

State of New Mexico  
Village of Magdalena

Annual Financial Report  
For the Year Ended June 30, 2014  
(With Independent Auditors' Report)

## **INTRODUCTORY SECTION**

State of New Mexico  
Village of Magdalena  
June 30, 2014

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State of New Mexico  
Village of Magdalena  
June 30, 2014

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State of New Mexico  
Village of Magdalena  
June 30, 2014

Official Roster

Name

Title

Board of Trustees

Diego E. Montoya  
Tom Barrington  
Barbara Baca  
Eleanor Dawson  
Richard Rumph

Mayor  
Trustee  
Trustee  
Trustee  
Trustee

Village Officials

Robert Serna  
Vacant  
Carleen Gomez

Municipal Judge  
Clerk/Treasurer  
Deputy Clerk

## **FINANCIAL SECTION**

*Beckham & Penner, P. C.*

CERTIFIED PUBLIC ACCOUNTANTS

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SOCORRO, NEW MEXICO 87801

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## **INDEPENDENT AUDITORS' REPORT**

Mr. Hector H. Balderas  
New Mexico State Auditor, and  
Village Trustees  
Village of Magdalena  
Magdalena, New Mexico

### **Report on Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of the Village of Magdalena (the Village), as of and for the year ended June 30, 2014, 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's non-major governmental funds, and the budgetary comparisons for the non-major funds and the proprietary fund presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2014, 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.

## **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Village'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 Village'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.

## **Basis for Qualified Opinion on Capital Assets and Related Depreciation**

The Village of Magdalena, over the years has not maintained adequate detailed records of the Capital Assets. Accounting principles generally accepted in the United States of America require that adequate detailed records of the Capital Assets be maintained to provide for the verification and valuation of individual capital assets and to determine the adequacy of the related depreciation. The valuation of the Capital Assets and the related depreciation would affect the determination of the assets, net assets and expenses of the Village. The amount by which this would affect the assets, net assets and expenses is not reasonably determinable.

## **Qualified Opinions**

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to audit the Capital Assets and related depreciation as described in the "Basis for Qualified Opinion" paragraph, 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, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds, of the Village of Magdalena, as of June 30, 2014, 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, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to audit the Capital Assets and related depreciation as described in the “Basis for Qualified Opinion” paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of each non-major governmental fund of the Village’s as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flow thereof and the respective budgetary comparisons for the non-major funds and the proprietary fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Management has omitted the management’s discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the 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. Our opinion on the basic financial statements is not affected by this missing information

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the Village of Magdalena’s financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The accompanying Supporting Schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Supporting Schedules 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, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to audit the Capital Assets and related depreciation as described in the “Basis for Qualified Opinion” paragraph, the Supporting Schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2014, on our consideration of the Village of Magdalena's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Magdalena's internal control over financial reporting and compliance.



Beckham & Penner P.C.  
Certified Public Accountants  
Socorro, New Mexico  
December 5, 2014

State of New Mexico  
Village of Magdalena  
Statement of Net Position  
As of June 30, 2014

	Governmental Activities	Business Type Activities	Total
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 460,611	\$ 101,779	\$ 562,390
Taxes receivable	3,216	-	3,216
Intergovernmental receivable	11,727	-	11,727
Other receivable	476	-	476
Accounts receivable (net)	-	56,209	56,209
Inventories	-	2,389	2,389
Total current assets	<u>476,030</u>	<u>160,377</u>	<u>636,407</u>
Restricted assets:			
Cash and cash equivalents	-	62,822	62,822
Total restricted assets	<u>-</u>	<u>62,822</u>	<u>62,822</u>
Capital assets:			
Capital assets not being depreciated:			
Land	268,889	6,025	274,914
Construction in progress	-	-	-
Capital assets being depreciated:			
Distributed system	-	4,193,758	4,193,758
Building and improvements	2,665,061	26,097	2,691,158
Furniture, fixtures and equipment	990,002	354,757	1,344,759
Less accumulated depreciation	<u>(1,805,920)</u>	<u>(2,305,356)</u>	<u>(4,111,276)</u>
Total capital assets	<u>2,118,032</u>	<u>2,275,281</u>	<u>4,393,313</u>
Total assets	<u>\$ 2,594,062</u>	<u>\$ 2,498,480</u>	<u>\$ 5,092,542</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts Payable	8,883	60,013	68,896
Accrued interest payable	-	1,460	1,460
Wages and benefits payable	1,065	1,362	2,427
Compensated absences payable	11,179	12,495	23,674
Current portion of debt payable	-	3,000	3,000
Noncurrent liabilities:			
Customer meter deposits	-	27,096	27,096
Debt Payable, less current portion	-	138,000	138,000
Total liabilities	<u>21,127</u>	<u>243,426</u>	<u>264,553</u>
<b>NET POSITION</b>			
Net investment in capital assets	2,118,032	2,134,281	4,252,313
Restricted for:			
Debt service reserve	-	16,976	16,976
Landfill closure reserve	-	18,750	18,750
Special Revenue Funds	207,319	-	207,319
Unrestricted	<u>247,584</u>	<u>85,047</u>	<u>332,631</u>
Total net position	<u>\$ 2,572,935</u>	<u>\$ 2,255,054</u>	<u>\$ 4,827,989</u>

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

State of New Mexico  
Village of Magdalena  
Statement of Activities  
For the Year Ended June 30, 2014

Functions/Programs	Program Revenue				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Primary Government</b>							
Governmental activities:							
General Government	\$ 168,214	\$ 3,707	\$ 170,971	\$ -	\$ 6,464	\$ -	\$ 6,464
Public safety	244,197	5,295	88,822	-	(150,080)	-	(150,080)
Public works	22,305	-	32,423	-	10,118	-	10,118
Public health	5,583	125	-	-	(5,458)	-	(5,458)
Culture and recreation	44,913	2,771	10,401	-	(31,741)	-	(31,741)
Interest and fees on long-term debt	15	-	-	-	(15)	-	(15)
Total governmental activities	485,227	11,898	302,617	-	(170,712)	-	(170,712)
Business-type activities:							
Water	216,584	141,257	2,220	10,000	-	(63,107)	(63,107)
Waste Water	149,931	73,704	-	-	-	(76,227)	(76,227)
Solid Waste	133,892	97,246	-	-	-	(36,646)	(36,646)
Interest on long-term obligations	6,499	-	-	-	-	(6,499)	(6,499)
Total business-type activities	506,906	312,207	2,220	10,000	-	(182,479)	(182,479)
Total primary government	\$ 992,133	\$ 324,105	\$ 304,837	\$ 10,000	(170,712)	(182,479)	(353,191)
General revenues:							
Taxes							
Property taxes, levied for general purposes					6,809	-	6,809
Gross receipts taxes					176,796	-	176,796
Franchise taxes					16,008	-	16,008
Other taxes					20,223	-	20,223
Investment income					1	23	24
Transfers					(125,000)	125,000	-
Total general revenues					94,837	125,023	219,860
Changes in net position					(75,875)	(57,456)	(133,331)
Net position beginning of year					2,648,810	2,312,510	4,961,320
Net position, end of year					\$ 2,572,935	\$ 2,255,054	\$ 4,827,989

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

State of New Mexico  
Village of Magdalena  
Balance Sheet  
Governmental Funds  
As of June 30, 2014

	General Funds	Municipal Street Fund	Fire Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 246,957	\$ 37,721	\$ 63,934	\$ 111,999	\$ 460,611
Taxes receivable	3,216	-	-	-	3,216
Intergovernmental receivables	10,954	539	-	234	11,727
Other receivable	306	-	170	-	476
Due from (to) other funds	-	-	-	-	-
<b>Total assets</b>	<b><u>261,433</u></b>	<b><u>38,260</u></b>	<b><u>64,104</u></b>	<b><u>112,233</u></b>	<b><u>476,030</u></b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	8,061	-	438	384	8,883
Accrued payroll	858	-	-	207	1,065
Accrued interest payable	-	-	-	-	-
<b>Total liabilities</b>	<b><u>8,919</u></b>	<b><u>-</u></b>	<b><u>438</u></b>	<b><u>591</u></b>	<b><u>9,948</u></b>
<b>Fund balances:</b>					
<b>Restricted for:</b>					
Special revenue funds	-	38,260	63,666	105,393	207,319
Capital Project funds	-	-	-	6,249	6,249
<b>Unassigned for:</b>					
General Fund	<u>252,514</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>252,514</u>
<b>Total fund balances</b>	<b><u>252,514</u></b>	<b><u>38,260</u></b>	<b><u>63,666</u></b>	<b><u>111,642</u></b>	<b><u>466,082</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 261,433</u></b>	<b><u>\$ 38,260</u></b>	<b><u>\$ 64,104</u></b>	<b><u>\$ 112,233</u></b>	<b><u>\$ 476,030</u></b>

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

State of New Mexico  
 Village of Magdalena  
 Reconciliation of the Governmental Fund Balance Sheet to the  
 Statement of Net Position  
 As of June 30, 2014

Total Fund balance for governmental funds \$ 466,082

Total reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consists of:

Governmental capital assets	3,923,952	
Less accumulated depreciation	<u>(1,805,920)</u>	2,118,032

Long-term and short-term liabilities applicable to the Village governmental activities that are not due and payable in the current period are not reported as fund liabilities. All liabilities- both current and long-term are reported in the statement of net position.

Compensated absences payable	(11,179)	
Debt Payable	<u>-</u>	(11,179)

Total net position of governmental activities \$ 2,572,935

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

State of New Mexico  
Village of Magdalena  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2014

	General Funds	Municipal Street Fund	Fire Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>					
Property taxes	\$ 6,809	\$ -	\$ -	\$ -	\$ 6,809
Gross receipts tax	176,797	-	-	-	176,797
Franchise tax	16,008	-	-	-	16,008
Other tax	2,261	8,434	-	9,528	20,223
Licenses and permits	1,392	-	-	-	1,392
Intergovernmental revenue State	151,121	32,423	67,129	32,094	282,767
Intergovernmental revenue Federal	19,850	-	-	-	19,850
Charges for service	125	-	-	-	125
Fines	2,220	-	-	-	2,220
Investment earnings	-	-	1	-	1
Other revenues	2,314	-	1,351	4,495	8,160
Total revenues	<u>378,897</u>	<u>40,857</u>	<u>68,481</u>	<u>46,117</u>	<u>534,352</u>
<b>EXPENDITURES:</b>					
Current-					
General government	149,695	-	-	-	149,695
Public safety	181,916	-	33,798	11,638	227,352
Public works	-	7,681	-	-	7,681
Public health	5,582	-	-	-	5,582
Culture and recreation	-	-	-	45,395	45,395
Capital outlay	-	43,231	-	-	43,231
Debt service-					
Principal	-	-	6,068	-	6,068
Interest and fiscal charges	-	-	15	-	15
Total expenditures	<u>337,193</u>	<u>50,912</u>	<u>39,881</u>	<u>57,033</u>	<u>485,019</u>
Excess (deficiency) of revenues over expenditures	<u>41,704</u>	<u>(10,055)</u>	<u>28,600</u>	<u>(10,916)</u>	<u>49,333</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer in	-	-	-	38,800	38,800
Transfer out	(163,800)	-	-	-	(163,800)
Total other financing sources (uses)	<u>(163,800)</u>	<u>-</u>	<u>-</u>	<u>38,800</u>	<u>(125,000)</u>
Net changes in fund balances	(122,096)	(10,055)	28,600	27,884	(75,667)
Fund balances- beginning of year	374,610	48,315	35,066	83,758	541,749
Fund balances, end of year	<u>\$ 252,514</u>	<u>\$ 38,260</u>	<u>\$ 63,666</u>	<u>\$ 111,642</u>	<u>\$ 466,082</u>

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

State of New Mexico  
Village of Magdalena  
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund  
Balances of the Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2014

Net changes in fund balances- total governmental funds \$ (75,667)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expenses.

Expenditures for capital assets	43,231	
Donated capital assets	-	
Cost basis on sale of capital assets	-	
Less current year depreciation	<u>(63,139)</u>	(19,908)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated absences	<u>13,632</u>	13,632
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The proceeds of debt issuances provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of long-term debt principal are expenditures in the governmental funds but the payment reduces long-term liabilities in the Statement of Net Assets.

Notes payable retirement	<u>6,068</u>	6,068
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Change in net position of governmental activities \$ (75,875)

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



State of New Mexico  
Village of Magdalena  
Statement of Revenues and Expenditures  
Budget (Non-GAAP Basis) and Actual (Cash Basis)  
General Fund  
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>			Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>REVENUES:</b>				
Property taxes	\$ 6,754	\$ 6,754	\$ 6,768	\$ 14
Gross receipts taxes	172,000	172,000	188,042	16,042
Franchise taxes	20,500	20,500	17,431	(3,069)
Licenses and permits	2,925	2,925	1,392	(1,533)
Intergovernmental revenue and grants	162,000	162,000	172,272	10,272
Charges for services	8,000	8,000	125	(7,875)
Investment earning	-	-	1	1
Fines	7,500	7,500	2,220	(5,280)
Other revenue	750	750	2,314	1,564
Total revenue	<u>380,429</u>	<u>380,429</u>	<u>390,565</u>	<u>10,136</u>
<b>EXPENDITURES:</b>				
General government	99,690	101,890	150,828	(48,938)
Public safety	231,913	231,913	182,450	49,463
Public health	5,500	5,800	5,798	2
Capital outlay	-	-	-	-
Total expenditures	<u>337,103</u>	<u>339,603</u>	<u>339,076</u>	<u>527</u>
Excess (deficiency) of revenue over expenditures	<u>43,326</u>	<u>40,826</u>	<u>51,489</u>	<u>10,663</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	<u>(38,800)</u>	<u>(183,997)</u>	<u>(163,800)</u>	<u>20,197</u>
Total other financing sources (uses)	<u>(38,800)</u>	<u>(183,997)</u>	<u>(163,800)</u>	<u>20,197</u>
Excess (deficiency) of revenue over expenditures and other financing sources (uses)	4,526	(143,171)	(112,311)	30,860
Budgeted cash carryover	<u>359,268</u>	<u>359,268</u>	<u>359,268</u>	<u>-</u>
Net	<u>\$ 363,794</u>	<u>\$ 216,097</u>	<u>\$ 246,957</u>	<u>\$ 30,860</u>

Budgetary to Fund Reporting Reconciliation:

Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - Budgetary Basis	\$ (112,311)
Adjustments for revenue accruals	(11,668)
Adjustment for expenditures accruals	1,883
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - Fund Reporting	<u>\$ (122,096)</u>

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

State of New Mexico  
Village of Magdalena  
Statement of Revenues and Expenditures  
Budget (Non-GAAP Basis) and Actual (Cash Basis)  
Municipal Street Special Revenue Fund  
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>			Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES:				
Taxes:				
Intergovernmental revenue and grants	\$ 57,245	\$ 57,245	\$ 40,741	\$ (16,504)
Other	-	-	-	-
Investment earnings	-	-	-	-
Total revenues	<u>57,245</u>	<u>57,245</u>	<u>40,741</u>	<u>(16,504)</u>
EXPENDITURES:				
Public works	76,055	76,055	51,253	24,802
Debt service	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>76,055</u>	<u>76,055</u>	<u>51,253</u>	<u>24,802</u>
Excess (deficiency) of revenue over expenditures	<u>(18,810)</u>	<u>(18,810)</u>	<u>(10,512)</u>	<u>8,298</u>
OTHER FINANCING SOURCES (USES):				
Transfers In (Out)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures and other financing sources (uses)	<u>(18,810)</u>	<u>(18,810)</u>	<u>(10,512)</u>	<u>8,298</u>
Budgeted cash carryover	<u>48,233</u>	<u>48,233</u>	<u>48,233</u>	<u>-</u>
Net	<u>\$ 29,423</u>	<u>\$ 29,423</u>	<u>\$ 37,721</u>	<u>\$ 8,298</u>

Budgetary to Fund Reporting Reconciliation:

Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - Budgetary Basis	\$ (10,512)
Adjustments for revenue accruals	116
Adjustment for expenditures accruals	341
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - Fund Reporting	<u>\$ (10,055)</u>

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

State of New Mexico  
Village of Magdalena  
Statement of Revenues and Expenditures  
Budget (Non-GAAP Basis) and Actual (Cash Basis)  
Fire Special Revenue Fund  
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>			Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>REVENUES:</b>				
Taxes:				
Other taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue and grants	55,051	55,051	67,129	12,078
Other revenues	-	-	1,181	1,181
Investment earnings	-	-	1	1
Total revenues	<u>55,051</u>	<u>55,051</u>	<u>68,311</u>	<u>13,260</u>
<b>EXPENDITURES:</b>				
Public safety	96,939	96,939	46,283	50,656
Debt service	6,100	6,100	6,083	17
Capital outlay	-	-	-	-
Total expenditures	<u>103,039</u>	<u>103,039</u>	<u>52,366</u>	<u>50,673</u>
Excess (deficiency) of revenue over expenditures	<u>(47,988)</u>	<u>(47,988)</u>	<u>15,945</u>	<u>63,933</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In (Out)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures and other financing sources (uses)	<u>(47,988)</u>	<u>(47,988)</u>	<u>15,945</u>	<u>63,933</u>
Budgeted cash carryover	<u>47,989</u>	<u>47,989</u>	<u>47,989</u>	<u>-</u>
Net	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 63,934</u>	<u>\$ 63,933</u>

Budgetary to Fund Reporting Reconciliation:

Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - Budgetary Basis	\$ 15,945
Adjustments for revenue accruals	170
Adjustment for expenditures accruals	12,485
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - Fund Reporting	<u>\$ 28,600</u>

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

State of New Mexico  
Village of Magdalena  
Statement of Net Position  
Proprietary Funds  
As of June 30, 2014

	Enterprise Funds		
	Water, Sewer & Solid Waste Utilities	Completed Projects	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 101,125	\$ 654	\$ 101,779
Accounts receivable, net	56,209		56,209
Inventory	2,389		2,389
Other receivable	-		-
Total current assets	<u>159,723</u>	<u>654</u>	<u>160,377</u>
Restricted cash and cash equivalents:			
Customer meter deposits	27,096		27,096
Revenue bond reserve	16,976		16,976
Landfill closure reserve	18,750		18,750
Total restricted cash	<u>62,822</u>	<u>-</u>	<u>62,822</u>
Noncurrent assets:			
Land	6,025		6,025
Distribution system	4,193,758		4,193,758
Building and improvements	26,097		26,097
Vehicles, furniture and equipment	354,757		354,757
Accumulated depreciation	(2,305,356)		(2,305,356)
Total noncurrent assets	<u>2,275,281</u>	<u>-</u>	<u>2,275,281</u>
Total assets	<u>\$ 2,497,826</u>	<u>\$ 654</u>	<u>\$ 2,498,480</u>
<b>LIABILITIES and Net Position</b>			
Current liabilities:			
Accounts payable	\$ 60,013		\$ 60,013
Accrued salaries & benefits	1,362		1,362
Accrued interest payable	1,460		1,460
Compensated absences payable	12,495		12,495
Customer meter deposits	27,096		27,096
Revenue bonds payable	3,000		3,000
Total current liabilities	<u>105,426</u>	<u>-</u>	<u>105,426</u>
Noncurrent liabilities:			
Revenue bonds payable	138,000		138,000
Total non-current liabilities	<u>138,000</u>	<u>-</u>	<u>138,000</u>
Total liabilities	<u>243,426</u>	<u>-</u>	<u>243,426</u>
<b>NET Position</b>			
Net investment in capital assets	2,134,281		2,134,281
Restricted for:			
Landfill closure and post closure	18,750		18,750
Debt service reserve	16,976		16,976
Unrestricted	84,393	654	85,047
Total net position	<u>2,254,400</u>	<u>654</u>	<u>2,255,054</u>
Total Liabilities and Net Position	<u>\$ 2,497,826</u>	<u>\$ 654</u>	<u>\$ 2,498,480</u>

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

State of New Mexico  
Village of Magdalena  
Statement of Revenues, Expenses and Changes in Fund Net Position  
Proprietary Funds  
For the Year Ended June 30, 2014

	Enterprise Funds		
	Water, Sewer & Solid Waste Utilities	Completed Projects	Total
<b>Operating revenues:</b>			
Charges for services	\$ 314,450	\$ -	\$ 314,450
Total operating revenues	<u>314,450</u>	<u>-</u>	<u>314,450</u>
<b>Operating expenses:</b>			
Salaries & Benefits	145,977		145,977
Operating expenses	236,906		236,906
Depreciation	117,547		117,547
Total operating expenses	<u>500,430</u>	<u>-</u>	<u>500,430</u>
Operating Income	<u>(185,980)</u>	<u>-</u>	<u>(185,980)</u>
<b><u>Non-operating revenues (expenses):</u></b>			
Interest expense	(6,499)		(6,499)
Interest Income	23		23
Intergovernmental-state	10,000		10,000
Total non-operating revenues (expenses)	<u>3,524</u>	<u>-</u>	<u>3,524</u>
Changes in net position before transfers	(182,456)	-	(182,456)
Transfers In (Out)	<u>125,000</u>		<u>125,000</u>
Change in net position	(57,456)	-	(57,456)
Total net position, beginning of year	<u>2,311,856</u>	<u>654</u>	<u>2,312,510</u>
Total net position, end of year	<u>\$ 2,254,400</u>	<u>\$ 654</u>	<u>\$ 2,255,054</u>

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

State of New Mexico  
Village of Magdalena  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2014

	Enterprise Funds		
	Water, Sewer & Solid Waste Utilities	Completed Project	Total
Cash flows from operating activities:			
Cash received from customers	\$ 310,104		\$ 310,104
Cash payments to employees for services	(143,548)		(143,548)
Cash payments to suppliers for goods and services	(210,313)		(210,313)
Net cash provided by (used for) operating activities	<u>(43,757)</u>	-	<u>(43,757)</u>
Cash flows from noncapital financing activities:			
Transfers In (Out)	125,000		125,000
Net cash provided by (used for) noncapital and related financing activities	<u>125,000</u>	-	<u>125,000</u>
Cash flows from capital and related financing activities:			
Net acquisition of capital assets	(306,895)		(306,895)
Payment of principal on long-term debt	(5,000)		(5,000)
Interest paid on bonds	(6,580)		(6,580)
Cash provided from state grants	10,000		10,000
Net cash provided by (used for) capital and related financing activities	<u>(308,475)</u>	-	<u>(308,475)</u>
Cash flow from investing activities:			
Interest income	23		23
Net cash provided by investing activities	<u>23</u>	-	<u>23</u>
Net increase (decrease) in cash and cash equivalents	(227,209)	-	(227,209)
Cash and cash equivalents, beginning of year	391,156	654	391,810
Cash and cash equivalents, end of year	<u>\$ 163,947</u>	<u>\$ 654</u>	<u>\$ 164,601</u>
Cash and cash equivalents as reported:			
Cash and cash equivalents	\$ 101,125	\$ 654	\$ 101,779
Restricted cash - Customer meter deposits	27,096		27,096
Restricted cash - Revenue bond reserve	16,976		16,976
Restricted cash - Landfill closure reserve	18,750		18,750
Total reported cash and cash equivalents	<u>\$ 163,947</u>	<u>\$ 654</u>	<u>\$ 164,601</u>

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

State of New Mexico  
Village of Magdalena  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2014

	Enterprise Funds		
	Water, Sewer & Solid Waste Utilities	Completed Project	Total
Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities			
Operating income	\$ (185,980)	\$ -	\$ (185,980)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:			
Depreciation	117,547		117,547
Increase in Reserve for Bad Debts	-		-
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(4,322)		(4,322)
(Increase) decrease in inventory	-		-
(Increase)decrease in other receivable	38		38
Increase (decrease) in accounts payable - operations	27,976		27,976
Increase (decrease) in accrued salaries & benefits	(407)		(407)
Increase (decrease) in accrued compensated absences	2,856		2,856
Increase (decrease) in deposits held for others	(1,465)		(1,465)
Total adjustments	142,223	-	142,223
Net cash provided by (used for) operating activities	\$ (43,757)	\$ -	\$ (43,757)

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

State of New Mexico  
Village of Magdalena  
Notes to Financial Statements  
June 30, 2014

**NOTE 1. Summary of Significant Accounting Policies**

The Village of Magdalena (Village) was incorporated in 1918, under provisions of Chapter 3, Article 2, NMSA, 1978 as amended. The Village operates under a Mayor - Trustee form of government and provides the following services as authorized by its charter: public safety (police and fire); streets; water and sewer services; refuse collection; health and social services; culture-recreation; public improvements; and general administrative services.

The Village of Magdalena is a body politic and corporate under the name and form of government selected by its qualified electors. The Village may:

1. Sue or be sued;
2. Enter into contracts and leases;
3. Acquire and hold property, both real and personal;
4. Have common seal, which may be altered at pleasure;
5. Exercise such other privileges that are incident to corporations of like character or degree that are not inconsistent with the laws of New Mexico;
6. Protect generally the property of its municipality and its inhabitants;
7. Preserve peace and order within the municipality; and
8. Establish rates for services provided by municipal utilities and revenue-producing projects, including amounts which the governing body determines to be reasonable in the operation of similar facilities.

The financial statements of the Village have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements have incorporated all applicable GASB pronouncements.

The more significant of the Village's accounting policies are described below.

**A. Financial Reporting Entity**

In evaluating how to define the Village, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB statements No. 14. The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters.



State of New Mexico  
Village of Magdalena  
Notes to Financial Statements  
June 30, 2014

**NOTE 1. Summary of Significant Accounting Policies (continued)**

A. Financial Reporting Entity (continued)

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, the Village has no component units, and is not a component unit of another governmental agency.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities and changes in net position) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, Accounting and Financial Reporting for Non-exchange Transactions.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The Village does not have any fiduciary funds.

State of New Mexico  
Village of Magdalena  
Notes to Financial Statements  
June 30, 2014

**NOTE 1. Summary of Significant Accounting Policies (continued)**

C. Measurement focus, basis of accounting, and financial statement presentation

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

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

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and the susceptible to accrual criteria have been met.

Governmental funds are used to account for the Village's general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets and the servicing of general long-term debt. Governmental funds include:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are provided through property and other taxes, federal sources, state sources, charges for services, licenses and fees, and other miscellaneous recoveries and revenue. Expenditures include all costs associated with the daily operation of the Village except for items included in other funds.

State of New Mexico  
Village of Magdalena  
Notes to Financial Statements  
June 30, 2014

**NOTE 1. Summary of Significant Accounting Policies (continued)**

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

The *Special Revenue Funds* account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

The *Debt Service Funds* account for the services of general long-term debt not being financed by proprietary or nonexpendable trust funds. Currently the Village does not have any Debt Service Funds.

The *Capital Projects Funds* account for the acquisition of fixed assets or construction of major capital projects not being financed by the proprietary or nonexpendable trust funds.

Under the requirements of GASB No. 34, the Village is required to present certain of its governmental funds as major based upon certain criteria. The major funds presented in the fund financial statements include only the General Fund, Municipal Street Fund, Fire Fund, and Joint Utility Fund. No other funds were required to be presented as major at the discretion of management.

The *General Fund* accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are provided through property and other taxes, federal sources, state sources, charges for services, licenses and fees, and other miscellaneous recoveries and revenue. Expenditures include all costs associated with the daily operation of the Village except for items included in other funds.

The *Municipal Street Fund* (Special Revenue Fund) accounts for the receipts and expenditures of special gasoline tax, that is restricted for use in repairing and maintaining roads and streets within the Village. Additional funds are occasionally received from the New Mexico Department of Transportation for major improvements to roads and streets within the Village. This fund was created by state statute, NMSA 7-1-6.9 and 7-13-1 to 18.

The *Fire Protection Fund* (Special Revenue Fund) accounts for the financial resources from a state grant. Expenditures include costs for the operations and maintenance of the fire department. Financing is provided by an allotment from the State of New Mexico Fire Marshal's Office. State Statute Section 59A-53-2, NMSA, 1978 compilation, requires the allotment be used only to operate fire departments.

The *Joint Utility Fund* (Enterprise Fund) accounts for charges from the delivery of water, sewer and solid waste services to the Village and the corresponding costs of delivering those services. The government reports its proprietary fund as a major fund.

State of New Mexico  
Village of Magdalena  
Notes to Financial Statements  
June 30, 2014

**NOTE 1. Summary of Significant Accounting Policies (continued)**

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

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

As a general rule, the effect of inter fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes, because elimination of these charges would distort the direct costs and program revenues reported in the Statement of Activities.

Program revenues reduce the costs of the function to be financed from the Village's general revenues. Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. In particular, the Village receives various licenses and fees and collects ambulance fees.

The Village reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. The Village does not currently employ indirect cost allocation systems. Depreciation expense is unallocated because depreciation records do not specifically identify the function. Interest on general and long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing service in connection with the fund's principal ongoing operations. The principal operating revenue of the Village's enterprise fund is charges for services for the Village utilities. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

**State of New Mexico**  
**Village of Magdalena**  
**Notes to Financial Statements**  
**June 30, 2014**

**NOTE 1. Summary of Significant Accounting Policies (continued)**

D. Assets, Liabilities, and Net Position or Equity

Deposits and Investments: 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. State statutes authorize the Village to invest in Certificates of Deposit, obligations of the U.S. Government, and the State Treasurer's Investment Pool.

Investments for the Village are reported at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. The State Treasurer's Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares. Currently the Village has no investments.

Receivables and Payables: Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds or internal balances" (i.e., the current portion of inter-fund loans) or "advances to/from other funds or internal balances" (i.e., the non-current portion of inter-fund loans).

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

The Village receives mill levy and ad-valorem tax revenues. Property taxes are assessed on January 1 of each year and are based on the assessed value of property and are due in two equal payments by November 10<sup>th</sup> of the year in which the tax bill is prepared and April 10<sup>th</sup> of the following year. Property taxes uncollected thirty days after November 10<sup>th</sup> and April 10<sup>th</sup> are considered delinquent and incur assessed penalties and interest. The taxes attach as an enforceable lien on the property. The Village recognizes tax revenues in the period in which they are levied in the government-wide financial statements. The Village records only the portion of taxes considered "measurable" and "available" in the governmental fund financial statements. Socorro County bills, collects, and remits to the Village its share of property taxes. Socorro County is unable to report the amount of delinquent tax due to the Village.

Inventories consist of system parts and supplies valued at cost using the first in first out method of accounting. An actual inventory is taken on an annual basis.

Deferred Inflow/Outflow of Resources: Government-Wide Financial Statements include deferred outflow of resources, which is the consumption of net assets by the government that is applicable to future reporting periods; and deferred inflow of resources, which is the acquisition of net assets by the government that is applicable to future reporting periods.

State of New Mexico  
 Village of Magdalena  
 Notes to Financial Statements  
 June 30, 2014

**NOTE 1. Summary of Significant Accounting Policies (continued)**

D. Assets, Liabilities, and Net Position or Equity (continued)

Capital Assets: Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Pursuant to the implementation of GASB Statement No. 34, the historical costs of infrastructure assets (retroactive to 1979) are to be included as part of the governmental capital assets reported in the government wide statements. Donated capital assets are recorded at estimated fair market value at the date of donation. Information Technology Equipment including software is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.20.1.9 C(5). The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Library books are expensed as purchased.

Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction.

Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Infrastructure	50
Buildings and Improvements	40
Equipment	3-10
Vehicles	5-7
Software	5

Grant Revenues: Accounting principles generally accepted in the United States of America require that grant revenue be recognized at the time the related expense is made if the expenditure of funds is the prime factor for determining eligibility for reimbursement; therefore, amounts received and not expended in the Special Revenue Funds are shown as deferred outflow of resources. In addition, property taxes receivable but uncollected within sixty (60) days of year-end are classified as deferred inflow of resources.

Compensated Absences: Qualified employees are entitled to accumulate annual leave, according to a graduated leave schedule, based on length of service. Employees may accumulate up to twenty four days of annual leave and carry that leave forward from fiscal year to fiscal year. Upon termination, employees will be paid for all days of accrued annual leave.

Qualified employees are entitled to accumulate sick leave up to forty days, at a rate of twelve days per year. Sick leave can be carried over from year to year. Upon termination employees forfeit all unused sick leave.

State of New Mexico  
Village of Magdalena  
Notes to Financial Statements  
June 30, 2014

**NOTE 1. Summary of Significant Accounting Policies (continued)**

D. Assets, Liabilities, and Net Position or Equity (continued)

All vacation leave is accrued when incurred in the government-wide financial statements. A liability for those amounts is reported in the governmental funds only if they have matured, for example, as a result of an employee retirements or terminations.

Long-term Obligations: In the government-wide fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

Net Position or Fund Equity:

Committed fund balance represents amounts that are usable only for specified purposes by formal action of the government's highest level of decision-making authority.

Assigned fund balance represents amounts that are intended to be used for specific purpose, but are neither restricted nor committed. Intent is expressed by the governing body or a subordinate high level body or official whom the governing body has delegated.

Restricted fund balance represents amounts with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unassigned fund balance is the residual classification for the general fund and represents the amount that have not been assigned to other funds, and that have not been restricted, committed or assigned to specific purposes.

Net investment in capital assets consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of these assets.

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. Nonrecurring or non routine permanent transfers of equity are reported as residual equity transfers. All other inter-fund transfers are reported as operating transfers.

State of New Mexico  
Village of Magdalena  
Notes to Financial Statements  
June 30, 2014

**NOTE 1. Summary of Significant Accounting Policies (continued)**

D. Assets, Liabilities, and Net Position or Equity (continued)

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

**NOTE 2. Stewardship, Compliance, and Accountability**

Budgetary Information:

Annual budgets of the Village are prepared prior to June 1 and must be approved by resolution of the Village Trustees, and submitted to the Department of Finance and Administration for State approval. Once the budget has been formally approved, any amendments must also be approved by the Village Trustees and the Department of Finance and Administration. 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 fund budget in total.

These budgets are prepared on the Non-GAAP cash basis, excluding receivables, payables, other accruals and encumbrances, and secure appropriation of the 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 Capital Projects Funds.

The Village is required to balance its budgets each year. Accordingly, amounts that are in 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 and Expenditures - Budget (Non-GAAP Budgetary Basis) and Actual presents comparisons of the legally adopted budget with actual data on the budgetary basis.

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, reconciliations for the fiscal year are presented.

The reconciliation between the Non-GAAP budgetary basis amounts and the financial statements on the Fund basis is recorded on each budgetary statement.



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Village of Magdalena  
Notes to Financial Statements  
June 30, 2014

**NOTE 3. Deposits and investments**

State statutes authorize the investment of Village funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States government obligations. All invested funds of the Village must properly follow State investment requirements.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the Village. Deposits may be made to the extent that they are insured by an agency of the United States or by collateral deposited as security or by bond given by the financial institution.

The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of deposit.

Excess funds may be temporarily invested 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.

According to the Federal Deposit Insurance Corporation, public unit deposits are funds owned by the public unit. Time deposits, savings deposits, and interest bearing NOW accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution. The Dodd-Frank Act of 2010 required that all public funds in a non-interest bearing bank account be fully insured by the FDIC through December 31, 2012.

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

The following schedule discloses the State of New Mexico, Office of the State Auditor's requirements on reporting the insured portion of the Village's deposits.

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**NOTE 3. Deposits and investments (continued)**

	Wells Fargo Bank
Total of deposits in the bank	\$ 628,257
Less FDIC coverage	253,626
Total uninsured public funds	374,631
Collateral requirement at 50%	187,316
Pledge collateral held by the pledging Bank's trust department but not in the Village's name	223,182
Over (Under) Collateral Requirement	35,867
Uninsured and uncollateralized	151,449
Custodial Credit Risk-Deposit	\$ 374,631

Carrying amounts of deposits and investments per financial statement at June 30, 2014 is:

Governmental Wide-Statement of Net Assets:	
Cash and cash equivalents	\$ 562,390
Cash and cash equivalents Restricted	62,822
Subtract funds held by NMFA	(1)
Subtract cash on hand	(100)
Subtract deposits in transit	(2,505)
Add outstanding checks and other items	5,651
Balance per bank	\$ 628,257

The Village utilizes pooled accounts for their funds. The General, Special Revenue, Capital Projects, and Proprietary Funds are all in multiple accounts. A Schedule of Bank Accounts is listed on Schedule I of this report.

Custodial credit risk - cash is the risk that in the event of a bank failure, the Villages' deposits may not be returned to it. The Village does not have a deposit policy for custodial credit risk. As of June 30, 2014, \$374,631 of the Village's bank balances were exposed to custodial credit risk.

The collateral pledged is listed on Schedule II of this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by an agency, district or political subdivision of the State of New Mexico.

State of New Mexico  
Village of Magdalena  
Notes to Financial Statements  
June 30, 2014

**NOTE 3. Deposits and investments (continued)**

*Custodial Credit Risk – Investments* For an investment, custodial credit risk is the risk that in the event of counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Village does not have an investment policy for custodial credit risk. The Village's does not have any investments. The certificates of deposits are contemplated in *custodial credit risk – cash*.

NM State Statutes require collateral pledged for repurchase agreements in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the Village for at least 102% of the amount on deposit with the institution. There are no repurchase agreements for the fiscal year.

**NOTE 4. Accounts Receivable**

	General Fund	Other Major Funds	Other Non-Major Funds	Total
Taxes receivables	\$ 3,216	\$ -	\$ -	\$ 3,216
Intergovernmental funds	10,954	539	234	11,727
Federal & State Grants	-	-	-	-
Other receivables	306	170	-	476
<b>Total Receivables</b>	<b>\$ 14,476</b>	<b>\$ 709</b>	<b>\$ 234</b>	<b>\$ 15,419</b>

The above receivables are deemed 100% collectible. In accordance with GASB Statement No. 33, property tax receivables are presented net of deferred revenue.

In addition to the governmental funds accounts receivable above, the proprietary fund had receivables of \$63,284 (net allowance for uncollectible accounts of \$7,075) for the delivery of services to customers. This includes billed and unbilled services. The allowance for uncollectible accounts did not change and there were no bad debt write offs during the fiscal year.

**NOTE 5. Transfers:**

Cash transfers are for operations or matching funds for capital projects. Cash transfers are included in the operating budgets for the effected funds.

Non-cash transfers are Capital Assets from completed Capital Projects Funds being transferred to the fund that receives the completed capital asset.

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Notes to Financial Statements  
June 30, 2014

**NOTE 5. Transfers, continued:**

<u>Transfers:</u>	<u>Cash In</u>	<u>Cash Out</u>	<u>Non-Cash In</u>	<u>Non-Cash Out</u>
General Fund		\$ 163,800		
Library Fund	\$ 38,800			
Enterprise Fund	\$ 125,000			

**NOTE 6. Capital Assets**

**Governmental Funds:**

A summary of capital assets and changes occurring during the fiscal year follows.

	<u>Balance June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2014</u>
Capital Assets not depreciated:				
Land	\$ 268,889	\$ -	\$ -	\$ 268,889
Construction in Progress	-	-	-	-
Subtotal	<u>268,889</u>	<u>-</u>	<u>-</u>	<u>268,889</u>
Capital Assets being depreciated:				
Building & Improvements	2,621,830	43,231	-	2,665,061
Equipment & Vehicles	1,001,522	-	11,520	990,002
Subtotal	<u>3,623,352</u>	<u>43,231</u>	<u>11,520</u>	<u>3,655,063</u>
Total Capital Assets	<u>3,892,241</u>	<u>43,231</u>	<u>11,520</u>	<u>3,923,952</u>
Accumulated Depreciation:				
Building & Improvements	826,988	49,425	-	876,413
Equipment & Vehicles	927,313	13,714	11,520	929,507
Total Accumulated Depr	<u>1,754,301</u>	<u>63,139</u>	<u>11,520</u>	<u>1,805,920</u>
Net Capital Assets	<u>\$ 2,137,940</u>	<u>\$ (19,908)</u>	<u>\$ -</u>	<u>\$ 2,118,032</u>

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June 30, 2014

**NOTE 6. Capital Assets (continued)**

Depreciation expense for the year ended June 30, 2014, was charged to the following functions and funds:

Public safety	\$ 16,460
General	32,055
Culture and Recreation	-
Public Works	14,624
Total depreciation expenses: governmental activities	\$ 63,139

**Enterprise Funds - Business-like Activities:**

A summary of capital assets and changes occurring during the fiscal year follows.

	Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014
Capital Assets not depreciated:				
Land	\$ 6,025	\$ -	\$ -	\$ 6,025
Construction in Progress	-	-	-	-
Subtotal	6,025	-	-	6,025
Capital Assets being depreciated:				
Distribution System	3,886,863	306,895	-	4,193,758
Building & Improvements	26,097	-	-	26,097
Equipment & Vehicles	354,757	-	-	354,757
Subtotal	4,267,717	306,895	-	4,574,612
Total Capital Assets	4,273,742	306,895	-	4,580,637
Accumulated Depreciation:				
Distribution System	1,841,545	111,905	-	1,953,450
Building & Improvements	26,097	-	-	26,097
Equipment & Vehicles	320,167	5,642	-	325,809
Total Accumulated Depr	2,187,809	117,547	-	2,305,356
Net Capital Assets	\$ 2,085,933	\$ 189,348	\$ -	\$ 2,275,281

Depreciation expense for the year ended June 30, 2014, totaled \$117,547; of which \$38,817 was for the water activity, and \$78,730 waste water activity and \$0 for the solid waste activity.

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Notes to Financial Statements  
June 30, 2014

**NOTE 7. Long-term Debt**

**Governmental Activities:**

During the year ended June 30, 2014, the following changes occurred in the liabilities reported in the government-wide statement of net assets for the Governmental Funds:

	Balance 6/30/2013	Additions	Retirements	Balance 6/30/2014	Due Within One Year
Debt:					
NMFA loan B	6,068	-	6,068	-	-
Subtotal NMFA	6,068	-	6,068	-	-
Accrued Compensated Absence	24,811	6,763	20,395	11,179	11,179
Total	<u>\$ 30,879</u>	<u>\$ 6,763</u>	<u>\$ 26,463</u>	<u>\$ 11,179</u>	<u>\$ 11,179</u>

New Mexico Finance Authority Loan B

Original Amount - \$60,000  
Interim Loan Closing Date – February 20, 2000  
First Coupon Date – November 11, 2000  
Final Maturity – November 11, 2013  
Interest Rate – 0.0%

The Village of Magdalena purchased a Pumper Tanker Fire Truck in order to provide fire protection services within the Village. A \$60,000 loan was obtained from the New Mexico Finance Authority, which was combined with \$76,000 from the Village’s Fire Protection Fund, to fund the purchase. The loan is secured with a pledge of the Fire Department’s annual distribution of Fire Protection Fund Revenues. An administration fee of 0.25% will be charges. The Village has entered into an intercept agreement with the New Mexico Finance Authority for the annual distribution of Fire Protection Fund Revenues for the annual debt service payment. The New Mexico Finance Authority maintains an interest bearing account in the name of the Village to receive and disburse those amounts. There are no reserve requirements. The loan has been paid off.

State of New Mexico  
Village of Magdalena  
Notes to Financial Statements  
June 30, 2014

**NOTE 7. Long-term Debt (continued)**

**Enterprise Fund Long Term Debt:**

The following changes occurred in long-term obligations of the joint utility fund of the Village during the year ended June 30, 2014:

	Balance at June 30, 2013	Additions	Reductions	Balance at June 30, 2014	Current Portion
Revenue Bonds Series 1974	\$ 2,000	\$ -	\$ 2,000	\$ -	\$ -
Revenue Bonds Series 1999	144,000	-	3,000	141,000	3,000
SubTotal	146,000	-	5,000	141,000	3,000
Accrued Compensated Absence	9,639	7,038	4,182	12,495	12,495
Total	<u>\$ 155,639</u>	<u>\$ 7,038</u>	<u>\$ 9,182</u>	<u>\$ 153,495</u>	<u>\$ 15,495</u>

Revenue Bond Series 1974 Enterprise Fund

Revenue Bonds – Enterprise Fund  
Original Amount - \$50,000  
Series – 1974  
Dated – January 1, 1975  
Principal Payable – January 1  
Interest Payable – January 1  
Interest Rate – 5%

The Revenue bonds issued for the purpose of improving and extending the utility systems, are to be retired from the income from operations of the utility system. The bonds create a lien on the net income of the system. The bonds mature \$1,000 annually through 2003 and \$2,000 annually thereafter through 2014. The 1974 Series Revenue Bond was paid off on schedule.

State of New Mexico  
Village of Magdalena  
Notes to Financial Statements  
June 30, 2014

**NOTE 7. Long-term Debt (continued)**  
**Enterprise Fund Long Term Debt (continued):**

Revenue Bond Series 1999 – Enterprise Fund

Original Amount - \$175,000

Series – 1999

Dated – April 7, 1999

Maturity Date – April 7, 2039

Principal Payable – April 7

Interest Payable – April 7

Interest Rate – 4.5%

The Revenue bonds issued for the purpose of improving the wastewater treatment systems, are to be retired from the income from operations of the utility system. The bonds create a lien on the net income of the system. The bonds matured \$2,000 annually through 2010, and then increasing annual amounts until the final \$19,000 is retired in 2039.

Cash Requirements for Revenue Bonds Series 1999 Bond Payable

<u>Due in Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2014-15	\$ 3,000	\$ 6,345	\$ 9,345
2015-16	3,000	6,210	9,210
2016-17	3,000	6,075	9,075
2017-18	3,000	5,940	8,940
2018-19	4,000	5,805	9,805
2020-2024	20,000	26,325	46,325
2025-2029	25,000	21,375	46,375
2030-2034	31,000	15,300	46,300
2035-2039	49,000	7,740	56,740
	-		-
<b>Total</b>	<b>\$ 141,000</b>	<b>\$ 101,115</b>	<b>\$ 242,115</b>



State of New Mexico  
Village of Magdalena  
Notes to Financial Statements  
June 30, 2014

**NOTE 7. Long-term Debt (continued)**

**Enterprise Fund Long Term Debt (continued):**

Reserve Requirement – Revenue Bonds – Enterprise Fund

Series	Reserve for Debt Service	Reserve for Repair & Replacement	Total
1999	\$ 2,336	\$ 14,640	\$ 16,976
Total	\$ 2,336	\$ 14,640	\$ 16,976

The reserve for debt service for the 1999 series bond requires monthly contribution into the reserve equal to one twelfth of the annual payment. The reserve for repair and replacement for the 1999 series bond requires monthly payments of \$80 into the reserve.

**Note 8. Risk Management**

The Village is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries and natural disasters. The Village participates in the New Mexico Self-Insurer's Fund risk pool.

The Village has not filed any claims for which the settlement amount exceeded the insurance coverage during the past three years. However, should a claim be filed against the Village which exceeds the insurance coverage, the Village would only be responsible for a loss in excess of the coverage amounts. As claims are filed, the New Mexico Self-Insurers' Fund assesses and estimates the potential for loss and handles all aspects of the claim. Insurance coverage's have not changed significantly from prior years and coverage's are expected to be continued.

New Mexico Self-Insurers' Fund has not provided information on an entity by entity basis that would allow for a reconciliation of changes in the aggregate liabilities for claims for the current fiscal year and the prior fiscal year.

State of New Mexico  
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Notes to Financial Statements  
June 30, 2014

**NOTE 9. PERA Pension Plans**

**Plan Description.** Substantially all of the Village's full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11 NMSA 1978.) The Public Employee Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing, multiple-employer defined benefit retirement plan. The plan provides for retirement, disability benefits, survivor benefits, and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, New Mexico 87504-2123. The report is also available on PERA's website at [ww.pera.state.nm.us](http://ww.pera.state.nm.us).

**Funding policy.** Plan members are required to contribute 7% to 8% (ranges from 6.28% to 18.15% depending upon the plan – i.e., state general, state police and adult correctional officers, municipal general, municipal police, municipal fire, municipal detention officers) of their gross salary. The Village is required to contribute 7% to 11% (ranges from 7.0% to 25.72% depending upon the plan) of gross covered salary. The contribution requirements of plan members and the Village are established in state statute under Chapter 10, Article 11, NMSA 1978. The requirement may be amended by the Legislature. The Village of Magdalena's contributions to PERA for the fiscal years ending June 30, 2014, 2013, and 2012 were \$14,707, \$16,840, and \$18,048, respectively, which equal the required contributions for each year.

**NOTE 10. Post-Employment Benefits**

The Retiree Health Care Act (the "Act") (Chapter 10, Article 7C, NMSA, 1978) provides comprehensive core group health insurance for persons who have retired from certain public service in New Mexico. As authorized under Section 9D of Chapter 6, Laws of 1990, the Village has elected not to participate in the program by adoption of an ordinance.

**NOTE 11. Contingent Liabilities**

The Village is party to various claims and lawsuits arising in the normal course of business. Management and the Village's attorney are unaware of any material pending or threatened litigation, claims or assessments against the Village which are not covered by the Village's insurance.

**Solid Waste:** The Village operates a transfer station where solid waste is collected and transferred to the landfill facility owned by the City of Socorro. The Village pays the City of Socorro a fee to accept the waste and the Village has no closure or post-closure costs responsibilities for the City of Socorro landfill. The Village has plans to establish a construction and demolition landfill; however, to date the Village has not received a permit to open the landfill and has not allowed any construction or demolition material to be received. The landfill closure and post-closure care requirements are regulated by the State of New Mexico Solid Waste Management regulations. The recognition of a liability for closure and post-closure care cost will begin when and if the landfill is opened and will be based on management's estimates of cost to close this landfill once it reaches capacity.

State of New Mexico  
Village of Magdalena  
Notes to Financial Statements  
June 30, 2014

**NOTE 11. Contingent Liabilities (continued)**

The Village has established a reserve for closure and post-closure care cost estimated to be \$25,000. The costs are management's estimates and are subject to change due to inflation or deflation, technology, or applicable laws or regulations. The Village reserve is to be funded with an annual amount of \$1,250. The reserve balance at June 30, 2014, was \$18,750.

**NOTE 12. Federal and State Grants**

In the normal course of operations, the Village receives grant funds from various federal and state agencies. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as a result of these audits is not believed to be material.

**NOTE 13. Subsequent Review**

The Village has evaluated subsequent events through December 5, 2014, which is the date the financial statements were dated.

**NOTE 14. Commitments**

The Village had no capital grants projects in progress at June 30, 2014; however, the Village is seeking capital grants to address a water shortage issue in the Village.

## SUPPLEMENTAL INFORMATION

State of New Mexico  
Village of Magdalena  
Non-Major Governmental Funds  
June 30, 2014

Special Revenue Funds

Correctional Fee Fund – To account for correctional fees collectable from persons convicted by the municipal judge for violating any motor vehicle ordinance. State Statute Section 35-14-11, NMSA, 1978 compilation restricts the expenditures to the purpose of paying for the care of municipal prisoners.

Environmental Fund - To account for the operations and maintenance of the solid waste facility. Financing is provided from the environmental services gross receipts tax. Authority – NMSA 7-19D-10.

Emergency Medical Services Fund – To account for the State grants received for the purchase, repair and maintenance of rescue units, ambulance vehicles and emergency equipment and communication system. State Statute Section 24-10A-7, NMSA, 1978 compilation restricts the expenditures to be used for that purpose.

Juvenile Recreation Fund – To account for the operations and maintenance of recreational activities in the Village. Financing is provided by program revenue and by a 1 cent tax on cigarette sales which is collected and distributed by the State of New Mexico. State statute Section 7-12-15, NMSA, 1978 compilation requires this tax be used in the above manner.

Law Enforcement Fund – To account for funds received from the state for law enforcement purpose. The fund was created by the authority of state grant provisions, NMSA 29-13-3.

Library Fund – To account for the operation and maintenance of the library. Financing is provided by state grants, transfers from General Fund, and library fines. Authority – NMSA 3-18-14.

Lodger's Tax Fund – To account for a lodger's tax which is used for cultural and recreational purposes. Authority NMSA 3-38-13 to 24.

Capital Projects Funds

Fire Complex Improvement Fund – To account for the construction improvements to the Village's Fire Station. Financing is provided by state grants and local funding. The project was completed in 2011.

The *CDBG Street Grant* (Capital Project Fund) accounts for the financial resources from federal grants and local matching funds for improvements to street in the Village. Expenditures include all costs associated for the project.

State of New Mexico  
 Village of Magdalena  
 Combining Balance Sheet  
 Non Major Governmental Funds  
 As of June 30, 2014

	Corrections		Environmental		Emergency		Juvenile		Law		Lodgers Tax		Fire		CDBG Project		Total Non Major		
	Fund	Fund	Fund	Fund	Medical Services	Recreation	Enforcement	Protection	Library Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Governmental	Funds
<b>ASSETS</b>																			
Cash and cash equivalents	\$ 5,927	\$ 22,945	\$ 1	\$ 4,004	\$ 29,800	\$ 30,146	\$ 12,927	\$ 6,232	\$ 17	\$ 111,999									
Taxes receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental receivables	-	234	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	234	-
Other receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Due from (to) other funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 5,927</b>	<b>\$ 23,179</b>	<b>\$ 1</b>	<b>\$ 4,004</b>	<b>\$ 29,800</b>	<b>\$ 30,146</b>	<b>\$ 12,927</b>	<b>\$ 6,232</b>	<b>\$ 17</b>	<b>\$ 112,233</b>									
<b>LIABILITIES AND FUND BALANCES</b>																			
<b>Liabilities:</b>																			
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 384	\$ -	\$ -	\$ -	\$ -	\$ 384	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 384	-
Accrued payroll	-	-	-	-	-	207	-	-	-	-	207	-	-	-	-	-	-	207	-
Accrued interest payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>591</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>591</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>591</b>	<b>-</b>
<b>Fund balances:</b>																			
Restricted for:																			
Capital Projects	-	-	-	-	-	-	-	-	-	-	-	-	6,232	-	17	-	-	6,249	-
Debt Service	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Special Revenue	5,927	23,179	1	4,004	29,800	29,555	12,927	-	-	-	29,555	12,927	-	-	-	-	-	105,393	-
<b>Total fund balances</b>	<b>5,927</b>	<b>23,179</b>	<b>1</b>	<b>4,004</b>	<b>29,800</b>	<b>29,555</b>	<b>12,927</b>	<b>6,232</b>	<b>17</b>	<b>111,642</b>									
<b>Total liabilities and fund balances</b>	<b>\$ 5,927</b>	<b>\$ 23,179</b>	<b>\$ 1</b>	<b>\$ 4,004</b>	<b>\$ 29,800</b>	<b>\$ 30,146</b>	<b>\$ 12,927</b>	<b>\$ 6,232</b>	<b>\$ 17</b>	<b>\$ 112,233</b>									

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

State of New Mexico  
Village of Magdalena  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
Non Major Governmental Funds  
For the Year Ended June 30, 2014

	Corrections Fund	Environmental Fund	Emergency Medical Services Fund	Juvenile Recreation Fund	Law Enforcement		Library Fund	Lodgers Tax Fund	Fire Improvement Fund	CDBG Project Fund	Total Governmental Funds
					Fund	Fund					
<b>REVENUES:</b>											
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gross receipts tax	-	-	-	-	-	-	-	-	-	-	-
Franchise tax	-	-	-	-	-	-	-	-	-	-	-
Other tax	-	4,346	-	-	-	-	5,182	-	-	-	9,528
Licenses and permits	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental revenue	493	-	-	-	21,200	10,401	-	-	-	-	32,094
Charges for service	-	-	-	-	-	-	-	-	-	-	-
Fines	-	-	-	-	-	-	-	-	-	-	-
Investment earnings	-	-	-	-	-	-	-	-	-	-	-
Other revenues	-	-	-	-	1,724	2,771	-	-	-	-	4,495
Total revenues	493	4,346	-	-	22,924	13,172	5,182	-	-	-	46,117
<b>EXPENDITURES:</b>											
Current operations:											
General government	-	-	-	-	-	-	-	-	-	-	-
Public safety	1,494	-	-	-	7,958	-	-	2,186	-	-	11,638
Public works	-	-	-	-	-	-	-	-	-	-	-
Public health	-	-	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	41,905	3,490	-	-	-	45,395
Capital outlay	-	-	-	-	-	-	-	-	-	-	-
Debt service:											
Principal	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	1,494	-	-	-	7,958	41,905	3,490	2,186	-	-	57,033
Excess (deficiency) of revenues over expenditures	(1,001)	4,346	-	-	14,966	(28,733)	1,692	(2,186)	-	-	(10,916)
<b>OTHER FINANCING SOURCES (USES):</b>											
Transfer in	-	-	-	-	-	38,800	-	-	-	-	38,800
Transfer out	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	38,800	-	-	-	-	38,800
Net changes in fund balances	(1,001)	4,346	-	-	14,966	10,067	1,692	(2,186)	-	-	27,884
Fund balances- beginning of year	6,928	18,833	1	4,004	14,834	19,488	11,235	8,418	17	17	83,758
Fund balances, end of year	5,927	23,179	1	4,004	29,800	29,555	12,927	6,232	17	17	111,642

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

State of New Mexico  
Village of Magdalena  
Statement of Revenues and Expenditures  
Budget (Non-GAAP Basis) and Actual (Cash Basis)  
Corrections Fund - Special Revenue Fund  
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>			Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>REVENUES:</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue and grants	4,500	4,500	493	(4,007)
Other revenue	-	-	-	-
Total revenue	<u>4,500</u>	<u>4,500</u>	<u>493</u>	<u>(4,007)</u>
<b>EXPENDITURES:</b>				
General government	-	-	-	-
Public safety	4,300	4,300	1,494	2,806
Capital outlay	-	-	-	-
Total expenditures	<u>4,300</u>	<u>4,300</u>	<u>1,494</u>	<u>2,806</u>
Excess (deficiency) of revenue over expenditures	<u>200</u>	<u>200</u>	<u>(1,001)</u>	<u>(1,201)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures and other financing sources (uses)	200	200	(1,001)	(1,201)
Budgeted cash carryover	<u>6,928</u>	<u>6,928</u>	<u>6,928</u>	<u>-</u>
<b>Net</b>	<u><u>\$ 7,128</u></u>	<u><u>\$ 7,128</u></u>	<u><u>\$ 5,927</u></u>	<u><u>\$ (1,201)</u></u>

**Budgetary to Fund Reporting Reconciliation:**

Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - Budgetary Basis	\$ (1,001)
Adjustments for revenue accruals	-
Adjustment for expenditures accruals	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - Fund Reporting	<u><u>\$ (1,001)</u></u>

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



State of New Mexico  
Village of Magdalena  
Statement of Revenues and Expenditures  
Budget (Non-GAAP Basis) and Actual (Cash Basis)  
Environmental Fund - Special Revenue Fund  
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>			Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>REVENUES:</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	5,300	5,300	4,622	(678)
Other revenue	-	-	-	-
Total revenue	<u>5,300</u>	<u>5,300</u>	<u>4,622</u>	<u>(678)</u>
<b>EXPENDITURES:</b>				
General government	-	-	-	-
Public Works	5,000	5,000	-	5,000
Capital outlay	-	-	-	-
Total expenditures	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Excess (deficiency) of revenue over expenditures	<u>300</u>	<u>300</u>	<u>4,622</u>	<u>4,322</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures and other financing sources (uses)	300	300	4,622	4,322
Budgeted cash carryover	<u>18,323</u>	<u>18,323</u>	<u>18,323</u>	<u>-</u>
<b>Net</b>	<u><u>\$ 18,623</u></u>	<u><u>\$ 18,623</u></u>	<u><u>\$ 22,945</u></u>	<u><u>\$ 4,322</u></u>

**Budgetary to Fund Reporting Reconciliation:**

Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - Budgetary Basis	\$ 4,622
Adjustments for revenue accruals	(276)
Adjustment for expenditures accruals	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - Fund Reporting	<u><u>\$ 4,346</u></u>

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

State of New Mexico  
Village of Magdalena  
Statement of Revenues and Expenditures  
Budget (Non-GAAP Basis) and Actual (Cash Basis)  
Emergency Medical Service Fund - Special Revenue Fund  
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>			Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>REVENUES:</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue and grants	-	-	-	-
Other revenue	-	-	-	-
Total revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES:</b>				
General government	-	-	-	-
Public safety	720	720	720	-
Capital outlay	-	-	-	-
Total expenditures	<u>720</u>	<u>720</u>	<u>720</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures	<u>(720)</u>	<u>(720)</u>	<u>(720)</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures and other financing sources (uses)	<u>(720)</u>	<u>(720)</u>	<u>(720)</u>	<u>-</u>
Budgeted cash carryover	<u>721</u>	<u>721</u>	<u>721</u>	<u>-</u>
	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ -</u>

**Budgetary to Fund Reporting Reconciliation:**

Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - Budgetary Basis	\$ (720)
Adjustments for revenue accruals	-
Adjustment for expenditures accruals	720
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - Fund Reporting	<u>\$ -</u>

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

State of New Mexico  
Village of Magdalena  
Statement of Revenues and Expenditures  
Budget (Non-GAAP Basis) and Actual (Cash Basis)  
Juvenile Recreation Fund - Special Revenue Fund  
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>			Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>REVENUES:</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-
Other revenue	-	-	-	-
Total revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES:</b>				
General government	-	-	-	-
Culture and recreation	700	700	-	700
Capital outlay	-	-	-	-
Total expenditures	<u>700</u>	<u>700</u>	<u>-</u>	<u>700</u>
Excess (deficiency) of revenue over expenditures	<u>(700)</u>	<u>(700)</u>	<u>-</u>	<u>700</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures and other financing sources (uses)	<u>(700)</u>	<u>(700)</u>	<u>-</u>	<u>700</u>
Budgeted cash carryover	<u>4,004</u>	<u>4,004</u>	<u>4,004</u>	<u>-</u>
Net	<u>\$ 3,304</u>	<u>\$ 3,304</u>	<u>\$ 4,004</u>	<u>\$ 700</u>

**Budgetary to Fund Reporting Reconciliation:**

Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - Budgetary Basis	\$ -
Adjustments for revenue accruals	-
Adjustment for expenditures accruals	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - Fund Reporting	<u>\$ -</u>

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

State of New Mexico  
Village of Magdalena  
Statement of Revenues and Expenditures  
Budget (Non-GAAP Basis) and Actual (Cash Basis)  
Law Enforcement Protection Fund - Special Revenue Fund  
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>			Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>REVENUES:</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue and grants	21,800	21,800	21,200	(600)
Other revenue	-	-	1,724	1,724
Total revenue	<u>21,800</u>	<u>21,800</u>	<u>22,924</u>	<u>1,124</u>
<b>EXPENDITURES:</b>				
General government	-	-	-	-
Public safety	36,918	36,918	8,242	28,676
Capital outlay	-	-	-	-
Total expenditures	<u>36,918</u>	<u>36,918</u>	<u>8,242</u>	<u>28,676</u>
Excess (deficiency) of revenue over expenditures	<u>(15,118)</u>	<u>(15,118)</u>	<u>14,682</u>	<u>29,800</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures and other financing sources (uses)	<u>(15,118)</u>	<u>(15,118)</u>	<u>14,682</u>	<u>29,800</u>
Budgeted cash carryover	<u>15,118</u>	<u>15,118</u>	<u>15,118</u>	<u>-</u>
Net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,800</u>	<u>\$ 29,800</u>

Budgetary to Fund Reporting Reconciliation:

Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - Budgetary Basis	\$ 14,682
Adjustments for revenue accruals	-
Adjustment for expenditures accruals	284
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - Fund Reporting	<u>\$ 14,966</u>

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

State of New Mexico  
Village of Magdalena  
Statement of Revenues and Expenditures  
Budget (Non-GAAP Basis) and Actual (Cash Basis)  
Library Fund - Special Revenue Fund  
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>			Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>REVENUES:</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue and grants	6,748	6,748	10,401	3,653
Other revenue	-	-	2,771	2,771
Total revenue	<u>6,748</u>	<u>6,748</u>	<u>13,172</u>	<u>6,424</u>
<b>EXPENDITURES:</b>				
General government	-	-	-	-
Culture and recreation	45,372	45,372	42,078	3,294
Capital outlay	-	-	-	-
Total expenditures	<u>45,372</u>	<u>45,372</u>	<u>42,078</u>	<u>3,294</u>
Excess (deficiency) of revenue over expenditures	<u>(38,624)</u>	<u>(38,624)</u>	<u>(28,906)</u>	<u>9,718</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	38,800	38,800	38,800	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>38,800</u>	<u>38,800</u>	<u>38,800</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures and other financing sources (uses)	176	176	9,894	9,718
Budgeted cash carryover	<u>20,252</u>	<u>20,252</u>	<u>20,252</u>	<u>-</u>
<b>Net</b>	<u><u>\$ 20,428</u></u>	<u><u>\$ 20,428</u></u>	<u><u>\$ 30,146</u></u>	<u><u>\$ 9,718</u></u>

Budgetary to Fund Reporting Reconciliation:

Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - Budgetary Basis	\$ 9,894
Adjustments for revenue accruals	-
Adjustment for expenditures accruals	173
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - Fund Reporting	<u><u>\$ 10,067</u></u>

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

State of New Mexico  
Village of Magdalena  
Statement of Revenues and Expenditures  
Budget (Non-GAAP Basis) and Actual (Cash Basis)  
Lodgers Tax Fund - Special Revenue Fund  
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>			Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>REVENUES:</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	4,000	4,000	5,557	1,557
Other revenue	-	-	-	-
Total revenue	<u>4,000</u>	<u>4,000</u>	<u>5,557</u>	<u>1,557</u>
<b>EXPENDITURES:</b>				
General government	-	-	-	-
Culture and recreation	6,900	6,900	3,960	2,940
Capital outlay	-	-	-	-
Total expenditures	<u>6,900</u>	<u>6,900</u>	<u>3,960</u>	<u>2,940</u>
Excess (deficiency) of revenue over expenditures	<u>(2,900)</u>	<u>(2,900)</u>	<u>1,597</u>	<u>4,497</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures and other financing sources (uses)	<u>(2,900)</u>	<u>(2,900)</u>	<u>1,597</u>	<u>4,497</u>
Budgeted cash carryover	<u>11,330</u>	<u>11,330</u>	<u>11,330</u>	<u>-</u>
Net	<u>\$ 8,430</u>	<u>\$ 8,430</u>	<u>\$ 12,927</u>	<u>\$ 4,497</u>

**Budgetary to Fund Reporting Reconciliation:**

Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - Budgetary Basis	\$ 1,597
Adjustments for revenue accruals	(375)
Adjustment for expenditures accruals	470
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - Fund Reporting	<u>\$ 1,692</u>

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

State of New Mexico  
Village of Magdalena  
Statement of Revenues and Expenditures  
Budget (Non-GAAP Basis) and Actual (Cash Basis)  
Fire Complex Improvement Fund - Capital Project Fund  
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Intergovernmental revenue and grants:				
State Grant	\$ 50,830	\$ 50,830	\$ -	\$ (50,830)
Other revenue	-	-	-	-
Total revenue	<u>50,830</u>	<u>50,830</u>	<u>-</u>	<u>(50,830)</u>
<b>EXPENDITURES:</b>				
Equipment and Machinery	-	-	2,186	(2,186)
Construction	<u>59,248</u>	<u>59,248</u>	-	<u>59,248</u>
Total expenditures	<u>59,248</u>	<u>59,248</u>	<u>2,186</u>	<u>57,062</u>
Excess (deficiency) of revenue over expenditures	<u>(8,418)</u>	<u>(8,418)</u>	<u>(2,186)</u>	<u>6,232</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures and other financing sources (uses)	<u>(8,418)</u>	<u>(8,418)</u>	<u>(2,186)</u>	<u>6,232</u>
Budgeted cash carryover	<u>8,418</u>	<u>8,418</u>	<u>8,418</u>	<u>-</u>
Net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,232</u>	<u>\$ 6,232</u>

Budgetary to Fund Reporting Reconciliation:

Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - Budgetary Basis	\$ (2,186)
Adjustments for revenue accruals	-
Adjustment for expenditures accruals	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - Fund Reporting	<u>(2,186)</u>

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

State of New Mexico  
Village of Magdalena  
Statement of Revenues and Expenditures  
Budget (Non-GAAP Basis) and Actual (Cash Basis)  
CDBG Street Project Capital Project Fund  
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>			Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>REVENUES:</b>				
Taxes:				
Intergovernmental revenue and grants	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
Investment earnings	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES:</b>				
Public works	-	-	-	-
Debt service	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In (Out)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures and other financing sources (uses)	-	-	-	-
Budgeted cash carryover	<u>17</u>	<u>17</u>	<u>17</u>	<u>-</u>
Net	<u>\$ 17</u>	<u>\$ 17</u>	<u>\$ 17</u>	<u>\$ -</u>

Budgetary to Fund Reporting Reconciliation:

Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - Budgetary Basis	\$ -
Adjustments for revenue accruals	-
Adjustment for expenditures accruals	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - Fund Reporting	<u>\$ -</u>

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



State of New Mexico  
Village of Magdalena  
Statement of Revenues and Expenditures  
Budget (Non-GAAP Basis) and Actual (Cash Basis)  
Joint Utility Fund - Proprietary Fund  
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>			Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>REVENUES:</b>				
Water Sales	\$ 158,100	\$ 158,100	\$ 128,817	\$ (29,283)
Sewer Charges	71,400	71,400	66,862	(4,538)
Trash services	94,000	94,000	89,061	(4,939)
Connection Fees	1,900	1,900	1,200	(700)
Late Payment Fees	7,800	7,800	7,169	(631)
Governmental Gross Receipts Tax	17,175	17,175	13,660	(3,515)
Investment earning	-	-	23	23
Other revenue	10,200	10,200	13,335	3,135
Total revenue	<u>360,575</u>	<u>360,575</u>	<u>320,127</u>	<u>(40,448)</u>
<b>EXPENDITURES:</b>				
Salaries & Benefits	135,498	135,498	143,548	(8,050)
Operation Expenses	182,900	187,700	210,313	(22,613)
Interest Expense	7,000	7,000	6,580	420
Bond Principal Payments	5,000	5,000	5,000	-
Capital Outlay	220,000	341,000	306,895	34,105
Total expenditures	<u>550,398</u>	<u>676,198</u>	<u>672,336</u>	<u>3,862</u>
Excess (deficiency) of revenue over expenditures	<u>(189,823)</u>	<u>(315,623)</u>	<u>(352,209)</u>	<u>(36,586)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	145,197	125,000	(20,197)
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>145,197</u>	<u>125,000</u>	<u>(20,197)</u>
Excess (deficiency) of revenue over expenditures and other financing sources (uses)	<u>(189,823)</u>	<u>(170,426)</u>	<u>(227,209)</u>	<u>(56,783)</u>
Budgeted cash carryover	<u>391,156</u>	<u>391,156</u>	<u>391,156</u>	<u>-</u>
<b>NET</b>	<u><u>\$ 201,333</u></u>	<u><u>\$ 220,730</u></u>	<u><u>\$ 163,947</u></u>	<u><u>\$ (56,783)</u></u>
<b>Budgetary - GAAP Reporting Reconciliation:</b>				
Excess (deficiency) of revenues over expenditures and other financing sources (uses)			\$ (227,209)	
Adjustments for revenue accruals			4,322	
Adjustment for expenditures accruals			(28,917)	
Adjustment for Bond Principal Payments			5,000	
Adjustment for Capital Assets Purchased			306,895	
Adjustment for Depreciation			(117,547)	
Non-cash Transfers of Completed Capital Assets			-	
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)			<u>\$ (57,456)</u>	

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

## SUPPORTING SCHEDULES

State of New Mexico  
Village of Magdalena  
Schedule of Bank Accounts  
June 30, 2014

Schedule I

Account Name

Wells Fargo Bank	Balance	Deposits	Outstanding	Balance
<u>Checking Accounts:</u>	<u>Per Bank</u>	<u>In Transit</u>	<u>Checks</u>	<u>Per Books</u>
Governmental Funds	\$ 461,378	\$ 222	\$ 4,633	\$ 456,967
Enterprise Funds	135,486	2,283	1,018	136,751
Meter Deposits	27,096	-	-	27,096
CDBG Account	17	-	-	17
Construction Account	468	-	-	468
Special Projects	186	-	-	186
				-
Wells Fargo Bank				-
<u>Certificates of Deposits:</u>				-
Water Fund	-	-	-	-
Airport	<u>3,626</u>	<u>-</u>	<u>-</u>	<u>3,626</u>
Sub-Total	<u>\$ 628,257</u>	<u>\$ 2,505</u>	<u>\$ 5,651</u>	\$ 625,111
Cash Held By NMFA				1
Cash on Hand				100
Total Cash and Cash Equivalents				<u>\$ 625,212</u>
Financial Statements:				
Cash and Cash Equivalents				\$ 562,390
Cash and Cash Equivalents - Restricted				62,822
Total Cash and Cash Equivalents				<u>\$ 625,212</u>

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

State of New Mexico  
Village of Magdalena  
Schedule of Collateral  
Pledged by Depository for Public Funds  
June 30, 2014

Schedule II

Pledge collateral by Wells Fargo Bank is held by Wells Fargo Trust in California for the bank on behalf of the Village of Magdalena.

Pledged Security Description:		Original	Current	Current	CPN	Maturity
<u>CUSIP</u>	<u>Description</u>	<u>Face</u>	<u>Par</u>	<u>Market</u>	<u>Rate</u>	<u>Date</u>
3138MBYU4	FN AP7922	275,000	225,103	223,182	3.00%	9/1/2042
TOTAL				<u>\$ 223,182</u>		

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

State of New Mexico  
Village of Magdalena  
Schedule of Changes in Capital Assets  
Used in the Operations of Governmental Funds  
For the Year Ended June 30, 2014

Schedule III

	Balance			Balance
	<u>June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2014</u>
<b>Governmental Fund Capital Assets</b>				
Land	\$ 268,889	\$ -	\$ -	\$ 268,889
Construction in Progress	-	-	-	-
Building and Improvements	2,621,830	43,231	-	2,665,061
Vehicles, furniture and equipment	<u>1,001,522</u>	<u>-</u>	<u>11,520</u>	<u>990,002</u>
<b>Total Governmental Fund Capital Assets</b>	<u>3,892,241</u>	<u>43,231</u>	<u>11,520</u>	<u>3,923,952</u>
<b>Investment in Capital Assets</b>				
General Fund	2,289,197	-	-	2,289,197
Fire Fund	714,157	-	-	714,157
Juvenile Recreation Fund	6,137	-	-	6,137
Lodgers Tax Fund	-	-	-	-
Street Fund	666,584	43,231	-	709,815
EMS Fund	26,064	-	-	26,064
Law Enforcement Fund	143,318	-	11,520	131,798
Corrections Fund	-	-	-	-
Environmental Fund	29,993	-	-	29,993
Library	16,791	-	-	16,791
Capital Project Fund - CDBG Pine Street	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Investment in Capital Assets</b>	<u>\$ 3,892,241</u>	<u>\$ 43,231</u>	<u>\$ 11,520</u>	<u>\$ 3,923,952</u>

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

## COMPLIANCE SECTION

*Beckham & Penner, P. C.*

CERTIFIED PUBLIC ACCOUNTANTS  
103 6TH ST. N.E., P.O. BOX 179  
SOCORRO, NEW MEXICO 87801

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bppccpa@sdcc.org

**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. Hector H. Balderas  
New Mexico State Auditor, and  
Village Trustees  
Village of Magdalena  
Magdalena, New Mexico

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, the budgetary comparison of the general fund and major special revenue funds of the Village of Magdalena (Village) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and the combining and individual funds and related budgetary comparisons of the Village, presented as supplemental information, and have issued our report thereon dated December 5, 2014. The report was qualified for the effect as might have been determined necessary had we been able to audit the Capital Asset and related depreciation records which have not been maintained by the Village.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Responses to be material weaknesses. 2004-001 Capital Asset Inventory

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. We consider the deficiencies described in the accompanying Schedule of Findings and Responses to be significant deficiencies. 2012-001, 2014-001 and 2014-002

### **Compliance and Other Matters**

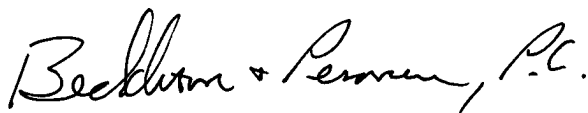
As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 items 2004-002, 2012-001, 2014-001 and 2014-002.

### **The Village's Response to Findings**

The Village's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. The Village's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Beckham & Penner P.C.  
Certified Public Accountants  
Socorro, New Mexico  
December 5, 2014



State of New Mexico  
Village of Magdalena  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

SUMMARY OF FINDINGS:

PRIOR YEAR FINDINGS:

Status

2004-001 Capital Asset Inventory	Repeated
2004-002 Untimely Submission of Audit Report	Repeated
2012-001 Employee Utility Credits as Taxable Fringe Benefits	Repeated

CURRENT YEAR FINDINGS:

- 2004-001 Capital Asset Inventory – Material Weakness in Internal Controls
- 2004-002 Untimely Submission of Audit Report – Compliance Matter
- 2012-001 Employee Utility Credits as Taxable Fringe Benefits – Significant Deficiency and Compliance
- 2014-001 Mileage Rate Payments – Significant Deficiency and Compliance Matter
- 2014-002 Payroll Reporting – Significant Deficiency and Compliance Matter

State of New Mexico  
Village of Magdalena  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**2004-001 Capital Assets Inventory (Material Weakness)**

**Statement of Condition:**

Detailed records of capital assets of the Village have not been maintained in prior years. A property inventory control listing for the last few years' additions has been prepared by the Village. The inventory listing, however, does not include all the land, buildings, infrastructure, and the older equipment and therefore has not been reconciled with the accounting records to assure that the listing includes all property of the Village, valued at historical costs, and that property no longer held by the Village has been excluded from the accounting records.

**Criteria:**

An effective system on internal control provides for the proper safeguarding of the entity's assets. Such control is established through the inventory listing and the reconciliation with control accounts along with an annual physical inventory inspection.

**Cause:**

Accounting records for the capital assets of the Village over the past years has reflected additions acquired and some deletions. There previously had been no inventory of the capital assets to establish control after acquisitions. Accordingly, the financial records include the cumulative cost of capital assets acquired, with only some of the disposition removed. The balance of the capital asset accounts does not necessarily reflect the appropriate cost of the Village's capital asset inventory. Therefore, the depreciation calculations based on the asset control amounts may not reflect the appropriate accumulated and current depreciation of the Village's capital assets.

**Effect:**

Historical records for the capital assets were not maintained, and procedures and policies for appropriate accounting of capital assets had not been in operation for many prior years.

**Recommendation:**

The detailed capital asset inventory listing should be completed, verified and approved by the Board of Trustees; then reconciled to the control accounts in the financial records. The detailed capital asset inventory should continue to be adjusted periodically to reflect the additions of new equipment, deletions of equipment and other changes. The land, buildings, infrastructure, and older equipment not currently on the detail property inventory should be identified and included at their historical cost.

**Management's Response:**

The Village of Magdalena agrees with the auditor's comment and will continue to update the detail capital asset inventory control listing for current additions and deletions. The Village has begun the process to ascertain the historical information needed to include the land, buildings, infrastructure, and equipment in the inventory.

State of New Mexico  
Village of Magdalena  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**2004-002 Untimely Submission of Audit Report (Compliance Matter)**

**Statement of Condition** - The audit report of The Village of Magdalena for the fiscal year ended June 30, 2014 was not delivered to the State Auditor by the due date of December 1, 2014.

**Criteria** – The State Auditor Rule NMAC Subsection 2.2.2.9.A requires the audit reports be submitted by the due date.

**Cause** - The auditor was ill and the exit conference was delayed and had to be rescheduled to December 5<sup>th</sup>, which was subsequent to the required due date.

**Effect** - Noncompliance with State Auditor Rule NMAC Subsection 2.2.2.9.A. Timely audit reports were needed by management, the State of New Mexico, and others to properly monitor and evaluate the performance of the Village.

**Recommendation** - The auditors need to begin earlier to insure that the audit report can be submitted in a timely manner. The Village should include a provision in future audit contracts to address untimely report submission.

**Management's Response** - The Village concurs with the recommendation above.

**2012-001 Employee Utility Credits as Taxable Fringe Benefits (Significant Deficiency and Compliance)**

**Statement of Condition** - The Village began offering in July 2011 their employees a monthly credit of up to \$50 per employee for their utility charges. This was not treated as a taxable fringe benefit to the employees.

**Criteria** – The Internal Revenue Code requires that these benefits be treated as taxable fringe benefits to the employees and this activity is prohibited by NM State Statues Article IX Sec 14.

**Cause** - The Village offered the employees these benefits in lieu of raises and did not know that the benefits were taxable fringe benefits and or violated the Anti-Donation statues.

**Effect** - Noncompliance with state statues, the internal revenue code and under payment of related payroll taxes. For the twelve months ended June 30, 2014 the total amount of the employees' utility credits amounted to \$3,731; and total \$11,343 from July 2011 through June 2014.

**Recommendation** - The Village should treat the employee utility credits as a taxable fringe benefit in accordance with the internal revenue code.

**Management's Response** - The Village concurs with the recommendation above, and made the required changes effective June 2014.

State of New Mexico  
Village of Magdalena  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**2014-001 Mileage Rate Payments ((Significant Deficiency and Compliance))**

**Statement of Condition** - The Village began in 2014 paying their employees mileage reimbursement at a rate of 88 cents per mile. There were four travel reimbursement vouchers processed between January and June 2014, all four were paid using the incorrect mileage reimbursement rate of 88 cents per mile, which resulted in excess mileage reimbursements in the amount of \$237.

**Criteria** – The Per Diem and Mileage Act, 2.42.2 NMAC, contain the regulations governing the allowable reimbursement rates.

**Cause** - The then new, now resigned, Village Clerk did not know that the mileage reimbursement rates violated the Per Diem and Mileage Act.

**Effect** - Noncompliance with state statutes, the internal revenue code and under payment of related payroll taxes. For the six months ended June 30, 2014 the total amount of the four employees' excess mileage reimbursements amounted to \$237.

**Recommendation** - The Village should use an allowable mileage reimbursement rate in accordance with the Per Diem and Mileage Act.

**Management's Response** - The Village concurs with the recommendation above, and made the required changes effective July 2014.

**2014-002 Payroll Reporting (Significant Deficiency and Compliance)**

**Statement of Condition** – There were errors in reporting the payroll on the quarterly federal 941 reports which resulted in a \$767 difference between the 941 reports and W-2's for year 2013. There were errors in reporting the monthly deferred compensation deductions which resulted in \$100 not being remitted. There were errors in reporting the State Income Tax Withholding on the CRS-1 reports which resulted in \$723 not being remitted.

**Criteria** – The Internal Revenue Code and the NM Taxation and Revenue requires that accurate payroll reports be completed and timely filed. All amounts deducted or withheld from employee paychecks should be timely remitted by the village.

**Cause** - The then new, now resigned, Village Clerk did not properly reconcile the reports filed to the underlying payroll records.

**Effect** - Noncompliance with state statutes, the internal revenue code and possible under payment of related payroll taxes; also unremitted deduction and withholding from employee payroll checks.

State of New Mexico  
Village of Magdalena  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**2014-002 Payroll Reporting (Significant Deficiency and Compliance), continued**

**Recommendation** - The Village should reconcile the payroll reports to the underlying payroll records before filing. The village needs to amend the erroneous reports and remit the deductions and withholdings from the employee payroll checks as required.

**Management's Response** - The Village concurs with the recommendation above, and will correct the payroll reports and remit the required amounts.

**FINANCIAL STATEMENT PREPARATION:**

The financial statements together with the related notes and supplementary information were prepared by Beckham & Penner, P.C. for the Village for the fiscal year; however, management acknowledges and accepts responsibility for the financial statements.

**EXIT CONFERENCE:**

The exit conference was held on December 5, 2014 at the Village of Magdalena and was attended by:

**Village of Magdalena:**

Diego Montoya, Mayor  
Tom Barrington, Trustee  
Stephanie Finch, Clerk/Treasurer  
Carleen Gomez, Deputy Clerk

**Beckham & Penner P.C. CPA's:**

Rick Penner, CPA