

VILLAGE OF MOSQUERO

AUDITED FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION

JUNE 30, 2016

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, 2016

VILLAGE COUNCIL

Jimmie Ridge	Mayor
Connie Winn	Council Member
Raymond Trujillo	Council Member
Barbara Melton	Council Member
Robert Aragon	Council Member

VILLAGE ADMINISTRATION

Shawn Jeffrey	Clerk-Treasurer
Rita Palos	Deputy Clerk

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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, 2016, 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, 2016 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, 2016, 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, 2016, 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 46, the *Schedule of Contributions* on page 47, with the notes to the required supplementary information on page 47 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 8, 2016 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 8, 2016

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STATE OF NEW MEXICO
VILLAGE OF MOSQUERO

EXHIBIT A

STATEMENT OF NET POSITION

JUNE 30, 2016

	Governmental Activities	Business Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 278,977	\$ 50,854	\$ 329,831
Accounts receivable, net	1,414	4,765	6,179
Due from other funds	26,704	5,264	31,968
Total current assets	<u>307,095</u>	<u>60,883</u>	<u>367,978</u>
Restricted assets:			
Solid waste reserve, cash	-	1,164	1,164
Total current assets	<u>-</u>	<u>1,164</u>	<u>1,164</u>
Non-current assets:			
Capital assets, net	2,517,418	1,520,116	4,037,534
Total non-current assets	<u>2,517,418</u>	<u>1,520,116</u>	<u>4,037,534</u>
Total assets	<u>2,824,513</u>	<u>1,582,163</u>	<u>4,406,676</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	5,630	5,630	11,260
Total deferred outflows	<u>5,630</u>	<u>5,630</u>	<u>11,260</u>
LIABILITIES			
Current liabilities:			
Accounts payable	6,080	-	6,080
Accrued interest payable	24	-	24
Due to other funds	5,264	26,704	31,968
Current portion of compensated absences	-	-	-
Current portion of long-term debt	27,123	-	27,123
Total current liabilities	<u>38,491</u>	<u>26,704</u>	<u>65,195</u>
Non-current liabilities:			
Non-current portion of compensated absences	2,808	3,331	6,139
Non-current portion of long-term debt	184,488	-	184,488
Landfill closure payable	-	94,900	94,900
Net pension liability	21,412	21,411	42,823
Total non-current liabilities	<u>208,708</u>	<u>119,642</u>	<u>328,350</u>
Total liabilities	<u>247,199</u>	<u>146,346</u>	<u>393,545</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	551	550	1,101
Total deferred inflows	<u>551</u>	<u>550</u>	<u>1,101</u>
NET POSITION			
Net investment in capital assets	2,305,807	1,520,116	4,004,272
Restricted:			
Debt Service	1,058	-	1,058
Capital Projects	-	-	-
Unrestricted	275,528	(79,219)	17,960
Total net position	<u>\$ 2,582,393</u>	<u>\$ 1,440,897</u>	<u>\$ 4,023,290</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, 2016

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 215,564	\$ 285	\$ -	\$ -
Public safety	57,987	-	57,987	-
Depreciation - unallocated	211,245	-	39,865	70,086
Interest on long-term debt	210	-	-	-
Total governmental activities	<u>485,006</u>	<u>285</u>	<u>97,852</u>	<u>70,086</u>
Business type activities:				
Water/Sewer expenses	114,762	42,584	-	-
Solid Waste	<u>42,218</u>	<u>13,184</u>	-	-
Total business type activities	<u>156,980</u>	<u>55,768</u>	-	-
Total all activities	<u>\$ 641,986</u>	<u>\$ 56,053</u>	<u>\$ 97,852</u>	<u>\$ 70,086</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
	\$ (215,279)	\$ -	\$ (215,279)
	-	-	-
	(101,294)	-	(101,294)
	(210)	-	(210)
	<u>(316,783)</u>	<u>-</u>	<u>(316,783)</u>
	-	(72,178)	(72,178)
	-	(29,034)	(29,034)
	<u>-</u>	<u>(101,212)</u>	<u>(101,212)</u>
	<u>(316,783)</u>	<u>(101,212)</u>	<u>(417,995)</u>
General revenues:			
Property taxes	1,491	-	1,491
Gross receipts taxes	51,995	9,419	61,414
Gasoline taxes	5,156	-	5,156
Motor vehicle taxes	1,033	-	1,033
State aid not restricted	90,000	-	90,000
Unrestricted investment earnings	699	91	790
General	77,968	24,385	102,353
Total general revenues	<u>228,342</u>	<u>33,895</u>	<u>262,237</u>
Change in net position	(88,441)	(67,317)	(155,758)
Net position - beginning	2,666,061	1,508,092	4,174,153
Restatements	4,773	122	4,895
Net position - beginning as restated	<u>2,670,834</u>	<u>1,508,214</u>	<u>4,179,048</u>
Net position - ending	<u>\$ 2,582,393</u>	<u>\$ 1,440,897</u>	<u>\$ 4,023,290</u>

STATE OF NEW MEXICO
VILLAGE OF MOSQUERO

EXHIBIT C

BALANCE SHEET -- ALL GOVERNMENTAL FUNDS

JUNE 30, 2016

	General	Fire Protection Fund	Law Enforcement Protection Fund	TOTALS
ASSETS				
Cash and Cash Equivalents	\$ 217,009	\$ 53,643	\$ 8,325	\$ 278,977
Accounts Receivable, net	1,414	-	-	1,414
Due from Other Funds	26,704	-	-	26,704
TOTAL ASSETS	\$ 245,127	\$ 53,643	\$ 8,325	\$ 307,095
LIABILITIES AND OTHER CREDITS				
Accounts Payable	4,753	1,327	-	6,080
Due to Other Funds	5,264	-	-	5,264
Accrued Interest Payable	5	19	-	24
TOTAL LIABILITIES	10,022	1,346	-	11,368
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	-	-	-	-
TOTAL DEFERRED INFLOWS	-	-	-	-
FUND BALANCE				
Nonspendable	-	-	-	-
Restricted	1,007	52,297	8,325	61,629
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	234,098	-	-	234,098
TOTAL FUND BALANCE	235,105	52,297	8,325	295,727
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	\$ 245,127	\$ 53,643	\$ 8,325	\$ 307,095

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, 2016

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

Fund Balances - total governmental funds	\$	295,727
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		2,517,418
Deferred outflows related to pensions not reported in the funds		5,630
Net pension liability not reported in the funds		(21,412)
Deferred inflows related to pensions not reported in the funds		(551)
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		(211,611)
Compensated absences		<u>(2,808)</u>
Net position of governmental activities	\$	<u><u>2,582,393</u></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, 2016

	General	Fire Protection Fund	Law Enforcement Protection Fund	TOTALS
REVENUE				
Taxes:				
Property	\$ 1,491	\$ -	\$ -	\$ 1,491
Gross Receipts	51,995	-	-	51,995
Gasoline	5,156	-	-	5,156
Motor Vehicle	1,033	-	-	1,033
Charges for Services	285	-	-	285
Licenses and Permits	686	-	-	686
Local Sources	37,033	20,000	20,249	77,282
State Sources	160,086	77,852	20,000	257,938
Federal Sources	-	-	-	-
Earnings from Investments	489	164	46	699
TOTAL REVENUES	258,254	98,016	40,295	396,565
EXPENDITURES				
Current:				
General Government	136,523	-	-	136,523
Public Safety	-	38,467	19,520	57,987
Capital Outlay	78,559	20,000	32,002	130,561
Debt Service				
Principal	1,344	25,100	-	26,444
Interest and Fiscal Charge	16	194	-	210
TOTAL EXPENDITURES	216,442	83,761	51,522	351,725
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	41,812	14,255	(11,227)	44,840
Other Financing Sources (Uses)				
Transfer In/Transfers (Out)	-	-	-	-
Total Other Financing Sources	-	-	-	-
NET CHANGE IN FUND BALANCE	41,812	14,255	(11,227)	44,840
FUND BALANCE				
June 30, 2015	188,520	38,042	19,552	246,114
Restatements	4,773	-	-	4,773
June 30, 2015 as restated	193,293	38,042	19,552	250,887
FUND BALANCE June 30, 2016	\$ 235,105	\$ 52,297	\$ 8,325	\$ 295,727

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, 2016

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

Net change in fund balance - total governmental funds	\$ 44,840
<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	56,014
Depreciation	(211,245)
Expenses in Statement of Activities which do not require use of current financial resources i.e. Compensated Absences	(2,808)
Pension Related Expense	(1,686)
Loan Principal	26,444
Change in Net Position	<u>\$ (88,441)</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, 2016

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Taxes	\$ 19,601	\$ 19,601	\$ 26,493	\$ 6,892
Charges for services	8,000	8,000	8,583	583
Licenses and permits	800	800	686	(114)
Local Sources	-	-	-	-
State Sources	685,000	685,000	160,086	(524,914)
Federal Sources	-	-	-	-
State shared taxes	55,253	55,253	71,041	15,788
Miscellaneous	5,000	5,000	3,573	-
Earnings from investments	350	350	489	139
TOTAL REVENUE	<u>774,004</u>	<u>774,004</u>	<u>\$ 270,951</u>	<u>\$ (501,626)</u>
BUDGETED CASH BALANCE	<u>150,841</u>	<u>152,738</u>		
TOTAL REVENUE & CASH	<u>\$ 924,845</u>	<u>\$ 926,742</u>		
EXPENDITURES				
Current				
General government	\$ 133,639	\$ 173,639	\$ 131,770	\$ 41,869
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	580,000	580,000	78,559	501,441
Loan principle	1,344	1,344	1,344	-
Loan interest	17	17	17	-
TOTAL EXPENDITURES	<u>\$ 715,000</u>	<u>\$ 755,000</u>	<u>\$ 211,690</u>	<u>\$ 543,310</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, 2016

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Local Sources	\$ -	\$ -	\$ 20,000	\$ 20,000
State Sources	77,852	77,852	77,852	-
Earnings from investments	-	-	164	164
TOTAL REVENUE	<u>77,852</u>	<u>77,852</u>	<u>\$ 98,016</u>	<u>\$ 20,164</u>
BUDGETED CASH BALANCE	<u>37,970</u>	<u>38,119</u>		
TOTAL REVENUE & CASH	<u>\$ 115,822</u>	<u>\$ 115,971</u>		
EXPENDITURES				
Current				
Public safety	\$ 92,361	\$ 92,361	\$ 82,501	\$ 9,860
TOTAL EXPENDITURES	<u>\$ 92,361</u>	<u>\$ 92,361</u>	<u>\$ 82,501</u>	<u>\$ 9,860</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, 2016

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Local Sources	\$ -	\$ 21,000	\$ 20,249	\$ (751)
State Sources	20,000	20,000	20,000	-
Earnings from investments	-	-	46	46
TOTAL REVENUE	<u>20,000</u>	<u>41,000</u>	<u>\$ 40,295</u>	<u>\$ 46</u>
 BUDGETED CASH BALANCE	 <u>19,156</u>	 <u>19,552</u>		
 TOTAL REVENUE & CASH	 <u>\$ 39,156</u>	 <u>\$ 60,552</u>		
 EXPENDITURES				
Current				
Public safety	\$ 30,000	\$ 45,000	\$ 51,522	\$ (6,522)
 TOTAL EXPENDITURES	 <u>\$ 30,000</u>	 <u>\$ 45,000</u>	 <u>\$ 51,522</u>	 <u>\$ (6,522)</u>

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

STATEMENT OF NET POSITION - PROPRIETARY FUND

JUNE 30, 2016

	Water Fund	Sewer Fund	Solid Waste Fund	TOTALS
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 20,179	\$ 21,067	\$ 9,608	\$ 50,854
Accounts Receivable - Net	4,601	-	-	4,601
Taxes Receivable	131	-	33	164
Due from Other Funds	4,211	-	1,053	5,264
Total Current Assets	<u>29,122</u>	<u>21,067</u>	<u>10,694</u>	<u>60,883</u>
Restricted Assets				
Solid Waste Reserve - Cash	-	-	1,164	1,164
Total Restricted Assets	<u>-</u>	<u>-</u>	<u>1,164</u>	<u>1,164</u>
Capital Assets				
Capital Assets - Net	1,004,806	477,682	37,628	1,520,116
Total Capital Assets Net of Depreciation	<u>1,004,806</u>	<u>477,682</u>	<u>37,628</u>	<u>1,520,116</u>
TOTAL ASSETS	<u>\$ 1,033,928</u>	<u>\$ 498,749</u>	<u>\$ 49,486</u>	<u>\$ 1,582,163</u>
LIABILITIES AND OTHER CREDITS				
Current Liabilities				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	26,704	-	-	26,704
Total Current Liabilities	<u>26,704</u>	<u>-</u>	<u>-</u>	<u>26,704</u>
Non-current Liabilities				
Compensated Absences	3,331	-	-	3,331
Landfill Closure Payable	-	-	94,900	94,900
Total Non-current Liabilities	<u>3,331</u>	<u>-</u>	<u>94,900</u>	<u>98,231</u>
TOTAL LIABILITIES	<u>30,035</u>	<u>-</u>	<u>94,900</u>	<u>124,935</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	1,004,806	477,682	37,628	1,520,116
Restricted for Solid Waste	-	-	1,164	1,164
Assigned	(913)	21,067	(84,206)	(64,052)
TOTAL NET POSITION	<u>1,003,893</u>	<u>498,749</u>	<u>(45,414)</u>	<u>1,457,228</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 1,033,928</u>	<u>\$ 498,749</u>	<u>\$ 49,486</u>	<u>\$ 1,582,163</u>

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

STATE OF NEW MEXICO
VILLAGE OF MOSQUERO

EXHIBIT K

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

JUNE 30, 2016

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

Net position- total proprietary funds	\$ 1,457,228
Deferred outflows related to pensions not reported in the funds	5,630
Net pension liability not reported in the funds	(21,411)
Deferred inflows related to pensions not reported in the funds	<u>(550)</u>
Net position of governmental activities	<u>\$ 1,440,897</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
VILLAGE OF MOSQUERO

EXHIBIT L

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

For the Year Ended JUNE 30, 2016

	Water Fund	Sewer Fund	Solid Waste Fund	TOTALS
OPERATING REVENUES				
Gross Receipts	\$ 7,535	\$ -	\$ 1,884	\$ 9,419
Charges for Services	26,870	15,714	13,184	55,768
Local Sources	671	-	23,714	24,385
TOTAL OPERATING REVENUES	<u>35,076</u>	<u>15,714</u>	<u>38,782</u>	<u>89,572</u>
OPERATING EXPENSES				
Current:				
Salaries	7,587	-	12,232	19,819
Maintenacne and Operations	17,312	5,946	19,329	42,587
Depreciation	51,544	30,688	10,657	92,889
TOTAL OPERATING EXPENSES	<u>76,443</u>	<u>36,634</u>	<u>42,218</u>	<u>155,295</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(41,367)	(20,920)	(3,436)	(65,723)
NON-OPERATING REVENUES (EXPENSES)				
Investment Income	90	-	1	91
Investment Expense	-	-	-	-
Capital Grants	-	-	-	-
Transfer In/Transfers (Out)	-	-	-	-
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>90</u>	<u>-</u>	<u>1</u>	<u>91</u>
NET CHANGE IN NET POSITION	(41,277)	(20,920)	(3,435)	(65,632)
NET POSITION				
June 30, 2015	1,045,048	519,669	(41,979)	1,522,738
Restatements	122	-	-	122
June 30, 2015 as restated	<u>1,045,170</u>	<u>519,669</u>	<u>(41,979)</u>	<u>1,522,860</u>
NET POSITION June 30, 2016	<u>\$ 1,003,893</u>	<u>\$ 498,749</u>	<u>\$ (45,414)</u>	<u>\$ 1,457,228</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, 2016

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

Net change in fund balance - proprietary funds	\$ (65,632)
Pension Related Expense	<u>(1,685)</u>
Change in Net Position	<u>\$ (67,317)</u>

The accompanying notes are an integral part of these financial statements

COMBINING STATEMENT CASH FLOWS -- PROPRIETARY FUNDS

For the Year Ended JUNE 30, 2016

	Water Fund	Sewer Fund	Solid Waste Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Received from Customers	\$ 26,870	\$ 15,714	\$ 13,184	\$ 55,768
Cash from County	-	-	23,714	23,714
Environmental Gross Receipts Tax	7,535	-	1,884	9,419
Other Local Source Receipts	671	-	-	671
Cash Payment to Employees	(7,587)	-	(12,232)	(19,819)
Cash Payments to Suppliers	(17,312)	(5,948)	(19,329)	(42,587)
Net Cash Provided by Operating Activities	<u>10,177</u>	<u>9,768</u>	<u>7,221</u>	<u>27,166</u>
CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES:				
Principal Paid on Debt	-	-	-	-
Interest Paid on Debt	-	-	-	-
Acquisition and Construction of Capital Assets	-	-	10,159	10,159
Capital Grants	-	-	-	-
Net Cash Provided by Capital and Related activities	<u>-</u>	<u>-</u>	<u>(10,159)</u>	<u>(10,159)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Operating Transfers to Other Funds	-	-	-	-
Operating Transfers from Other Funds	-	-	-	-
Operating Due To(From) Other Funds	167	-	(132)	35
Prior year voided check	122	-	-	122
Net Cash Provided (Used) by Noncapital Financing Activities	<u>289</u>	<u>-</u>	<u>(132)</u>	<u>157</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest	90	-	1	91
Net Cash Provided by Investing Activities	<u>90</u>	<u>-</u>	<u>1</u>	<u>91</u>
Net Increase (Decrease) in Cash	10,556	9,768	(3,069)	17,255
Cash Beginning of Year	9,623	11,299	13,841	34,763
Cash End of Year	<u>\$ 20,179</u>	<u>\$ 21,067</u>	<u>\$ 10,772</u>	<u>\$ 52,018</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating Income (loss)	\$ (41,367)	\$ (20,920)	\$ (3,436)	\$ (65,723)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation	51,544	30,688	10,657	92,889
Changes in assets and Liabilities:				
Receivables	(584)	-	-	(584)
Payables	1,083	-	-	1,083
Compensated Absences	(1,423)	-	-	(1,423)
Due from Other Funds	924	-	-	924
Net Cash Provided (Used) by Operating Activities	<u>\$ 10,177</u>	<u>\$ 9,768</u>	<u>\$ 7,221</u>	<u>\$ 27,166</u>

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

STATE OF NEW MEXICO
VILLAGE OF MOSQUERO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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, 2016

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, 2016

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, 2016

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, 2016

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 \$ 6,139.

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, 2016

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, 2016

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 insured 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, 2016

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	\$ 209,360
First National Bank	General	196
First National Bank C.D.	General	6,446
NM State Treasurer (NMFA)	General	1,007
First National Bank	Fire	53,592
NM State Treasurer (NMFA)	Fire	51
First National Bank	Law Enforcement	8,325
First National Bank	Water	20,179
First National Bank	Sewer	21,067
First National Bank	Solid Waste	9,608
First National Bank	Solid Waste	1,164
Total Cash		<u>\$ 330,995</u>

Reconciliation:

Bank Balance	333,650
Outstanding Checks	(2,655)
Total Cash	<u>\$ 330,995</u>

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

	NMFA	First National
Cash on Deposit at June 30, 2016	\$ 1,058	\$ 338,826
Insured by FDIC	(1,058)	(250,000)
Uninsured Funds	-	88,826
50% Collateral Needed	-	44,413
Pledged Collateral at June 30, 2016	-	205,187
Over/(Under) Collateralized	<u>\$ -</u>	<u>\$ 160,774</u>

Pledged collateral at June 30, 2016 consisted of:

FNMA Pool # MA1983 4.0% Cusip# 31418BFZ4 Maturing 08/01/2034 in the amount of \$205,187

STATE OF NEW MEXICO
VILLAGE OF MOSQUERO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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, 2016 none of the Village bank balance of \$ 33,650 was exposed to custodial credit risk as follows:

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

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, 2016

II. DETAILED NOTES ON ALL FUNDS (continued)

C. Receivables

Receivables as of June 30, 2016 including the applicable allowances for uncollectible accounts are as follows:

	Governmental Activities	Business-Type Activities	Total
Receivables from Customers	\$ -	\$ 5,540	\$ 5,540
Allowance for Uncollectible Accounts	-	(939)	(939)
Subtotal	-	4,601	4,601
Intergovernmental	-	-	-
Various Taxes	1,414	164	1,578
Total	<u>\$ 1,414</u>	<u>\$ 4,765</u>	<u>\$ 6,179</u>

D. Compensated Absences

Compensated absences are expensed in the fund in which the liability is incurred. The General Fund would be liable for \$2,808 the Water/Sewer Fund would be liable for \$3,331.

6/30/2015	Prior Year Adjustments	Additions	Reductions	6/30/2016	Due in One Year
\$ 1,908	\$ -	\$ 4,855	\$ (624)	\$ 6,139	\$ -

E. Long-Term Debt

A summary of changes in long term obligations follows:

During the year ended June 30, 2016 the following changes occurred in the liabilities reported in the Government-Wide Statement of Net Position:

SERIES	AUDITED BALANCE 6/30/2015	ADDITIONS	DELETIONS	AUDITED BALANCE 6/30/2016
NMFA-GENERAL	\$ 6,755	\$ -	\$ 1,344	\$ 5,411
NMFA-FIRE	231,300	-	25,100	206,200
	<u>\$ 238,055</u>	<u>\$ -</u>	<u>\$ 26,444</u>	<u>\$ 211,611</u>

STATE OF NEW MEXICO
VILLAGE OF MOSQUERO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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
6/30/2017	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	5,411	34	5,445

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
6/30/2017	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	206,200	58	206,258

STATE OF NEW MEXICO
VILLAGE OF MOSQUERO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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 7/1/2015	Increases	Decreases	Ending Balance 6/30/2016
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	2,544,190	-	-	2,544,190
Heavy Equipment	541,017	24,012	-	565,029
Vehicles	127,174	32,002	35,323	123,853
Equipment	90,128	-	-	90,128
Total Capital assets being depreciated	<u>3,874,992</u>	<u>56,014</u>	<u>35,323</u>	<u>3,895,683</u>
Less accumulated depreciation for:				
Building & Improvements	301,358	37,338	-	338,696
Infrastructure	664,945	127,209	-	792,154
Heavy Equipment	251,936	13,361	-	265,297
Vehicles	78,010	10,539	17,776	70,773
Equipment	80,108	5,251	-	85,359
Total accumulated depreciation	<u>1,376,357</u>	<u>193,698</u>	<u>17,776</u>	<u>1,552,279</u>
Total Capital assets, being depreciated, net	<u>2,498,635</u>	<u>(137,684)</u>	<u>17,547</u>	<u>2,343,404</u>
Governmental activities capital assets, net	<u>\$ 2,672,649</u>	<u>\$ (137,684)</u>	<u>\$ 17,547</u>	<u>\$ 2,517,418</u>

STATE OF NEW MEXICO
VILLAGE OF MOSQUERO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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 7/1/2015	Increases	Decreases	Ending Balance 6/30/2016
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	117,592	-	-	117,592
Land Improvements	65,638	10,159	-	75,797
Total Capital assets being depreciated	2,434,476	10,159	-	2,444,635
Less accumulated depreciation for:				
Buildings	44,955	1,500	-	46,455
Infrastructure - Storage Tanks	86,824	2,875	-	89,699
Water/Sewer System	566,605	74,406	-	641,011
Equipment	67,609	12,414	-	80,023
Land Improvements	65,637	1,694	-	67,331
Total accumulated depreciation	831,630	92,889	-	924,519
Total Capital assets, being depreciated, net	1,602,846	(82,730)	-	1,520,116
Business-Type Activities capital assets, net	\$ 1,602,846	\$ (82,730)	\$ -	\$ 1,520,116

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, 2016

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 2015.pdf](http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366%20Public%20Employees%20Retirement%20Association%202015.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 FY15 annual audit report at [http://osanm.org/media/audits/366 Public Employees Retirement Association 2015.pdf](http://osanm.org/media/audits/366%20Public%20Employees%20Retirement%20Association%202015.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 \$ 4,112 and employer paid member benefits that were "picked up" by the employer were \$ 0 for the year ended June 30, 2016.

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, 2014. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2015, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2015.

STATE OF NEW MEXICO
VILLAGE OF MOSQUERO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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, 2015. Only employer contributions for the pay period end dates that fell within the period of July 1, 2014 to June 30, 2015 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2015 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, 2016, the Village reported a liability of \$42,823 for its proportionate share of the net pension liability. At June 30, 2015, the Village's proportion was .0042 percent, which was an increase of .0012 percent from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the Village recognized PERA Fund Division General Division pension expense of \$7,483. At June 30, 2016, the Village reported PERA Fund Division General Division deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Beginning balance	\$ 3,282	\$ 9,172
Investment experience	-	(10,362)
Differences between expected and actuarial experience	-	949
Changes in proportion	7,148	3,635
2015 Actual employer contributions	(3,282)	-
2016 Actual employer contributions	4,112	-
Net amortization of deferred amounts from changes in proportion	-	(2,293)
Total	<u>\$ 11,260</u>	<u>\$ 1,101</u>

STATE OF NEW MEXICO
VILLAGE OF MOSQUERO

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

III. OTHER INFORMATION (continued)

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

\$4,112 reported as deferred outflows of resources related to pensions resulting from the Village contributions subsequent to the measurement date June 30, 2015 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:		
	2017	(1,134)
	2018	(1,134)
	2019	(1,134)
	2020	2,302
	2021	Unavailable

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, 2014 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, 2015 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, 2015. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2015 actuarial valuation.

Actuarial Valuation Date	June 30, 2014
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
Mortality Assumption	RP-2000 Mortality Tables (Combined table for healthy post-retirements, Employee table for active members, and Disabled table for disabled retirees before retirement age) with projection to 2018 using Scale AA.
Experience Study Dates	July 1, 2008 to June 30, 2013

STATE OF NEW MEXICO
VILLAGE OF MOSQUERO

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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	\$72,910	\$42,823	\$17,807

STATE OF NEW MEXICO
VILLAGE OF MOSQUERO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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 FY15 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 slope 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, 2016

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	-	-	-	-
Fire Protection	-	52,246	-	52,246
Law Enforcement	-	-	8,325	8,325
Debt Service	1,007	51	-	1,058
Total Restricted	1,007	52,297	8,325	61,629
Unassigned	234,098	-	-	234,098
Total Fund Balances	\$ 235,105	\$ 52,297	\$ 8,325	\$ 295,727

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

	Governmental Activities	Business-Type Activities	Total
Net Position at June 30, 2015	\$ 2,666,061	\$ 1,508,092	\$ 4,174,153
Prior Period Adjustments			
To record prior year voided checks	120	122	242
To correct a prior year receivable	4653	-	4653
Net Position at June 30, 2015 as Restated	\$ 2,670,834	\$ 1,508,214	\$ 4,179,048

STATE OF NEW MEXICO
VILLAGE OF MOSQUERO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

III. OTHER INFORMATION (continued)

G. Restatement of Beginning Fund Balances for Governmental and Business-Type Activities:

General Fund:

To record prior year voided checks	\$ 120
To correct a prior year receivable	4,653
Total	<u>\$ 4,773</u>

Water Fund:

To record prior year voided checks	\$ 122
Total	<u>\$ 122</u>

H. At June 30, 2016 the Village had two funds which had overspent a budget for the year. They consisted of:

Law Enforcement Protection Fund	\$ 6,522
Solid Waste	\$ 1,561

STATE OF NEW MEXICO
 VILLAGE OF MOSQUERO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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	\$ 270,951	\$ 98,016	\$ 40,295
Add:			
Current Year Receivables & Other Credits	1,414	-	-
Deduct:			
Prior Year Receivables & Other Debits	14,111	-	-
REVENUE --GAAP BASIS	<u>\$ 258,254</u>	<u>\$ 98,016</u>	<u>\$ 40,295</u>
EXPENDITURES			
Budgetary Basis	\$ 211,690	\$ 82,501	\$ 51,522
Add:			
Current Year Payables & Other Debits	4,757	1,346	-
Deduct:			
Prior Year Payables & Other Credits	5	86	-
EXPENDITURES --GAAP BASIS	<u>\$ 216,442</u>	<u>\$ 83,761</u>	<u>\$ 51,522</u>

STATE OF NEW MEXICO
 VILLAGE OF MOSQUERO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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	\$ 31,707	\$ 15,714	\$ 37,829
Add:			
Current Year Receivables & Other Credits	4,732	-	4,675
Deduct:			
Prior Year Receivables & Other Debits	1,273	-	3,721
REVENUE --GAAP BASIS	<u>\$ 35,166</u>	<u>\$ 15,714</u>	<u>\$ 38,783</u>
EXPENDITURES			
Budgetary Basis	\$ 24,559	\$ 5,946	\$ 31,561
Add:			
Current Year Payables & Other Debits	51,884	30,688	10,657
Deduct:			
Prior Year Payables & Other Credits	-	-	-
EXPENDITURES --GAAP BASIS	<u>\$ 76,443</u>	<u>\$ 36,634</u>	<u>\$ 42,218</u>

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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, 2016

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Charges for services	\$ 30,000	\$ 30,000	\$ 27,224	\$ (2,776)
State shared taxes	7,214	7,214	3,722	(3,492)
Local Sources	541	541	671	130
State Sources	-	-	-	-
Earnings from investments	-	-	90	90
TOTAL REVENUE	<u>37,755</u>	<u>37,755</u>	<u>\$ 31,707</u>	<u>\$ (6,048)</u>
BUDGETED CASH BALANCE	<u>22,792</u>	<u>9,622</u>		
TOTAL REVENUE & CASH	<u>\$ 60,547</u>	<u>\$ 47,377</u>		
EXPENDITURES				
Current				
Personal Services	\$ -	\$ -	\$ -	\$ -
Operating expenses	28,000	28,000	24,559	3,441
Capital outlay	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 28,000</u>	<u>\$ 28,000</u>	<u>\$ 24,559</u>	<u>\$ 3,441</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, 2016

	<u>ORIGINAL BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Favorable (Unfavorable)</u>
REVENUE				
Charges for services	\$ 17,000	\$ 17,000	\$ 15,714	\$ (1,286)
State shared taxes	-	-	-	-
Local Sources	-	-	-	-
State Sources	-	-	-	-
Earnings from investments	-	-	-	-
TOTAL REVENUE	<u>17,000</u>	<u>17,000</u>	<u>\$ 15,714</u>	<u>\$ (1,286)</u>
BUDGETED CASH BALANCE	<u>13,053</u>	<u>11,299</u>		
TOTAL REVENUE & CASH	<u>\$ 30,053</u>	<u>\$ 28,299</u>		
EXPENDITURES				
Current				
Personal Services	\$ -	\$ -	\$ -	\$ -
Operating expenses	15,000	15,000	5,946	9,054
Capital outlay	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 15,000</u>	<u>\$ 15,000</u>	<u>\$ 5,946</u>	<u>\$ 9,054</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, 2016

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Charges for services	\$ 17,000	\$ 17,000	\$ 13,184	\$ (3,816)
State shared taxes	3,000	3,000	931	(2,069)
Local Sources	-	10,000	23,714	13,714
State Sources	-	-	-	-
Earnings from investments	-	-	-	-
TOTAL REVENUE	<u>20,000</u>	<u>30,000</u>	<u>\$ 37,829</u>	<u>\$ 7,829</u>
BUDGETED CASH BALANCE	<u>4,097</u>	<u>12,678</u>		
TOTAL REVENUE & CASH	<u>\$ 24,097</u>	<u>\$ 42,678</u>		
EXPENDITURES				
Current				
Personal Services	\$ -	\$ -	\$ -	\$ -
Operating expenses	-	30,000	31,561	(1,561)
Capital outlay	-	-	-	-
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ 30,000</u>	<u>\$ 31,561</u>	<u>\$ (1,561)</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, 2016

	<u>2016</u>
Proportion of the net pension liability	0.00420%
Proportionate share of the net pension liability	\$ 42,823
Covered-employee payroll	\$ 44,417
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	96.41%
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.

STATE OF NEW MEXICO
 VILLAGE OF MOSQUERO

SCHEDULE 2

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

JUNE 30, 2016

	2016
Contractually required contribution	\$ 4,112
Contributions in relation to the contractually required contribuion	4,112
Contribution deficiency (excess)	\$ -
Covered-employee payroll	\$ 55,571
Contributions as a percentage of covered-employee payroll	7.40%

* 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 FY15 audit available at http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2015.pdf.

Changes of assumptions - The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2015 report is available at http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2015%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.

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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, 2016

PREPARED BY AGENCY STAFF NAME: SHAWN JEFFREY
TITLE: CITY CLERK DATE: DECEMBER 7, 2016

<i>Agency Number</i>	<i>Agency Name</i>	<i>Agency Type</i>	<i>RFB#/RFP# (if applicable)</i>	<i>Type of Procurement</i>	<i>Vendor Name</i>
6130	Village of Mosquero	Municipality	None		

Schedule 3

<i>Did Vendor Win Contract?</i>	<i>\$ Amount of Awarded Contract</i>	<i>\$ Amount of Amended Contract</i>	<i>Physical address of vendor (City, State)</i>	<i>Did the Vendor provide documentation of eligibility for in-state preference?</i>	<i>Did the Vendor provide documentation of eligibility for veterans' preference?</i>	<i>Brief Description of the Scope of Work</i>	<i>If the procurement is attributable to a Component Unit, Name of Component Unit</i>
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Woodard, Cowen & Co.

Certified Public Accountants

INDEPENDENT AUDITOR'S 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

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 for the General, Fire Protection, Law Enforcement Protection Funds of the Village of Mosquero as of and for the year ended June 30, 2016. 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 8, 2016.

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.

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 deficiencies in internal control described in the accompanying schedule of findings and responses that we consider to be significant deficiencies identified as item 2008-001 and 2015-002.

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 Standard* and which are described in the accompanying Schedule of 12-6-5 NMSA 1978 Findings as items 2016-001 and 2016-002.

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 8, 2016

STATE OF NEW MEXICO
VILLAGE OF MOSQUERO

SUMMARY OF FINDINGS AND RESPONSES

JUNE 30, 2016

I. SUMMARY OF AUDITORS RESULTS:

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

II. FINANCIAL STATEMENT FINDINGS

Compliance

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.
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, 2016 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 has begun to put a percentage of General funds into a restricted account specifically to help provide the resources required. The Council will pass a resolution to restrict these funds within the next 6 months. Also, the Mayor will be working with Harding County to determine what amounts the county is willing to help fund the post closure costs. The Village has received its official closure letter from the State.

STATE OF NEW MEXICO
VILLAGE OF MOSQUERO

SUMMARY OF FINDINGS AND RESPONSES

JUNE 30, 2016

II. FINANCIAL STATEMENT FINDINGS (continued)

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. The Village expects the prior year corrective action plan to be implemented before the end of FY17.
- 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 Village has purchased the new Tyler Fund Balance accounting software and the Deputy Clerk is currently in the process of setting the software up. The Deputy Clerk is also to begin training on the software use within the next six months. The Village is expecting that the records for the FY17 audit will be recorded in the new accounting system before June 30, 2017.

III. PRIOR YEAR AUDIT FINDINGS

2015-001 Uncollateralized Funds	Resolved
2008-001 Revenue Resources for Post-Closure Cost of Landfill	Revised and Repeated
2015-002 Accounting System	Revised and Repeated
2015-003 Purchase Orders	Resolved

STATE OF NEW MEXICO
VILLAGE OF MOSQUERO

SCHEDULE OF 12-6-5 NMSA 1978 FINDINGS

JUNE 30, 2016

2016-001 Overspent Budgets (other matter)

Condition: The following budgets were over spent for the year ended June 30, 2016:

<u>FUND</u>	<u>AMOUNT</u>
Law Enforcement Protection Fund	\$ 6,522
Solid Waste	1,561

Criteria: 22-8-11(B) NMSA 1978, requires all funds to be spent within the established guidelines set for budgets.

Cause: Management did not ensure budget adjustment requests were obtained from DFA by the required deadline.

Effect: Violation of statutes regarding budgets and expenditures could affect future funding from the state. The Village had the adequate cash to pay the expenditures but not the required budget authority from DFA.

Recommendation: It is imperative that the Village Management start a monitoring process on a monthly basis to ensure that the budgets are not in violation of the law. Management should implement an corrective action plan that would require the budget to actual reports from the new accounting system be presented in the monthly financial report to the council.

Response: The Village Management will more closely monitor its quarterly DFA budget reports to ensure that expenditures do not exceed budgeted amounts as authorized by DFA. Once the new accounting system is fully operational in the next six months the Clerk will check the budget monthly and provide reports to the council.

2016-002 Approval of Board Minutes (other matter)

Condition: The Village failed to get minutes prepared and approved for the July 28, 2015 regular meeting and did not get approval on the July 7, 2015 special meeting. The notes for the July 28 meeting were presented to the auditor and the minutes were prepared during the auditors fieldwork.

Criteria: Draft minutes shall be prepared within ten working days after the meeting and shall be approved, amended or disapproved at the next meeting where a quorum is present. Minutes shall not become official until approved by the policymaking body per Chapter 10, Article 15 (1)(G) NMSA 1978.

Cause: The Clerk could not locate a copy of the original prepared minutes, nor did any of the council have copies. The Village has a notebook to keep signed copies in, but it was not maintained adequately.

Effect: Violation of the open meetings act, as the information in the minutes is supposed to be available for public inspection, but cannot be made available until they are official.

Recommendation: The Council should implement procedures to ensure that approval of all minutes is included in the agenda of the next meeting and that the approval is acted upon and the approved minutes are then signed and dated at that meeting.

Response: The Council will immediately implement procedures to ensure that the review and approval of all minutes is included in the agenda for each meeting and that approved minutes are signed and dated at the regular board meetings and an adequate binder for the minutes will be used and maintained.

STATE OF NEW MEXICO
VILLIAGE OF MOSQUERO

OTHER DISCLOSURES

JUNE 30, 2016

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 8, 2016. Present were:

Jimmie Ridge
Rita Palos
D. Brent Woodard
Martin E. Mackechnie

Mayor
Deputy Clerk
CPA
Senior Auditor