

VILLAGE OF MOSQUERO
AUDITED FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION

JUNE 30, 2015

Woodard, Cowen & Co.

Certified Public Accountants

STATE OF NEW MEXICO
 VILLAGE OF MOSQUERO

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STATE OF NEW MEXICO
VILLAGE OF MOSQUERO

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STATE OF NEW MEXICO
VILLAGE OF MOSQUERO

OFFICIAL ROSTER

JUNE 30, 2015

VILLAGE COUNCIL

Patrick Thrasher	Mayor
Darla King	Mayor Pro Tem
Jimmie Ridge	Council Member
Curtis Jeffrey	Council Member

VILLAGE ADMINISTRATION

Shawn Jeffrey	Clerk-Treasurer
Rita Palos	Deputy Clerk

Woodard, Cowen & Co.

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, 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, 2015, 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 proprietary funds, and the budgetary comparisons for the proprietary 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, 2015 as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material 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, 2015, and the respective changes in financial position, and where applicable, cash flows thereof, and the respective budgetary comparison 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 proprietary fund of the Village of Mosquero, as of June 30, 2015, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the proprietary 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 Management Discussion and Analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, 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 the omission of the Management Discussion and Analysis.

Accounting principles generally accepted in the United States of America require that the *Schedule of Proportionate Share of the Net Pension Liability* on page 45, the *Schedule of Contributions* on page 46, with the notes to the required supplementary information on page 46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to this required supplementary information in accordance with the auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the Village of Mosquero's financial statements, the combining and individual fund financial statements, and budgetary comparisons. The budgetary comparisons for the proprietary funds are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Proportionate Share of the Net Pension Liability and the Schedule of Contributions 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 the auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Proportionate Share of the Net Pension Liability and the Schedule of Contributions are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Other Reporting Required by Government Auditing Standards

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

Woodard Cowen & Co

Clovis, New Mexico
December 10, 2015

STATE OF NEW MEXICO
VILLAGE OF MOSQUERO

EXHIBIT A

STATEMENT OF NET POSITION

JUNE 30, 2015

	Governmental Activities	Business Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 219,416	\$ 33,600	\$ 253,016
Accounts receivable, net	4,193	5,816	9,809
Due from other funds	26,704	4,108	30,812
Total current assets	<u>250,313</u>	<u>43,324</u>	<u>293,637</u>
Restricted assets:			
Solid waste reserve, cash	-	1,163	1,163
Total current assets	<u>-</u>	<u>1,163</u>	<u>1,163</u>
Non-current assets:			
Capital assets, net	2,672,649	1,602,846	4,275,495
Total non-current assets	<u>2,672,649</u>	<u>1,602,846</u>	<u>4,275,495</u>
Total assets	<u>2,922,962</u>	<u>1,647,333</u>	<u>4,570,295</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	1,641	1,641	3,282
Total deferred outflows	<u>1,641</u>	<u>1,641</u>	<u>3,282</u>
LIABILITIES			
Current liabilities:			
Accounts payable	-	1,083	1,083
Accrued interest payable	91	-	91
Due to other funds	4,108	26,704	30,812
Current portion of compensated absences	-	-	-
Current portion of long-term debt	26,444	-	26,444
Total current liabilities	<u>30,643</u>	<u>27,787</u>	<u>58,430</u>
Non-current liabilities:			
Non-current portion of compensated absences	-	1,908	1,908
Non-current portion of long-term debt	211,611	-	211,611
Landfill closure payable	-	94,900	94,900
Net pension liability	11,702	11,701	23,403
Total non-current liabilities	<u>223,313</u>	<u>108,509</u>	<u>331,822</u>
Total liabilities	<u>253,956</u>	<u>136,296</u>	<u>390,252</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	4,586	4,586	9,172
Total deferred inflows	<u>4,586</u>	<u>4,586</u>	<u>9,172</u>
NET POSITION			
Net investment in capital assets	2,434,594	1,602,846	4,247,143
Restricted:			
Debt Service	2,374	-	2,374
Capital Projects	39,343	-	39,343
Unrestricted	189,750	(94,754)	(114,707)
Total net position	<u>\$ 2,666,061</u>	<u>\$ 1,508,092</u>	<u>\$ 4,174,153</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
 VILLAGE OF MOSQUERO

STATEMENT OF ACTIVITIES

For the Year Ended JUNE 30, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 104,644	\$ 510	\$ -	\$ -
Public safety	41,626	-	41,626	-
Depreciation - unallocated	168,663	-	52,356	378,064
Interest on long-term debt	515	-	-	-
Total governmental activities	<u>315,448</u>	<u>510</u>	<u>93,982</u>	<u>378,064</u>
Business type activities:				
Water/Sewer expenses	129,024	42,371	-	-
Solid Waste	49,674	13,249	-	-
Total business type activities	<u>178,698</u>	<u>55,620</u>	<u>-</u>	<u>-</u>
Total all activities	<u>\$ 494,146</u>	<u>\$ 56,130</u>	<u>\$ 93,982</u>	<u>\$ 378,064</u>

The accompanying notes are an integral part of these financial statements

EXHIBIT B

	Net (Expenses) Revenue & Changes in Net Position		
	Governmental Activities	Business Type Activities	Total
	\$ (104,134)	\$ -	\$ (104,134)
	-	-	-
	261,757	-	261,757
	(515)	-	(515)
	<u>157,108</u>	<u>-</u>	<u>157,108</u>
	-	(66,653)	(66,653)
	-	(36,425)	(36,425)
	<u>-</u>	<u>(123,078)</u>	<u>(123,078)</u>
	<u>157,108</u>	<u>(123,078)</u>	<u>34,030</u>
General revenues:			
Property taxes	1,429	-	1,429
Gross receipts taxes	83,409	15,841	99,250
Gasoline taxes	5,299	-	5,299
Motor vehicle taxes	699	-	699
State aid not restricted	90,000	-	90,000
Unrestricted investment earnings	251	35	286
General	23,985	16,144	40,129
Total general revenues	<u>205,072</u>	<u>32,020</u>	<u>237,092</u>
Change in net position	362,180	(91,058)	271,122
Net position - beginning	2,319,681	1,614,949	3,934,630
Restatements	(15,800)	(15,799)	(31,599)
Net position - beginning as restated	<u>2,303,881</u>	<u>1,599,150</u>	<u>3,903,031</u>
Net position - ending	<u>\$ 2,666,061</u>	<u>\$ 1,508,092</u>	<u>\$ 4,174,153</u>

STATE OF NEW MEXICO
VILLAGE OF MOSQUERO

EXHIBIT C

BALANCE SHEET -- ALL GOVERNMENTAL FUNDS

JUNE 30, 2015

	General	Fire Protection Fund	Law Enforcement Protection Fund	TOTALS
ASSETS				
Cash and Cash Equivalents	\$ 161,736	\$ 38,128	\$ 19,552	\$ 219,416
Accounts Receivable, net	4,193	-	-	4,193
Due from Other Funds	26,704	-	-	26,704
TOTAL ASSETS	\$ 192,633	\$ 38,128	\$ 19,552	\$ 250,313
LIABILITIES AND OTHER CREDITS				
Accounts Payable	-	-	-	-
Due to Other Funds	4,108	-	-	4,108
Accrued Interest Payable	5	86	-	91
TOTAL LIABILITIES	4,113	86	-	4,199
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	-	-	-	-
TOTAL DEFERRED INFLOWS	-	-	-	-
FUND BALANCE				
Nonspendable	-	-	-	-
Restricted	41,707	38,042	19,552	99,301
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	146,813	-	-	146,813
TOTAL FUND BALANCE	188,520	38,042	19,552	246,114
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	\$ 192,633	\$ 38,128	\$ 19,552	\$ 250,313

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

STATE OF NEW MEXICO
VILLAGE OF MOSQUERO

EXHIBIT D

RECONCILIATION OF THE BALANCE SHEET
ALL GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION

JUNE 30, 2015

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

Fund Balances - total governmental funds	\$	246,114
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		2,672,649
Deferred outflows related to pensions not reported in the funds		1,641
Net pension liability not reported in the funds		(11,702)
Deferred inflows related to pensions not reported in the funds		(4,586)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds		
NMFA Loans payable		(238,055)
Compensated absences		-
		<hr/>
Net position of governmental activities	\$	<u>2,666,061</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
VILLAGE OF MOSQUERO

EXHIBIT E

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCE -- ALL GOVERNMENTAL FUNDS

For the Year Ended JUNE 30, 2015

	General	Fire Protection Fund	Law Enforcement Protection Fund	TOTALS
REVENUE				
Taxes:				
Property	\$ 1,429	\$ -	\$ -	\$ 1,429
Gross Receipts	83,409	-	-	83,409
Gasoline	5,299	-	-	5,299
Motor Vehicle	699	-	-	699
Charges for Services	510	-	-	510
Licenses and Permits	1,000	-	-	1,000
Local Sources	22,935	50	-	22,985
State Sources	468,064	73,982	20,000	562,046
Federal Sources	-	-	-	-
Earnings from Investments	183	48	20	251
TOTAL REVENUES	583,528	74,080	20,020	677,628
EXPENDITURES				
Current:				
General Government	104,644	-	-	104,644
Public Safety	-	33,828	7,798	41,626
Capital Outlay	403,130	-	-	403,130
Debt Service				
Principal	1,341	24,900	-	26,241
Interest and Fiscal Charge	26	489	-	515
TOTAL EXPENDITURES	509,141	59,217	7,798	576,156
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	74,387	14,863	12,222	101,472
Other Financing Sources (Uses)				
Transfer In/Transfers (Out)	-	-	-	-
Total Other Financing Sources	-	-	-	-
NET CHANGE IN FUND BALANCE	74,387	14,863	12,222	101,472
FUND BALANCE				
June 30, 2014	114,133	23,179	7,330	144,642
Restatements	-	-	-	-
June 30, 2014 as restated	114,133	23,179	7,330	144,642
FUND BALANCE June 30, 2015	\$ 188,520	\$ 38,042	\$ 19,552	\$ 246,114

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

STATE OF NEW MEXICO
 VILLAGE OF MOSQUERO

EXHIBIT F

RECONCILIATION OF THE STATEMENT OF REVENUES,
 EXPENDITURES, AND CHANGES IN FUND BALANCE -
 ALL GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended JUNE 30, 2015

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

Net change in fund balance - total governmental funds	\$ 101,472
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current year</p>	
Capital Outlay	403,131
Depreciation	(169,817)
<p>Expenses in Statement of Activities which do not require use of current financial resources i.e. Compensated Absences</p>	
	-
Pension Related Expense	1,153
Loan Principal	26,241
Change in Net Position	<u>\$ 362,180</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
VILLAGE OF MOSQUERO

EXHIBIT G

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL--GENERAL FUND

For the Year Ended June 30, 2015

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Taxes	\$ 20,350	\$ 20,350	\$ 16,423	\$ (3,927)
Charges for services	3,000	7,360	3,010	(4,350)
Licenses and permits	800	800	1,000	200
Local Sources	5,000	5,000	5,435	435
State Sources	30,000	580,000	481,411	(98,589)
Federal Sources	-	-	-	-
State shared taxes	136,004	171,504	93,893	(77,611)
Earnings from investments	100	240	183	(57)
TOTAL REVENUE	<u>195,254</u>	<u>785,254</u>	<u>\$ 601,355</u>	<u>\$ (183,899)</u>
 BUDGETED CASH BALANCE	 <u>109,711</u>	 <u>109,711</u>		
 TOTAL REVENUE & CASH	 <u>\$ 304,965</u>	 <u>\$ 894,965</u>		
 EXPENDITURES				
Current				
General government	\$ 51,639	\$ 151,639	\$ 111,482	\$ 40,157
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	30,000	530,000	438,442	91,558
Loan principle	1,341	1,341	1,341	-
Loan interest	20	20	20	-
TOTAL EXPENDITURES	<u>\$ 83,000</u>	<u>\$ 683,000</u>	<u>\$ 551,285</u>	<u>\$ 131,715</u>

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

STATE OF NEW MEXICO
VILLAGE OF MOSQUERO

EXHIBIT H

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL--SPECIAL REVENUE-- FIRE PROTECTION FUND

For the Year Ended June 30, 2015

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Local Sources	\$ -	\$ 96	\$ 96	\$ -
State Sources	72,711	73,982	73,982	-
Earnings from investments	-	-	2	2
TOTAL REVENUE	<u>72,711</u>	<u>74,078</u>	<u>\$ 74,080</u>	<u>\$ 2</u>
BUDGETED CASH BALANCE	<u>23,023</u>	<u>23,023</u>		
TOTAL REVENUE & CASH	<u>\$ 95,734</u>	<u>\$ 97,101</u>		
EXPENDITURES				
Current				
Public safety	\$ 74,500	\$ 75,303	\$ 59,131	\$ 16,172
TOTAL EXPENDITURES	<u>\$ 74,500</u>	<u>\$ 75,303</u>	<u>\$ 59,131</u>	<u>\$ 16,172</u>

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

STATE OF NEW MEXICO
VILLAGE OF MOSQUERO

EXHIBIT I

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL--SPECIAL REVENUE-- LAW ENFORCEMENT PROTECTION FUND

For the Year Ended June 30, 2015

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
	\$ -	\$ 20	\$ -	\$ (20)
State Sources	20,000	20,000	20,000	-
Earnings from investments	-	-	-	-
TOTAL REVENUE	<u>20,000</u>	<u>20,020</u>	<u>\$ 20,000</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>6,954</u>	<u>6,954</u>		
TOTAL REVENUE & CASH	<u>\$ 26,954</u>	<u>\$ 26,974</u>		
EXPENDITURES				
Current				
Public safety	\$ 26,954	\$ 26,954	\$ 7,798	\$ 19,156
TOTAL EXPENDITURES	<u>\$ 26,954</u>	<u>\$ 26,954</u>	<u>\$ 7,798</u>	<u>\$ 19,156</u>

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

STATE OF NEW MEXICO
VILLAGE OF MOSQUERO

EXHIBIT J

COMBINING BALANCE SHEET -- PROPRIETARY FUNDS

JUNE 30, 2015

	Water Fund	Sewer Fund	Solid Waste Fund	TOTALS
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 9,623	\$ 11,299	\$ 12,678	\$ 33,600
Accounts Receivable - Net	4,955	-	-	4,955
Taxes Receivable	529	-	132	661
Due from Other Funds	3,286	-	822	4,108
Total Current Assets	<u>18,393</u>	<u>11,299</u>	<u>13,632</u>	<u>43,324</u>
Restricted Assets				
Solid Waste Reserve - Cash	-	-	1,163	1,163
Total Restricted Assets	<u>-</u>	<u>-</u>	<u>1,163</u>	<u>1,163</u>
Capital Assets				
Capital Assets - Net	1,056,350	508,370	38,126	1,602,846
Total Capital Assets Net of Depreciation	<u>1,056,350</u>	<u>508,370</u>	<u>38,126</u>	<u>1,602,846</u>
TOTAL ASSETS	<u><u>\$ 1,074,743</u></u>	<u><u>\$ 519,669</u></u>	<u><u>\$ 52,921</u></u>	<u><u>\$ 1,647,333</u></u>
LIABILITIES AND OTHER CREDITS				
Current Liabilities				
Accounts Payable	\$ 1,083	\$ -	\$ -	\$ 1,083
Due to Other Funds	26,704	-	-	26,704
Total Current Liabilities	<u>27,787</u>	<u>-</u>	<u>-</u>	<u>27,787</u>
Non-current Liabilities				
Compensated Absences	1,908	-	-	1,908
Landfill Closure Payable	-	-	94,900	94,900
Total Non-current Liabilities	<u>1,908</u>	<u>-</u>	<u>94,900</u>	<u>96,808</u>
TOTAL LIABILITIES	<u>29,695</u>	<u>-</u>	<u>94,900</u>	<u>124,595</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	-	-	-	-
TOTAL DEFERRED INFLOWS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION				
Net Investment in Capital Assets	1,056,350	508,370	38,126	1,602,846
Restricted for Solid Waste	-	-	1,163	1,163
Assigned	(11,302)	11,299	(81,268)	(81,271)
TOTAL NET POSITION	<u>1,045,048</u>	<u>519,669</u>	<u>(41,979)</u>	<u>1,522,738</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u><u>\$ 1,074,743</u></u>	<u><u>\$ 519,669</u></u>	<u><u>\$ 52,921</u></u>	<u><u>\$ 1,647,333</u></u>

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

RECONCILIATION OF THE COMBINING BALANCE SHEET
PROPRIETARY FUNDS TO THE
STATEMENT OF NET POSITION

JUNE 30, 2015

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

Net position- total proprietary funds	\$ 1,522,738
Deferred outflows related to pensions not reported in the funds	1,641
Net pension liability not reported in the funds	(11,701)
Deferred inflows related to pensions not reported in the funds	<u>(4,586)</u>
Net position of governmental activities	<u>\$ 1,508,092</u>

The accompanying notes are an integral part of these financial statements

COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES
IN NET POSITION -- PROPRIETARY FUNDS

For the Year Ended JUNE 30, 2015

	Water Fund	Sewer Fund	Solid Waste Fund	TOTALS
OPERATING REVENUES				
Gross Receipts	\$ 12,672	\$ -	\$ 3,169	\$ 15,841
Charges for Services	26,971	15,400	13,249	55,620
Local Sources	1,059	-	15,085	16,144
TOTAL OPERATING REVENUES	<u>40,702</u>	<u>15,400</u>	<u>31,503</u>	<u>87,605</u>
OPERATING EXPENSES				
Current:				
Salaries	13,968	-	13,643	27,611
Maintenacne and Operations	28,669	6,867	17,085	52,621
Depreciation	49,985	30,688	18,946	99,619
TOTAL OPERATING EXPENSES	<u>92,622</u>	<u>37,555</u>	<u>49,674</u>	<u>179,851</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(51,920)	(22,155)	(18,171)	(92,246)
NON-OPERATING REVENUES (EXPENSES)				
Investment Income	35	-	-	35
Investment Expense	-	-	-	-
Capital Grants	-	-	-	-
Transfer In/Transfers (Out)	-	-	-	-
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>35</u>	<u>-</u>	<u>-</u>	<u>35</u>
NET CHANGE IN NET POSITION	(51,885)	(22,155)	(18,171)	(92,211)
NET POSITION				
June 30, 2014	1,096,933	541,824	(23,808)	1,614,949
Restatements	-	-	-	-
June 30, 2014 as restated	<u>1,096,933</u>	<u>541,824</u>	<u>(23,808)</u>	<u>1,614,949</u>
NET POSITION				
June 30, 2015	<u>\$ 1,045,048</u>	<u>\$ 519,669</u>	<u>\$ (41,979)</u>	<u>\$ 1,522,738</u>

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

RECONCILIATION OF THE COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE -
PROPRIETARY FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended JUNE 30, 2015

Amounts reported for proprietary activities in the statement of activities are
different because:

Net change in fund balance - proprietary funds	\$ (92,211)
Pension Related Expense	<u>1,153</u>
Change in Net Position	<u>\$ (91,058)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
VILLAGE OF MOSQUERO

EXHIBIT N

COMBINING STATEMENT CASH FLOWS -- PROPRIETARY FUNDS

For the Year Ended JUNE 30, 2015

	Water Fund	Sewer Fund	Solid Waste Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Received from Customers	\$ 26,971	\$ 15,400	\$ 13,249	\$ 55,620
Cash from County	-	-	14,784	14,784
Environmental Gross Receipts Tax	12,672	-	3,169	15,841
Other Local Source Receipts	1,060	-	300	1,360
Cash Payment to Employees	(13,968)	-	(13,643)	(27,611)
Cash Payments to Suppliers	(28,669)	(6,868)	(17,085)	(52,622)
Net Cash Provided by Operating Activities	(1,934)	8,532	774	7,372
CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES:				
Principal Paid on Debt	-	-	-	-
Interest Paid on Debt	-	-	-	-
Acquisition and Construction of Capital Assets	7,858	-	-	7,858
Capital Grants	-	-	-	-
Net Cash Provided by Capital and Related activities	(7,858)	-	-	(7,858)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Operating Transfers to Other Funds	-	-	-	-
Operating Transfers from Other Funds	-	-	-	-
Operating Due To Other Funds	28,704	-	518	27,222
Net Cash Provided (Used) by Noncapital Financing Activities	28,704	-	518	27,222
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest	35	-	-	35
Net Cash Provided by Investing Activities	35	-	-	35
Net Increase (Decrease) in Cash	16,947	8,532	1,292	26,771
Cash Beginning of Year	(7,324)	2,767	12,549	7,992
Cash End of Year	\$ 9,623	\$ 11,299	\$ 13,841	\$ 34,763
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating Income (loss)	\$ (51,920)	\$ (22,155)	\$ (18,171)	\$ (92,246)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation	49,985	30,687	18,945	99,617
Changes in assets and Liabilities:				
Receivables	(545)	-	-	(545)
Payables	-	-	-	-
Compensated Absences	(1,411)	-	-	(1,411)
Due from Other Funds	1,957	-	-	1,957
Net Cash Provided (Used) by Operating Activities	\$ (1,934)	\$ 8,532	\$ 774	\$ 7,372

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

STATE OF NEW MEXICO
VILLAGE OF MOSQUERO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

I. 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 American (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 is described below.

A. Reporting Entity

In evaluating how to define the government, for financial reporting purposes, management has considered all potential components 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. Applications 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.

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 Village. For the most part, the effect of inter-fund activity has been removed from these statements.

Governmental activities, which are normally supported by taxes and inter-governmental 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 segments 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 operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental 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.

STATE OF NEW MEXICO
VILLAGE OF MOSQUERO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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 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.

The government reports the following major governmental funds:

GENERAL 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 inter-fund 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.

Proprietary funds distinguish operating revenues and expenses from non-operating 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 enterprises fund also recognized as operating revenue the portion of tap fees

STATE OF NEW MEXICO
VILLAGE OF MOSQUERO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

intended to recover the cost of connecting new customers to the system. Operating expenses for enterprises 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 non-operating 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.

GASB 63 requires certain financial reporting of deferred outflows of resources, deferred inflows of resources, and net position and GASB 65 helps to identify items which were previously reported as assets and liabilities that are now reported as deferred resources.

Deferred outflows of resources is a consumption of net assets by the government that is applicable to a future reporting period. Deferred inflows of resources are an acquisition of net assets by the government that is applicable to a future reporting period.

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, 2014 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 of 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.
- 6 Budgets for the General and Special Revenue Funds are adopted on a basis not consistent with generally accepted accounting principles. 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.

STATE OF NEW MEXICO
VILLAGE OF MOSQUERO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 deposits 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, and 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 governmental-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 market value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Pursuant to the implementations 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 activates is included as part of the capitalized value of the assets constructed.

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

<u>Assets</u>	<u>Years</u>
Buildings	20-40
Building Improvements	10-20
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.

STATE OF NEW MEXICO
VILLAGE OF MOSQUERO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 expenditure when it is paid.

The accumulated compensated absences balance at fiscal year-end was \$ 1,908.

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 discounts.

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 1978 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 "debit service reserve" account is used to report resources set aside for the purpose of debt service repayments.

STATE OF NEW MEXICO
VILLAGE OF MOSQUERO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Net position

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

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

Restricted net position- This category reflects the portions 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:

Non-spendable- The non-spendable 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 inter-fund 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 mandates 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 fun 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 is not considered to be legally enforceable. Committed fun 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.

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 Village official delegated that authority by the Village Council or ordinance.

STATE OF NEW MEXICO
VILLAGE OF MOSQUERO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Fund Balance (continued)

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 omission; 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.

II. DETAILED NOTES ON ALL FUNDS

A. Cash and temporary investments

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 insure up to \$250,000 in aggregated and separate from the \$250,000 coverage for public unit demand deposits at the same institution.

STATE OF NEW MEXICO
VILLAGE OF MOSQUERO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

II. DETAILED NOTES ON ALL FUNDS (continued)

A. Cash and temporary investments (continued)

The following is the Cash on Deposit at each financial institution

Bank	Fund	Amount
First National Bank	General	\$ 152,738
First National Bank	General	196
First National Bank C.D.	General	6,437
Wells Fargo Bank	General	1
NM State Treasurer (NMFA)	General	2,364
First National Bank	Fire	38,119
NM State Treasurer (NMFA)	Fire	10
First National Bank	Law Enforcement	19,552
First National Bank	Water	9,622
First National Bank	Sewer	11,299
First National Bank	Solid Waste	12,678
First National Bank	Solid Waste	1,163
Total Cash		<u>\$ 254,179</u>

Reconciliation:

Bank Balance	280,565
Outstanding Checks	(26,386)
Total Cash	<u>\$ 254,179</u>

The following schedule details the public money held by the New Mexico Finance Authority, Wells Fargo and First National Bank of New Mexico and the pledged Collateral provided for the Village follows;

	NMFA	Wells Fargo	First National
Cash on Deposit at June 30, 2015	\$ 2,373	\$ 1	\$ 278,191
Insured by FDIC	(2,373)	(1)	(250,000)
Uninsured Funds	-	-	28,191
50% Collateral Needed	-	-	14,096
Pledged Collateral at June 30, 2015	-	-	-
Over/(Under) Collateralized	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (14,096)</u>

STATE OF NEW MEXICO
VILLAGE OF MOSQUERO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

II. DETAILED NOTES ON ALL FUNDS (continued)

A. Cash and temporary investments (continued)

Custodial Credit Risk-Deposits-Custodial Credit Risk is the risk that in the event of bank failure, the Village deposits may not be returned to it. The Village does not have a deposit policy for custodial credit risk. As of June 30, 2015 \$14,096 of the Village bank balance of \$ 280,565 was exposed to custodial credit risk as follows:

A. Uninsured and Uncollateralized	\$ 28,191
B. Uninsured and Collateralized with securities held by the pledging banks trust department but not in the Villages name	<u>-</u>
Total	<u>\$ 28,191</u>

B. 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 in taxable value for both residential and non-residential 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 the delinquent taxes, and no delinquent taxes are recorded on the Villages financial records.

STATE OF NEW MEXICO
 VILLAGE OF MOSQUERO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

II. DETAILED NOTES ON ALL FUNDS (continued)

C. Receivables

Receivables as of June 30, 2015 including the applicable allowances for uncollectible accounts are as follows:

	Governmental Activities	Business- Type Activities	Total
Receivables from Customers	\$ -	\$ 6,655	\$ 6,655
Allowance for Uncollectible Accounts	-	(1,700)	(1,700)
Subtotal	-	4,955	4,955
Intergovernmental	-	-	-
Various Taxes	4,193	661	4,854
Total	<u>\$ 4,193</u>	<u>\$ 5,616</u>	<u>\$ 9,809</u>

D. Compensated Absences

Compensated absences are expensed 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 \$ 1,908.

6/30/2014	Prior Year Adjustments	Additions	Reductions	6/30/2015	Due in One Year
\$ 3,319	\$ -	\$ 3,220	\$ (4,631)	\$ 1,908	\$ -

E. Long-Term Debt

A summary of changes in long term obligations follows:

During the year ended June 30, 2015 the following changes occurred in the liabilities reported in the Government-Wide Statement of Net Position:

SERIES	AUDITED BALANCE 6/30/2014	ADDITIONS	DELETIONS	AUDITED BALANCE 6/30/2015
NMFA--GENERAL	\$ 8,096	\$ -	\$ 1,341	\$ 6,755
NMFA--FIRE	258,200	-	24,900	231,300
	<u>\$ 264,296</u>	<u>\$ -</u>	<u>\$ 26,241</u>	<u>\$ 238,055</u>

STATE OF NEW MEXICO
VILLAGE OF MOSQUERO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

II. DETAILED NOTES ON ALL FUNDS (continued)

E. Long-Term Debt (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.

	NMFA--GENERAL		
	Principal	Interest	Total
6/30/2016	1,344	17	1,361
6/30/2017	1,348	14	1,362
6/30/2018	1,351	10	1,361
6/30/2019	1,354	7	1,361
6/30/2020	1,358	3	1,361
TOTAL	6,755	51	6,806

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 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, are 33% of gross revenue.

	NMFA--FIRE		
	Principal	Interest	Total
6/30/2016	25,100	260	25,360
6/30/2017	25,775	58	25,833
6/30/2018	25,775	-	25,775
6/30/2019	25,775	-	25,775
6/30/2020	25,775	-	25,775
6/30/2021	25,775	-	25,775
6/30/2022	25,775	-	25,775
6/30/2023	25,775	-	25,775
6/30/2024	25,775	-	25,775
TOTAL	231,300	318	231,618

STATE OF NEW MEXICO
VILLAGE OF MOSQUERO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

II. DETAILED NOTES ON ALL FUNDS (continued)

F. Capital Assets

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

	Beginning Balance 7/1/2014	Increases	Decreases	Ending Balance 6/30/2015
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 174,014	\$ -	\$ -	\$ 174,014
Construction in Progress	-	-	-	-
Total Capital assets, not being depreciated	<u>174,014</u>	<u>-</u>	<u>-</u>	<u>174,014</u>
Capital assets, being depreciated:				
Building & Improvements	572,483	-	-	572,483
Infrastructure	2,141,059	403,131	-	2,544,190
Heavy Equipment	541,017	-	-	541,017
Vehicles	127,174	-	-	127,174
Equipment	90,128	-	-	90,128
Total Capital assets being depreciated	<u>3,471,861</u>	<u>403,131</u>	<u>-</u>	<u>3,874,992</u>
Less accumulated depreciation for:				
Building & Improvements	264,019	37,339	-	301,358
Infrastructure	556,212	108,733	-	664,945
Heavy Equipment	240,577	11,359	-	251,936
Vehicles	72,455	5,555	-	78,010
Equipment	73,277	6,831	-	80,108
Total accumulated depreciation	<u>1,206,540</u>	<u>169,817</u>	<u>-</u>	<u>1,376,357</u>
Total Capital assets, being depreciated, net	<u>2,265,321</u>	<u>233,314</u>	<u>-</u>	<u>2,498,635</u>
Governmental activities capital assets, net	<u>\$ 2,439,335</u>	<u>\$ 233,314</u>	<u>\$ -</u>	<u>\$ 2,672,649</u>

STATE OF NEW MEXICO
VILLAGE OF MOSQUERO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

II. DETAILED NOTES ON ALL FUNDS (continued)

F. Capital Assets (continued)

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

	Beginning Balance 7/1/2014	Increases	Decreases	Ending Balance 6/30/2015
Business-Type Activities:				
Capital assets, not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in Progress	-	-	-	-
Total Capital assets, not being depreciated	-	-	-	-
Capital assets, being depreciated:				
Buildings	60,000	-	-	60,000
Infrastructure - Storage Tanks	115,000	-	-	115,000
Water/Sewer System	2,076,246	-	-	2,076,246
Equipment	109,092	8,500	-	117,592
Land Improvements	65,638	-	-	65,638
Total Capital assets being depreciated	2,425,976	8,500	-	2,434,476
Less accumulated depreciation for:				
Buildings	43,455	1,500	-	44,955
Infrastructure - Storage Tanks	83,949	2,875	-	86,824
Water/Sewer System	492,199	74,406	-	566,605
Equipment	56,754	10,855	-	67,609
Land Improvements	55,655	9,982	-	65,637
Total accumulated depreciation	732,012	99,618	-	831,630
Total Capital assets, being depreciated, net	1,693,964	(91,118)	-	1,602,846
Business-Type Activities capital assets, net	<u>\$ 1,693,964</u>	<u>\$ (91,118)</u>	<u>\$ -</u>	<u>\$ 1,602,846</u>

III. OTHER INFORMATION

A. Pension Plan – New Mexico Public Employees Retirement Association

Summary of Significant Accounting Policies Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Mexico Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

STATE OF NEW MEXICO
VILLAGE OF MOSQUERO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

III. OTHER INFORMATION (continued)

A. Pension Plan – New Mexico Public Employees Retirement Association (continued)

General Information about the Pension Plan

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

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

Benefits provided - For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2015 available at http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2014.pdf

Contributions - The contribution requirements of defined benefit plan members and the Village of Mosquero (Village) are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY14 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 29 through 31 of the PERA FY14 annual audit report at http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_2014.pdf. The PERA coverage options that apply to the Village are: the General Division. Statutorily required contributions to the pension plan from the Village were \$ 3,282 and employer paid member benefits that were "picked up" by the employer were \$ 0 for the year ended June 30, 2015.

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

STATE OF NEW MEXICO
 VILLAGE OF MOSQUERO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

III. OTHER INFORMATION (continued)

A. Pension Plan – New Mexico Public Employees Retirement Association (continued)

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred Inflows and Outflows were performed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members. The (name of employer)'s proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity's percentage of that membership group's total employer contributions for the fiscal year ended June 30, 2014. Only employer contributions for the pay period end dates that fell within the period of July 1, 2013 to June 30, 2014 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2014 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

For PERA Fund Division General Division, at June 30, 2015, the Village reported a liability of \$ 23,403 for its proportionate share of the net pension liability. At June 30, 2014, the Village's proportion was .0030 percent, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference.

For the year ended June 30, 2015, the Village recognized PERA Fund Division General Division pension expense of \$ 2,306. At June 30, 2015, the Village reported PERA Fund Division General Division deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	9,156
Changes in proportion and differences between the Village contributions and proportionate share of contributions	-	16
The Village contributions subsequent to the measurement date	<u>3,282</u>	<u>-</u>
Total	<u>\$ 3,282</u>	<u>\$ 9,172</u>

STATE OF NEW MEXICO
 VILLAGE OF MOSQUERO

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015

III. OTHER INFORMATION (continued)

A. Pension Plan – New Mexico Public Employees Retirement Association (continued)

\$ 3,282 reported as deferred outflows of resources related to pensions resulting from the Village contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
	2016	(2,293)
	2017	(2,293)
	2018	(2,293)
	2019	(2,293)
	2020	0

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

Actuarial Valuation Date	June 30, 2013
Actuarial Cost Method	Entry age normal
Amortization Method	Level percentage of pay
Amortization Period	Solved for based on statutory rates
Asset Valuation Method	Fair Value
Actuarial Assumptions:	
Investment Rate of Return	7.75% annual rate, net of investment expense
Payroll Growth	3.50% annual rate
Projected Salary Increases	3.50% to 14.25% annual rate
Includes Inflation at	3.00% annual rate

STATE OF NEW MEXICO
VILLAGE OF MOSQUERO

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

III. OTHER INFORMATION (continued)

A. Pension Plan – New Mexico Public Employees Retirement Association (continued)

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

ALL FUNDS - Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	21.10%	5.00%
International Equity	24.80%	5.20%
Private Equity	7.00%	8.20%
Core and Global Fixed Income	26.10%	1.85%
Fixed Income Plus Sectors	5.00%	4.80%
Real Estate	5.00%	5.30%
Real Assets	7.00%	5.70%
Absolute Return	4.00%	4.15%
Total	100.00%	

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

Sensitivity of the Village's proportionate share of the net pension liability to changes in the discount rate - The following tables show the sensitivity of the net pension liability to changes in the discount rate. In particular, the tables present the Village's net pension liability in each PERA Fund Division that the Village participates in, under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
The Village proportionate share of the net pension liability	\$ 44,120	\$ 23,403	\$ 7,398

STATE OF NEW MEXICO
VILLAGE OF MOSQUERO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

III. OTHER INFORMATION (continued)

A. Pension Plan – New Mexico Public Employees Retirement Association (continued)

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

Payables to the pension plan – The Village has no payables to the pension plan.

B. 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.

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

Closure costs are defined as costs related to closing the landfill. The cost includes 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 the grant to cover these costs.

D. Memorandum of Understanding

On June 10, 2014 the Village entered into an agreement with Harding County. This new agreement is for the County of Harding to provide a Sheriff's deputy to patrol and enforce laws in the Village of Mosquero. The Village of Mosquero will allow for the deputy to utilize any and all law enforcement protection equipment in performing those duties on behalf of the Village.

STATE OF NEW MEXICO
VILLAGE OF MOSQUERO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

III. OTHER INFORMATION (continued)

E. Fund Balances Classified

Fund balance is classified as non-spendable, 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.

Fund Balances	General Fund	Fire Protection Fund	Law Enforcement Fund	Total
Nonspendable:				
Inventory	\$ -	\$ -	\$ -	\$ -
Total Nonspendable	-	-	-	-
Restricted for:				
Road Improvements	39,343	-	-	39,343
Fire Protection	-	38,032	-	38,032
Law Enforcement	-	-	19,552	19,552
Debt Service	2,364	10	-	2,374
Total Restricted	41,707	38,042	19,552	99,301
Unassigned	146,813	-	-	146,813
Total Fund Balances	\$ 188,520	\$ 38,042	\$ 19,552	\$ 246,114

F. Restatement of Beginning Net Position for Governmental and Business-Type Activities:

	Governmental Activities	Business-Type Activities	Total
Net Position at June 30, 2014	\$ 2,319,881	\$ 1,614,949	\$ 3,934,630
Prior Period Adjustments			
To book pension liability per GASB 68	(15,800)	(15,799)	(31,599)
Net Position at June 30, 2014 as Restated	\$ 2,303,881	\$ 1,599,150	\$ 3,903,031

STATE OF NEW MEXICO
 VILLAGE OF MOSQUERO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

V. OTHER INFORMATION (continued)

G. Reconciliation of Budgetary and GAAP Basis Amounts

	GOVERNMENTAL FUNDS		
	General Fund	Fire Protection Fund	Law Enforcement Protection Fund
REVENUES			
Budgetary Basis	\$ 601,355	\$ 74,080	\$ 20,000
Add:			
Current Year Receivables & Other Credits	8,301		20
Deduct:			
Prior Year Receivables & Other Debits	26,128		
REVENUE --GAAP BASIS	<u>\$ 583,528</u>	<u>\$ 74,080</u>	<u>\$ 20,020</u>
EXPENDITURES			
Budgetary Basis	\$ 551,285	\$ 59,131	\$ 7,798
Add:			
Current Year Payables & Other Debits	-	86	-
Deduct:			
Prior Year Payables & Other Credits	42,144	-	-
EXPENDITURES --GAAP BASIS	<u>\$ 509,141</u>	<u>\$ 59,217</u>	<u>\$ 7,798</u>

STATE OF NEW MEXICO
VILLAGE OF MOSQUERO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

V. OTHER INFORMATION (continued)

G. Reconciliation of Budgetary and GAAP Basis Amounts (continued)

	PROPRIETARY FUNDS		
	Water Fund	Sewer Fund	Solid Waste Fund
REVENUES			
Budgetary Basis	\$ 38,505	\$ 13,712	\$ 27,782
Add:			
Current Year Receivables & Other Credits	7,183	1,688	3,721
Deduct:			
Prior Year Receivables & Other Debits	4,951	-	-
REVENUE --GAAP BASIS	<u>\$ 40,737</u>	<u>\$ 15,400</u>	<u>\$ 31,503</u>
EXPENDITURES			
Budgetary Basis	\$ 25,546	\$ 6,867	\$ 30,903
Add:			
Current Year Payables & Other Debits	67,076	30,688	18,771
Deduct:			
Prior Year Payables & Other Credits	-	-	-
EXPENDITURES --GAAP BASIS	<u>\$ 92,622</u>	<u>\$ 37,555</u>	<u>\$ 49,674</u>

PROPRIETARY FUND BUDGETS

STATE OF NEW MEXICO
VILLAGE OF MOSQUERO

EXHIBIT A-1

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL--PROPRIETARY FUNDS--WATER FUND

For the Year Ended June 30, 2015

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Charges for services	\$ 30,000	\$ 30,000	\$ 25,268	\$ (4,732)
State shared taxes	-	18,027	12,143	(5,884)
Local Sources	1,500	1,500	1,094	(406)
State Sources	-	-	-	-
Earnings from investments	-	-	-	-
TOTAL REVENUE	<u>31,500</u>	<u>49,527</u>	<u>\$ 38,505</u>	<u>\$ (11,022)</u>
BUDGETED CASH BALANCE	<u>9,833</u>	<u>9,833</u>		
TOTAL REVENUE & CASH	<u>\$ 41,333</u>	<u>\$ 59,360</u>		
EXPENDITURES				
Current				
Personal Services	\$ -	\$ -	\$ -	\$ -
Operating expenses	32,000	32,000	25,546	6,454
Capital outlay	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 32,000</u>	<u>\$ 32,000</u>	<u>\$ 25,546</u>	<u>\$ 6,454</u>

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

STATE OF NEW MEXICO
VILLAGE OF MOSQUERO

EXHIBIT A-2

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL--PROPRIETARY FUNDS--SEWER FUND

For the Year Ended June 30, 2015

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Charges for services	\$ 14,000	\$ 17,000	\$ 13,712	\$ (3,288)
State shared taxes	-	-	-	-
Local Sources	-	-	-	-
State Sources	-	-	-	-
Earnings from investments	-	-	-	-
TOTAL REVENUE	<u>14,000</u>	<u>17,000</u>	<u>\$ 13,712</u>	<u>\$ (3,288)</u>
 BUDGETED CASH BALANCE	 <u>6,208</u>	 <u>6,208</u>		
 TOTAL REVENUE & CASH	 <u>\$ 20,208</u>	 <u>\$ 23,208</u>		
 EXPENDITURES				
Current				
Personal Services	\$ -	\$ -	\$ -	\$ -
Operating expenses	13,000	13,000	6,867	6,133
Capital outlay	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 13,000</u>	<u>\$ 13,000</u>	<u>\$ 6,867</u>	<u>\$ 6,133</u>

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

STATE OF NEW MEXICO
VILLAGE OF MOSQUERO

EXHIBIT A-3

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL--PROPRIETARY FUNDS--SOLID WASTE FUND

For the Year Ended June 30, 2015

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Charges for services	\$ 12,000	\$ 17,000	\$ 11,561	\$ (5,439)
State shared taxes	500	500	1,437	937
Local Sources	15,000	20,000	14,784	(5,216)
State Sources	-	-	-	-
Earnings from investments	-	-	-	-
TOTAL REVENUE	<u>27,500</u>	<u>37,500</u>	<u>\$ 27,782</u>	<u>\$ (9,718)</u>
BUDGETED CASH BALANCE	<u>7,217</u>	<u>7,217</u>		
TOTAL REVENUE & CASH	<u>\$ 34,717</u>	<u>\$ 44,717</u>		
EXPENDITURES				
Current				
Personal Services	\$ -	\$ -	\$ -	\$ -
Operating expenses	20,000	30,903	30,903	-
Capital outlay	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 20,000</u>	<u>\$ 30,903</u>	<u>\$ 30,903</u>	<u>\$ -</u>

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

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE PROPORTIONATE SHARE OF NET PENSION LIABILITY
OF PERA FUND DIVISION GENERAL DIVISION
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION PLAN (PERA) - LAST 10 FISCAL YEARS*

JUNE 30, 2015

	<u>2015</u>
Proportion of the net pension liability	0.00300%
Proportionate share of the net pension liability	\$ 23,403
Covered-employee payroll	\$ 44,417
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	52.69%
Plan fiduciary net position as a percentage of total pension liability	81.29%

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

SCHEDULE OF CONTRIBUTIONS PUBLIC EMPLOYEES
 RETIREMENT ASSOCIATION (PERA) PLAN
 PERA FUND DIVISION GENERAL DIVISION - LAST 10 FISCAL YEARS*

JUNE 30, 2015

	2015
Contractually required contribution	\$ 3,282
Contributions in relation to the contractually required contribuion	3,282
Contribution deficiency (excess)	\$ -
Covered-employee payroll	\$ 44,417
Contributions as a percentage of covered-employee payroll	7.39%

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

Notes to Required Supplementary Information (Schedules 1 & 2)

Changes of benefit terms - The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY14 audit available at http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employess_Retirement_Association_2014.pdf.

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

OTHER SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
VILLAGE OF MOSQUERO

SCHEDULE OF VENDOR INFORMATION FOR PURCHASES
EXCEEDING \$60,000 (EXCLUDING GRT)

For the Year Ended JUNE 30, 2015

PREPARED BY AGENCY STAFF NAME: RITA PALOS
TITLE: DEPUTY CLERK DATE: DECEMBER 11, 2015

<u>RFB#/RFP#</u>	<u>Type of Procurement</u>	<u>Awarded Vendor</u>	<u>\$ Amount of Awarded Contract</u>	<u>\$ Amount of Amended Contract</u>
RFP 2012-01	RFP - Design Prof. Svcs	Dennis Engineering Co.	#745; \$102,796.25	#745; \$100,317.41
RFB	RFP - Construction	Versatile Construction	#745 \$323,578.54	#745 \$362,315.59

SCHEDULE 3

<i>Name and Physical Address per the procurement documentation, of <u>ALL</u> Vendor(s) that responded</i>	<i>In-State/ Out-of-State Vendor (Y or N) (Based on Statutory Definition)</i>	<i>Was the vendor in-state and chose Veteran's preference (Y or N) For federal funds answer N/A</i>	<i>Brief Description of the Scope of Work</i>
Village would have addresses of other responders to RFP	Y	N	wastewater system and local street improvements
Versatile Construction Inc. 702 W. Campbell Ave Tucumcari, NM	Y	N	street and drainage improvements

Woodard Cowen & Co.

Certified Public Accountants

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

Tim Keller
New Mexico State Auditor
Honorable Mayor and Village Council
Village of Mosquero
Mosquero, 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, business-type activities, each major fund, and the budgetary comparisons of the Village of Mosquero as of and for the year ended June 30, 2015. We have also audited the financial statements of each of the Village of Mosquero's major proprietary funds, and the budgetary comparisons for the proprietary funds presented as supplementary information 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 December 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 audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village 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.

Portales: 305 S. Avenue B or PO Box 445, Portales NM 88130 -- Phone 575-356-8564 Fax 575-356-2453
Clovis: 116 E. Grand Avenue or PO Box 1874, Clovis NM 88101 -- Phone 575-762-3811 Fax 575-762-3866

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control described in the accompanying schedule of findings and responses that we consider to be a significant deficiency identified as item 2008-001, 2015-002 and 2015-003.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Mosquero'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 item 2015-001.

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.

Woodard Cowen & Co

Clovis, New Mexico
December 10, 2015

STATE OF NEW MEXICO
VILLAGE OF MOSQUERO

SUMMARY OF FINDINGS AND RESPONSES

JUNE 30, 2015

I. SUMMARY OF AUDITORS RESULTS:

Report on Financial Statements	Unmodified
Significant Deficiencies on GAGAS	2008-001, 2015-002 and 2015-003
Other Items required to be reported	None
Material Noncompliance	None
Questioned Cost	None

II. FINANCIAL STATEMENT FINDINGS

Compliance

2015-001 Uncollateralized Funds (Other)

Condition:	Bank balance at First National Bank of New Mexico was under collateralized by \$ 14,096 on June 30, 2015.
Criteria:	6-10-17 NMSA 1978 Compilation – Any bank or savings loan association designated as a depository shall deliver securities of the kind specified in Section 6-10-16 NMSA, or join safekeeping receipt, therefore, to the public official from whom, or the public board from which, the public money is received for deposit is an aggregate value equal to one-half the amount public money to be received in accordance with Subsection B Section 6-10-16 NMSA 1978.
Effect:	Potential loss of funds if operation of bank ceases.
Cause:	Bank had pledged to secure 100% of funds over the FDIC coverage provided, however, they did not get the security in place as agreed. Also, the Village was not adequately monitoring the need for collateral as typically the funds are under the FDIC coverage limits.
Recommendation:	Notify the bank to provide the collateral to meet state requirements. Also, the Village should monitor the monthly collateralization statement provided by the bank to determine collateral is adequate.
Response:	The bank has already been notified and has provided proper collateral. The Deputy Clerk will begin monitoring the bank accounts monthly for collateral coverage beginning with December 2015.

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

Condition:	The Village is responsible for providing a financial mechanism to pay for all post-closure costs associated with the land fill. The Village has not obtained any resources to date to help with any post-closure costs. These costs are estimated at \$94,900.
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.

STATE OF NEW MEXICO
VILLAGE OF MOSQUERO

SUMMARY OF FINDINGS AND RESPONSES

JUNE 30, 2015

II. FINANCIAL STATEMENT FINDINGS (continued)

2008-001 Revenue Resources for Post-Closure Cost of Landfill (Significant Deficiency), (continued)

- Cause:** Upon prior 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. As of June 30, 2015 these resources had not been obtained.
- Effect:** The Village has not followed New Mexico Environment Department Solid Waste procedures for closure and post-closure requirements.
- Recommendation:** The Village should continue 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:** Management has been working toward correcting the post closure cost issue in several ways. 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. The NMED has been contacted to see if a new evaluation can be made to determine if the cost requirement can be lowered. Also, the Village is planning to put a percentage of General funds into a restricted account specifically to help provide the resources required. This account is to be set up during the current fiscal year.

Control

2015-002 Accounting System (Significant Deficiency)

- Condition:** The accounting system being used is not adequate to maintain a set of books for a Village based on fund accounting, and provide timely accurate reporting to the Village Mayor and Council.
- Criteria:** Good accounting policies and procedures dictate that timely and accurate books are needed so that reports are available to management and governance to make sound financial decisions.
- Cause:** The accounting system in place is not designed for fund accounting. It will allow for single sided entries and does not use general ledger account numbers to drive the processing. This circumvents the controls of a double entry system and does not provide for easy processing of information into the reporting process.
- Effect:** The accuracy and completeness of the entire financial reporting system could be questionable.
- Recommendation:** The Village should consider changing to an accounting system that is an double entry system designed specifically for fund accounting.
- Response:** The Clerk has already begun search for a new accounting system to meet the fund accounting criteria. The management and council are going to decide a good implementation date once the proper software is purchased. Then a re-evaluation of controls will be made based on the new system.

2015-003 Purchase Orders (Significant Deficiency)

- Condition:** Only 3 of 80 (4%) expenditures tested had a purchase order in place. There was no budgetary control over 96% of the expenditures tested during the audit process.
- Criteria:** Good budgetary control and board policies and procedures require that purchase orders be issued before the obligation is incurred.

STATE OF NEW MEXICO
VILLAGE OF MOSQUERO

SUMMARY OF FINDINGS AND RESPONSES

JUNE 30, 2015

II. FINANCIAL STATEMENT FINDINGS (continued)

2015-003 Purchase Orders (Significant Deficiency), (continued)

- Cause: The Village policies and procedures were ignored, circumvented or erroneously missed with respect to the disbursements. Part of the problem was caused by the fact that the accounting software being used does not create a purchase order, therefore, the Village is relying on manual processing of paper purchase orders. With only two full time employees it became a more tedious process and so it was easier not to use the purchase orders as policies dictate.
- Effect: Loss of budgetary control.
- Recommendation: The Village should consider changing to a new accounting software for fund accounting which would provide for electronic purchase orders. In the mean time they should have a review process that ensures the purchase orders are being properly used.
- Response: The Clerk has already begun search for a new accounting system to meet the fund accounting criteria. The management and council are going to decide a good implementation date once the proper software is purchased. Then a re-evaluation of controls including the use of purchase orders will be made based on the new system.

III. PRIOR YEAR AUDIT FINDINGS

Late Audit Report	Resolved
Revenue Resources for Post-Closure Cost of Landfill	Revised and Repeated
Water Conservation Fee	Resolved
Travel Policy	Resolved
Law Enforcement Contract	Resolved
Utility Billing Rates	Resolved
Board Minutes Signed	Resolved

STATE OF NEW MEXICO
VILLIAGE OF MOSQUERO

OTHER DISCLOSURES

JUNE 30, 2015

PREPARATION OF FINANCIAL STATEMENTS

We prepared the draft financial statements based on management's chart of accounts and trial balances and any adjusting, correcting, and closing entries have been approved by management. We also have prepared the draft footnotes based on the information determined, provided by and approved by management. These services are allowable under SAS 115.

EXIT CONFERENCE

An Exit Conference was held at the Village on December 10, 2015. Present were:

Jacob C. Green
Rita Palos
D. Brent Woodard
Martin E. Mackechnie

Mayor
Deputy Clerk
CPA
Senior Auditor