

State of New Mexico

# VILLAGE OF MOSQUERO

FOR YEAR ENDED JUNE 30, 2014

(WITH AUDITOR'S REPORT THEREON)

***RICE & ASSOCIATES***

**CERTIFIED PUBLIC ACCOUNTANTS**

STATE OF NEW MEXICO

VILLAGE OF MOSQUERO

AUDIT REPORT

For The Year Ended June 30, 2014

(with Auditor's Report Thereon)

STATE OF NEW MEXICO  
 VILLAGE OF MOSQUERO  
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STATE OF NEW MEXICO  
VILLAGE OF MOSQUERO  
Official Roster  
Year Ended June 30, 2014

Village Council

<u>Name</u>	<u>Title</u>
Mr. Patrick Thrasher	Mayor
Mr. Jimmie Ridge	Council Member
Mr. Curtis Jeffrey	Council Member
Mr. Darla King	Council Member

Village Administration

Ms. Shawn Jeffrey	Clerk-Treasurer
Ms. Rita Palos	Deputy Clerk

# Rice and Associates, C.P.A.

AUDITING  
BOOKKEEPING  
(505) 292-8275

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11805 Menaul NE  
Albuquerque, NM 87112

TAX PLANNING  
TAX PREPARATION  
FAX (505) 294-8904

## INDEPENDENT AUDITOR'S REPORT

Mr. Tim Keller  
New Mexico State Auditor  
and  
Honorable Mayor and Village Council  
Village of Mosquero  
Mosquero, New Mexico

### Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the budgetary comparisons for the General, Fire Protection, Law Enforcement Protection Funds of the Village of Mosquero, as of and for the year ended June 30, 2014, and the related notes to the financial statements which collectively comprise the Village of Mosquero's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Village of Mosquero's major enterprise funds and the budgetary comparisons for the enterprise funds 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 misstatements, whether due to fraud or error.

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Village of Mosquero, 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, Fire Protection, Law Enforcement Protection Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each enterprise fund of the Village of Mosquero, as of June 30, 2014, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the enterprise funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

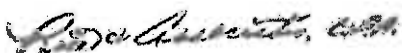
Management has omitted the MD&A which is required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements is required by GASB who considers it to be an essential part of financial reporting for placing the basic financial 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 Mosquero's financial statements, the combining and the individual fund financial statements, and the budgetary comparisons. The budgetary comparison for the enterprise funds are presented for purposes of additional analysis and is not a required part of the basic financial statements.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2015 on our consideration of the Village of Mosquero'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 Mosquero's internal control over financial reporting and compliance.



Albuquerque, New Mexico  
February 10, 2015

**FINANCIAL STATEMENTS**



STATE OF NEW MEXICO  
VILLAGE OF MOSQUERO  
Statement of Net Position  
June 30, 2014

Statement 1  
Page 1 of 2

	Governmental Activities	Business Type Activities	Total
<b>ASSETS</b>			
Current Assets			
Cash	\$ 149,531	\$ 6,830	\$ 156,361
Accounts receivable (net of uncollectible accounts)	17,912	4,939	22,851
Due from other funds	<u>          -</u>	<u>7,356</u>	<u>7,356</u>
Total current assets	<u>167,443</u>	<u>19,125</u>	<u>186,568</u>
Restricted Assets			
Debt service reserve (cash)	<u>          -</u>	<u>1,162</u>	<u>1,162</u>
Total restricted assets	<u>          -</u>	<u>1,162</u>	<u>1,162</u>
Capital Assets			
Land	174,014	-	174,014
Land Improvements	-	65,638	65,638
Equipment	90,129	-	90,129
Buildings	572,483	60,000	632,483
Vehicles	127,175	-	127,175
Heavy equipment	541,017	109,092	650,109
Water system	-	2,076,246	2,076,246
Infrastructure	<u>2,141,057</u>	<u>115,000</u>	<u>2,256,057</u>
Total capital assets	<u>3,645,875</u>	<u>2,425,976</u>	<u>6,071,851</u>
Less accumulated depreciation	(1,206,540)	(732,012)	(1,938,552)
Total capital assets (net of accumulated depreciation)	<u>2,439,335</u>	<u>1,693,964</u>	<u>4,133,299</u>
Total assets	<u>\$ 2,606,778</u>	<u>\$ 1,714,251</u>	<u>\$ 4,321,029</u>

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

STATE OF NEW MEXICO  
VILLAGE OF MOSQUERO  
Statement of Net Position  
June 30, 2014

Statement 1  
Page 2 of 2

	Governmental Activities	Business Type Activities	Total
<b>LIABILITIES AND NET ASSETS</b>			
Current Liabilities			
Accounts payable	\$ 22,801	\$ 1,083	\$ 23,884
NMFA loan payable	26,241	-	26,241
Due to other funds	-	-	-
Total current liabilities	49,042	1,083	50,125
Non-Current Liabilities			
Landfill closure and post closure liability	-	94,900	94,900
NMFA loan payable	238,055	-	238,055
Compensated absences	-	3,319	3,319
Total non-current liabilities	238,055	98,219	336,274
Total liabilities	287,097	99,302	386,399
Net Position			
Net Investment in			
Capital Assets	2,175,039	1,693,964	3,869,003
Restricted for debt service	3,732	1,162	4,894
Restricted for capital outlay	23,830	-	23,830
Restricted for special revenue funds	30,509	-	30,509
Unrestricted	86,571	(80,177)	6,394
Total net position	2,319,681	1,614,949	3,934,630
Total liabilities and net position	\$ 2,606,778	\$ 1,714,251	\$ 4,321,029

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

STATE OF NEW MEXICO  
 VILLAGE OF MOSQUERO  
 Statement of Activities  
 Year Ended June 30, 2014

Statement 2

Functions/Programs	Program Revenues				Net (Expenses) Revenue and Changes in Net Position		
	Expenses	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	\$ 84,582	\$ 4,255	\$ 33,088	\$ 13,347	\$ (33,892)	\$ -	\$ (33,892)
Public safety	42,776	-	90,858	-	48,082	-	48,082
Depreciation - unallocated	172,326	-	-	-	(172,326)	-	(172,326)
Interest on long-term debt	518	-	-	-	(518)	-	(518)
<b>Total governmental activities</b>	<b>300,202</b>	<b>4,255</b>	<b>123,946</b>	<b>13,347</b>	<b>(158,654)</b>	<b>-</b>	<b>(158,654)</b>
Business-type activities:							
Water/Sewer expenses	126,805	42,090	54	-	-	(84,661)	(84,661)
Solid waste	40,734	12,136	11,500	-	-	(17,098)	(17,098)
<b>Total business-type activities</b>	<b>167,539</b>	<b>54,226</b>	<b>11,554</b>	<b>-</b>	<b>-</b>	<b>(101,759)</b>	<b>(101,759)</b>
<b>Total all activities</b>	<b>\$ 467,741</b>	<b>\$ 58,481</b>	<b>\$ 135,500</b>	<b>\$ 13,347</b>	<b>(158,654)</b>	<b>(101,759)</b>	<b>(260,413)</b>
<b>General Revenues:</b>							
Property taxes					1,414	-	1,414
Gross receipts taxes					38,367	7,356	45,723
Gasoline taxes					5,295	-	5,295
Motor vehicle taxes					853	-	853
State aid not restricted to special purposes					-	-	-
General					90,000	-	90,000
Unrestricted investment earnings					346	22	368
<b>Total general revenues</b>					<b>136,275</b>	<b>7,378</b>	<b>143,653</b>
<b>Change in net position</b>					<b>(22,379)</b>	<b>(94,381)</b>	<b>(116,760)</b>
<b>Net position - beginning</b>					<b>2,342,060</b>	<b>1,709,330</b>	<b>4,051,390</b>
<b>Net position - ending</b>					<b>\$ 2,319,681</b>	<b>\$ 1,614,949</b>	<b>\$ 3,934,630</b>

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

STATE OF NEW MEXICO  
 VILLAGE OF MOSQUERO  
 Balance Sheet  
 Governmental Funds  
 June 30, 2014

Statement 3

	General	Fire Protection Fund	Law Enforcement Protection Fund	Total Governmental Funds
<b>ASSETS</b>				
Cash on deposit	\$ 119,022	\$ 23,179	\$ 7,330	\$ 149,531
Accounts receivable	17,912	-	-	17,912
Due from other funds	-	-	-	-
Total assets	\$ 136,934	\$ 23,179	\$ 7,330	\$ 167,443
<b>LIABILITIES</b>				
Accounts payable	\$ 7,356	\$ -	\$ -	\$ 7,356
Due to other funds	15,445	-	-	15,445
Total liabilities	22,801	-	-	22,801
<b>FUND BALANCE</b>				
Unreserved:				
Nonspendable	-	-	-	-
Restricted	27,555	23,179	7,330	58,064
Committed	-	-	-	-
Unassigned	86,578	-	-	86,578
Total fund balance	114,133	23,179	7,330	144,642
Total liabilities and fund balance	\$ 136,934	\$ 23,179	\$ 7,330	\$ 167,443

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

STATE OF NEW MEXICO  
VILLAGE OF MOSQUERO  
Governmental Funds

Statement 4

Reconciliation of the Balance Sheet to the Statement of Net Position  
June 30, 2014

Amounts reported for governmental activities  
in the statement of net position are different  
because:

Fund balances - total governmental funds \$ 144,642

Capital assets used in governmental activities  
are not financial resources and, therefore, are  
not reported in the funds 2,439,335

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

NMFA Loans payable	(264,296)	
Compensated absences	<u>-</u>	
		<u>(264,296)</u>

Net position of governmental activities \$ 2,319,681

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

STATE OF NEW MEXICO  
 VILLAGE OF MOSQUERO  
 Governmental Funds  
 Statement of Revenues, Expenditures and Changes in Fund Balances  
 For the year ended June 30, 2014

	General	Fire Protection Fund	Law Enforcement Protection Fund	Total Governmental Funds
<b>REVENUES</b>				
Taxes:				
Property taxes	\$ 1,414	\$ -	\$ -	\$ 1,414
Gross receipts taxes	38,367	-	-	38,367
Gasoline taxes	5,295	-	-	5,295
Motor vehicle taxes	853	-	-	853
Charges for services	3,250	-	-	3,250
Licenses and permits	1,005	-	-	1,005
Local sources	33,088	-	-	33,088
State sources	103,347	70,858	20,000	194,205
Federal sources	-	-	-	-
Earnings from investments	343	3	-	346
	<u>186,962</u>	<u>70,861</u>	<u>20,000</u>	<u>277,823</u>
Total revenues				
<b>EXPENDITURES</b>				
Current:				
General government	84,582	-	-	84,582
Highways and streets	-	-	-	-
Health and welfare	-	-	-	-
Public safety	-	33,406	9,370	42,776
Culture and recreation	-	-	-	-
Capital outlay	27,663	2,000	6,097	35,760
Debt service:				
Principal	1,337	24,700	-	26,037
Interest	24	494	-	518
	<u>113,606</u>	<u>60,600</u>	<u>15,467</u>	<u>189,673</u>
Total expenditures				
Net change in fund balances	73,356	10,261	4,533	88,150
Fund balance beginning of year	<u>40,777</u>	<u>12,918</u>	<u>2,797</u>	<u>56,492</u>
Fund balance end of year	<u>\$ 114,133</u>	<u>\$ 23,179</u>	<u>\$ 7,330</u>	<u>\$ 144,642</u>

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

STATE OF NEW MEXICO  
VILLAGE OF MOSQUERO  
Reconciliation of the Statement of Revenues, Expenditures  
and Changes in Fund Balances - Governmental Funds  
to the Statement of Activities  
For the Year Ended June 30, 2014

Statement 6

Net change in fund balances - total governmental funds \$ 88,150

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

Capital outlays to purchase or build capital  
assets are reported in governmental funds as  
expenditures. However, for governmental  
activities those costs are shown in the statement  
of net assets and allocated over their estimated  
useful lives as annual depreciation expenses in the  
statement of activities. This is the amount by which  
depreciation exceed capital outlays in the period.

Depreciation expense	(172,326)	
Capital outlays	35,760	
Excess of capital outlay over depreciation expense		(136,566)

In the Statement of Activities, certain operating  
expenses are measured by the amount incurred  
during the year. In the fund financial statements,  
however, expenditures are measured by the amount  
of financial resources used (essentially the amounts  
actually paid). The (increases) decreases in the  
liabilities for the year were:

Compensated absences payable

The issuance of long-term debt (e.g. loans payable) provides  
current financial resources to governmental funds while  
the repayment of the principal of long-term debt consumes  
the current financial resources of governmental funds.

Repayment of long-term debt		26,037
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Change in net assets of governmental activities		\$ (22,379)
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The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
 VILLAGE OF MOSQUERO  
 General Fund  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Taxes	\$ 1,325	\$ 1,325	\$ 1,425	\$ 100
Charges for services	1,500	1,500	3,500	2,000
Licenses and permits	350	350	1,005	655
Local sources	10,000	10,000	33,088	23,088
State sources	50,000	50,000	90,000	40,000
Federal sources	-	-	-	-
State shared taxes	69,504	69,504	42,496	(27,008)
Earnings from investments	50	50	343	293
	<u>50</u>	<u>50</u>	<u>343</u>	<u>293</u>
Total revenues	<u>\$ 132,729</u>	<u>\$ 132,729</u>	<u>\$ 171,857</u>	<u>\$ 39,128</u>
<b>EXPENDITURES</b>				
General government	\$ 43,639	\$ 82,506	\$ 78,550	\$ 3,956
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	50,000	50,000	21,958	28,042
Loan principle	1,337	1,337	1,337	-
Loan interest	24	24	24	-
	<u>24</u>	<u>24</u>	<u>24</u>	<u>-</u>
Total expenditures	<u>\$ 95,000</u>	<u>\$ 133,867</u>	<u>\$ 101,869</u>	<u>\$ 31,998</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>\$ 1,138</u>		

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



STATE OF NEW MEXICO  
 VILLAGE OF MOSQUERO  
 Special Revenue - Fire Protection Fund  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State Sources	\$ 72,711	\$ 72,711	\$ 70,858	\$ (1,853)
Earnings from investments	-	-	3	3
Total revenues	<u>\$ 72,711</u>	<u>\$ 72,711</u>	<u>\$ 70,861</u>	<u>\$ (1,850)</u>
EXPENDITURES				
Public safety	\$ 85,629	\$ 85,629	\$ 60,600	\$ 25,029
Total expenditures	<u>\$ 85,629</u>	<u>\$ 85,629</u>	<u>\$ 60,600</u>	<u>\$ 25,029</u>
BUDGETED CASH BALANCE	<u>\$ 12,918</u>	<u>\$ 12,918</u>		

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

STATE OF NEW MEXICO  
 VILLAGE OF MOSQUERO  
 Special Revenue - Law Enforcement Protection Fund  
 Statement of Revenues and Expenditures  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ 20,000	\$ 20,000	\$ 20,000	\$ -
Total revenues	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ -</u>
EXPENDITURES				
Public safety	\$ 22,797	\$ 22,797	\$ 15,467	\$ 7,330
Total expenditures	<u>\$ 22,797</u>	<u>\$ 22,797</u>	<u>\$ 15,467</u>	<u>\$ 7,330</u>
BUDGETED CASH BALANCE	<u>\$ 2,797</u>	<u>\$ 2,797</u>		

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

STATE OF NEW MEXICO  
VILLAGE OF MOSQUERO  
Combining Statement of Net Position  
Proprietary Funds  
June 30, 2014

Statement 10

	Water Fund	Sewer Fund	Solid Waste Fund	Total
<b>ASSETS</b>				
Current assets				
Cash	\$ (7,324)	\$ 2,767	\$ 11,387	\$ 6,830
Due from other funds	5,884	-	1,472	7,356
Accounts receivable (net of allowance)	<u>4,939</u>	<u>-</u>	<u>-</u>	<u>4,939</u>
Total current assets	<u>3,499</u>	<u>2,767</u>	<u>12,859</u>	<u>19,125</u>
Restricted assets				
Solid waste reserve (cash)	<u>-</u>	<u>-</u>	<u>1,162</u>	<u>1,162</u>
Total restricted assets	<u>-</u>	<u>-</u>	<u>1,162</u>	<u>1,162</u>
Capital assets				
Land	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Property, plant and equipment	1,593,746	675,000	157,230	2,425,976
Less accumulated depreciation	<u>(495,910)</u>	<u>(135,943)</u>	<u>(100,159)</u>	<u>(732,012)</u>
Total capital assets net of accumulated depreciation	<u>1,097,836</u>	<u>539,057</u>	<u>57,071</u>	<u>1,693,964</u>
Total assets	<u>1,101,335</u>	<u>541,824</u>	<u>71,092</u>	<u>1,714,251</u>
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	1,083	-	-	1,083
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total current liabilities	<u>1,083</u>	<u>-</u>	<u>-</u>	<u>1,083</u>
Noncurrent liabilities				
Compensated absences	3,319	-	-	3,319
Landfill closure payable	<u>-</u>	<u>-</u>	<u>94,900</u>	<u>94,900</u>
Total noncurrent liabilities	<u>3,319</u>	<u>-</u>	<u>94,900</u>	<u>98,219</u>
Total liabilities	<u>4,402</u>	<u>-</u>	<u>94,900</u>	<u>99,302</u>
<b>NET POSITION</b>				
Net Investment in				
Capital Assets	1,097,836	539,057	57,071	1,693,964
Restricted for solid waste	<u>-</u>	<u>-</u>	<u>1,162</u>	<u>1,162</u>
Unrestricted	<u>(903)</u>	<u>2,767</u>	<u>(82,041)</u>	<u>(80,177)</u>
Total net position	<u>\$ 1,096,933</u>	<u>\$ 541,824</u>	<u>\$ (23,808)</u>	<u>\$ 1,614,949</u>

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

STATE OF NEW MEXICO  
VILLAGE OF MOSQUERO  
Proprietary Funds  
Combining Statement of Revenues, Expenses and Changes in Fund Net Position  
For the Year Ended June 30, 2014

	Water Fund	Sewer Fund	Solid Waste Fund	Totals
<b>OPERATING REVENUES</b>				
Charges for services	\$ 26,936	\$ 15,154	\$ 12,136	\$ 54,226
Local sources	54	-	11,500	11,554
Environmental gross receipts taxes	5,884	-	1,472	7,356
<b>Total operating revenue</b>	<b>32,874</b>	<b>15,154</b>	<b>25,108</b>	<b>73,136</b>
<b>OPERATING EXPENSES</b>				
Salaries	15,596	8,325	5,260	29,181
Maintenance & operations	17,686	4,666	14,956	37,308
Depreciation	49,844	30,688	20,518	101,050
<b>Total operating expenses</b>	<b>83,126</b>	<b>43,679</b>	<b>40,734</b>	<b>167,539</b>
Operating income (loss)	(50,252)	(28,525)	(15,626)	(94,403)
<b>NON-OPERATING REVENUE (EXPENSES)</b>				
Investment income	21	-	1	22
Investment expense	-	-	-	-
Capital grants	-	-	-	-
Transfer in	-	-	-	-
Transfer out	-	-	-	-
<b>Total Non-Operating Revenue (Expenses)</b>	<b>21</b>	<b>-</b>	<b>1</b>	<b>22</b>
Change in Net Position	(50,231)	(28,525)	(15,625)	(94,381)
Net position, beginning of year	1,147,164	570,349	(8,183)	1,709,330
Net position, end of year	<u>\$ 1,096,933</u>	<u>\$ 541,824</u>	<u>\$ (23,808)</u>	<u>\$ 1,614,949</u>

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

STATE OF NEW MEXICO  
VILLAGE OF MOSQUERO  
Proprietary Funds  
Combining Statement of Cash Flows  
For the Year Ended June 30, 2014

Statement 12

	Water Fund	Sewer Fund	Solid Waste Fund	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Received from customers	\$ 27,552	\$ 15,154	\$ 12,136	\$ 54,842
Cash from County	-	-	11,500	11,500
Environmental gross receipts tax	-	-	-	-
Cash payment to employees	(16,598)	(8,325)	(5,260)	(30,183)
Cash payments to suppliers	(19,389)	(4,666)	(14,956)	(39,011)
 Net cash provided by operating activities	 <u>(8,435)</u>	 <u>2,163</u>	 <u>3,420</u>	 <u>(2,852)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES:</b>				
Principal paid on debt	-	-	-	-
Interest paid on debt	-	-	-	-
Acquisition and construction of capital assets	-	-	-	-
Capital grants	-	-	-	-
 Net cash provided by capital and related activities	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Operating transfers to other funds	-	-	-	-
Operating transfers from other funds	-	-	-	-
 Net cash provided (used) by noncapital financing activities	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest	21	-	1	22
 Net cash provided by investing activities	 <u>21</u>	 <u>-</u>	 <u>1</u>	 <u>22</u>
 Net increase (decrease) in cash	 (8,414)	 2,163	 3,421	 (2,830)
Cash, beginning of year	1,090	604	9,128	10,822
Cash, end of year	<u>\$ (7,324)</u>	<u>\$ 2,767</u>	<u>\$ 12,549</u>	<u>\$ 7,992</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ (50,252)	\$ (28,525)	\$ (15,626)	\$ (94,403)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	49,844	30,680	20,518	101,050
Changes in assets and liabilities:				
Receivables	562	-	-	562
Payables	(1,704)	-	-	(1,704)
Compensated absences	(1,001)	-	-	(1,001)
Due from other funds	(5,884)	-	(1,472)	(7,356)
 Net cash provided (used) by operating activities	 <u>\$ (8,435)</u>	 <u>\$ 2,163</u>	 <u>\$ 3,420</u>	 <u>\$ (2,852)</u>

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

STATE OF NEW MEXICO  
VILLAGE OF MOSQUERO  
Notes to Financial Statements  
Year Ended June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Mosquero is incorporated under Section 3 New Mexico State Statutes Annotated 1978 Compilation operating under a Mayor-Council form of government and provides the following services as authorized: public safety (police and fire), highways and streets, sanitation, health and social services, culture-recreation and general administrative services.

The financial statements of the Village of Mosquero have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Reporting Entity

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to 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 had no component units.

Notes to Financial Statements (continued)

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 nonfiduciary activities of the Village. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which is normally supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are 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 operation or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

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 billed. 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 30 days of the end of the current fiscal period. Expenditures

Notes to Financial Statements (continued)

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 judgements, 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.

The government reports the following major governmental funds:

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.

The *Fire Protection Fund* (Special Revenue Fund) is to account for the operations and maintenance of the Fire Department. It is financed by a specific allotment from the State Fire Marshall's Office. The authority is NMSA 59A-53-1.

The *Law Enforcement Protection Fund* (LEPF) (Special Revenue Fund) is to account for the proceeds of a State grant provided for the purchase and repair of equipment as well as specialized training of police personnel. The authority is NMSA 29-13-1.

The Village reports the following major Proprietary Funds.

The *Water and Sewer Fund* is used to account for the activities of the Village's water and wastewater operations.

The *Solid Waste Fund* accounts for the collection and disposal of solid waste.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.



## Notes to Financial Statements (continued)

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund is charged to customers for sales and services. The enterprise fund also recognized as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

### D. Budgets and Budgetary Accounting

The Village follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to June 1, the Village Clerk-Treasurer submits to the Village Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them based on previous year's history. Public hearings are conducted at the Village Hall to obtain taxpayer comments. Prior to July 1, the budget is legally enacted through passage of an ordinance.
2. The Village Clerk-Treasurer is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any funds must be approved by the Village Council and New Mexico State Department of Finance, Division of Local Governments. The original budget that was adopted in July, 1998 was amended during the fiscal year in a legally permissible manner.
3. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, and Capital Project Funds.
4. Encumbrances are not reported in the budgets or financial statements.
5. The level of classification detail in which expenditures of expenses may not legally exceed appropriations for each budget is in fund total. Appropriations lapse at year end.

## Notes to Financial Statements (continued)

6. Budgets for the General and Special Revenue Funds are adopted on a basis not consistent with generally accepted accounting principals. Throughout the year the accounting records are maintained on the Non-GAAP basis of cash receipts and disbursements. Accordingly, certain revenues and the related assets are recognized when paid rather than when the obligation is incurred. The financial statements are presented on the modified accrual basis of accounting. Budgetary comparisons presented for General and Special Revenue Funds in this report are on the Non-GAAP budgetary basis and actual (cash basis). The budget of the Enterprise Fund is adopted on a Non-GAAP cash basis.

### E. Cash and Investments

Cash includes amounts in demand deposits as well as short-term investments with a maturity of six months from the date acquired by the government. State statutes authorize the government to invest in obligations of the U.S. Treasury, interest bearing accounts with local financial institutions and the State Treasurer Pool.

New Mexico Statutes require that financial institutions with public monies on deposit pledge collateral, to the owners of such monies, in an amount not less than 50% of the public monies held on deposit. Collateral pledged is held in safekeeping by other financial institutions, with safekeeping receipts held by the Village. The pledged securities remain in the name of the financial institution.

### F. Inventories

The cost of inventories are recorded as expenditures when purchased rather than when consumed.

### G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. This is an increase from the \$1,000 threshold reported in prior years. This is a change in accounting estimate. All previously reported Capital Assets that do not meet the updated amount will be depreciated currently and in future periods until they are fully depreciated. Donated Capital Assets are recorded at their estimated fair value at the date of donation. Additions,

Notes to Financial Statements (continued)

improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1979) are included as part of the governmental capital assets reported in the government wide statements. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

<u>Assets</u>	<u>Years</u>
Buildings	20-40
Building improvements	10-40
Public domain infrastructure	40
System infrastructure	20-30
Vehicles	10
Office equipment	5-10
Heavy equipment	10

The Village does not capitalize computer software or software developed for internal use (if applicable) unless it exceeds the \$5,000 threshold.

H. Compensated Absences

It is the policy of the Village of Mosquero to permit certain employees to accumulate a limited amount of earned but unused vacation, which will be paid to employees upon separation from the Village's service. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

Sick pay does not vest and is recorded as an expenditure when it is paid.

The accumulated compensated absences balance at fiscal year end was \$3,319.

## Notes to Financial Statements (continued)

### I. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type 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.

### J. Taxes

Motor Vehicle Registration Fees - Under the provisions of Chapter 66, Article 6, NMSA 1978, the State of New Mexico collects various fees for the registration and regulation of motor vehicles in the state. Of the amount collected, certain specified amounts are distributed to various governmental agencies within the State, including; the Motor Vehicle Division, State Road fund, municipalities, and counties. After certain priority payments, as detailed in 66-6-23 NMSA 2978 have been made, a portion of the remaining fees held in the motor vehicle surplus fund are distributed as required in 66-6-23 B (4) and 66-6-23 B (5). These distributions are commonly referred to as the 10% and 15% motor vehicle tax distributions.

Gasoline Tax - The State of New Mexico, by authority of Chapter 7, Article 13 NMSA 1978, imposed an excise tax on \$0.17 on each gallon of gasoline received in New Mexico. Of the total gasoline taxes received, a portion is distributed to the various municipalities within the State pursuant to Chapter 7, Article 1-6.9 NMSA 1978 and Chapter 7, Article 1-6.27 NMSA 1978.

Municipal Gross Receipts Tax - Under authority of Chapter 7, Articles 19 and 19D, NMSA 1978, the Village adopted gross receipts taxing through ordinance. Said ordinances provide for the imposition of gross receipts taxes on all non-exempt persons engaging in business in the municipality. The tax is collected by the State of New Mexico and remitted to the Village after deducting certain administrative costs.

State Gross Receipts Tax - Under authority of Chapter 7, Article 1, NMSA 1978, the State of New Mexico imposes a gross receipts tax on all businesses within the State. Of the total collected, 1.225% of the taxable gross receipts are distributed to the municipality reporting the taxable receipts.

### K. Restricted Assets

Certain proceeds of the enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in a separate bank account and their use is limited by the applicable bond covenant. The "debt service reserve" account is used to report resources set aside for the purpose of debt service repayments.

### L. Net Position

The governmental activities and business-type activities financial statements utilize a net position presentation. Net assets are categorized as follows:

Notes to Financial Statements (continued)

Net investment in capital assets - This category reflects the portion of net position that are associates with capital assets less outstanding capital asset related debt.

Restricted net position - This category reflects the portion of net position that have third party limitation on their use.

Unrestricted net position - This category reflects net position of the Village not restricted for any project or other purposes.

M. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (Village ordinances).

Enabling legislation authorizes the Village to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Village can be compelled by an external party - such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposed specified by the legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of the Village Council. Those committed amounts cannot be used for any other purpose unless the Village Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the Village Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Notes to Financial Statements (continued)

Assigned - Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Village Council or a Village official delegated that authority by the Village Council or ordinance.

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts have been restricted, committed, or assigned.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

N. 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.

O. 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 to employees; and natural disasters. The Village carries commercial insurance for these risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in the current fiscal year.

2. DEPOSITORY COLLATERAL

According to the Federal Deposit Insurance Authority, public unit deposits are funds owned by the Village's 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.

Notes to Financial Statements (continued)

The following is the Cash on Deposit at each financial institution.

Community First Bank	Reserve Fund	Savings	\$ 1,162
Community First Bank	Law Enforcement Fund	Checking	7,330
Community First Bank	Fire Fund	Checking	23,407
Community First Bank	Utilities Fund	Checking	7,845
Community First Bank	General Fund	Checking	108,558
Community First Bank	CDBG Fund	Checking	196
Wells Fargo	General Fund	Certificate of Deposit	6,471
Wells Fargo	General Fund	Checking	483
New Mexico Finance Authority	Fire Fund	Savings	-
New Mexico Finance Authority	General Fund	Savings	<u>3,732</u>
			<b><u>\$159,184</u></b>
Total amount on deposit			\$159,184
Deposit in transit			-
Outstanding checks			<u>(1,661)</u>
Total per financial statements			<b><u>\$157,523</u></b>

The following schedule details the public money held by the New Mexico Finance Authority, Wells Fargo and Community First Bank and the pledged collateral provided for the Village follows:

	<u>NMFA</u>	<u>Wells Fargo</u>	<u>Community First Bank</u>
Cash on deposit at June 30	\$ 3,732	\$ 6,954	\$ 148,498
Less FDIC	<u>3,732</u>	<u>6,954</u>	<u>148,498</u>
Uninsured funds	-	-	-
Funds needing collateralization at 50% (required by State Law)	-	-	-
Pledged collateral at June 30	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Pledged Collateral	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Notes to Financial Statements (continued)

*Custodial Credit Risk - Deposits* - Custodial Credit Risk is the risk that in the event of bank failure, the Village's deposits may not be returned to it. The Village does not have a deposit policy for custodial credit risk. As of June 30, 2014 NONE of the Village's bank balance of \$159,184 was exposed to custodial credit risk as follows:

A. Uninsured and Uncollateralized	\$	-
B. Uninsured and Collateralized with securities held by the pledging banks trust department, but not in the Villages name		<u>-</u>
Total	\$	<u><u>-</u></u>

3. PROPERTY TAX

Property taxes attach as an enforceable lien on property as of January 1. Property tax rates for the year are set no later than September 1 each year by the Secretary of Finance and Administration. The rates of tax are then used by County Assessors to develop the property tax schedule by October 1. Taxes are payable in equal semi-annual installments by November 10 and April 10 of the subsequent year. Taxes are collected on behalf of the Village by the County Treasurer, and are remitted to the Village in the month following collection. Because the Treasurer for the county in which the Village is located is statutorily required to collect taxes as an intermediary agency for all forms of government, distribution of taxes are made through the applicable County to the Village.

The Village is permitted to levy taxes for general operating purposes based on taxable value for both residential and nonresidential property, taxable value being defined as one-third of the fully assessed value. In addition, the Village is allowed to levy taxes for payments of bond principal and interest in amounts approved by voters of the Village.

The Village accounts for its share of property taxes in the General Fund. Only those collections received are recorded as revenues. The Village has no means of determining the amount of delinquent taxes, and no delinquent taxes are recorded on the Villages financial records.



Notes to Financial Statements (continued)

4. ACCOUNTS RECEIVABLES

Receivables as of June 30, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Receivables from customers	\$ -	\$ 6,639
Less allowance for uncollectible accounts	-	(1,700)
Subtotal	-	4,939
Intergovernmental	13,347	-
Various taxes	4,565	-
 Total	 <u>\$ 17,912</u>	 <u>\$ 4,939</u>

5. ACCUMULATED UNPAID VACATION LEAVE

Compensated absences are expended in the fund in which the liability is incurred. The General Fund would be liable for \$0 the Water/Sewer Fund would be liable for \$3,319.

<u>Balance June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2014</u>	<u>Due Within One Year</u>
\$ 4,320	\$ -	\$ 1,001	\$ 3,319	\$ -

6. LONG-TERM LIABILITIES

A. Changes in Long-Term Liabilities

During the year ended June 30, the following changes occurred in the liabilities reported in the District-Wide Statement of Net Assets:

	<u>Balance June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2014</u>	<u>Due Within One Year</u>
NMFA Loan	\$ 280,900	\$ -	\$ 24,700	\$ 256,200	\$ 24,900
NMFA Loan	9,433	-	1,337	8,096	1,341
 Total	 <u>\$ 290,333</u>	 <u>\$ -</u>	 <u>\$ 26,037</u>	 <u>\$ 264,296</u>	 <u>\$ 26,241</u>

Notes to Financial Statements (continued)

The Village entered into a loan agreement with the New Mexico Finance Authority evidencing a special limited obligation of the Village to pay a principal amount of \$20,000 and interest for the purpose of defraying the cost of remodeling the existing structure of the Villages administration building. The interest rate is 0% plus 0.25% administrative fee. The maturity date is May 1, 2020.

Due in Year Ending June 30	Principal	Interest	Total
2015	\$ 1,341	\$ 20	\$ 1,361
2016	1,344	17	1,361
2017	1,348	14	1,362
2018	1,351	10	1,361
2019	1,354	7	1,361
2020	<u>1,358</u>	<u>3</u>	<u>1,361</u>
	<u>\$ 8,096</u>	<u>\$ 71</u>	<u>\$ 8,167</u>

The Village entered into a loan agreement with the New Mexico Finance Authority evidencing a special limited obligation of the Village to pay a principal amount of \$304,500 and interest for the purpose of defraying the cost of acquiring a fire tanker for the Village's fire department. The yearly payments are to be redirected from the Villages share of the State Fire Fund revenues to the NMFA. The interest rate is 0.190% to 0.810%. The maturity date is May 1, 2024. This loan will be liquidated by the Fire Protection Fund. The total annual principal and interest payments to repay the loan is 33% of gross revenue.

Due in Year Ending June 30	Principal	Interest	Total
2015	\$ 24,900	\$ 402	\$ 25,302
2016	25,100	260	25,360
2017	25,775	58	25,833
2018	25,775	-	25,775
2019	25,775	-	25,775
2020	25,775	-	25,775
2021	25,775	-	25,775
2022	25,775	-	25,775
2023	25,775	-	25,775
2024	<u>25,775</u>	<u>-</u>	<u>25,775</u>
	<u>\$ 256,200</u>	<u>\$ 720</u>	<u>\$ 256,920</u>

Notes to Financial Statements (continued)

7. RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS STATEMENTS

<u>Revenues</u>	<u>General Fund</u>	<u>Fire Protection Fund</u>	<u>Law Enforcement Protection</u>
Actual	\$186,962	\$ 70,861	\$ 20,000
Budget	<u>171,857</u>	<u>70,861</u>	<u>20,000</u>
Increase (decrease) in receivables	<u>\$ 15,105</u>	<u>\$ -</u>	<u>\$ -</u>
 <u>Expenditures</u>			
Actual	\$113,606	\$ 60,600	\$ 15,467
Budget	<u>101,869</u>	<u>60,600</u>	<u>15,467</u>
Increase (decrease) in payables	<u>\$ 11,737</u>	<u>\$ -</u>	<u>\$ -</u>

8. CAPITAL ASSETS

The amount of property, plant and equipment in the Business-Type Activities consists of the following:

	<u>Balances June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances June 30, 2014</u>
Buildings	\$ 60,000	\$ -	\$ -	\$ 60,000
Infrastructure (storage tanks)	115,000	-	-	115,000
Water/sewer system	2,076,246	-	-	2,076,246
Equipment	109,092	-	-	109,092
Land improvements	<u>65,638</u>	<u>-</u>	<u>-</u>	<u>65,638</u>
Sub-total	<u>2,425,976</u>	<u>-</u>	<u>-</u>	<u>2,425,976</u>
Less accumulated depreciation for:				
Buildings	(41,955)	(1,500)	-	(43,455)
Infrastructure (storage tanks)	(81,074)	(2,875)	-	(83,949)
Water/sewer system	(417,793)	(74,406)	-	(492,199)
Equipment	(46,040)	(10,714)	-	(56,754)
Land improvements	<u>(44,100)</u>	<u>(11,555)</u>	<u>-</u>	<u>(55,655)</u>
Sub-total	<u>(630,962)</u>	<u>(101,050)</u>	<u>-</u>	<u>(732,012)</u>
Net capital assets	<u>\$ 1,795,014</u>	<u>\$ (101,050)</u>	<u>\$ -</u>	<u>\$ 1,693,964</u>

Notes to Financial Statements (continued)

The amount of property, plant and equipment in the Governmental-Type Activities consists of the following:

	Balance <u>June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2014</u>
Land	\$ 174,014	\$ -	\$ -	\$ 174,014
Total capital assets not being depreciated	<u>174,014</u>	<u>-</u>	<u>-</u>	<u>174,014</u>
Building and improvements	572,483	-	-	572,483
Infrastructure	2,115,213	25,846	-	2,141,059
Heavy equipment	541,017	-	-	541,017
Vehicles	123,077	4,097	-	127,174
Equipment	<u>84,312</u>	<u>5,816</u>	<u>-</u>	<u>90,128</u>
Total capital assets being depreciated	<u>3,436,102</u>	<u>35,759</u>	<u>-</u>	<u>3,471,861</u>
Less accumulated depreciation for:				
Building and improvements	(226,681)	(37,338)	-	(264,019)
Infrastructure	(449,159)	(107,053)	-	(556,212)
Heavy equipment	(229,218)	(11,359)	-	(240,577)
Vehicles	(65,545)	(6,910)	-	(72,455)
Equipment	<u>(63,611)</u>	<u>(9,666)</u>	<u>-</u>	<u>(73,277)</u>
Total accumulated depreciation	<u>(1,034,214)</u>	<u>(172,326)</u>	<u>-</u>	<u>(1,206,540)</u>
Total capital assets being depreciated	<u>2,401,888</u>	<u>(136,567)</u>	<u>-</u>	<u>2,265,321</u>
Net capital assets	<u>\$ 2,575,902</u>	<u>\$ (136,567)</u>	<u>\$ -</u>	<u>\$ 2,439,335</u>

9. RETIREMENT PLAN

*Plan Description.* Substantially all of Village of Mosquero'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 Employees Retirement Board (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 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. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, New Mexico 87504-2123.

*Funding Policy.* Plan members are required to contribute 7% of their gross salary. The Village of Mosquero is required to contribute 7% of the gross covered salary. The contribution requirements of plan members and the Village of Mosquero are established in Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of legislature. The Village of Mosquero contributions to PERA for the year ending June 30, 2014, 2013 and 2012 were \$2,323, \$3,359 and \$4,153 respectively equal to the amount of the required contributions for the year.

Notes to Financial Statements (continued)

10. RETIREE HEALTH CARE ACT CONTRIBUTIONS

The Village has elected not to participate in the Retiree Health Care Act of New Mexico's retiree health care program.

11. ACCOUNTING FOR LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS

Closure costs are defined as costs related to closing the landfill. The costs include grading, compacting, fertilizing, seeding, fencing, and other costs associated with closing the site of the landfill. A September, 2002 report issued to the Agency indicated that these types of closure costs are estimated at \$13,900.

The landfill is now closed and all costs have been recorded in the Enterprise Fund to date.

Post closure costs are defined as costs to maintain and monitor the landfill for 30 years after closure. These would include ground water monitoring, post-closure inspections, and cap and slop maintenance. A November, 2004 report issued to the Agency indicated that these types of post-closure costs are estimated at \$94,900.

The Village of Mosquero will be applying to the State for a grant to cover these costs.

12. LEGISLATURE APPROPRIATIONS

The Village of Mosquero received an appropriation of \$50,000 to plan, design and construct street improvements.

<u>Appropriation</u>	<u>Term</u>	<u>Amount</u>	<u>Remaining Balance</u>
Laws of 2012, HB 191, Chapter 64, Section 18 Subsection 28, Capital Appropriation Project	September 23, 2015 to June 30, 2016	\$ 50,000	\$ 12,268

13. PENSION LIABILITY

Agencies that contribute to pensions subject to GASB 68 must include a pension liability in the financial statements beginning in the fiscal year ending June 30, 2015 audit report. At this time the Public Employees Retirement Association is a pension that will fall under the requirements of GASB 68. This liability and the total amount needed to be reported are unknown at this time.

Notes to Financial Statements (continued)

14. FUND BALANCES CLASSIFIED

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented here.

<u>Fund Balances</u>	<u>General Fund</u>	<u>Fire Protection Fund</u>	<u>LEPF Fund</u>	<u>Totals</u>
<u>Nonspendable:</u>				
Interfund loans	\$ -	\$ -	\$ -	\$ -
Inventory	-	-	-	-
Total nonspendable	-	-	-	-
<u>Restricted for:</u>				
Road improvements	23,830	-	-	23,830
Fire protection	-	23,172	-	23,172
Law Enforcement	-	-	7,330	7,330
Debt Service	3,725	7	-	3,732
Total restricted	27,555	23,179	7,330	58,064
<u>Committed to:</u>				
Other purposes	-	-	-	-
Total committed	-	-	-	-
<u>Unassigned:</u>	86,578	-	-	86,578
Total Fund Balances	<u>\$114,133</u>	<u>\$ 23,179</u>	<u>\$ 7,330</u>	<u>\$ 144,642</u>

**PROPRIETARY FUND  
BUDGETS**

STATE OF NEW MEXICO  
 VILLAGE OF MOSQUERO  
 Proprietary Funds - Water Fund  
 Statement of Revenues and Expenditures  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Charges for services	\$ 25,000	\$ 25,000	\$ 27,498	\$ 2,498
State shared taxes	-	-	-	-
Local sources	15,000	15,000	54	(14,946)
State sources	-	-	-	-
Federal sources	-	-	-	-
Interest income	-	-	-	-
<b>Total revenues</b>	<b><u>\$ 40,000</u></b>	<b><u>\$ 40,000</u></b>	<b><u>\$ 27,552</u></b>	<b><u>\$ (12,448)</u></b>
<b>EXPENDITURES</b>				
Personal services	\$ 17,000	\$ 17,000	\$ 16,597	\$ 403
Operating expenses	18,000	20,615	19,390	1,225
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b><u>\$ 35,000</u></b>	<b><u>\$ 37,615</u></b>	<b><u>\$ 35,987</u></b>	<b><u>\$ 1,628</u></b>
<b>REVENUES</b>				
Budgetary basis			\$ 27,552	
Accounts receivable			(562)	
Due from other funds			5,884	
<b>Modified accrual basis</b>			<b><u>\$ 32,874</u></b>	
<b>EXPENDITURES</b>				
Budgetary basis			\$ 35,987	
Depreciation			49,844	
Capital assets purchased			-	
Difference in accounts payable/ compensated absences			(2,705)	
<b>Modified accrual basis</b>			<b><u>\$ 83,126</u></b>	

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



STATE OF NEW MEXICO  
 VILLAGE OF MOSQUERO  
 Proprietary Funds - Sewer Fund  
 Statement of Revenues and Expenditures  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Charges for services	\$ 14,000	\$ 14,000	\$ 15,154	\$ 1,154
State shared taxes	-	-	-	-
Local sources	1,000	1,000	-	(1,000)
State sources	-	-	-	-
Federal sources	-	-	-	-
Interest income	-	-	-	-
	<u>15,000</u>	<u>15,000</u>	<u>15,154</u>	<u>154</u>
<b>Total revenues</b>	<b>\$ 15,000</b>	<b>\$ 15,000</b>	<b>\$ 15,154</b>	<b>\$ 154</b>
<b>EXPENDITURES</b>				
Personal services	\$ 8,400	\$ 8,400	\$ 8,325	\$ 75
Operating expenses	4,600	4,600	4,666	(66)
Capital outlay	-	-	-	-
	<u>13,000</u>	<u>13,000</u>	<u>12,991</u>	<u>9</u>
<b>Total expenditures</b>	<b>\$ 13,000</b>	<b>\$ 13,000</b>	<b>\$ 12,991</b>	<b>\$ 9</b>
<b>EXPENDITURES</b>				
Budgetary basis			\$ 12,991	
Depreciation			30,688	
Capital assets purchased			-	
			<u>43,679</u>	
<b>Modified accrual basis</b>			<b>\$ 43,679</b>	

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

STATE OF NEW MEXICO  
 VILLAGE OF MOSQUERO  
 Proprietary Funds - Solid Waste Fund  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Charges for services	\$ 10,000	\$ 10,000	\$ 12,136	\$ 2,136
Local sources	15,000	15,000	11,500	(3,500)
Environmental gross receipts taxes	2,500	2,500	-	(2,500)
Interest Income	-	-	-	-
	<u>27,500</u>	<u>27,500</u>	<u>23,636</u>	<u>(3,864)</u>
<b>Total revenues</b>	<b>\$ 27,500</b>	<b>\$ 27,500</b>	<b>\$ 23,636</b>	<b>\$ (3,864)</b>
<b>EXPENDITURES</b>				
Personal services	\$ 6,000	\$ 6,000	\$ 5,260	\$ 740
Operating expenses	19,000	19,000	14,956	4,044
	<u>25,000</u>	<u>25,000</u>	<u>20,216</u>	<u>4,784</u>
<b>Total expenditures</b>	<b>\$ 25,000</b>	<b>\$ 25,000</b>	<b>\$ 20,216</b>	<b>\$ 4,784</b>
<b>REVENUES</b>				
Budgetary basis			\$ 23,636	
Due from other funds			<u>1,472</u>	
			<u>25,108</u>	
<b>Modified accrual basis</b>			<b>\$ 25,108</b>	
<b>EXPENDITURES</b>				
Budgetary basis			\$ 20,216	
Depreciation			<u>20,518</u>	
			<u>40,734</u>	
<b>Modified accrual basis</b>			<b>\$ 40,734</b>	

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

# Rice and Associates, C.P.A.

AUDITING  
BOOKKEEPING  
(505) 292-8275

CERTIFIED PUBLIC ACCOUNTANTS  
11805 Menaul NE  
Albuquerque, NM 87112

TAX PLANNING  
TAX PREPARATION  
FAX (505) 294-8904

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

**INDEPENDENT AUDITOR'S REPORT**

Mr. Tim Keller  
New Mexico State Auditor  
and  
Honorable Mayor and Village Council  
Village of Mosquero  
Mosquero, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States the financial statements of the governmental activities, the business-type activities, each major fund and the budgetary comparisons of the Village of Mosquero, as of and for the year ended June 30, 2014 and the related notes to the financial statements, which collectively comprise the Village of Mosquero's basic financial statements and have issued our report thereon dated February 10, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit, of the financial statements, we considered the Village of Mosquero's internal control over financial reporting (internal control) 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 of Mosquero's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village of Mosquero's internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant

deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Status of Comments and Responses, that we consider to be significant deficiencies: Late Audit Report (2003-027) and Revenue Resources for Post-Closure Costs of Landfill (2008-001).

#### Compliance and Other Matters

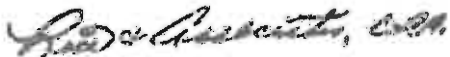
As part of obtaining reasonable assurance about whether the Village of Mosquero's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and 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 Status of Comments and Responses as Late Audit Report (2003-027), Revenue Resources for Post-Closure Costs of Landfill (2008-001), Water Conservation Fee (2011-001), Travel Policy (2011-002), Law Enforcement Contract (2012-004), Utility Billing Rates (2013-001) and Board Meeting Minutes Not Signed (2014-001).

#### The Village of Mosquero's Response to Findings

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

#### Purpose of this Report

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



Albuquerque, New Mexico  
February 10, 2015

## **STATUS OF COMMENTS**

### **Prior Year Audit Findings**

1. Late Audit Report (2003-027) - Repeated.
2. Revenue Resources for Post-Closure Costs of Landfill (2008-001) - Repeated.
3. Water Conservation Fee (2011-001)- Repeated.
4. Travel Policy (2011-002) - Repeated.
5. Solid Waste Removal Contract (2011-003) - Resolved.
6. New Hire Reporting (2011-004)- Resolved.
7. Checks Written out of Sequence (2012-001) - Resolved.
8. Law Enforcement Contract (2012-004) - Repeated.
9. Utility Billing Rates (2013-001) - Repeated.
10. Grant Not Utilized (2013-002) - Resolved.
11. Rental Agreement (2013-003) - Resolved.

### **Current Year Audit Findings**

1. Board Meeting Minutes Not Signed (2014-001)

Late Audit Report - Significant Deficiency  
(2003-027)

CONDITION	The audit report for the Village was not timely submitted to the State Auditor by the required due date.
CRITERIA	All audit reports should be submitted to the State Auditors Office by the required due date according to the State Auditors Rule 2.2.2 9 A(1){c}.
CAUSE	The audit report for the 2013 fiscal year was not submitted until July 10, 2014 of which made the 2014 audit report late.
EFFECT	State Auditor Rule 2.2.2 9 A(1){c} was not adhered to.
RECOMMENDATION	Now that the 2014 audit has been completed we see no reason for the 2015 report to be late.
RESPONSE	The Village staff is diligently working to ensure all reports are in on time within the New Mexico Auditors guidelines. All reports are current and staff will continue to keep auditing done on a timely basis.

Revenue Resources for Post-Closure Costs of Landfill -  
Significant Deficiency  
(2008-001)

CONDITION                    The Village is responsible for providing a financial mechanism to pay for all post-closure costs associated with the landfill. The Village has not obtained any resources to date to help with any post-closure costs.

CRITERIA                     The Village is responsible for providing resources to pay for post-closure costs of the landfill. This is to ensure that if the Village goes bankrupt that there is still a financial mechanism for the State to use to finish and maintain the post-closure procedures.

CAUSE                         Upon review of the current post-closure payable on the financial statements , it was discovered through discussions with the New Mexico Environment Department that the Village needed to obtain this resource.

EFFECT                        The Village has not followed New Mexico Environment Department Solid Waste procedures for closure and post-closure requirements.

RECOMMENDATION            The Village should start investigating all resources from which revenues can be obtained to ensure all post-closure costs can be paid for, especially if the Village becomes bankrupt.

RESPONSE                    The post-closure of the Solid Waste Facility has been requested for re-evaluation of costs by NMED. Funding resources have been looked into for the funding for this post closure plan.

Water Conservation Fee - Other Matter  
(2011-001)

CONDITION                    The State of New Mexico Taxation and Revenue charges a conservation fee on all public water supply systems. This fee is to be on the amount of water "produced." The Village is calculating the fee on the amount of water billed "each month."

CRITERIA                    The State of New Mexico Taxation and Revenue charges a conservation fee on all public water supply systems.

CAUSE                        Management was not aware of this requirement

EFFECT                      The Village is not calculating the fee on the amount of water "produced."

RECOMMENDATION            Management should start calculating all conservation fees on the amount of water produced.

RESPONSE                    The management has calculated the correct amount of water produced and is reporting as instructed.



Travel Policy - Other Matter  
(2011-002)

CONDITION	The Village is providing 100% of travel expenses to employees before the travel is taken.
CRITERIA	The employee travel forms state that only 80% be provided before the travel date.
CAUSE	Management is not following its own travel policy vouchers.
EFFECT	Twenty percent of travel expenses are being paid before the travel is taken.
RECOMMENDATION	Management should follow their travel policy vouchers from now on.
RESPONSE	Management has implemented the 80/20 policy for travel.

Law Enforcement Contract - Other Matter  
(2012-004)

CONDITION           The Village does not currently have a Joint Powers Agreement with the County so the Village can help provide a police officer for the safety, protection and welfare of the Villages citizens and property.

CRITERIA            Pursuant to NMSA 1978, Section 3-12-4(A) a Village must provide a police officer for the safety, protection and welfare of the Villages citizens and property.

CAUSE                The Village has been unable to obtain a Joint Powers Agreement with the county to ensure a police officer is provided and the Village can help with the expenses of having said officer.

EFFECT              The Village could lose its Law Enforcement Protection allotment from the State.

RECOMMENDATION    The Sheriff is providing law enforcement services to the Village as required under NMSA 1978, Section 4-41-2, however, to ensure that the Village receives the annual allotment a current Joint Powers Agreement should be obtained.

RESPONSE            The Sheriff is providing law enforcement services to the Village as required under NMSA 1978, Section 4-41-2, however, to ensure that the Village receives the annual allotment a current Joint Powers Agreement should be obtained. A Joint Powers Agreement has been sent to the Harding County Sheriff's Office for approval by the Harding County Commissioners.

Utility Billing Rates - Other Matter  
(2013-001)

CONDITION           The Village passed an increase in rates for utilities to be effective for the March 2013 billings. Management however, did not implement the new rates passed by the Council.

CRITERIA            All Ordinances passed by the Council should be implemented by management.

CAUSE                Management did not implement the new Ordinance.

EFFECT              The Village is not receiving the utilities revenues due them based on the new Ordinance.

RECOMMENDATION    Management should implement the new utility rate Ordinance as soon as possible.

RESPONSE            The Village has implemented the new rates and is currently charging the consumers rates as the Ordinance is stated.

Board Meeting Minutes Not Signed  
(2014-001)

CONDITION	Board Minutes reviewed were not properly signed as approved.
CRITERIA	According to the Open Meetings Act Article 15, Section 10-15-1G "Minutes shall not become official until approved by the policy making body". This is done by formal approval in a subsequent Board Meeting and having a signed copy available for review.
CAUSE	The Village is not ensuring this procedure is completed.
EFFECT	Written approved minutes of the Board are not available as required by the Open Meetings Act.
RECOMMENDATION	The Board should ensure that all future Board Minutes be prepared, approved, signed and available for review.
RESPONSE	Management is diligently working to ensure minutes are being signed on a timely basis.

### FINANCIAL STATEMENT PREPARATION

The combining and individual fund financial statements and notes to the financial statements for the year ended, June 30, 2014 were prepared by Rice & Associates, CPA, based on managements chart of accounts and trial balances including any adjusting, correcting or closing entries approved by management. These services are allowable under SAS 115.

### EXIT CONFERENCE

An exit conference was held at the Village on February 10, 2015, to discuss the current audit report. In attendance were Ms. Shawn Jeffrey, Clerk-Treasurer, Ms. Rita Palos, Deputy Clerk, Mr. Patrick Thrasher, Mayor and Ms. Pamela A. Rice, CPA, Contract Auditor.