSA 1978, Section 12-6-10 states "the governing authority of each agency shall, at the end of each fiscal year, conduct a physical inventory of movable chattels and equipment costing more than \$5,000 and under the control of the governing authority. This inventory shall include all movable chattels and equipment procured through the capital program fund under Section 15-3B-16 NMSA 1978, which are assigned to the agency designated by the director of the facilities management division of the general services department as the user agency. The inventory shall list the chattels and equipment and the date and cost of acquisition. Upon completion the inventory shall be certified by the governing authority as to correctness".

GASB 34 requires movements to report general infrastructure assets in the Statement of Net Position. State law requires an annual inventory of capital assets be performed. Section 12-6-10, NMSA 1978, requires each agency to conduct an annual physical inventory of movable chattels and equipment on the inventory list at the end of each fiscal year.

#### Cause

The Village failed maintain a capital asset and depreciation schedule that complies with GASB 34 and they did not conduct an inventory count and certify the correctness of the annual inventory.

#### Effect

Lack of a capital asset and depreciation and inventory counts can cause an incorrect representation of capital assets. The Village has not complied with NMSA 1978, Section 12-6-10.

#### Recommendation

It is recommended that the Village develop a capital asset and depreciation schedule that complies with GASB 34 and conduct an annual capital asset inventory and certify the correctness of the inventory.

#### Response

The village expects to have this finding resolved for the next fiscal year and add to the inventory and capital assets list as needed throughout the year.

Expected Correction Date: 18/19 fiscal year  
Employee Responsible: Clerk/ Fire Department

2018-004 (2012-003)

Journal Entries

Significant Deficiency

Condition

During journal entry test work performed, it was noted that the Village does not have a review and approval process in place for the recording of manual journal entries. There has been no progress made from the prior year report.

Criteria

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 internal controls over journal entries and other adjustments.

Cause

The Village has limited staffing resources, thus has not implemented an approval process over adjustments to mitigate the risk of management override.

Effect

There may be unauthorized adjustments made, leaving room for error and management override.

Recommendation

I 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.

Response

The village has established a policy on how journal entries are to be conducted. The accounting process identifies checks that will need to be voided with the following process, the clerk brings it up at the Council meeting; Council approves or denies voiding the check, and once the proper approval is granted, the clerk voids the said check. At the following council meeting, the clerk demonstrates to Council the check has been voided and the reports are reconciliation and approved journal entries.

Expected Correction Date: 18/19 fiscal year

Employee Responsible: Clerk



2018-005 Internal Control over Cash Disbursement

Significant Deficiency

Condition

During our test work of cash disbursements, out of 12 items tested, we noted the following deficiencies:

Seven out of twelve disbursements totaling \$14,605 purchase orders were dated after invoice dates.

One out of twelve disbursements totaling \$1,432 invoice was not available.

One out of twelve disbursements totaling \$52,531 copy of check was not available.

Criteria

Good accounting and internal control practices requires that all disbursements must originate with authorizing document and be supported by properly approved documents such as purchase orders, bill, petty cash reimbursement forms, payroll and time records, leases, contracts, or other supporting. In addition, according to NMSA 1978 Section 6-6-3, the Village is expected to conform to the rules and regulations that they have adopted relating to internal controls.

Effect

The Village's internal control over authorizations and payments limit management's ability to monitor the accuracy of transactions and provide assurance with respect to funds. Also, when purchases are made without proper authorization, items could be procured that are inappropriate and/or unallowed and the risk of misappropriation is increased.

Cause

There is a lack of internal control structure over cash Disbursements. The Village Purchasing Policy is not adequately safeguarding the Village's assets by allowing the purchasing policy to be bypassed.

Recommendation

I recommend the Village train employees on the purchasing procedure and implement new procedures to properly review and approve the expenditures.

Response

The village will require a purchase order to be submitted before the purchase of items. This will ensure that there are funds available to cover said purchase.

Expected Correction Date: 18/19 fiscal year

Employee Responsible: Clerk

The contents of this report were discussed with, Stephanie King, Mayor, Terry McNabb Mayor Pro-Tem, Brisenth Doherty Clerk/Treasurer, and Sandra Rush, CPA, in an exit conference on August 24, 2018.

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STATE OF NEW MEXICO  
Village of Folsom

Basic Financial Statements and Supplemental Information  
Independent Accountants' Compilation Report  
June 30, 2018

*Sandra Rush CPA PC  
1101 E Llano Estacado  
Clovis, New Mexico 88101*

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STATE OF NEW MEXICO  
VILLAGE OF FOLSOM  
Table of Contents  
June 30, 2018

	<u>Page</u>
Table of Contents	1
Official Roster	2
Independent Accountants' Compilation Report	3
Governmental Fund Financial Statements	4
Balance Sheet - Governmental Funds	5
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	6
Notes to Financial Statements	7-14
Supplementary Information	15
Schedule of Bank Depositories	16
Financial Statement Preparation	16
Exit Conference	16

STATE OF NEW MEXICO  
VILLAGE OF FOLSOM  
Office of the State Auditor Tier 6 Agreed-Upon Procedures

Official Roster  
For the year ended June 30, 2018

Village Council

Stephanie King	Mayor
Terry McNabb	Mayor Pro-Tem
Tristan McNabb	Councilor
Barbara Schoonover	Councilor
Derek Karr	Councilor

Administrative Officials

Brisenth Doherty	Clerk-Treasurer
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## Independent Accountants' Compilation Report

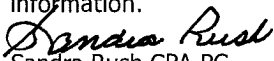
Mr. Wayne Johnson, State Auditor  
Mayor and Village Council  
Village of Folsom  
Folsom, New Mexico

Management is responsible for the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Village of Folsom, New Mexico, - contractual basis as of and for the year ended June 30, 2018, and related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents, in accordance with the contractual basis of accounting, and determining that the contractual basis of accounting is an acceptable financial reporting framework. I have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. I did not audit or review the financial statements nor was I required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, I do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

To comply with the requirements of Section 12-6-3(B) NMSA 1978 and 2.2.2.16 NMAC, management has presented: (1) the governmental fund financial statements prepared using the modified accrual basis of accounting; (2) the proprietary fund financial statements and the fiduciary fund financial statements prepared using the accrual basis of accounting; and (3) only the notes related to those financial statements. However, in complying with these requirements, management has omitted the following financial statements and notes required by accounting principles generally accepted in the United States of America (GAAP): (a) the accompanying governmentwide financial statements; (b) the statement of cash flows-proprietary funds; (c) management's discussion and analysis and (3) note disclosures related to items (a) and (b). These omissions result in the financial statements being presented on a basis of accounting other than GAAP.

I draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the modified accrual basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The accompanying supplementary information contained in page 16 presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management. The supplementary information was subject to our compilation engagement. I have not audited or reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any form of assurance on such supplementary information.

  
Sandra Rush CPA PC  
Clovis New Mexico  
August 24, 2018

## Governmental Fund Financial Statements

STATE OF NEW MEXICO  
 VILLAGE OF FOLSOM  
 Balance Sheet  
 Governmental Funds  
 June 30, 2018

	General 101	Fire 209	Road 216	EMS 206	Recreation 217	Total Governmental Funds
<b>ASSETS</b>						
Cash in banks	\$ 268,912	\$ 314,729	\$ 72,761	\$ 3,036	\$ 34,653	\$ 694,091
Accounts receivable						
Taxes	867	-	-	-	-	867
Grantor	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total assets	<u>\$ 269,779</u>	<u>\$ 314,729</u>	<u>\$ 72,761</u>	<u>\$ 3,036</u>	<u>\$ 34,653</u>	<u>\$ 694,958</u>
<b>LIABILITIES</b>						
Accounts payables	\$ 859	\$ 144	\$ -	\$ -	\$ -	\$ 1,003
Total liabilities	<u>859</u>	<u>144</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,003</u>
<b>FUND BALANCE</b>						
Restricted for						
Special revenue funds	-	314,585	72,761	3,036	34,653	425,035
Unassigned						
General government fund	<u>268,920</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>268,920</u>
Total fund balance	<u>268,920</u>	<u>314,585</u>	<u>72,761</u>	<u>3,036</u>	<u>34,653</u>	<u>693,955</u>
Total liabilities and fund balance	<u>\$ 269,779</u>	<u>\$ 314,729</u>	<u>\$ 72,761</u>	<u>\$ 3,036</u>	<u>\$ 34,653</u>	<u>\$ 694,958</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
VILLAGE OF FOLSOM  
Statement of Revenues, Expenditures, and Changes in Fund Balances -  
Governmental Funds  
For the year ended June 30, 2018

	General 101	Fire 209	Road 216	EMS 206	Recreation 217	Total Governmental Funds
<b>Revenue</b>						
Property tax	\$ 2,095	\$ -	\$ -	\$ -	\$ -	\$ 2,095
Gross receipts tax local	2,879	-	-	-	-	2,879
Gross receipts tax infrastructure	395	-	-	-	-	395
Gross receipts tax environment	205	-	-	-	-	205
Gross receipts tax other dedication	3,733	-	-	-	-	3,733
Gross receipts tax state shared	1,891	-	-	-	-	1,891
Gas taxes	-	-	5,371	-	-	5,371
MVD tax	380	-	-	-	-	380
Interest	3,268	3,204	870	165	115	7,622
Sanation	1,188	-	-	-	-	1,188
Miscellaneous	1,785	-	-	-	3,500	5,285
Law enforcement protection fund grant	21,637	-	-	-	-	21,637
Small cities assistance	90,000	-	-	-	-	90,000
State grants	2,895	179,329	7,036	7,036	-	196,296
<b>Total revenues</b>	<b>132,351</b>	<b>182,533</b>	<b>13,277</b>	<b>7,201</b>	<b>3,615</b>	<b>338,977</b>
<b>Expenditures</b>						
<b>Current</b>						
<b>General government</b>						
Executive - legislative	3,603	-	-	-	-	3,603
Finance and administration	80,775	-	-	-	-	80,775
Public safety	21,313	63,091	-	25,652	-	110,056
Public works	6,073	-	2,460	-	-	8,533
Culture and recreation	-	-	-	-	-	-
Capital outlay	-	52,531	-	-	-	52,531
<b>Debt service</b>						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
<b>Total expenditures</b>	<b>111,764</b>	<b>115,622</b>	<b>2,460</b>	<b>25,652</b>	<b>-</b>	<b>255,498</b>
Excess (deficiency) of revenues over expenditures	20,587	66,911	10,817	(18,451)	3,615	83,479
<b>Other financing sources (uses)</b>						
Operating transfers (net)	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>20,587</b>	<b>66,911</b>	<b>10,817</b>	<b>(18,451)</b>	<b>3,615</b>	<b>83,479</b>
Fund balances, beginning	218,034	274,115	63,087	21,487	30,957	607,680
Retatement	30,299	(26,441)	(1,143)	-	81	2,796
<b>Fund balances, beginning restated</b>	<b>248,333</b>	<b>247,674</b>	<b>61,944</b>	<b>21,487</b>	<b>31,038</b>	<b>610,476</b>
<b>Fund balances, ending</b>	<b>\$ 268,920</b>	<b>\$ 314,585</b>	<b>\$ 72,761</b>	<b>\$ 3,036</b>	<b>\$ 34,653</b>	<b>\$ 693,955</b>

The accompanying notes are an integral part of these financial statements.



## Notes to Financial Statements

## **Note 1 Summary of Significant Accounting Policies**

The financial statements of the Village of Folsom (the "Village") have been prepared on a modified accrual basis of accounting. The New Mexico Office of the State Auditor is responsible for establishing the modified accrual basis for state and local governments through its pronouncements. The more significant of the Village's accounting policies are described below.

### **A. Reporting Entity**

The Village of Folsom 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 (fire), highways and streets, sanitation, 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 based on 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.

### **B Basis of Presentation**

Governmental Funds are those funds through which most governmental functions 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 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)

*Road Fund* - To account for the operation and maintenance of the streets in the Village. Financing is provided by a gasoline tax. The fund was created by the authority of state grant provisions.

*EMS Fund* - To account for the operation and maintenance of the Village EMS Department. Financing is primarily from an annual EMS allotment and fees collected for emergency transportation. The fund was created by the authority of state grant provisions.

*Recreation Fund* - To account for recreational services. The fund was created by the authority of state grant provisions.

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

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.

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 60 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.

The specific revenue recognition policy for property taxes are recognized when levied, derived tax revenue (such as gross receipts tax) are recognized when the underlying transaction takes place, and grants are recognized when all the eligibility requirements have been met.

The revenues susceptible to accrual are property taxes, licenses, charges for services, interest income and intergovernmental revenues. Gross receipts 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 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.

Prepaid Items - Prepaid balances are for payments made by the Village in the current year to provide services occurring in the subsequent fiscal year, and the reserve for prepaid items has been recorded to signify that a portion of fund balance is not available for their subsequent expenditures.

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.

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 County collects such taxes and distributes them to the Village monthly. 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 are the required minimum cash reserve. These assets may only be expended for the specific purposes as noted, due to externally imposed provisions.

Capital Assets - Capital assets, which include property, buildings, equipment, and infrastructure assets are reported 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
Building, improvements and infrastructure equipment	20-50
Equipment	3-15

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.

Compensated Absences - The Village does not provide for vacation or sick leave benefits.

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 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.

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:

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), granters, 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.

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.

## **Note 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.

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.

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

Since accounting principles 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 principles, 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, 2018 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.

**Note 3 Cash and Deposits with Financial Institutions and Investments**

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 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.

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

As of June 30, 2018, 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:

	Amount Per Bank	Deposits in Transit	Outstanding Checks	Book Balance
Farmers & Stockmen's Bank	\$ 714,101	\$ -	\$ (20,010)	\$ 694,091

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

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 the public deposits it holds with the exception of deposit: insurance provided by the Federal Deposit Insurance Corporation.

	Farmers & Stockmen's Bank Clayton, NM	Type
Total amount on deposit on June 30, 2018		
Village of Folsom	\$ 714,101	Checking
Total deposited	714,101	
Less FDIC coverage	(250,000)	
Total uninsured public funds	464,101	
50% collateral requirement		
as per Section 6-10-17, NMSA 1978	232,051	
Pledged securities		
Schedule below	350,000	
Over (under)	\$ 117,950	

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, 2018, none of the Village's bank balance of \$714,101 was exposed to custodial credit risk.

Custodial Credit Risk Deposits

Account Balance	\$	714,101
FDIC Insurance		250,000
Collateral:		
Collateral held by the pledging bank, not in the District's name		350,000
Uninsured and uncollateralized		<u>114,101</u>
Total Deposits	\$	<u><u>714,101</u></u>

**Note 4 Capital Assets**

Capital asset activity for the Village's primary government for the year ended June 30, 2018 was as follows:

	Beginning Balances	Increase	Adjustments/ Decrease	Ending Balances
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 3,980	\$ -	\$ -	\$ 3,980
Capital assets being depreciated				
Buildings	12,000	-	-	12,000
Infrastructure	247,243			247,243
Equipment	<u>1,335,830</u>	<u>52,531</u>	-	<u>1,388,361</u>
Total assets being depreciated	<u>1,595,073</u>	<u>52,531</u>	-	<u>1,647,604</u>
Less accumulated depreciation				
Buildings	(14,055)	-	2,055	(12,000)
Infrastructure	(98,101)	(2,055)	-	(100,156)
Equipment	<u>(824,135)</u>	<u>(66,040)</u>	-	<u>(890,175)</u>
Total accumulated depreciation	<u>(936,291)</u>	<u>(68,095)</u>	<u>2,055</u>	<u>(1,002,331)</u>
Governmental activity capital assets, net	<u>\$ 662,762</u>	<u>\$ (15,564)</u>	<u>\$ 2,055</u>	<u>\$ 649,253</u>

Depreciation expense was charged to governmental activities as follows:

General	\$	154
Public Safety		<u>67,941</u>
Total Depreciation	\$	<u><u>68,095</u></u>

**Note 5 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 monthly. 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.

**Note 6 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 2018 amounted to \$20,369.

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.

Surety Bond: The officials and certain employees of the Village are covered by a surety bond as required by Section 12- 6-7, NMSA, 1978 Compilation.

**Note 7 Subsequent Events**

Management has evaluated subsequent events through August 24, 2018 the date the financial statements were available to be issued.

**Note 8 Public Employees Retirement Act (PERA)**

The Village does not participate in PERA.

**Note 9 Retiree Health Care**

The Village does not participate in Retiree Health Care.



## Supplementary Information

STATE OF NEW MEXICO  
 VILLAGE OF FOLSOM  
 Supplemental Information - Contractual Basis  
 As of And for The Year Ended June 30, 2018

Schedule of Depositories

<u>Fund</u>	<u>Type</u>	<u>Amount Per Bank</u>	<u>Plus DIT</u>	<u>Outstanding Checks</u>	<u>Balance Per Books</u>
General Fund	Checking	\$ 100	\$ -	\$ -	\$ 100
General Fund	Checking	230,025	-	(8,116)	221,909
General Fund	Checking	46,903	-	-	46,903
Fire Protection Fund	Checking	326,623	-	(11,894)	314,729
Road Fund	Checking	72,761	-	-	72,761
EMS Fund	Checking	3,036	-	-	3,036
Recreation Fund	Savings	34,653	-	-	34,653
		<u>\$ 714,101</u>	<u>\$ -</u>	<u>\$ (20,010)</u>	<u>\$ 694,091</u>

Schedule of Pledged Collateral

<u>Description</u>	<u>Number</u>	<u>Market Value</u>	<u>Date</u>	<u>Location</u>
FHLB LOC	3615000049	\$ 350,000	08/18/2018	FHLB Dallas Texas

Financial Statement Preparation

Although it would be preferred and desirable for the Village to prepare its own GAAP-basis financial statements, it is felt that the Village's personnel did not have the time to prepare them. Therefore, the outside auditor prepared the GAAP basis financial statements and footnotes for inclusion in the annual audit report from the original books and records provided to them by the management of the Village. Management of the Village has reviewed and approved these financial statements and related notes and believes they are adequately supported by the books and records of the government.

Exit Conference

The contents of this report were discussed with, Stephanie King, Mayor, Terry McNabb Mayor Pro-Tem, Brisenth Doherty Clerk/Treasurer, and Sandra Rush, CPA, in an exit conference on August 24, 2018.