

STATE OF NEW MEXICO  
VILLAGE OF QUESTA

**ANNUAL FINANCIAL REPORT  
AND INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR ENDED JUNE 30, 2014**

**STATE OF NEW MEXICO  
VILLAGE OF QUESTA  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2014**

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**STATE OF NEW MEXICO  
VILLAGE OF QUESTA  
OFFICIAL ROSTER  
AS OF JUNE 30, 2014**

**VILLAGE COUNCIL**

Mark Gallegos ..... Mayor  
Brent Jaramillo ..... Councilor  
Lawrence A. Ortega ..... Councilor  
Miguel Romero ..... Councilor  
Julian Cisneros ..... Councilor

**VILLAGE OFFICIALS**

Loretta Trujillo ..... Village Administrator  
Renee Martinez ..... Village Clerk / Treasurer  
Vacant ..... Finance Director  
Michael G. Rael ..... Village Judge



## Independent Auditors' Report

Honorable Hector H. Balderas  
New Mexico State Auditor  
Santa Fe, New Mexico  
and  
To the Honorable Mayor and the Village Council  
Village of Questa  
Questa, New Mexico

### Report on Financial Statements

We were engaged to audit the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information and the budgetary comparisons for the general fund of the State of New Mexico, Village of Questa (Village) as of and for the year ended June 30, 2014, and the related notes to the financial statements which collectively comprise the Village's basic financial statements as listed in the table of contents. We were also engaged to audit the financial statements of each of the Village's non-major governmental and fiduciary funds, and the budgetary comparisons for the major special revenue and capital project funds and all non-major funds, presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2014, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting 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. Because of the matters described in the Basis for Disclaimer of Opinions paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

## **Basis for Disclaimer of Opinion**

The Village could not provide adequate supporting documentation for all transactions during the fiscal year ended June 30, 2014 which was a result of inadequate internal controls over financial reporting for all governmental activities and business-type activities. The Village's records do not permit the application of auditing procedures to all transaction classes. Since the Village could not provide adequate supporting documentation for all transactions for the year ended June 30, 2014, we were unable to apply other auditing procedures to satisfy ourselves as the accuracy of the financial statements listed in the table of contents, the scope of our work was not sufficient to enable us to express, and we do not express an opinion on the financial statements listed in the table of contents.

## **Disclaimer of Opinion**

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion, and, accordingly, we do not express an opinion on these financial statements.

## **Other Matters**

Required Supplementary Information:

The Village has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

## **Other Information**

We were engaged to conduct an audit for the purpose of forming opinions on the basic financial statements, the combining and individual fund financial statements and the budgetary comparisons. The other schedules required by Section 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the financial statements.

For the reasons described above, we were unable to obtain sufficient evidential matter to form an opinion regarding the fair presentation of this information in relation to the basic financial statements taken as a whole and accordingly, we express no opinion on them.

## Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 29, 2014 on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provision 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's internal control over financial reporting and compliance.

*Kubiak Melton & Associates, LLC*

Kubiak Melton & Associates, LLC  
Albuquerque, New Mexico  
October 29, 2014



**STATE OF NEW MEXICO  
VILLAGE OF QUESTA  
STATEMENT OF NET POSITION  
JUNE 30, 2014**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Current Assets			
Cash and Cash Equivalents	\$ 541,243	\$ 15,000	\$ 556,243
Accounts and Taxes Receivable	154	-	154
Due from Other Governments	50	-	50
<b>Total Current Assets</b>	541,447	15,000	556,447
Capital Assets:			
Capital Assets Not Being Depreciated	6,148,115	-	6,148,115
Capital Assets Being Depreciated	6,953,057	5,074,942	12,027,999
Less: Accumulated Depreciation	(1,256,092)	(2,350,466)	(3,606,558)
Capital Assets, Net	11,845,080	2,724,476	14,569,556
<b>TOTAL ASSETS</b>	<b>\$ 12,386,527</b>	<b>\$ 2,739,476</b>	<b>\$ 15,126,003</b>
<b>LIABILITIES AND NET POSITION</b>			
Current Liabilities			
Accounts Payable	\$ 280,233	\$ -	\$ 280,233
Accrued Compensated Absences	14,517	3,004	17,521
Current Portion of Loans and Bonds Payable	27,750	14,031	41,781
<b>Total Current Liabilities</b>	322,500	17,035	339,535
Noncurrent Liabilities			
Loans and Bonds Payable, Long-term	307,989	192,166	500,155
<b>Total Noncurrent Liabilities</b>	307,989	192,166	500,155
<b>TOTAL LIABILITIES</b>	630,489	209,201	839,690
<b>NET POSITION</b>			
Net Investment in Capital Assets	11,509,341	2,515,275	14,024,616
Restricted for Special Revenue	247,328	-	247,328
Restricted for Capital Projects	-	-	-
Unrestricted	(631)	15,000	14,369
<b>Total Net Position</b>	11,756,038	2,530,275	14,286,313
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 12,386,527</b>	<b>\$ 2,739,476</b>	<b>\$ 15,126,003</b>

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO  
VILLAGE OF QUESTA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2014**

Functions and Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Government Activities	Business- Type Activities	Total
<b>PRIMARY GOVERNMENT</b>							
<b>Governmental Activities</b>							
General Government	\$ 1,903,766	\$ 53,331	\$ 2,772,418	\$ -	\$ 921,983	\$ -	\$ 921,983
Public Safety	470,815	-	-	-	(470,815)	-	(470,815)
Public Works	57,182	-	-	-	(57,182)	-	(57,182)
Culture and Recreation	44,105	-	-	-	(44,105)	-	(44,105)
Total Governmental Activities	2,475,868	53,331	2,772,418	-	349,881	-	349,881
<b>Business-Type Activities</b>							
Joint Utility	449,631	264,564	-	-	-	(185,067)	(185,067)
Solid Waste	185,505	182,735	-	-	-	(2,770)	(2,770)
Total Business-Type Activities	635,136	447,299	-	-	-	(187,837)	(187,837)
<b>General Revenues:</b>							
Taxes:							
Property Taxes levied for general purposes					87,095	-	87,095
Franchise Taxes					44,394	-	44,394
Interest Income					2,420	-	2,420
Miscellaneous Income					14,714	-	14,714
Subtotal, General Revenues					148,623	-	148,623
Change in Net Position					498,504	(187,837)	310,667
Beginning Net Position					11,257,534	2,718,112	13,975,646
<b>Ending Net Position</b>					<b>\$ 11,756,038</b>	<b>\$ 2,530,275</b>	<b>\$ 14,286,313</b>

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO  
VILLAGE OF QUESTA  
BALANCE SHEET – GOVERNMENTAL FUNDS  
JUNE 30, 2014**

	<u>General Fund</u>	<u>Economic Development Fund</u>	<u>Water System Improvement Fund</u>	<u>WWTP Improvement Fund</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 215,709	\$ 243,098	\$ -	\$ -
Accounts and Taxes Receivable	-	-	-	-
Due From Other Governments	50	-	-	-
Due From Other Funds	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 215,759</u>	<u>\$ 243,098</u>	<u>\$ -</u>	<u>\$ -</u>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Overdrawn Cash	\$ -	\$ -	\$ 94,634	\$ -
Accounts Payable	280,233	-	-	-
Accrued Salaries and Benefits	-	-	-	-
Due to Other Funds	-	-	-	-
Unearned Revenue	-	-	-	-
<b>TOTAL LIABILITIES</b>	<u>280,233</u>	<u>-</u>	<u>94,634</u>	<u>-</u>
<b>FUND BALANCES</b>				
Restricted for:				
Special Revenue Funds	-	243,098	(94,634)	(82,586)
Capital Projects Funds	-	-	-	-
Unassigned:				
General Fund	(64,474)	-	-	-
Special Revenue Funds	-	-	-	82,586
Capital Projects Funds	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>(64,474)</u>	<u>243,098</u>	<u>(94,634)</u>	<u>-</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 215,759</u>	<u>\$ 243,098</u>	<u>\$ -</u>	<u>\$ -</u>

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO  
VILLAGE OF QUESTA  
BALANCE SHEET – GOVERNMENTAL FUNDS (continued)  
JUNE 30, 2014**

	<u>Airport Improvement Fund</u>	<u>Local Road Project Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ -	\$ -	\$ 181,296	\$ 640,103
Accounts and Taxes Receivable	-	-	154	154
Due From Other Governments	-	-	-	50
Due From Other Funds	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 181,450</u>	<u>\$ 640,307</u>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Overdrawn Cash	\$ 4,226	\$ -	\$ -	\$ 98,860
Accounts Payable	-	-	-	280,233
Accrued Salaries and Benefits	-	-	-	-
Due to Other Funds	-	-	-	-
Unearned Revenue	-	-	-	-
<b>TOTAL LIABILITIES</b>	<u>4,226</u>	<u>-</u>	<u>-</u>	<u>379,093</u>
<b>FUND BALANCES</b>				
Restricted for:				
Special Revenue Funds	-	-	181,450	247,328
Capital Projects Funds	-	-	-	-
Unassigned:				
General Fund	-	-	-	(64,474)
Special Revenue Funds	-	-	-	82,586
Capital Projects Funds	(4,226)	-	-	(4,226)
<b>TOTAL FUND BALANCES</b>	<u>(4,226)</u>	<u>-</u>	<u>181,450</u>	<u>261,214</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 181,450</u>	<u>\$ 640,307</u>

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO**  
**VILLAGE OF QUESTA**  
**RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2014**

**Total Fund Balance - Governmental Funds** \$ 261,214

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

Capital assets used in governmental activities are not financial resources  
and therefore are not reported in the funds

Capital Assets	13,101,172	
Less: Accumulated Depreciation	<u>(1,256,092)</u>	
Capital Assets, Net		11,845,080

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

Accrued Compensated Absences	(14,517)	
Long-Term Debt	<u>(335,739)</u>	
Total		<u>(350,256)</u>

**Net Position of Governmental Activities** **\$ 11,756,038**

**STATE OF NEW MEXICO  
VILLAGE OF QUESTA  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES – GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>General Fund</u>	<u>Economic Development Fund</u>	<u>Water System Improvement Fund</u>	<u>WWTP Improvement Fund</u>
<b>REVENUES</b>				
Property Taxes	\$ 78,744	\$ -	\$ -	\$ -
Gross Receipts Taxes	490,989	-	-	-
Public Service Taxes	5,074	-	-	-
Franchise Taxes	44,394	-	-	-
Federal Sources	-	-	-	-
State Sources	300,292	255,599	99,992	82,586
Local Sources	1,700	-	-	-
Charges for Services	6,216	-	-	-
Licenses and Fees	27,093	-	-	-
Investment Income	5	-	-	-
Miscellaneous	1,489	-	-	-
<b>TOTAL REVENUES</b>	<u>955,996</u>	<u>255,599</u>	<u>99,992</u>	<u>82,586</u>
<b>EXPENDITURES</b>				
Current				
General Government	1,442,158	-	14,446	-
Public Safety	3,750	-	-	-
Public Works	5,463	-	-	-
Culture and Recreation	6,473	-	-	-
Capital Outlay	-	12,501	111,443	-
<b>TOTAL EXPENDITURES</b>	<u>1,457,844</u>	<u>12,501</u>	<u>125,889</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	(501,848)	243,098	(25,897)	82,586
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>437,374</u>	<u>-</u>	<u>(68,737)</u>	<u>(82,586)</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ (64,474)</u>	<u>\$ 243,098</u>	<u>\$ (94,634)</u>	<u>\$ -</u>

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO  
VILLAGE OF QUESTA  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES – GOVERNMENTAL FUNDS (continued)  
FOR THE YEAR ENDED JUNE 30, 2014**

	<b>Airport Improvement Fund</b>	<b>Local Road Project Fund</b>	<b>Other Governmental Funds</b>	<b>Total</b>
<b>REVENUES</b>				
Property Taxes	\$ -	\$ -	\$ 8,351	\$ 87,095
Gross Receipts Taxes	-	-	4,656	495,645
Public Service Taxes	-	-	18,330	23,404
Franchise Taxes	-	-	-	44,394
Federal Sources	-	-	12,101	12,101
State Sources	234,293	37,353	1,024,192	2,034,307
Local Sources	-	-	205,261	206,961
Charges for Services	-	-	2,000	8,216
Licenses and Fees	-	-	18,022	45,115
Investment Income	-	-	2,415	2,420
Miscellaneous	-	-	13,225	14,714
<b>TOTAL REVENUES</b>	<b>234,293</b>	<b>37,353</b>	<b>1,308,553</b>	<b>2,974,372</b>
<b>EXPENDITURES</b>				
Current				
General Government	-	-	474,412	1,931,016
Public Safety	-	-	467,065	470,815
Public Works	-	-	51,719	57,182
Culture and Recreation	-	-	37,632	44,105
Capital Outlay	213,788	-	263,037	600,769
<b>TOTAL EXPENDITURES</b>	<b>213,788</b>	<b>-</b>	<b>1,293,865</b>	<b>3,103,887</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>20,505</b>	<b>37,353</b>	<b>14,688</b>	<b>(129,515)</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>(24,731)</b>	<b>(37,353)</b>	<b>166,762</b>	<b>390,729</b>
<b>FUND BALANCE, END OF YEAR</b>	<b><u>\$ (4,226)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 181,450</u></b>	<b><u>\$ 261,214</u></b>

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO  
VILLAGE OF QUESTA  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2014**

**Net Changes in Fund Balance - Governmental Funds** \$ (129,515)

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

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

Capital Outlay	600,769
----------------	---------

In the Statement of Activities, operating expenses such as compensated absences and long-term debt are measured by the amounts incurred during the year. In the fund financial statements, however, expenditures are measured by the amount of financial resources used (essentially the amounts actually paid):

Payments on Long-term Debt	<u>27,250</u>
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**Change in Net Position of Governmental Activities** \$ 498,504



**STATE OF NEW MEXICO  
VILLAGE OF QUESTA  
STATEMENT OF REVENUES AND EXPENSES – BUDGET (NON-GAAP BUDGETARY  
BASIS) AND ACTUAL – GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
<b>REVENUES</b>				
Property Taxes	\$ 54,000	\$ 78,744	\$ 78,744	\$ -
Gross Receipts Taxes	435,000	492,745	395,452	(97,293)
Public Service Taxes	24,500	34,312	5,074	(29,238)
Franchise Taxes	35,000	44,395	44,394	(1)
Federal Sources	-	-	-	-
State Sources	95,000	276,213	300,292	24,079
Local Sources	-	1,700	1,700	-
Charges for Services	600	3,041	6,216	3,175
Lincenses and Fees	14,350	15,953	27,093	11,140
Investment Income	-	-	5	5
Miscellaneous	19,667	21,062	1,489	(19,573)
<b>TOTAL REVENUES</b>	<u>678,117</u>	<u>968,165</u>	<u>860,459</u>	<u>(107,706)</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
General Government	639,994	759,001	1,161,938	(402,937)
Public Safety	260,253	260,253	3,750	256,503
Public Works	-	-	5,463	(5,463)
Culture and Recreation	-	-	6,473	(6,473)
Capital Outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>900,247</u>	<u>1,019,254</u>	<u>1,177,624</u>	<u>(158,370)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(222,130)	(51,089)	(317,165)	50,664
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Increase (Decrease)</b>	(222,130)	(51,089)	<u>\$ (317,165)</u>	<u>\$ 50,664</u>
<b>Prior Year Cash Balance Budgeted</b>	<u>\$ -</u>	<u>\$ -</u>		

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO  
VILLAGE OF QUESTA  
PROPRIETARY FUNDS  
STATEMENT OF NET POSITION  
JUNE 30, 2014**

	<u>Joint Utility Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 15,000	\$ -	\$ 15,000
Accounts Receivable, Net	-	-	-
Due From Other Governments	-	-	-
Due From Other Funds	-	-	-
<b>TOTAL CURRENT ASSETS</b>	<u>15,000</u>	<u>-</u>	<u>15,000</u>
<b>NONCURRENT ASSETS</b>			
Capital Assets Being Depreciated	5,074,942	-	5,074,942
Less: Accumulated Depreciation	<u>(2,350,466)</u>	<u>-</u>	<u>(2,350,466)</u>
Capital Assets, Net	<u>2,724,476</u>	<u>-</u>	<u>2,724,476</u>
<b>TOTAL ASSETS</b>	<u>\$ 2,739,476</u>	<u>\$ -</u>	<u>\$ 2,739,476</u>
<b>LIABILITIES AND NET POSITION</b>			
<b>CURRENT LIABILITIES</b>			
Accounts Payable	\$ -	\$ -	\$ -
Accrued Salaries and Benefits	-	-	-
Accrued Compensated Absences	3,004	-	3,004
Current Maturity of Bonds and Notes Payable	<u>14,031</u>	<u>-</u>	<u>14,031</u>
<b>TOTAL CURRENT LIABILITIES</b>	17,035	-	17,035
<b>NONCURRENT LIABILITIES</b>			
Long-Term Debt, Net	<u>192,166</u>	<u>-</u>	<u>192,166</u>
<b>TOTAL NONCURRENT LIABILITIES</b>	<u>192,166</u>	<u>-</u>	<u>192,166</u>
<b>TOTAL LIABILITIES</b>	<u>209,201</u>	<u>-</u>	<u>209,201</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	2,515,275	-	2,515,275
Unrestricted	<u>15,000</u>	<u>-</u>	<u>15,000</u>
<b>TOTAL NET POSITION</b>	<u>2,530,275</u>	<u>-</u>	<u>2,530,275</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 2,739,476</u>	<u>\$ -</u>	<u>\$ 2,739,476</u>

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**STATE OF NEW MEXICO  
VILLAGE OF QUESTA  
PROPRIETARY FUNDS  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Joint Utility Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>
<b>OPERATING REVENUES</b>			
Charges for Services	\$ 264,564	\$ 182,735	\$ 447,299
<b>TOTAL OPERATING REVENUES</b>	<u>264,564</u>	<u>182,735</u>	<u>447,299</u>
<b>OPERATING EXPENSES</b>			
Personal Services	332,322	2,754	335,076
Contractual Services	6,829	182,109	188,938
Supplies and Purchased Power	62,319	-	62,319
Maintenance and Materials	39,639	236	39,875
Heat, Light and Power	6,027	406	6,433
Debt Service Water Bond	2,495		2,495
Compensated Absences Expense	-	-	-
<b>TOTAL OPERATING EXPENSES</b>	<u>449,631</u>	<u>185,505</u>	<u>635,136</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(185,067)</u>	<u>(2,770)</u>	<u>(187,837)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Interest Income	-	-	-
Miscellaneous Income	-	-	-
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>CHANGE IN NET POSITION</b>	(185,067)	(2,770)	(187,837)
<b>NET POSITION, BEGINNING OF YEAR</b>	<u>2,715,342</u>	<u>2,770</u>	<u>2,718,112</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$ 2,530,275</u>	<u>\$ -</u>	<u>\$ 2,530,275</u>

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**STATE OF NEW MEXICO  
VILLAGE OF QUESTA  
PROPRIETARY FUNDS  
STATEMENT CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Joint Utility Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash Received From User Charges	\$ 265,539	\$ 182,927	\$ 448,466
Cash Payments to Employees for Services	(332,322)	(2,754)	(335,076)
Cash Payments to Suppliers for Goods and Services	<u>(117,309)</u>	<u>(182,751)</u>	<u>(300,060)</u>
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	(184,092)	(2,578)	(186,670)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
Change in Compensated Absences	-	-	-
Payments on Long-term Debt	<u>(14,540)</u>	<u>-</u>	<u>(14,540)</u>
<b>NET CASH PROVIDED BY (USED IN) NON-CAPITAL FINANCING ACTIVITIES</b>	(14,540)	-	(14,540)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on Investments	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	-	-	-
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(198,632)	(2,578)	(201,210)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>213,632</u>	<u>2,578</u>	<u>216,210</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 15,000</u>	<u>\$ -</u>	<u>\$ 15,000</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>			
Operating Income (loss)			
Adjustments to reconcile operating income (loss) to net cash used by operating activities	\$ (185,067)	\$ (2,770)	\$ (187,837)
Changes in assets and liabilities:			
Change in receivables	975	192	1,167
Change in accounts payable	-	-	-
Change in accrued salaries and benefits	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CASH PROVIDED FROM (USED BY) OPERATING ACTIVITIES</b>	<u>\$ (184,092)</u>	<u>\$ (2,578)</u>	<u>\$ (186,670)</u>

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**STATE OF NEW MEXICO  
VILLAGE OF QUESTA  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES -  
AGENCY FUNDS  
JUNE 30, 2014**

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ <u>33</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>33</u></b>
<b>LIABILITIES</b>	
Due to Other Taxing Units	\$ <u>33</u>
<b>TOTAL LIABILITIES</b>	<b>\$ <u>33</u></b>

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**STATE OF NEW MEXICO  
VILLAGE OF QUESTA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

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

The Village of Questa (Village) was incorporated in 1971, under provisions of Chapter 3, Article 2, NMSA, 1978 as amended. The Village operates under a Council-Mayor form of government and provides the following services as authorized by its charter: public safety (police and fire); highways and streets; water and sewer services; refuse collection; health and social services; culture-recreation; public improvements; planning and zoning; and general administrative services.

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

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

The financial statements of the Village have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements have incorporated all applicable GASB pronouncements as well as the Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on accounting procedures issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The more significant of the Village's accounting policies are described below.

**A. Financial Reporting Entity**

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

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FOR THE YEAR ENDED JUNE 30, 2014**

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

**B. Government-wide and fund financial statements**

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

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

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of

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NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

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

Governmental funds include:

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

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

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

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

Under the requirements of GASB No. 34, the Village is required to present certain of its governmental funds as major based upon certain criteria. The major funds presented in the fund financial statements consist of the General Fund, Economic Development Fund, Water Improvement Fund, WTPP Improvement Fund, Airport Improvement Fund, and Local Project Road Fund. No other funds were required to be presented as major at the discretion of management.

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

The *Economic Development Fund* (Special Revenue Fund) is used to account for funds related to the Economic Development of the Village of Questa.

The *Water System Improvement Fund* is used to account for improvement to the water system. Funding is a ¼ cent sales tax imposed by legislation for such projects.

The *WWTP Improvement Fund* is to account for improvements to the Waste Water Treatment Plant.

The *Airport Improvement Fund* is to account for reserve monies related to the Airport.

The *Local Road Project Fund* is to account for reserve monies related to local road maintenance.

Additionally, the government reports the following fund types:

The fiduciary funds are purely custodial (assets equal liabilities) and do not involve measurement of results of operations. The Village's fiduciary funds are used to account for the collection and payment of motor vehicle fees to other governmental agencies.

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

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

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

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FOR THE YEAR ENDED JUNE 30, 2014**

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

**C. Overview of the financial statements**

The Village adopted the provisions of GASB Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. This statement affects the manner in which the Village records transactions and presents financial information. State and local governments have traditionally used a financial reporting model substantially different from the one used to prepare private-sector financial reports. GASB Statement No. 34 established a reporting model for the annual financial reports of state and local governments. The statement was developed to make annual reports of state and local governments easier to understand and more useful to the people who use governmental financial information to make decisions, and include the following sections, which were not previously included in the basic financial statements. The governmental fund financial statements continue to be presented as a building block for the GASB Statement No. 34 statements.

a. Management's Discussion and Analysis – GASB Statement No. 34 requires that financial statements be accompanied by a narrative introduction and analytical overview of the Village's financial activities in the form of "management's discussion and analysis" (MD&A). This analysis is similar to the analysis provided in the annual reports of private-sector organizations. The Village has omitted the Management's Discussion and Analysis for the year ended June 30, 2014.

b. Government-Wide Financial Statements - The reporting model includes financial statements prepared using full accrual accounting for all of the Village's activities. This approach includes not just current assets and liabilities but also capital and other long-term assets as well as long-term liabilities. Accrual accounting also reports all of the revenues and costs of providing services each year, not just those received or paid in the current year or soon thereafter.

Statement of Net Position - The statement of net position is designed to display the financial position of the primary government (government and business-type activities). The Village reports all capital assets in the government-wide statement of net position and reports depreciation expense - the cost of "using up" capital assets - in the statement of activities. The net position of the Village is broken down into three categories 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

Statement of Activities - The government-wide statement of activities reports expenses and revenues in a format that focuses on the cost of each of the Village's functions. The expense of individual functions is compared to the revenue generated directly by the function. Accordingly, the Village has recorded capital and certain other long term assets and liabilities in the statement of net position, and has reported all revenues and the cost of providing services under the accrual basis of accounting in the statement of activities.

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VILLAGE OF QUESTA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, Net Position and Fund Balance**

**Cash and Cash Equivalents:** The Village's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the Village to invest in certificates of deposit, obligations of the U.S. Government, interest-bearing savings accounts, certificates of deposit, bonds or other obligations of the U.S. government that are guaranteed as to principal and interest by the U.S. government and the State Treasurer's Investment Pool.

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

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

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. In the government-wide and governmental fund financial statements, delinquent property taxes are recorded when levied.

Property taxes are levied on November 1 based on the assessed value of property as listed on the previous January 1 and are due in two payments by November 10th and April 10th. Property taxes uncollected after November 10th and April 10th are considered delinquent and the Village may assess penalties and interest. The taxes attach as an enforceable lien on property thirty (30) days thereafter, at which time they become delinquent. Taos County bills, collects, and remits the Village of Questa's share of property taxes.

**Prepaid Items:** Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and proprietary financial statements.

**Capital Assets:** Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets (retroactive to 1979) are to be included as part of the governmental capital assets reported in the government wide statements. Donated capital assets are recorded at estimated fair market value at the date of donation.

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FOR THE YEAR ENDED JUNE 30, 2014**

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction. Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Permanent Buildings	45
Vehicles	20
Computer Equipment	5
Other Furniture and Equipment	5-20

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

**Deferred Outflows and Deferred Inflows of Resources:** The Village implemented the provisions of GASB statement No. 63, *Financial reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB Statement No. 63 establishes reporting guidance for certain elements of the financial statements which are distinct from assets and liabilities.

In addition to assets, the statement of financial position will sometimes include a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position which applies to a future period and so will not be recognized as an outflow of resources that is expensed, until then. The Village does not have any of this type of item.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources until such time. The Village does not have any of this type of item.

**Compensated Absences:** Qualified employees are entitled to accumulate annual leave according to a graduated leave schedule, depending on their length of service. Employees may accumulate 120 hours of annual leave and carry that leave forward from calendar year to calendar year. Upon termination, employees will be paid for a maximum of 120 hours of accrued annual leave.

Qualified employees are entitled to accumulate sick leave at a rate of twelve days per year. Sick leave can be carried over from year to year. Upon termination employees receive no pay for sick time accumulated.

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Vested or accumulated vacation leave that is expected to be liquidated within the next twelve months with expendable available financial resources is reported as expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated within the next twelve months are reported in the government-wide statement of net position.

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

**Net Position:** The government-wide financial statements utilize a net position presentation. Net position is categorized as follows:

Net Investment in Capital Assets - In the fund financial statements, investment in capital assets is reported net of accumulated depreciation.

Restricted Net Position – This category reflects the portion of net position that have third party limitations on their use.

Unrestricted Net Position – This category reflects net position of the Village, not restricted for any project or other purpose.

**Fund Balance:** During 2009, GASB adopted Statement No. 54 to clarify the fund balance reporting guidelines of GASB 54. The fund balance reporting established by GASB 54 must be followed by all five of the governmental-type funds used by state and local governments. Based on the requirements of GASB 54, the total fund balance can be conceptually separated into two primary components: 1) Non-spendable fund balance and 2) Spendable fund balance. Fund balance is reported in these five classifications:

Non-spendable – the non-spendable balance includes amounts that cannot be spent because they are not in spendable form or legally, contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash; it also includes the long-term amount of interfund loans.

Restricted – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or are imposed by law through constitutional provisions or enabling legislation.

Committed – This fund balance amount has spending limitations that are constrained by the government’s highest level of decision-making authority.

Assigned – The assigned fund balance classification is intended to be used for specific purposes such as special revenue funds, capital project funds, debt service funds and permanent funds.

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Unassigned – Unassigned fund balance is the residual classification for the General Fund and includes all spendable amount not contained in 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 had been restricted, committed or assigned.

The Village applies restricted resources first when outlays 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.

**Interfund Transactions:** Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund from expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers. All other interfund transactions, except quasi-external transactions and reimbursements are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

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

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

**Budgetary Information**

The General, Special Revenue, and Proprietary Fund budgets are subject to approval by the New Mexico Department of Finance and Administration (DFA), Local Government Division. During the month of May, public hearings are conducted to obtain taxpayer comments. Prior to June 1, the Village submits to the DFA a proposed operating budget for the fiscal year commencing the following July 1. The budget is prepared by fund and function and includes proposed expenditures, which include carryover encumbrances and accounts payable, and the means of financing them. Prior to July 1, DFA grants interim approval for the Village to operate on the proposed budget subject to adjustments and/or revisions prior to final subsequent approval before the first Monday in September. Such approval is contingent upon the Village Council adopting the proposed budget in accordance with applicable state statutes, and sufficient funds being available for anticipated fiscal year expenditures. Prior to July 31, the Village Council adopts by resolution a formal budget and such budget is presented to DFA for final approval.

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Section 6-6-6, NMSA, 1978 Compilation prohibits municipalities from making expenditures in excess of the approved budget. For these purposes the legal level of budgetary control is at the fund level.

The adopted budget of the Village is prepared on a basis consistent with accounting principles generally accepted in the United States of America. The accompanying Statements of Revenues, Expenditures, and Changes in Fund Balance – Budget (non-GAAP Budgetary Basis) and Actual presents comparisons of the legally adopted budget with actual data on a budgetary basis.

**NOTE 3. Cash and Cash Equivalents**

State statutes authorize the investment of Village funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States government obligations. All invested funds of the Village properly followed State investment requirements as of June 30, 2014.

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

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

Excess of funds may be temporarily invested in securities which are issued by the State or by the United States government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments.

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

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

	<u>Centinel Bank</u>	<u>U.S. Bank</u>	<u>People's Bank of Red River</u>
Total Deposits in Bank	\$ 710,702	\$ 189,991	\$ 23,408
Less: FDIC Coverage	<u>(250,000)</u>	<u>(189,991)</u>	<u>(23,408)</u>
<b>Total Uninsured Public Funds</b>	460,702	-	-
50% Collateralization Requirement	230,351	-	-
Pledged Collateral	<u>299,995</u>	<u>-</u>	<u>-</u>
<b>Excess of Pledged Collateral</b>	<u>\$ 69,644</u>	<u>\$ -</u>	<u>\$ -</u>

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Custodial credit risk is the risk that in the event of a bank failure, the governments' deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2014, none of the Village's bank balance of \$924,766 was exposed to custodial credit risk:

Uninsured and Uncollateralized	\$	-
Uninsured and Collateral Held by Pledging Banks' Trust		
Department not in the Village's Name		-
<b>Total</b>	<b>\$</b>	<b>-</b>

The collateral pledged is listed in the back of these financial statements. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by an agency, district or political subdivision of the State of New Mexico.

Reconciliation of Cash and Temporary Investments:

Carrying amounts by fund per financial statement at June 30, 2014 is:

Cash and Cash Equivalents per:		
Statement of Net Position - Governmental Activities	\$	541,243
Statement of Fiduciary Assets and Liabilities - Agency Funds		33
Statement of Net Position - Business-Type Activities		15,000
<b>Total</b>	<b>\$</b>	<b>556,276</b>

**Custodial Credit Risk – Investments:** For an investment, custodial credit risk is the risk that in the event of counter party, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Village does not have an investment policy for custodial credit risk. The Village's investments are in certificates of deposits and investment in the State Treasurer's Local Government Investment Pool (LGIP). The LGIP is not subject to custodial credit risk and the custodial credit risk for the certificates of deposits is contemplated in custodial risk – cash.

**Concentration of Credit Risk:** The Village does not have a policy for concentration of credit risk.

**Interest Rate Risk and Credit Rating:** The Village does not have a formal investment policy which limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Village does not have a formal policy limiting investment maturities to manage its exposure to fair value losses from increasing interest rates.

The State Treasurer Local Government Investment Pool is not SEC registered. Section 6-10-10 I, NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment funds in securities that are issued by the United States government or by its departments or agencies and are either backed by the full faith and credit of the United States government or are agencies sponsored by the United States government. The Local Government Investment Pool investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments.

The pool does not have unit shares; at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the

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respective amounts deposited in the fund and the length of time the amounts of the fund were invested. Any unrealized gain or loss on the portfolio is distributed through the investment yield on distributed dates. The carrying amount of the portfolio approximates the fair value of all investments at June 30, 2014. Participation in the Local Government Investment Pool is voluntary.

New Mexico State Statutes require collateral pledged for repurchase agreements in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the Village for at least 102% of the amount on deposit with the institution. There are no repurchase agreements for the year ended June 30, 2014.

**NOTE 4. Accounts and Taxes Receivable**

	<u>General Fund</u>	<u>Non-Major funds</u>	<u>Business Type Activities</u>	<u>Total Government Wide</u>
Taxes:				
Gross Receipts Tax	\$ -	\$ -	\$ -	\$ -
Franchise Tax	-	-	-	-
Property Taxes	-	-	-	-
Gas and Motor	-	-	-	-
Vehicle Taxes	-	-	-	-
Intergovernmental	-	-	-	-
Other	<u>154</u>	<u>-</u>	<u>-</u>	<u>154</u>
Total Receivables	<u>\$ 154</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 154</u>

There was no allowance for uncollectible accounts at June 30, 2014.

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**NOTE 5. Capital Assets**

A summary of capital assets and changes occurring during the year ended June 30, 2014 follows (Land and Construction in Progress is not subject to depreciation):

**Governmental Activities:**

	<u>Balance June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2014</u>
Capital Assets Not Being Depreciated:				
Land	\$ 45,237	\$ -	\$ -	\$ 45,237
Construction in Progress	6,102,878	-	-	6,102,878
Total Capital Assets Not Being Depreciated	6,148,115	-	-	6,148,115
Capital Assets Being Depreciated:				
Furniture, Fixtures and Equipment	856,680	600,769	-	1,457,449
Vehicles	1,514,017	-	-	1,514,017
Buildings and Improvements	3,981,591	-	-	3,981,591
Total Capital Assets Being Depreciated	6,352,288	600,769	-	6,953,057
Total Capital Assets	12,500,403	600,769	-	13,101,172
Accumulated Depreciation:				
Furniture, Fixtures and Equipment	315,313	-	-	315,313
Vehicles	826,948	-	-	826,948
Buildings and Improvements	113,831	-	-	113,831
Total Accumulated Depreciation	1,256,092	-	-	1,256,092
<b>Capital Assets, Net</b>	<u>\$ 11,244,311</u>	<u>\$ 600,769</u>	<u>\$ -</u>	<u>\$ 11,845,080</u>

The Village did not record depreciation expense for the year ended June 30, 2014.

**Business-Type Activities:**

	<u>Balance June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2014</u>
Capital Assets Being Depreciated:				
Plant in Service	\$ 4,209,293	\$ -	\$ -	\$ 4,209,293
Furniture, Fixtures and Equipment	693,392	-	-	693,392
Vehicles	172,257	-	-	172,257
Total Capital Assets Being Depreciated	5,074,942	-	-	5,074,942
Accumulated Depreciation:				
Plant in Service	1,959,029	-	-	1,959,029
Furniture, Fixtures and Equipment	256,979	-	-	256,979
Vehicles	134,458	-	-	134,458
Total Accumulated Depreciation	2,350,466	-	-	2,350,466
<b>Capital Assets, Net</b>	<u>\$ 2,724,476</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,724,476</u>

The Village did not record depreciation expense relating to business-type activities at June 30, 2014.

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**NOTE 6. Long-Term Debt**

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

**Governmental Activities:**

	<b>Balance June 30, 2013</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2014</b>	<b>Due Within One Year</b>
1.707%, Maturity 5/1/12 NMFA Fire Truck	\$ 288,750	\$ -	\$ 22,250	\$ 266,500	\$ 22,750
0% State Board of Finance Loan Maturity November 2017	<u>74,239</u>	-	<u>5,000</u>	<u>69,239</u>	<u>5,000</u>
Subtotal	362,989	-	27,250	335,739	27,750
Compensated Absences Payable	<u>14,517</u>	-	-	<u>14,517</u>	<u>14,517</u>
<b>Total Long-Term Debt</b>	<u>\$ 377,506</u>	<u>\$ -</u>	<u>\$ 27,250</u>	<u>\$ 350,256</u>	<u>\$ 42,267</u>

The annual requirements to amortize the NMFA Fire Truck and the State Board of Finance Loan as of June 30, 2014, including interest payments are as follows:

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2015	\$ 27,750	\$ 7,587	\$ 35,337
2016	28,250	7,251	35,501
2017	29,250	6,832	36,082
2018	30,250	6,347	36,597
2019	31,250	5,794	37,044
2020-2024	169,750	18,281	188,031
2025-2029	<u>19,239</u>	<u>1,034</u>	<u>20,273</u>
Total	<u>\$ 335,739</u>	<u>\$ 53,126</u>	<u>\$ 388,865</u>

**Business-Type Activities:**

The Water and Sewer Fund has incurred various forms of debt, which were used for the purposed of constructing, expanding, repairing and making improvements to its property plant and equipment. The following schedule shows the changes to its various forms of debt during the fiscal year ended June 30, 2014:

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	<u>Balance</u> <u>June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2014</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
\$140,000 original issue Series 1981 Water and Sewer Revenue Bonds payable in annual installments each June 1st through the year 2022. Interest is at 5% per annum.	\$ 63,000	\$ -	\$ 6,000	\$ 57,000	\$ 6,000
.25% NMFA Loan Payable Maturity June 2032	107,324	-	5,523	101,801	5,536
0% NM Environment Department Maturity June 2033	<u>49,891</u>	<u>-</u>	<u>2,495</u>	<u>47,396</u>	<u>2,495</u>
Subtotal	220,215	-	14,018	206,197	14,031
Compensated Absences Payable	<u>3,004</u>	<u>-</u>	<u>-</u>	<u>3,004</u>	<u>3,004</u>
<b>Total Long-Term Debt</b>	<u>\$ 223,219</u>	<u>\$ -</u>	<u>\$ 14,018</u>	<u>\$ 209,201</u>	<u>\$ 17,035</u>

The annual requirements to amortize the bonds and loans above at June 30, 2014, including interest payments are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 14,031	\$ 3,105	\$ 17,136
2016	14,045	2,791	16,836
2017	15,059	2,477	17,536
2018	15,073	2,113	17,186
2019	15,087	1,749	16,836
2020-2024	64,643	3,184	67,827
2025-2029	40,997	430	41,427
2030-2034	<u>27,262</u>	<u>87</u>	<u>27,349</u>
Total	<u>\$ 206,197</u>	<u>\$ 15,936</u>	<u>\$ 222,133</u>

Each of the utility bonds has debt service and repair and replacement reserve requirements. At June 30, 2014 the following schedule shows the maximum reserves and actual reserves held by the Village:

<u>Series</u>	<u>Required Minimum Reserves</u>			<u>Actual at June 30, 2014</u>		
	<u>Payment Until</u> <u>Maximum</u>	<u>Debt Service</u>	<u>Repair and</u> <u>Replacement</u>	<u>Total</u>	<u>Debt Service</u>	<u>Repair and</u> <u>Replacement</u>
1981	\$232 per month	\$ 22,272	\$ -	\$ 22,272	\$ 15,000	\$ -
Total		<u>\$ 22,272</u>	<u>\$ -</u>	<u>\$ 22,272</u>	<u>\$ 15,000</u>	<u>\$ -</u>

**NOTE 7. Restricted Net Position**

The government-wide statement of net position reports \$247,328 of restricted net position for the special revenue funds and a deficit net position of \$4,226 for the capital projects funds, of which all of it is restricted by enabling legislation.

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**NOTE 8. Risk Management**

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

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

At June 30, 2014, no unpaid claims have been filed which exceed the policy limits and to the best of management's knowledge and belief all known and unknown claims will be covered by insurance. No lawsuits have been filed against the Village of Questa.

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

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

**NOTE 9. Other Required Individual Fund Disclosures**

Generally accepted accounting principles require disclosures as part of the Combining Statements - Overview of certain information concerning individual funds including:

- A. Deficit fund balance of individual funds: The funds with deficit fund balances as of June 30, 2014 were as follows:

<u>Fund</u>	<u>Amount</u>
General Fund	\$ (64,474)
Water System Improvement Fund	(94,634)
Airport Improvement Fund	(4,226)

Deficit balances are generally covered by collection of grants or transfers from the General Fund.

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B. Excess of expenditures over appropriations by fund:

<u>Fund</u>	<u>Amount</u>
General Fund	\$ (158,370)
Local Corrections Fund	(33,241)
Law Enforcement Protection Fund - Capital Outlay	(218,415)
Municipal Streets Fund	(22,869)
Economic Development Fund	(12,501)
Water System Improvements Fund	(111,443)
Airport Improvements Fund	(213,788)
Local Roads Fund	(12,353)
Homeland Security	(12,101)

**NOTE 10. Pension Plan – Public Employees Retirement Association**

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

Funding Policy: Plan members are required to contribute 10.65% of their gross salary for regular Village employees and 17.8% of their gross salary for law enforcement personnel. The County is required to contribute 9.15% of the gross covered salary for regular employees and 18.5% of the gross covered salary for law enforcement personnel. The contribution requirements of the plan members and the Village are established under Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The Village’s contributions to PERA for the years ended June 30, 2014, 2013 and 2012 were \$17,603, \$42,583 and \$36,812 respectively, which equal to the amount of the required contributions for each fiscal year.

**NOTE 11. Post-Employment Benefits – State Retiree Health Care Plan**

Plan Description – The Village contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

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Eligible retirees are: 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; 2) retirees defined by the Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years.

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

Funding Policy - The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at [www.nmrhca.state.nm.us](http://www.nmrhca.state.nm.us).

The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the board.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2014, the statutes required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2014, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The Village's contributions to the RHCA for the years ended June 30, 2014, 2013 and 2012 were \$1,780, \$6,100 and \$5,996, respectively, which equal the required contributions for each year.

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**NOTE 12. Contingent Liabilities**

The Village of Questa participates in a number of federal, state, and county programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Village of Questa may be required to reimburse the grantor government. As of June 30, 2014, significant amounts of grant expenditures have not been audited by the grantor agencies. Management believes that any disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the Village of Questa.

**NOTE 13. Federal and State Grants**

In the normal course of operations, the Village receives grant funds from various federal and state agencies. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Liability for reimbursement, determined by Federal Auditors, which may arise as a result of these audits, may be material to the financial statements taken as a whole.

**NOTE 14. Related Parties**

The Village has entered into various related party transactions in the normal course of business. We are required to review those transactions to ensure that they are considered “arm’s length” and are required to disclose those related party transactions that might have a material effect on the financial statements as a whole. The following related parties are deemed to have a material effect on the financial statements.

<u>Name</u>	<u>Nature of Transactions</u>	<u>Amount</u>
Robles, Rael and Anaya, P.C.	Legal services	\$ 200,400
Universal Professional Services	Lobbying services	\$ 43,270

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**NOTE 15. Joint Power Agreements**

**A. Public Information Marquee**

Purpose: Village of Questa agrees to provide the land for a Public School Marquee sign to be used by both the School District and the Village of Questa.

Participants: Questa Independent Schools and the Village of Questa

Responsible Party for Operation and Audit: Questa Independent Schools

Beginning and Ending Date of Agreement: November 1, 2013 to October 31, 2016

Total Estimated Amount of Project and Actual Amount Contributed: Unknown

**B. DWI Roadblocks**

Purpose: To provide cooperation between municipal and county officials to provide additional law enforcement activities to combat DWI offenses.

Participants: Town of Taos, County of Taos, Town of Red River, and Village of Questa

Responsible Party for Operation and Audit: Taos County

Beginning and Ending Date of Agreement: July 01, 2009 to termination of agreement

Total Estimated Amount of Project and Actual Amount Contributed: Unknown

**C. Establishment of the Taos Regional Landfill**

Purpose: Village of Questa agrees for establishing, financing and operating the Taos Regional Landfill Facility.

Participants: County of Taos, Town of Taos, Village of Questa, Village of Red River and Village of Taos Ski Valley.

Responsible Party for Operation and Audit: Town of Taos

Beginning and Ending Date of Agreement: February 2000 to termination of agreement

Total Estimated Amount of Project and Actual Amount Contributed: Unknown

**NOTE 16. Date of Management's Review**

The Village of Questa has evaluated subsequent events through October 29, 2014, which is the date the financial statements were available to be issued.

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**NOTE 17. Reconciliation of Budget Basis to GAAP Basis Financial Statements**

	<b>General Fund</b>	<b>Economic Development</b>	<b>WWTP</b>	<b>Local Road Project</b>	
Revenues per Modified Accrual Basis	\$ 955,996	\$ 255,599	\$ 82,586	\$ 37,353	
Prior Year Receivables	(95,587)	-	-	-	
Current Year Receivables	<u>50</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Revenues per Budgetary Basis	<u>\$ 860,459</u>	<u>\$ 255,599</u>	<u>\$ 82,586</u>	<u>\$ 37,353</u>	
Expenditures per Modified Accrual Basis	\$ 1,457,844	\$ 12,501	\$ -	\$ -	
Prior Year Payables	13	-	82,586	37,353	
Current Year Payables	<u>(280,233)</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Expenditures per Budgetary Basis	<u>\$ 1,177,624</u>	<u>\$ 12,501</u>	<u>\$ 82,586</u>	<u>\$ 37,353</u>	

  

	<b>Joint Utility</b>	<b>Solid Waste</b>	<b>Environmental GRT</b>	<b>Fire Protection</b>	<b>LEPF</b>
Revenues per Modified Accrual Basis	\$ 264,564	\$ 182,735	\$ 4,656	\$ 65,755	\$ 235,033
Prior Year Receivables	(979)	(192)	-	-	(7,655)
Current Year Receivables	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues per Budgetary Basis	<u>\$ 263,585</u>	<u>\$ 182,543</u>	<u>\$ 4,656</u>	<u>\$ 65,755</u>	<u>\$ 227,378</u>
Expenditures per Modified Accrual Basis	\$ 449,631	\$ 185,505	\$ 9,000	\$ 67,704	\$ 239,015
Prior Year Payables	3,620	-	-	-	-
Current Year Payables	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures per Budgetary Basis	<u>\$ 453,251</u>	<u>\$ 185,505</u>	<u>\$ 9,000</u>	<u>\$ 67,704</u>	<u>\$ 239,015</u>

  

	<b>Oversight</b>	<b>Municipal Street</b>	<b>Library Grant</b>	<b>Homeland Security</b>	<b>EMS County</b>
Revenues per Modified Accrual Basis	\$ 529,594	\$ 19,017	\$ 41,519	\$ 12,101	\$ 138,355
Prior Year Receivables	-	-	-	-	-
Current Year Receivables	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues per Budgetary Basis	<u>\$ 529,594</u>	<u>\$ 19,017</u>	<u>\$ 41,519</u>	<u>\$ 12,101</u>	<u>\$ 138,355</u>
Expenditures per Modified Accrual Basis	\$ 464,693	\$ 51,569	\$ 37,632	\$ 12,000	\$ 146,722
Prior Year Payables	-	-	-	101	-
Current Year Payables	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures per Budgetary Basis	<u>\$ 464,693</u>	<u>\$ 51,569</u>	<u>\$ 37,632</u>	<u>\$ 12,101</u>	<u>\$ 146,722</u>

See Independent Auditors' Report

**NON-MAJOR GOVERNMENTAL FUNDS**

**STATE OF NEW MEXICO  
VILLAGE OF QUESTA  
FUND DESCRIPTIONS  
JUNE 30, 2014**

**LOCAL CORRECTIONS FUND** – to establish an additional source of funds to municipalities to offset the costs of corrections. The source of the fund is a five dollar fee, which must be paid by all persons violating the law relating to the operations of a motor vehicle. Authority is NMSA 33-0-3.

**ENVIRONMENTAL GROSS RECEIPTS TAX FUND** – to account for the collection of one-eighth of one percent gross receipt tax dedicated for these acquisition, construction, operation, and maintenance of the solid waste facilities, water facilities, waste water facilities, or sewer systems. Authority NMSA Chapter 7, Article 20E.

**EMS FIRE FUND**– to account for grant revenues and expenditures for the purchase of medical supplies. Authority EMS Fund Act, DOH .24.4 NMAC.

**EMS (EMERGENCY MEDICAL SERVICES) COUNTY FUND** – to account for the acquisitions of the emergency medical equipment and the operation of the equipment financed through a grant from the State of New Mexico. Authority NMSA 24-10-A & 6-11-6.

**BEAUTIFICATION FUND** – to account for the proceeds of a State Appropriation for Economic Development planning purposes. Authority is granted in prior years by the State of New Mexico.

**LAW ENFORCEMENT PROTECTION FUND** – to account for grant funds used for maintenance and development of the Village’s police force. Financing is provided by a grant from the State of New Mexico. Such revenue provides for purchase and repairs of equipment as well as classes to update the training of police personnel and may be used only for these purposes. Authority is NMSA 29-13-1.

**MUNICIPAL JUDGE FUND** – to account for the collection of court fines and forfeitures. Authority is the NMSA Chapter 7, Article 20E.

**MUNICIPAL STREET FUND** – to account for various projects funded by co-operative agreements with New Mexico State Department of Transportation.

**RECREATION FUND** – to account for the operation and maintenance of recreational facilities in the Village. Financing is provided by a specific annual cigarette tax levy. Authority NMSA 7-12-1 & 7-12-15.

**YOUTH FACILITY FUND** – to account for the revenues and expenditures of the youth facilities activities of the Village. Authority is the Village Council Action.

**LIBRARY FUND** – is used to account for the operations and maintenance of the Village Library. Funding is provided by a state grant under Section 18-2-4B NMSA, 1978.

**POLICE DEPARTMENT JUSTICE FUND**– to account for grant funds used for maintenance and development of the Village’s police force. Financing is provided by a grant from the State of New Mexico. Such revenue provides for purchase and repairs of equipment as well as classes to update the training of police personnel and may be used only for these purposes. Authority NMSA 29-13-1.

**STATE OF NEW MEXICO  
VILLAGE OF QUESTA  
FUND DESCRIPTIONS  
JUNE 30, 2014**

**VETERANS MEMORIAL FUND** – to account for reserve monies related to the Veterans Memorial.

**ECONOMIC DEVELOPMENT-BUSINESS PARK FUND** – to account for reserve monies related to the Business Park.

**MULTIPURPOSE BUILDING FUND** – to account for reserve monies related to the Multipurpose Building.

**CWPP FUND** – to account for reserve monies related to CWPP.

**CFRP FUND** – to account for proceeds from the New Mexico Environment Department for improvements to water system in Questa. Authority is by Section 74-1-6B, NMSA, 1978.

**SEWER REVENUE BOND FUND** – to account for reserve monies related to Sewer System. The Fund is being used to maintain a reserve per the loan agreement.

**HOMELAND SECURITY GRANT** – to account for reserve monies related to Homeland Security Grant.

**EPA GRANT FUND** – to account for reserve monies related to EPA Grant.

**STATE OF NEW MEXICO  
VILLAGE OF QUESTA  
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2014**

	Local Corrections Fund	Environmental Gross Receipts Fund	EMS Fire Fund	Fire Protection Fund
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 26,400	\$ 9,770	\$ 661	\$ 1,932
Accounts and Taxes Receivable	-	-	-	-
Due From Other Governments	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 26,400</b>	<b>\$ 9,770</b>	<b>\$ 661</b>	<b>\$ 1,932</b>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Overdrawn Cash	\$ -	\$ -	\$ -	\$ -
Accounts Payable	-	-	-	-
Accrued Salaries and Benefits	-	-	-	-
Due to Other Funds	-	-	-	-
<b>TOTAL LIABILITIES</b>	-	-	-	-
<b>FUND BALANCE</b>				
Restricted:				
Special Revenue Funds	26,400	9,770	661	1,932
<b>TOTAL FUND BALANCE</b>	26,400	9,770	661	1,932
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 26,400</b>	<b>\$ 9,770</b>	<b>\$ 661</b>	<b>\$ 1,932</b>

**STATE OF NEW MEXICO  
VILLAGE OF QUESTA  
COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS  
(continued)  
JUNE 30, 2014**

	<u>Beautification Fund</u>	<u>Law Enforce- ment Protection Fund</u>	<u>Oversight Fund</u>	<u>Municipal Judge Fund</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ -	\$ 17,126	\$ 75,267	\$ 10,958
Accounts and Taxes Receivable	-	-	-	154
Due From Other Governments	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ -</u>	<u>\$ 17,126</u>	<u>\$ 75,267</u>	<u>\$ 11,112</u>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Overdrawn Cash	\$ -	\$ -	\$ -	\$ -
Accounts Payable	-	-	-	-
Accrued Salaries and Benefits	-	-	-	-
Due to Other Funds	-	-	-	-
<b>TOTAL LIABILITIES</b>	-	-	-	-
<b>FUND BALANCE</b>				
Restricted:				
Special Revenue Funds	-	17,126	75,267	11,112
<b>TOTAL FUND BALANCE</b>	<u>-</u>	<u>17,126</u>	<u>75,267</u>	<u>11,112</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ -</u>	<u>\$ 17,126</u>	<u>\$ 75,267</u>	<u>\$ 11,112</u>

**STATE OF NEW MEXICO  
VILLAGE OF QUESTA  
COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS  
(continued)  
JUNE 30, 2014**

	<u>Municipal Street Fund</u>	<u>Recreation Fund</u>	<u>Library Grant</u>	<u>CDBG Fund</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ -	\$ -	\$ 4,963	\$ -
Accounts and Taxes Receivable	-	-	-	-
Due From Other Governments	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,963</u>	<u>\$ -</u>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Overdrawn Cash	\$ -	\$ -	\$ -	\$ -
Accounts Payable	-	-	-	-
Accrued Salaries and Benefits	-	-	-	-
Due to Other Funds	-	-	-	-
<b>TOTAL LIABILITIES</b>	-	-	-	-
<b>FUND BALANCE</b>				
Restricted:				
Special Revenue Funds	-	-	4,963	-
<b>TOTAL FUND BALANCE</b>	-	-	4,963	-
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,963</u>	<u>\$ -</u>



**STATE OF NEW MEXICO  
VILLAGE OF QUESTA  
COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS  
(continued)  
JUNE 30, 2014**

	Youth Facility Fund	Questa Credit Union	Police Justice Fund	Water Rights Fund
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ -	\$ 665	\$ -	\$ 12,563
Accounts and Taxes Receivable	-	-	-	-
Due From Other Governments	-	-	-	-
	-	-	-	-
<b>TOTAL ASSETS</b>	\$ -	\$ 665	\$ -	\$ 12,563
<b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Overdrawn Cash	\$ -	\$ -	\$ -	\$ -
Accounts Payable	-	-	-	-
Accrued Salaries and Benefits	-	-	-	-
Due to Other Funds	-	-	-	-
	-	-	-	-
<b>TOTAL LIABILITIES</b>	-	-	-	-
<b>FUND BALANCE</b>				
Restricted:				
Special Revenue Funds	-	665	-	12,563
	-	665	-	12,563
<b>TOTAL FUND BALANCE</b>	-	665	-	12,563
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	\$ -	\$ 665	\$ -	\$ 12,563

**STATE OF NEW MEXICO  
VILLAGE OF QUESTA  
COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS  
(continued)  
JUNE 30, 2014**

	<u>CWPP Fund</u>	<u>Homeland Security Grant</u>	<u>EMS County Fund</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ -	\$ -	\$ 20,991	\$ 181,296
Accounts and Taxes Receivable	-	-	-	154
Due From Other Governments	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,991</u>	<u>\$ 181,450</u>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Overdrawn Cash	\$ -	\$ -	\$ -	\$ -
Accounts Payable	-	-	-	-
Accrued Salaries and Benefits	-	-	-	-
Due to Other Funds	-	-	-	-
<b>TOTAL LIABILITIES</b>	-	-	-	-
<b>FUND BALANCE</b>				
Restricted:				
Special Revenue Funds	-	-	20,991	181,450
<b>TOTAL FUND BALANCE</b>	-	-	20,991	181,450
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,991</u>	<u>\$ 181,450</u>

**STATE OF NEW MEXICO  
VILLAGE OF QUESTA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Local Corrections Fund</u>	<u>Environmental Gross Receipts Fund</u>	<u>EMS Fire Fund</u>	<u>Fire Protection Fund</u>
<b>REVENUES</b>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross Receipt Taxes	-	4,656	-	-
Public Service Taxes	-	-	-	-
Franchise Taxes	-	-	-	-
Federal Sources	-	-	-	-
State Sources	26,022	-	9,014	60,914
Local Sources	-	-	-	-
Charges for Services	-	-	-	-
Licenses and Fees	5,002	-	-	-
Investment Income	-	-	-	-
Miscellaneous	2,217	-	-	4,841
<b>TOTAL REVENUES</b>	<u>33,241</u>	<u>4,656</u>	<u>9,014</u>	<u>65,755</u>
<b>EXPENDITURES</b>				
Current				
General Government	-	-	-	-
Public Safety	33,241	9,000	8,515	67,704
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Capital Outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>33,241</u>	<u>9,000</u>	<u>8,515</u>	<u>67,704</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	(4,344)	499	(1,949)
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>26,400</u>	<u>14,114</u>	<u>162</u>	<u>3,881</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 26,400</u>	<u>\$ 9,770</u>	<u>\$ 661</u>	<u>\$ 1,932</u>

**STATE OF NEW MEXICO  
VILLAGE OF QUESTA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS (continued)  
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Beautification Fund</u>	<u>Law Enforce- ment Protection Fund</u>	<u>Oversight Fund</u>	<u>Municipal Judge Fund</u>
<b>REVENUES</b>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross Receipt Taxes	-	-	-	-
Public Service Taxes	-	-	-	-
Franchise Taxes	-	-	-	-
Federal Sources	-	-	-	-
State Sources	-	235,033	529,594	-
Local Sources	-	-	-	-
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	12,342
Investment Income	-	-	-	-
Miscellaneous	-	-	-	-
<b>TOTAL REVENUES</b>	<u>-</u>	<u>235,033</u>	<u>529,594</u>	<u>12,342</u>
<b>EXPENDITURES</b>				
Current				
General Government	5	-	464,693	-
Public Safety	-	193,314	-	8,569
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Capital Outlay	-	45,701	-	-
<b>TOTAL EXPENDITURES</b>	<u>5</u>	<u>239,015</u>	<u>464,693</u>	<u>8,569</u>
<b>NET CHANGE IN FUND BALANCES</b>	(5)	(3,982)	64,901	3,773
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>5</u>	<u>21,108</u>	<u>10,366</u>	<u>7,339</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ -</u>	<u>\$ 17,126</u>	<u>\$ 75,267</u>	<u>\$ 11,112</u>

**STATE OF NEW MEXICO  
VILLAGE OF QUESTA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS (continued)  
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Municipal Street Fund</u>	<u>Recreation Fund</u>	<u>Library Grant</u>	<u>CDBG Fund</u>
<b>REVENUES</b>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross Receipt Taxes	-	-	-	-
Public Service Taxes	18,330	-	-	-
Franchise Taxes	-	-	-	-
Federal Sources	-	-	-	-
State Sources	687	-	37,937	-
Local Sources	-	-	-	205,261
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	-
Investment Income	-	-	2,415	-
Miscellaneous	-	-	1,167	-
<b>TOTAL REVENUES</b>	<u>19,017</u>	<u>-</u>	<u>41,519</u>	<u>205,261</u>
<b>EXPENDITURES</b>				
Current				
General Government	-	758	-	-
Public Safety	-	-	-	-
Public Works	51,569	-	-	-
Culture and Recreation	-	-	37,632	-
Capital Outlay	-	-	-	205,336
<b>TOTAL EXPENDITURES</b>	<u>51,569</u>	<u>758</u>	<u>37,632</u>	<u>205,336</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(32,552)</u>	<u>(758)</u>	<u>3,887</u>	<u>(75)</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>32,552</u>	<u>758</u>	<u>1,076</u>	<u>75</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,963</u>	<u>\$ -</u>

**STATE OF NEW MEXICO  
VILLAGE OF QUESTA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS (continued)  
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Youth Facility Fund</u>	<u>Questa Credit Union</u>	<u>Police Justice Fund</u>	<u>Water Rights Fund</u>
<b>REVENUES</b>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross Receipt Taxes	-	-	-	-
Public Service Taxes	-	-	-	-
Franchise Taxes	-	-	-	-
Federal Sources	-	-	-	-
State Sources	-	665	-	-
Local Sources	-	-	-	-
Charges for Services	-	-	-	2,000
Licenses and Fees	-	-	-	-
Investment Income	-	-	-	-
Miscellaneous	-	-	-	-
<b>TOTAL REVENUES</b>	<u>-</u>	<u>665</u>	<u>-</u>	<u>2,000</u>
<b>EXPENDITURES</b>				
Current				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	150
Culture and Recreation	-	-	-	-
Capital Outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>150</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>-</u>	<u>665</u>	<u>-</u>	<u>1,850</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,713</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ -</u>	<u>\$ 665</u>	<u>\$ -</u>	<u>\$ 12,563</u>

**STATE OF NEW MEXICO  
VILLAGE OF QUESTA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS (continued)  
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>CWPP Fund</u>	<u>Homeland Security Grant</u>	<u>EMS Ambulance County Fund</u>	<u>Total</u>
<b>REVENUES</b>				
Property Taxes	\$ -	\$ -	\$ 8,351	\$ 8,351
Gross Receipt Taxes	-	-	-	4,656
Public Service Taxes	-	-	-	18,330
Franchise Taxes	-	-	-	-
Federal Sources	-	12,101	-	12,101
State Sources	-	-	124,326	1,024,192
Local Sources	-	-	-	205,261
Charges for Services	-	-	-	2,000
Licenses and Fees	-	-	678	18,022
Investment Income	-	-	-	2,415
Miscellaneous	-	-	5,000	13,225
<b>TOTAL REVENUES</b>	<b>-</b>	<b>12,101</b>	<b>138,355</b>	<b>1,308,553</b>
<b>EXPENDITURES</b>				
Current				
General Government	8,956	-	-	474,412
Public Safety	-	-	146,722	467,065
Public Works	-	-	-	51,719
Culture and Recreation	-	-	-	37,632
Capital Outlay	-	12,000	-	263,037
<b>TOTAL EXPENDITURES</b>	<b>8,956</b>	<b>12,000</b>	<b>146,722</b>	<b>1,293,865</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(8,956)</b>	<b>101</b>	<b>(8,367)</b>	<b>14,688</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>8,956</b>	<b>(101)</b>	<b>29,358</b>	<b>166,762</b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 20,991</b>	<b>\$ 181,450</b>

**STATE OF NEW MEXICO  
VILLAGE OF QUESTA  
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET (NON-GAAP  
BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) –  
SPECIAL REVENUE FUND – LOCAL CORRECTIONS  
FOR THE YEAR ENDED JUNE 30, 2014**

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
<b>REVENUES</b>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross Receipt Taxes	-	-	-	-
Public Service Taxes	-	-	-	-
Franchise Taxes	-	-	-	-
Federal Sources	-	-	-	-
State Sources	-	-	-	-
Local Sources	-	-	-	-
Charges for Services	-	-	-	-
Licenses and Fees	9,000	9,000	5,002	(3,998)
Investment Income	-	-	-	-
Miscellaneous	-	-	2,217	2,217
<b>TOTAL REVENUES</b>	<u>9,000</u>	<u>9,000</u>	<u>7,219</u>	<u>(1,781)</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
General Government	-	-	-	-
Public Safety	-	-	33,241	(33,241)
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Capital Outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>33,241</u>	<u>(33,241)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	9,000	9,000	(26,022)	31,460
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Increase (Decrease)</b>	9,000	9,000	<u>\$ (26,022)</u>	<u>\$ 31,460</u>
<b>Prior Year Cash Balance Budgeted</b>	<u>\$ (9,000)</u>	<u>\$ (9,000)</u>		

See Independent Auditors' Report



**STATE OF NEW MEXICO  
VILLAGE OF QUESTA  
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET (NON-GAAP  
BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) –  
SPECIAL REVENUE FUND – ENVIRONMENTAL GROSS RECEIPTS TAX  
FOR THE YEAR ENDED JUNE 30, 2014**

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
<b>REVENUES</b>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross Receipt Taxes	9,000	10,831	4,656	(6,175)
Public Service Taxes	-	-	-	-
Franchise Taxes	-	-	-	-
Federal Sources	-	-	-	-
State Sources	-	-	-	-
Local Sources	-	-	-	-
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	-
Investment Income	-	-	-	-
Miscellaneous	-	-	-	-
<b>TOTAL REVENUES</b>	<u>9,000</u>	<u>10,831</u>	<u>4,656</u>	<u>(6,175)</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
General Government	-	-	-	-
Public Safety	8,650	9,000	9,000	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Capital Outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>8,650</u>	<u>9,000</u>	<u>9,000</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	350	1,831	(4,344)	(6,175)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Increase (Decrease)</b>	350	1,831	<u>\$ (4,344)</u>	<u>\$ (6,175)</u>
<b>Prior Year Cash Balance Budgeted</b>	<u>\$ (350)</u>	<u>\$ (1,831)</u>		

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**STATE OF NEW MEXICO  
VILLAGE OF QUESTA  
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET (NON-GAAP  
BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) –  
SPECIAL REVENUE FUND – EMS FIRE  
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
<b>REVENUES</b>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross Receipt Taxes	-	-	-	-
Public Service Taxes	-	-	-	-
Franchise Taxes	-	-	-	-
Federal Sources	-	-	-	-
State Sources	8,549	8,549	8,513	(36)
Local Sources	-	-	-	-
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	-
Investment Income	-	-	-	-
Miscellaneous	-	-	-	-
<b>TOTAL REVENUES</b>	<u>8,549</u>	<u>8,549</u>	<u>8,513</u>	<u>(36)</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
General Government	-	-	-	-
Public Safety	8,720	8,720	8,515	205
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Capital Outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>8,720</u>	<u>8,720</u>	<u>8,515</u>	<u>205</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(171)	(171)	(2)	(241)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Increase (Decrease)</b>	(171)	(171)	<u>\$ (2)</u>	<u>\$ (241)</u>
<b>Prior Year Cash Balance Budgeted</b>	<u>\$ 171</u>	<u>\$ 171</u>		

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**STATE OF NEW MEXICO  
VILLAGE OF QUESTA  
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET (NON-GAAP  
BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) –  
SPECIAL REVENUE FUND – FIRE PROTECTION FUND  
FOR THE YEAR ENDED JUNE 30, 2014**

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
<b>REVENUES</b>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross Receipt Taxes	-	-	-	-
Public Service Taxes	-	-	-	-
Franchise Taxes	-	-	-	-
Federal Sources	-	-	-	-
State Sources	90,751	110,914	60,914	(50,000)
Local Sources	-	-	-	-
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	-
Investment Income	-	-	-	-
Miscellaneous	50,000	50,000	4,841	(45,159)
<b>TOTAL REVENUES</b>	<u>140,751</u>	<u>160,914</u>	<u>65,755</u>	<u>(95,159)</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
General Government	-	-	-	-
Public Safety	94,900	94,900	67,704	27,196
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Capital Outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>94,900</u>	<u>94,900</u>	<u>67,704</u>	<u>27,196</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	45,851	66,014	(1,949)	(122,355)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Increase (Decrease)</b>	45,851	66,014	<u>\$ (1,949)</u>	<u>\$ (122,355)</u>
<b>Prior Year Cash Balance Budgeted</b>	<u>\$ (45,851)</u>	<u>\$ (66,014)</u>		

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**STATE OF NEW MEXICO  
VILLAGE OF QUESTA  
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET (NON-GAAP  
BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) –  
SPECIAL REVENUE FUND – BEAUTIFICATION  
FOR THE YEAR ENDED JUNE 30, 2014**

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
<b>REVENUES</b>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross Receipt Taxes	-	-	-	-
Public Service Taxes	-	-	-	-
Franchise Taxes	-	-	-	-
Federal Sources	-	-	-	-
State Sources	-	-	-	-
Local Sources	-	-	-	-
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	-
Investment Income	-	-	-	-
Miscellaneous	-	-	-	-
<b>TOTAL REVENUES</b>	-	-	-	-
<b>EXPENDITURES</b>				
<b>Current</b>				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Capital Outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	-	-	-	-
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	-	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	-	-	-	-
<b>Net Increase (Decrease)</b>	-	-	\$ -	\$ -
<b>Prior Year Cash Balance Budgeted</b>	\$ -	\$ -		

**STATE OF NEW MEXICO  
VILLAGE OF QUESTA  
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET (NON-GAAP  
BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) –  
SPECIAL REVENUE FUND – LAW ENFORCEMENT PROTECTION FUND  
FOR THE YEAR ENDED JUNE 30, 2014**

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
<b>REVENUES</b>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross Receipt Taxes	-	-	-	-
Public Service Taxes	-	-	-	-
Franchise Taxes	-	-	-	-
Federal Sources	-	-	-	-
State Sources	20,600	20,600	227,378	206,778
Local Sources	-	-	-	-
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	-
Investment Income	-	-	-	-
Miscellaneous	-	-	-	-
<b>TOTAL REVENUES</b>	<u>20,600</u>	<u>20,600</u>	<u>227,378</u>	<u>206,778</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
General Government	-	-	-	-
Public Safety	20,600	20,600	193,314	(172,714)
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Capital Outlay	-	-	45,701	(45,701)
<b>TOTAL EXPENDITURES</b>	<u>20,600</u>	<u>20,600</u>	<u>239,015</u>	<u>(218,415)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	-	-	(11,637)	425,193
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Increase (Decrease)</b>	-	-	<u>\$ (11,637)</u>	<u>\$ 425,193</u>
<b>Prior Year Cash Balance Budgeted</b>	<u>\$ -</u>	<u>\$ -</u>		

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**STATE OF NEW MEXICO  
VILLAGE OF QUESTA  
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET (NON-GAAP  
BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) –  
SPECIAL REVENUE FUND – OVERSIGHT FUND  
FOR THE YEAR ENDED JUNE 30, 2014**

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
<b>REVENUES</b>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross Receipt Taxes	-	-	-	-
Public Service Taxes	-	-	-	-
Franchise Taxes	-	-	-	-
Federal Sources	-	-	-	-
State Sources	496,400	496,400	529,594	33,194
Local Sources	-	-	-	-
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	-
Investment Income	-	-	-	-
Miscellaneous	-	-	-	-
<b>TOTAL REVENUES</b>	<u>496,400</u>	<u>496,400</u>	<u>529,594</u>	<u>33,194</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
General Government	483,675	483,675	464,693	18,982
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Capital Outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>483,675</u>	<u>483,675</u>	<u>464,693</u>	<u>18,982</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	12,725	12,725	64,901	14,212
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Increase (Decrease)</b>	12,725	12,725	<u>\$ 64,901</u>	<u>\$ 14,212</u>
<b>Prior Year Cash Balance Budgeted</b>	<u>\$ (12,725)</u>	<u>\$ (12,725)</u>		

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**STATE OF NEW MEXICO  
VILLAGE OF QUESTA  
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET (NON-GAAP  
BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) –  
SPECIAL REVENUE FUND – MUNICIPAL JUDGE FUND  
FOR THE YEAR ENDED JUNE 30, 2014**

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
<b>REVENUES</b>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross Receipt Taxes	-	-	-	-
Public Service Taxes	-	-	-	-
Franchise Taxes	-	-	-	-
Federal Sources	-	-	-	-
State Sources	-	-	-	-
Local Sources	-	-	-	-
Charges for Services	-	-	-	-
Licenses and Fees	10,000	10,000	9,909	(91)
Investment Income	-	-	-	-
Miscellaneous	-	-	-	-
<b>TOTAL REVENUES</b>	<u>10,000</u>	<u>10,000</u>	<u>9,909</u>	<u>(91)</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
General Government	-	-	-	-
Public Safety	10,000	10,000	8,569	1,431
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Capital Outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>10,000</u>	<u>10,000</u>	<u>8,569</u>	<u>1,431</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	-	-	1,340	(1,522)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Increase (Decrease)</b>	-	-	<u>\$ 1,340</u>	<u>\$ (1,522)</u>
<b>Prior Year Cash Balance Budgeted</b>	<u>\$ -</u>	<u>\$ -</u>		

**STATE OF NEW MEXICO  
VILLAGE OF QUESTA  
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET (NON-GAAP  
BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) –  
SPECIAL REVENUE FUND – MUNICIPAL STREETS FUND  
FOR THE YEAR ENDED JUNE 30, 2014**

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
<b>REVENUES</b>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross Receipt Taxes	-	-	-	-
Public Service Taxes	24,000	24,000	18,330	(5,670)
Franchise Taxes	-	-	-	-
Federal Sources	-	-	-	-
State Sources	1,100	1,100	687	(413)
Local Sources	-	-	-	-
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	-
Investment Income	-	-	-	-
Miscellaneous	-	-	-	-
<b>TOTAL REVENUES</b>	<u>25,100</u>	<u>25,100</u>	<u>19,017</u>	<u>(6,083)</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	28,700	28,700	51,569	(22,869)
Culture and Recreation	-	-	-	-
Capital Outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>28,700</u>	<u>28,700</u>	<u>51,569</u>	<u>(22,869)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(3,600)	(3,600)	(32,552)	16,786
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Increase (Decrease)</b>	(3,600)	(3,600)	<u>\$ (32,552)</u>	<u>\$ 16,786</u>
<b>Prior Year Cash Balance Budgeted</b>	<u>\$ 3,600</u>	<u>\$ 3,600</u>		

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**STATE OF NEW MEXICO  
VILLAGE OF QUESTA  
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET (NON-GAAP  
BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) –  
SPECIAL REVENUE FUND – RECREATION FUND  
FOR THE YEAR ENDED JUNE 30, 2014**

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
<b>REVENUES</b>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross Receipt Taxes	-	-	-	-
Public Service Taxes	-	-	-	-
Franchise Taxes	-	-	-	-
Federal Sources	-	-	-	-
State Sources	-	-	-	-
Local Sources	-	-	-	-
Charges for Services	650	650	-	(650)
Licenses and Fees	-	-	-	-
Investment Income	-	-	-	-
Miscellaneous	-	-	-	-
<b>TOTAL REVENUES</b>	<u>650</u>	<u>650</u>	<u>-</u>	<u>(650)</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	650	650	-	650
Capital Outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>650</u>	<u>650</u>	<u>-</u>	<u>650</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	-	-	-	(1,300)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Increase (Decrease)</b>	-	-	<u>\$ -</u>	<u>\$ (1,300)</u>
<b>Prior Year Cash Balance Budgeted</b>	<u>\$ -</u>	<u>\$ -</u>		

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**STATE OF NEW MEXICO  
VILLAGE OF QUESTA  
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET (NON-GAAP  
BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) –  
SPECIAL REVENUE FUND – LIBRARY GRANT  
FOR THE YEAR ENDED JUNE 30, 2014**

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
<b>REVENUES</b>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross Receipt Taxes	-	-	-	-
Public Service Taxes	-	-	-	-
Franchise Taxes	-	-	-	-
Federal Sources	-	-	-	-
State Sources	32,400	42,131	37,937	(4,194)
Local Sources	-	-	-	-
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	-
Investment Income	-	-	2,415	2,415
Miscellaneous	-	-	1,167	1,167
<b>TOTAL REVENUES</b>	<u>32,400</u>	<u>42,131</u>	<u>41,519</u>	<u>(612)</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	32,361	38,454	37,632	822
Capital Outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>32,361</u>	<u>38,454</u>	<u>37,632</u>	<u>822</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	39	3,677	3,887	(1,434)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Increase (Decrease)</b>	39	3,677	<u>\$ 3,887</u>	<u>\$ (1,434)</u>
<b>Prior Year Cash Balance Budgeted</b>	<u>\$ (39)</u>	<u>\$ (3,677)</u>		

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**STATE OF NEW MEXICO  
VILLAGE OF QUESTA  
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET (NON-GAAP  
BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) –  
CDBG CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED JUNE 30, 2014**

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
<b>REVENUES</b>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross Receipt Taxes	-	-	-	-
Public Service Taxes	-	-	-	-
Franchise Taxes	-	-	-	-
Federal Sources	-	-	-	-
State Sources	1,185,031	1,252,943	-	(1,252,943)
Local Sources	-	-	-	-
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	-
Investment Income	-	-	-	-
Miscellaneous	-	-	-	-
<b>TOTAL REVENUES</b>	<u>1,185,031</u>	<u>1,252,943</u>	<u>-</u>	<u>(1,252,943)</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Capital Outlay	1,060,031	1,072,531	1,072,531	-
<b>TOTAL EXPENDITURES</b>	<u>1,060,031</u>	<u>1,072,531</u>	<u>1,072,531</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	125,000	180,412	(1,072,531)	(1,252,943)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Increase (Decrease)</b>	125,000	180,412	<u>\$ (1,072,531)</u>	<u>\$ (1,252,943)</u>
<b>Prior Year Cash Balance Budgeted</b>	<u>\$ (125,000)</u>	<u>\$ (180,412)</u>		

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**STATE OF NEW MEXICO  
VILLAGE OF QUESTA  
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET (NON-GAAP  
BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) –  
WATER RIGHTS FUND  
FOR THE YEAR ENDED JUNE 30, 2014**

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
<b>REVENUES</b>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross Receipt Taxes	-	-	-	-
Public Service Taxes	-	-	-	-
Franchise Taxes	-	-	-	-
Federal Sources	-	-	-	-
State Sources	-	-	-	-
Local Sources	-	-	-	-
Charges for Services	55,000	55,000	2,000	(53,000)
Licenses and Fees	-	-	-	-
Investment Income	-	-	-	-
Miscellaneous	-	-	-	-
<b>TOTAL REVENUES</b>	<u>55,000</u>	<u>55,000</u>	<u>2,000</u>	<u>(53,000)</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	55,000	55,000	150	54,850
Culture and Recreation	-	-	-	-
Capital Outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>55,000</u>	<u>55,000</u>	<u>150</u>	<u>54,850</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	-	-	1,850	(107,850)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Increase (Decrease)</b>	-	-	<u>\$ 1,850</u>	<u>\$ (107,850)</u>
<b>Prior Year Cash Balance Budgeted</b>	<u>\$ -</u>	<u>\$ -</u>		

See Independent Auditors' Report

**STATE OF NEW MEXICO  
VILLAGE OF QUESTA  
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET (NON-GAAP  
BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) –  
ECONOMIC DEVELOPMENT SPECIAL REVENUE FUND  
FOR THE YEAR ENDED JUNE 30, 2014**

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
<b>REVENUES</b>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross Receipt Taxes	-	-	-	-
Public Service Taxes	-	-	-	-
Franchise Taxes	-	-	-	-
Federal Sources	-	-	-	-
State Sources	-	-	255,599	255,599
Local Sources	-	-	-	-
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	-
Investment Income	-	-	-	-
Miscellaneous	-	-	-	-
<b>TOTAL REVENUES</b>	-	-	255,599	255,599
<b>EXPENDITURES</b>				
<b>Current</b>				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Capital Outlay	-	-	12,501	(12,501)
<b>TOTAL EXPENDITURES</b>	-	-	12,501	(12,501)
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	-	-	243,098	268,100
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	-	-	-	-
<b>Net Increase (Decrease)</b>	-	-	<u>\$ 243,098</u>	<u>\$ 268,100</u>
<b>Prior Year Cash Balance Budgeted</b>	<u>\$ -</u>	<u>\$ -</u>		

See Independent Auditors' Report

**STATE OF NEW MEXICO  
VILLAGE OF QUESTA  
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET (NON-GAAP  
BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) –  
WATER SYSTEM IMPROVEMENTS CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED JUNE 30, 2014**

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
<b>REVENUES</b>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross Receipt Taxes	-	-	-	-
Public Service Taxes	-	-	-	-
Franchise Taxes	-	-	-	-
Federal Sources	-	-	-	-
State Sources	-	-	99,992	99,992
Local Sources	-	-	-	-
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	-
Investment Income	-	-	-	-
Miscellaneous	-	-	-	-
<b>TOTAL REVENUES</b>	-	-	99,992	99,992
<b>EXPENDITURES</b>				
<b>Current</b>				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Capital Outlay	-	-	111,443	(111,443)
<b>TOTAL EXPENDITURES</b>	-	-	111,443	(111,443)
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	-	-	(11,451)	211,435
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	-	-	-	-
<b>Net Increase (Decrease)</b>	-	-	<u>\$ (11,451)</u>	<u>\$ 211,435</u>
<b>Prior Year Cash Balance Budgeted</b>	<u>\$ -</u>	<u>\$ -</u>		

See Independent Auditors' Report

**STATE OF NEW MEXICO  
VILLAGE OF QUESTA  
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET (NON-GAAP  
BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) –  
WWTP IMPROVEMENTS CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED JUNE 30, 2014**

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
<b>REVENUES</b>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross Receipt Taxes	-	-	-	-
Public Service Taxes	-	-	-	-
Franchise Taxes	-	-	-	-
Federal Sources	-	-	-	-
State Sources	7,400	8,282	-	(8,282)
Local Sources	-	-	-	-
Charges for Services	125,600	132,370	82,586	(49,784)
Licenses and Fees	-	-	-	-
Investment Income	-	-	-	-
Miscellaneous	-	-	-	-
<b>TOTAL REVENUES</b>	<u>133,000</u>	<u>140,652</u>	<u>82,586</u>	<u>(58,066)</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
General Government	-	-	-	-
Public Safety	-	-	82,586	(82,586)
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Capital Outlay	137,386	137,386	-	137,386
<b>TOTAL EXPENDITURES</b>	<u>137,386</u>	<u>137,386</u>	<u>82,586</u>	<u>54,800</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(4,386)	3,266	-	(112,866)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Increase (Decrease)</b>	(4,386)	3,266	<u>\$ -</u>	<u>\$ (112,866)</u>
<b>Prior Year Cash Balance Budgeted</b>	<u>\$ 4,386</u>	<u>\$ (3,266)</u>		

See Independent Auditors' Report

**STATE OF NEW MEXICO  
VILLAGE OF QUESTA  
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET (NON-GAAP  
BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) –  
AIRPORT IMPROVEMENTS CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
<b>REVENUES</b>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross Receipt Taxes	-	-	-	-
Public Service Taxes	-	-	-	-
Franchise Taxes	-	-	-	-
Federal Sources	-	-	-	-
State Sources	-	-	217,863	217,863
Local Sources	-	-	-	-
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	-
Investment Income	-	-	-	-
Miscellaneous	-	-	-	-
<b>TOTAL REVENUES</b>	<u>-</u>	<u>-</u>	<u>217,863</u>	<u>217,863</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Capital Outlay	-	-	213,788	(213,788)
<b>TOTAL EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>213,788</u>	<u>(213,788)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	-	-	4,075	431,651
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Increase (Decrease)</b>	-	-	<u>\$ 4,075</u>	<u>\$ 431,651</u>
<b>Prior Year Cash Balance Budgeted</b>	<u>\$ -</u>	<u>\$ -</u>		

See Independent Auditors' Report



**STATE OF NEW MEXICO  
VILLAGE OF QUESTA  
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET (NON-GAAP  
BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) –  
CWPP CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED JUNE 30, 2014**

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
<b>REVENUES</b>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross Receipt Taxes	-	-	-	-
Public Service Taxes	-	-	-	-
Franchise Taxes	-	-	-	-
Federal Sources	-	-	-	-
State Sources	-	-	-	-
Local Sources	-	-	-	-
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	-
Investment Income	-	-	-	-
Miscellaneous	-	-	-	-
<b>TOTAL REVENUES</b>	-	-	-	-
<b>EXPENDITURES</b>				
<b>Current</b>				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Capital Outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	-	-	-	-
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	-	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	-	-	-	-
<b>Net Increase (Decrease)</b>	-	-	<u>\$ -</u>	<u>\$ -</u>
<b>Prior Year Cash Balance Budgeted</b>	<u>\$ -</u>	<u>\$ -</u>		

See Independent Auditors' Report

**STATE OF NEW MEXICO  
VILLAGE OF QUESTA  
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET (NON-GAAP  
BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) –  
LOCAL ROADS CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED JUNE 30, 2014**

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
<b>REVENUES</b>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross Receipt Taxes	-	-	-	-
Public Service Taxes	-	-	-	-
Franchise Taxes	-	-	-	-
Federal Sources	-	-	-	-
State Sources	25,000	25,000	37,353	12,353
Local Sources	-	-	-	-
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	-
Investment Income	-	-	-	-
Miscellaneous	-	-	-	-
<b>TOTAL REVENUES</b>	<u>25,000</u>	<u>25,000</u>	<u>37,353</u>	<u>12,353</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Capital Outlay	25,000	25,000	37,353	(12,353)
<b>TOTAL EXPENDITURES</b>	<u>25,000</u>	<u>25,000</u>	<u>37,353</u>	<u>(12,353)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	-	-	-	24,706
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Increase (Decrease)</b>	-	-	<u>\$ -</u>	<u>\$ 24,706</u>
<b>Prior Year Cash Balance Budgeted</b>	<u>\$ -</u>	<u>\$ -</u>		

See Independent Auditors' Report

**STATE OF NEW MEXICO  
VILLAGE OF QUESTA  
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET (NON-GAAP  
BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) –  
HOMELAND SECURITY GRANT CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED JUNE 30, 2014**

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
<b>REVENUES</b>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross Receipt Taxes	-	-	-	-
Public Service Taxes	-	-	-	-
Franchise Taxes	-	-	-	-
Federal Sources	-	-	12,101	12,101
State Sources	-	-	-	-
Local Sources	-	-	-	-
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	-
Investment Income	-	-	-	-
Miscellaneous	-	-	-	-
<b>TOTAL REVENUES</b>	-	-	12,101	12,101
<b>EXPENDITURES</b>				
<b>Current</b>				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Capital Outlay	-	-	12,101	(12,101)
<b>TOTAL EXPENDITURES</b>	-	-	12,101	(12,101)
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	-	-	-	24,202
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	-	-	-	-
<b>Net Increase (Decrease)</b>	-	-	<u>\$ -</u>	<u>\$ 24,202</u>
<b>Prior Year Cash Balance Budgeted</b>	<u>\$ -</u>	<u>\$ -</u>		

See Independent Auditors' Report

**STATE OF NEW MEXICO  
VILLAGE OF QUESTA  
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET (NON-GAAP  
BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) –  
SPECIAL REVENUE FUND – EMS COUNTY  
FOR THE YEAR ENDED JUNE 30, 2014**

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
<b>REVENUES</b>				
Property Taxes	\$ -	\$ -	\$ 8,351	\$ 8,351
Gross Receipt Taxes	-	-	-	-
Public Service Taxes	-	-	-	-
Franchise Taxes	-	-	-	-
Federal Sources	-	-	-	-
State Sources	28,000	28,000	124,326	96,326
Local Sources	-	-	-	-
Charges for Services	128,175	128,175	-	(128,175)
Licenses and Fees	-	-	678	678
Investment Income	-	-	-	-
Miscellaneous	-	-	5,000	5,000
<b>TOTAL REVENUES</b>	<u>156,175</u>	<u>156,175</u>	<u>138,355</u>	<u>(17,820)</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
General Government	-	-	-	-
Public Safety	165,798	165,798	146,722	19,076
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Capital Outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>165,798</u>	<u>165,798</u>	<u>146,722</u>	<u>19,076</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(9,623)	(9,623)	(8,367)	(36,896)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Increase (Decrease)</b>	(9,623)	(9,623)	<u>\$ (8,367)</u>	<u>\$ (36,896)</u>
<b>Prior Year Cash Balance Budgeted</b>	<u>\$ -</u>	<u>\$ -</u>		

See Independent Auditors' Report

**STATE OF NEW MEXICO  
VILLAGE OF QUESTA  
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET (NON-GAAP  
BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) –  
JOINT UTILITIES PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
<b>REVENUES</b>				
Charges for Services	\$ 783,543	\$ 783,543	\$ 263,585	\$ (519,958)
Interest Income	-	-	-	-
Miscellaneous	-	-	-	-
<b>TOTAL REVENUES</b>	<u>783,543</u>	<u>783,543</u>	<u>263,585</u>	<u>(519,958)</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
Personal Services	783,543	783,543	332,322	451,221
Contractual Services	-	-	6,829	(6,829)
Supplies and Purchased Power	-	-	65,939	(65,939)
Maintenance and Materials	-	-	39,639	(39,639)
Heat, Light and Power	-	-	6,027	(6,027)
Bond Interest	-	-	2,495	(2,495)
Bond Principal	-	-	-	-
Infrastructure	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>783,543</u>	<u>783,543</u>	<u>453,251</u>	<u>330,292</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	-	-	(189,666)	(850,250)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Increase (Decrease)</b>	-	-	<u>\$ (189,666)</u>	<u>\$ (850,250)</u>
<b>Prior Year Cash Balance Budgeted</b>	<u>\$ -</u>	<u>\$ -</u>		

**STATE OF NEW MEXICO  
VILLAGE OF QUESTA  
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET (NON-GAAP  
BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) –  
SOLID WASTE PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
<b>REVENUES</b>				
Charges for Services	\$ 175,000	\$ 177,851	\$ 182,543	\$ 4,692
Interest Income	-	-	-	-
Miscellaneous	-	-	-	-
<b>TOTAL REVENUES</b>	<u>175,000</u>	<u>177,851</u>	<u>182,543</u>	<u>4,692</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
Personal Services	165,753	204,086	2,754	201,332
Contractual Services	-	-	182,109	(182,109)
Supplies and Purchased Power	-	-	-	-
Maintenance and Materials	-	-	236	(236)
Heat, Light and Power	-	-	406	(406)
<b>TOTAL EXPENDITURES</b>	<u>165,753</u>	<u>204,086</u>	<u>185,505</u>	<u>18,581</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	9,247	(26,235)	(2,962)	(13,889)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Increase (Decrease)</b>	9,247	(26,235)	<u>\$ (2,962)</u>	<u>\$ (13,889)</u>
<b>Prior Year Cash Balance Budgeted</b>	<u>\$ (9,247)</u>	<u>\$ 26,235</u>		

## **SUPPORTING SCHEDULES**

**STATE OF NEW MEXICO  
VILLAGE OF QUESTA  
SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY  
FOR PUBLIC FUNDS  
JUNE 30, 2014**

<b>Name of Depository</b>	<b>Type of Security</b>	<b>CUSIP #</b>	<b>Fair Market Value, June 30, 2014</b>	<b>Par Value, June 30, 2014</b>	<b>Maturity Date</b>	<b>Name and Location of Custodian</b>
Centinel Bank	Clovis NM SCH - Bond	189414JA4	\$ 250,000	\$ 250,000	8/1/2024	TIB
Centinel Bank	Farmington SD #5	311441HN2	49,995	49,995	9/1/2017	TIB

See Independent Auditors' Report



**STATE OF NEW MEXICO  
VILLAGE OF QUESTA  
SCHEDULE OF CASH AND TEMPORARY INVESTMENT ACCOUNTS  
JUNE 30, 2014**

<b>Bank Account Type / Name</b>	<b>Centinel Bank</b>	<b>U.S. Bank</b>	<b>People's Bank of Red River</b>	<b>Questa Credit Union</b>	<b>Total</b>
Savings - General	\$ -	\$ -	\$ -	\$ 665	\$ 665
Checking - General	476,629	-	-	-	476,629
Checking: Water, Sewer, Solid Waste	21,671	-	-	-	21,671
Checking: Motor Vehicle Division	-	-	-	-	-
Checking - Payroll Account	32,253	-	-	-	32,253
Checking - Municipal Court	9,441	-	-	-	9,441
Checking - Water Rights	-	-	-	-	-
Checking - Oversight Accounts	25,167	-	-	-	25,167
Checking - Sewer System Reserve	123,059	-	-	-	123,059
Checking - EMS Fire Fund	-	-	661	-	661
Checking - EMS Fire Account	22,482	-	-	-	22,482
Checking - Fire Protection Fund	-	-	5,621	-	5,621
Checking - Law Enforcement Protection	-	10,739	17,126	-	27,865
Checking - Airport Fund	-	164,252	-	-	164,252
Certificate of Deposit	-	15,000	-	-	15,000
Checking - CDBG Account	-	-	-	-	-
Total on Deposit	710,702	189,991	23,408	665	924,766
Reconciling Items	(547,203)	174,991	3,689	-	(368,523)
Reconciled Balance, June 30, 2014	<u>\$ 163,499</u>	<u>\$ 364,982</u>	<u>\$ 27,097</u>	<u>\$ 665</u>	<u>556,243</u>
<b>Total Cash and Cash Equivalents at June 30, 2014</b>					<u><u>\$ 556,243</u></u>

See Independent Auditors' Report

## **FIDUCIARY FUNDS**

**STATE OF NEW MEXICO**  
**VILLAGE OF QUESTA**  
**AGENCY FUND**  
**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES**  
**JUNE 30, 2014**

	Balance June 30, 2013	Increases	Decreases	Balance June 30, 2014
<b><u>ASSETS</u></b>				
Cash and Cash Equivalents	\$ <u>33</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>33</u>
<b><u>LIABILITIES</u></b>				
Deposits Held in Trust for Others	\$ <u>33</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>33</u>

## **COMPLIANCE SECTION**



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

**Independent Auditors' Report**

Hector H. Balderas  
New Mexico State Auditor  
Santa Fe, New Mexico  
and

To the Honorable Mayor and the Village Council  
Village of Questa  
Questa, New Mexico

We have been engaged to audit, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information and the budgetary comparisons of the general fund of the State of New Mexico, Village of Questa (Village), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and the combining and individual funds and related budgetary comparisons of the Village, presented as supplemental information and have issued our report dated October 29, 2014. We did not express an opinion on the financial statements because of inadequacy of accounting records. Except as discussed in the previous sentence, 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.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as discussed in the accompanying *schedule of findings and responses*, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying *schedule of findings and responses* to be material weaknesses. [2009-001, 2011-007, 2011-008, 2011-021 and 2012-004]

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompany *schedule of findings and responses* to be significant deficiencies. [2009-003, 2010-008, 2010-001, 2010-004, 2010-007, 2011-003, 2012-001, 2012-002, 2014-002 and 2014-003]

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and responses as items: [2014-001]

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

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Village's responses were not subjected to the auditing procedures applied in the audit of financial statements and, accordingly, we do not express an opinion on them.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Kubiak Melton & Associates, LLC*

Kubiak Melton & Associates, LLC  
Albuquerque, New Mexico  
October 29, 2014

**STATE OF NEW MEXICO  
VILLAGE OF QUESTA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2014**

**2009-001 [FS-2009-01] – Excess Expenditures Over Budget – Material Weakness**

**Condition:** During our audit testing of budgeted and actual expenditures, we noted budget overspending in 12 funds as describe in Note 9 to the financial statements. The total amounted to \$939,461.

**Criteria:** Section 6-6-6 of the New Mexico state statutes restricts all officials and governing authorities from approving claims in excess of the approved budget. Additionally, Section 6-6-6 states that actual expenditures cannot exceed approved budgeted amounts.

**Effect:** The Village is not in compliance with State Statutes and DFA regulations related to budgetary process and could potentially process over expenditures for funds. Non-compliance with New Mexico state statutes could subject the Village to ramifications as defined by state statutes.

**Cause:** Although the Village Council appears to have approved the final budget resolution, it was not sufficient to mitigate excess expenditures over budget for several funds.

**Auditors' recommendation:** It is our recommendation that the Village implement controls to monitor spending in conjunction with approved budgets and that they ensure proper adherence to the laws and regulations of the State of New Mexico to mitigate over expenditures of budgeted amounts.

**Management's Response:** Currently, all Budget Adjustment Requests (BAR) for Fiscal Year 2014 have been approved by the Council. Administration will be meeting with department heads monthly to review their budget to actual reports to ensure accountability within each line item. BARs will be submitted to Council on a quarterly basis.



**STATE OF NEW MEXICO  
VILLAGE OF QUESTA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2014**

**2009-003 and 2010-008 [FS-2009-03 and FS-2010-08] – Per Diem & Mileage Act – Significant Deficiency**

**Condition:** During our testwork of travel and per diem, we noted the following deficiencies related to disbursements made:

- Three out of five travel and per diem payments did not have adequate supporting documentation to support the expenditure.
- There is no formal travel or per diem policy could be provided by the Village.

The Dollar value of the exceptions noted was \$370.

**Criteria:** Each Village shall establish and implement written policies and procedures for travel and per diem. Village policies and procedures shall be in compliance with the Per Diem and Mileage Act, Sections 10-8-1 through 10-8-8, NMSA 1978, and Department of Finance and Administration (DFA) regulations.

**Effect:** Unauthorized travel and per diem expenditures may be processed and paid without proper approval and/or rate calculation. Non-compliance with statutes may subject the Village to consequences as defined by state statutes. Travel and per diem could be paid incorrectly or purchases may be unallowed.

**Cause:** The Finance Director does not have the authority to hold employees accountable for the travel or per diem requests. Any attempt is often met with management override.

**Auditors' Recommendation:** It is our recommendation that the Village grant the Finance Director the authority, without management override, to review and approve and reject expenditures that do not meet the Per Diem and Mileage Act. Further we recommend that the Village adopt, and implement a formal policy for relating to travel and per diem payments.

**Management's Response:** The Finance Director has been given full authority, without management override, to reject all expenditures for travel that do not meet travel and per diem rules and regulations. We have implemented a new detailed form for reporting per diem and mileage that complies with State Statute. We are currently working on a written policy and procedure to submit and approve per diem and mileage expenditures.

**STATE OF NEW MEXICO  
VILLAGE OF QUESTA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2014**

**2010-001 [FS-2010-01] – Contracts – Significant Deficiency**

**Condition:** The Village is party to a lease in which they are not receiving anything in return for the lease of a building.

**Criteria:** Government Agencies are required to renew contracts annually. The Anti-donation clause section 14 state that “Neither the state nor any county, school district or municipality, except otherwise provided in this constitution, shall directly or indirectly lend or pledge its credit or make any donation to or in aid of any person, association or public or private corporation or in aid of any private enterprise”.

**Effect:** The Village is not in compliance with the State’s anti-donation clause.

**Cause:** The Village feels that its elderly constituents are benefiting by this organization being in Questa so they agreed to provide a building for operation at no cost.

**Auditors’ Recommendation:** It is our recommendation that the Village amend the lease to include some consideration for the building so as not to violate the anti-donation clause.

**Management’s Response:** The Village acknowledges that there needs to be value received for the leased building and is working on correcting this in current fiscal year.

**STATE OF NEW MEXICO  
VILLAGE OF QUESTA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2014**

**2010-004 [FS-2010-04] – Bank Reconciliation – Significant Deficiency**

**Condition:** During our audit procedures relating to cash and bank reconciliations, we noted that bank reconciliations not completed timely.

**Criteria:** Bank reconciliations are an important element of internal control, facilitating timely detection of book/bank differences so they can be investigated and resolved. Such reconciliations are consistent with New Mexico statutes, Section 6-6-3 A NMSA 1978, which require that the Village "keep all the books, records, and accounts in their respective offices in a form as prescribed by the Local Government Division." The Local Government Division of the Department of Finance and Administration has, pursuant to this statute, published the Budgeting and Accounting Manual and other guidance for New Mexico municipalities to follow. Good accounting practice and general accepted accounting practices require the bank account to be reconciled monthly to the general ledger to ensure that cash receipts and cash disbursements are recorded in a correct and timely manner and that differences or errors be followed up and corrected in a timely manner.

**Effect:** Bank reconciliations and general ledger balances we not reconciled timely.

**Cause:** The lack of timely reconciliations of cash to the general ledger leaves the Village susceptible to not knowing their true cash balances at any given time.

**Auditors' Recommendation:** It is our recommendation that the Village establish and implement procedures to ensure general ledger cash balances are reconciled timely to corresponding bank balances. Any unreconciled differences identified through this process should be investigated and resolved on a timely basis. We recommend that a supervisor review and approve all bank reconciliations.

**Management's Response:** Due to turnover in accounting staff, completing bank reconciliations timely has proved difficult. Currently, we are working to implement a process to where all bank reconciliations are done timely and reviewed and approved. We think the staffing levels and consistency will allow us to correct this finding and avoid it as a repeat finding into the future.

**STATE OF NEW MEXICO  
VILLAGE OF QUESTA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2014**

**2010-007 [FS-2010-07] – Payroll – Significant Deficiency**

**Condition:** The Village does not have adequate internal controls over recording payroll into their general ledger. Based on our inability to obtain sufficient appropriate audit evidence, we could not conclude that the Village's internal controls over reporting payroll are effectively operating. During our testwork of payroll records we further noted:

- Two out of five employees tested were overpaid \$0.24 and \$0.43 per hour based on their approved pay rate in their employee file.
- The amount reported in the Village's general ledger detail for total payroll expenditures do not reconcile to the total amount reported by the Village's outsourced payroll company.
- The total amount of wages reported by the Village's outsourced payroll company to New Mexico unemployment does not reconcile to the total amount of wages reported by the Village's outsourced payroll company.

**Criteria:** NMAC 6.20.2.18 states the local board shall establish written payroll policies and procedures which comply with state and federal regulations as well as maintaining strict internal controls, close supervision and financial accounting in accordance with GAAP.

The existence of an appropriate pay rate schedules, a review of employee timesheets, a review of payroll reports as well as proper authorization and approval for wages are required to be maintained in order to have proper and sufficient internal controls to reduce the risk of fraudulent activities. Management should establish and implement sound internal control procedures related to payroll, and payroll records.

**Effect:** Lack of internal controls over the payroll process leaves the Village at risk for various violations of law and the potential of fraud and abuse. Furthermore, the Village's financial statements are at risk of being misstated due to expenditures not properly reported.

**Cause:** The Village lacks policies and procedures that would properly detect and correct material misstatements in a timely manner. The Village's staff lacks proper training in the reconciling and reporting of payroll amounts.

**Auditors' Recommendation:** It is our recommendation that the Village's management have proper internal control procedures created and implemented so employees are paid the proper rates, proper amounts are reported in the Village's financial statements and to government agencies, and misstatements can be detected and corrected in a timely manner.

**Management's Response:** New staff has been hired who has the proper training and abilities to report payroll. The Village will implement policies and procedures to mitigate the possibility of fraud and abuse given our small accounting staff.

**STATE OF NEW MEXICO  
VILLAGE OF QUESTA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2014**

**2011-003 [FS-2011-03] – Open Meeting Act with Regards to Minutes – Significant Deficiency**

**Condition:** While reviewing the Council Minutes for the Village of Questa, we noted that a draft of the minutes from each Council Meeting was not completed within 10 working days nor were the minutes approved, amended or disapproved at the next meeting where a quorum is present. Approvals of minutes were not included as a separate agenda item in most of the minutes.

**Criteria:** The State of New Mexico's Open Meetings Act, NMSA 1978, Chapter 10, Article 15 states "The board, commission or other policymaking body shall keep written minutes of all its meetings. The minutes shall include at a minimum the date, time and place of the meeting, the names of members in attendance and those absent, the substance of the proposals considered and to record of any decisions and votes taken that show how each member voted. All minutes are open to public inspection. 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 policy-making body." Approval of the past minutes should always appear as an agenda item for all regular meeting.

**Effect:** The Village violated the State of New Mexico's Open Meeting Act, NMSA 1978, Chapter 10, Article 15 with regard to the minutes. The Village's Council minutes are not readily available for public inspection. This could potentially be construed as though the Village's Council is not being fully transparent to the public.

**Cause:** It appears that turnover of personnel throughout the year may have contributed to the delay in preparation of the minutes. It is unknown as to why the prepared minutes were not acted upon in the next meeting where a quorum was present.

**Auditors' Recommendation:** It is our recommendation that the Clerk review the Open Meetings Act for understanding and that the minutes are prepared in accordance with the requirements of the act.

**Management's Response:** All minutes have been approved by the Governing Body and we strive to complete a draft of all minutes within the 10 day statute requirement. With limited staff sometimes this proves to be difficult; however this is more of an exception than the rule. We have created a website for the Village and all approved minutes will soon be available on the website for public inspection.

Approvals of minutes are always listed as a separate agenda item, which can be verified by inspecting the approved minutes of each council meeting.

**STATE OF NEW MEXICO  
VILLAGE OF QUESTA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2014**

**2011-007 [FS-2011-07] – Procurement Code – Material Weakness**

**Condition:** The condition of the records at the Village did not permit us to test the State Procurement Act. There was no evidence to support that written quotes were obtained to determine the best price for contractual services. The agency was unable to locate evidence of bids for various services. There were no bids documents on file at the Village nor was there any evaluations documented of the bid process.

**Criteria:** The State Procurement Code, Section 13-1-1 to 13-1-199 NMSA 1978, and the State Purchasing Regulations 1.4.1 NMAC contain various requirements for the expenditure of public monies. Proper documentation of commercial considerations in awarding bids and contracts should be available for the auditor and the public to inspect.

**Effect:** Substantial amounts of money appear to be being expended by the Village of Questa without the proper compliance with the procurement laws and regulations. This could affect the Village's ability to collect grant monies and awards in the future.

**Cause:** The person or persons responsible for the Village's procurement did not know nor did they understand the State statutes.

**Auditors' Recommendation:** It is our recommendation that the Village train employees and contractors on the state procurement law and regulation. We further recommend that people responsible for those laws be granted the authority to make sure the Village complies with the statutes and regulations.

**Management's Response:** We make every attempt to make sure that Village policy and the State Procurement Code is adhered to. We will continue to train our employees as to the importance of following these and all policies and codes. Additionally, training and the Village's Procurement Policy and Procedures have been provided to each employee tasked with direct responsibility for purchases. Also, these Village employees have and will receive further training on the Village Policy and the State Procurement Code.

**STATE OF NEW MEXICO  
VILLAGE OF QUESTA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2014**

**2011-008 [FS-2011-08] – Capital Asset Depreciation Schedule – Material Weakness**

**Condition:** The Village of Questa did not maintain their depreciation schedule detailing all of the capital assets and the related depreciation expense of the Village. The Village did not post the entries for current year depreciation.

**Criteria:** A depreciation schedule with corresponding depreciation expense accrual is required by Generally Accepted Accounting Principles. In addition, control over the Village's capital assets is exercised through the maintenance of a detail capital asset schedule.

**Effect:** The financial statements of the Village do not appear to reflect the annual depreciation expense and the balance sheet does not appear to reflect an accurate capital asset costs and related accumulated depreciation amounts.

**Cause:** The Village contracted with a fee accountant to help them on the schedule which is incomplete as of the audit date.

**Auditors' Recommendation:** It is our recommendation that the Village update the depreciation schedule the Village does have to reflect all current capital assets and accumulated depreciation. In addition, we recommend that the Village implement procedures to maintain the schedules as the Village moves forward.

**Management's Response:** The Village has created a database/Asset Inventory of all Village assets of \$5,000 and greater and will continue to add, upgrade, delete, and depreciate the assets accordingly. The Village has also implemented formal procedures (forms) to account for all assets procured, transferred between departments and disposed of. The Village is also in the process of automating this database to work with a barcode system and scanner to account for all assets of the Village to include those assets below \$5,000 in value.

**STATE OF NEW MEXICO  
VILLAGE OF QUESTA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2014**

**2011-021 [FS-2011-21] – Reconciliation of General Ledger – Material Weakness**

**Condition:** Due to the inability to obtain sufficient appropriate audit evidence, we were unable to reconcile Form 941, Employer’s Quarterly Federal Tax Return to the general Ledger. There have been no known instances of the Village owing back pay or penalty fees to IRS.

**Criteria:** Payroll procedures should exist to ensure that payroll is prepared correctly and is reconciled to the General ledger for completeness.

**Effect:** Payroll reports do not agree to the general ledger.

**Cause:** The reports provided by the payroll company are sent to the payroll clerk but the journal entry for payroll is a downloaded entry from the payroll company. The reports are not reconciled to the journal entry to ensure completeness.

**Auditors’ Recommendation:** It is our recommendation that the payroll reports be reconciled to the general ledger after each payroll to ensure proper recording and completeness.

**Management’s Response:** We have corrected this and will continue to reconcile our payroll account to the general ledger timely. Any unreconciled differences will be investigated and cleared on a timely basis. We will be bringing payroll in house to gain better control over reporting to Federal and State Agencies. We will also ensure that all expenditures will be reported accurately in the general ledger for each fund.



**STATE OF NEW MEXICO  
VILLAGE OF QUESTA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2014**

**2012-001 [FS-2012-01] – Segregation of Duties – Significant Deficiency**

**Condition:** As part of our documentation of the internal controls we noted certain functions that were performed by the same person. The Finance Director and the Clerk are check signers for Centinel bank and also handle the accounting side. Finance Director enters invoices in QuickBooks, prepares checks, and reconciles bank statements.

**Criteria:** Segregation of duties is pertinent to safeguard an Village's assets.

**Effect:** The lack of segregation of duties increases the risk of asset misappropriation. Also, the same person performing incompatible functions increases this risk as well.

**Cause:** The Village has limited financial recourses and at time is incapable to support such control measures.

**Auditors' Recommendation:** It is our recommendation that the Village should implement a process that allows for an oversight of the functions by someone other than the person directly responsible.

**Management's Response:** The Finance Director is no longer a signer on any of the bank accounts. In prior years, due to management turnover, it has made it difficult to implement a concrete policy that was adhered to. In the current fiscal year we have corrected this by assigning compatible functions to various staff. We are committed to improving our internal control structure.

**STATE OF NEW MEXICO  
VILLAGE OF QUESTA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2014**

**2012-002 [FS-2012-02] – Stale Dated Transactions not Cancelled – Significant Deficiency**

**Condition:** The Village has not complied with state statutes regarding stale-dated checks. The Village maintained various checks in the various bank accounts that were dated over one year old at June 30, 2014.

**Criteria:** Chapter 7 Article 8A, NMSA 1978, and related regulations require that the Village provide information about the payees and the related funds to Unclaimed Property Division of the New Mexico Taxation and Revenue Department for outstanding checks that were distributed but not cashed within one year.

**Effect:** Carrying numerous bank reconciling items could result in a misstatement in the accounting records or related misappropriation of funds.

**Cause:** The Village did not implement an internal control policy to account for stale dated outstanding checks and did not clear these checks on a timely basis.

**Auditors' Recommendation:** It is our recommendation that the Village implement a procedure to review the outstanding check listings for all bank accounts and track stale-dated checks. If checks on the outstanding check listings are greater than one year old we recommend these checks be voided. Also, we recommend that the Village provide the information to the Property Division of the New Mexico Taxation and Revenue Department as required.

**Management's Response:** We are working to more closely track outstanding checks that are not drawn against our account timely so we can either inform the payee or submit the amounts per State Statute.

**STATE OF NEW MEXICO  
VILLAGE OF QUESTA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2014**

**2012-004 [FS-2012-04] – Lack of Internal Controls Over Expenditures – Material Weakness**

**Condition:** Due to the inability to obtain sufficient appropriate audit evidence, we could not conclude that the Village's internal controls over expenditures were operating effectively to prevent or detect misstatements. Because of this condition, we are unable to estimate the number of instances, if any, and the dollar amounts associated with potential non-compliance.

**Criteria:** Section 13-1-28 to 13-1-199, NMSA 1978 states that expenditures should be properly authorized, processed and recorded and should have adequate supporting documentation for the disbursement.

**Effect:** The Village appears to have violated the procurement code and thus could potentially make payment without proper documentation or authorization.

**Cause:** The state procurement code and the Village's procurement policy are not being followed.

**Auditors' Recommendation:** It is our recommendation that the Village comply with their Policy and the State Procurement code.

**Management's Response:** We are using purchase orders for most purchases now and have implemented our policy that requires the attempt to get 3 written quotes for items over \$1,000 up to \$5,000 and attaching that to a requisition for a purchase order. That is then reviewed and signed off by the Administrator and the Finance Officer. Once the invoice is received after goods or services have been obtained, the payment request is verified by the Administrator prior to the check being written. In addition, the check is then reviewed prior to it being distributed to the vendor by the Administrator. A list of all transactions is sent to the Council at each meeting and they often ask numerous questions on all vouchers. We will be instituting a finance/audit committee comprised of the finance director, rotating council member and possibly an outside member with accounting or finance background. They will be responsible for reviewing accounts payable, bank reconciliations, monthly and quarterly reports and BARs. Committee will meet monthly.

**STATE OF NEW MEXICO  
VILLAGE OF QUESTA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2014**

**2014-001 – Capital Asset Inventory – Material Noncompliance**

**Condition:** The Village did not conduct an annual capital asset inventory.

**Criteria:** In accordance 12-6-10(A) NMSA 1978 the Village must conduct a capital asset inventory to provide accountability for the safeguard of movable chattels and equipment at the end of each fiscal year. The agency shall certify the correctness of the inventory after the physical inventory. This certification should be provided to the Village's Auditors.

**Effect:** Lack of conducting a capital asset inventory can result in assets that are not properly safeguarded. Asset identification and location are essential in the prevention of theft and loss of assets due to fraudulent activity.

**Cause:** Annual inventory process is not being initiated by the Village.

**Auditors' Recommendation:** We recommend that the Village conduct a capital asset inventory at the end of each fiscal year.

**Management's Response:** The Village will develop procedures to ensure a capital asset inventory is conducted on an annual basis.

**STATE OF NEW MEXICO  
VILLAGE OF QUESTA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2014**

**2014-002 — Internal Controls over Purchase Cards – Significant Deficiency**

**Condition:** During our test work of purchase cards, we noted that the Village was not maintaining sufficient records associated with their purchase cards as follows:

- A random sample of purchase card payments requested by the auditors could not be produced by the Village.
- Supporting documentation for the purchase card payments made was not present to adequately support the expenditures.
- Purchase orders are not required for purchases under \$1,000. This makes it difficult for the Village to stay within its budgetary controls.
- The current policy in place for purchases under \$1,000 is not sufficient to detect or prevent fraud.

**Criteria:** NMAC 6.20.2.17 states that each governmental entity shall establish and implement written policies and procedures for purchasing, which shall be in compliance with the procurement code Section 13-1-21, NMSA 1978.

**Effect:** The Village did not comply with NMSA 1978 Section 13-1-21 and NMAC 6.20.2.17. In addition, internal controls over disbursements were not monitored, which increases the risk of misuse of Village funds.

**Cause:** The Village did not maintain necessary internal controls to monitor the purchase card process, and failed to monitor disbursements when processing checks for purchase card payments.

**Auditors' Recommendations:** We recommend the Village implement a procurement policy in relation to purchase card use, in accordance with NMSA 1978 Section 13-1-21, that monitors the purchase card holders' usage, and ensures that proper authorization is being performed before purchase card transactions are executed.

**Management's Response:** The Village will develop policies and procedures surrounding the purchase card usage. This will include policies to review, approve and record purchase card transactions. The Village is in the process of cancelling and replacing old cards with new numbers. They are assigning expenditure codes to specific cards that will limit what can be purchased with the cards. The cards will be held in house and assigned to employees through the approval of Finance Director. The Village will require that all detailed receipts will be turned in with card upon return.

**STATE OF NEW MEXICO  
VILLAGE OF QUESTA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2014**

**2014-003 – Internal Controls over Receipts and Deposits – Significant Deficiency**

**Condition:** The Village does not have a comprehensive documented internal control policy that has been implemented in relation to cash receipts and deposits. Furthermore, during our testwork we noted the following:

- Four out of five transactions tested did not have supporting documentation in order for us to trace the deposit into the bank account.
  
- In one instance supporting documentation was provided which evidenced that the receipts were not deposited in a timely manner.

**Criteria:** Appropriate internal controls over cash receipts are required to properly report all revenues as required by Section 6-6-3, NMSA 1978.

**Effect:** Without adequate internal controls in key control processes, there is an increased risk of fraudulent activity, and also an increased risk of errors that may not be detected timely.

**Cause:** Management has not performed a proper evaluation and risk assessment in order to ensure proper internal controls are in place.

**Auditors' Recommendation:** We recommend that management implement proper internal controls over receipts and deposits, so money can be properly accounted for. These policies should be written, implemented, and monitored to ensure proper internal controls are present and operating effectively.

**Management's Response:** The Village will immediately start to develop policies and procedures relating to the cash receipts and deposit process.

**STATE OF NEW MEXICO  
VILLAGE OF QUESTA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2014**

**B. STATUS OF PRIOR YEAR AUDIT FINDINGS**

2009-001 [FS-2009-01] – Excess Expenditures over Budget – Material Weakness – Repeated

2009-003 and 2010-008 [FS-2009-03 and FS-2010-08] – Per Diem & Mileage Act – Significant Deficiency – Repeated

2010-001 [FS-2010-01] – Contracts – Significant Deficiency – Repeated

2010-004 [FS-2010-04] – Bank Reconciliations – Significant Deficiency – Repeated

2010-005 [FS-2010-05] – Utilities Ordinance – Significant Deficiency – Resolved

2010-007 [FS-2010-07] – Payroll – Significant Deficiency - Repeated

2011-003 [FS-2011-03] – Open Meeting Act with regards to Minutes – Significant Deficiency – Repeated

2011-007 [FS-2011-07] – Procurement Code – Material Weakness – Repeated

2011-008 [FS-2011-08] – Capital Asset Depreciation Schedule – Material Weakness – Repeated

2011-021 [FS-2011-21] – Reconciliation of General Ledger – Material Weakness – Repeated

2012-001 [FS-2012-01] – Segregation of Duties – Significant Deficiency – Repeated

2012-002 [FS-2012-02] – Stale Dated Transactions Not Cancelled – Significant Deficiency – Repeated

2012-003 [FS-2012-03] – Late Submission of Audit Report – Significant Deficiency – Resolved

2012-004 [FS-2012-04] – Lack of Internal Controls over Expenditures – Material Weakness – Repeated

**STATE OF NEW MEXICO  
VILLAGE OF QUESTA  
EXIT CONFERENCE  
FOR THE YEAR ENDED JUNE 30, 2014**

An exit conference was held on October 22, 2014 to discuss the results of the audit. Notice of this meeting was disclosed pursuant to the Open Meeting Act (10-15-1, NMSA 1978). Because the audit report was not yet released by the Office of the State Auditor, the meeting was a closed session. Attending were the following:

Representing the Village:

Lawrence A. Ortega, Councilor  
Loretta Trujillo, Village Administrator  
Karen Shannon, Finance Director

Representing the Independent Auditors:

Daniel O. Trujillo, CPA, CFE  
Robert Peixotto, CPA

Note: The financial statements were prepared by the independent certified public accounting firm performing the audit with the assistance of the Office's Administrator. Management is responsible for ensuring that the books and records adequately support the preparation of financial statements in accordance with generally accepted accounting principles. Management has reviewed and approved the financial statements.