

STATE OF NEW MEXICO
VILLAGE OF QUESTA

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

FOR THE YEAR ENDED JUNE 30, 2015

**STATE OF NEW MEXICO
VILLAGE OF QUESTA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2015**

TABLE OF CONTENTS

	<u>Page No.</u>
INTRODUCTORY SECTION:	
Official Roster	iv
FINANCIAL SECTION	
Independent Auditors' Report	1 - 3
BASIC FINANCIAL STATEMENTS:	
Government-Wide Financial Statements:	
Statement of Net Position	4
Statement of Activities	5
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	6-7
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position.....	8
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	9-10
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	11
Statement of Revenues and Expenditures – Budget (Non-GAAP Budgetary Basis) and Actual (Non-GAAP Budgetary Basis): General.....	12
Proprietary Funds - Statement of Net Position	13
Proprietary Funds - Statement of Revenues, Expenditures and Changes in Net Position.....	14
Proprietary Funds - Statement of Cash Flows.....	15
Statement of Fiduciary Assets and Liabilities – Agency Fund.....	16

**STATE OF NEW MEXICO
VILLAGE OF QUESTA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2015**

TABLE OF CONTENTS (continued)

NOTES TO FINANCIAL STATEMENTS 17-42

REQUIRED SUPPLEMENTARY INFORMATION

Net Pension Liability of PERA..... 44-48

SUPPLEMENTARY INFORMATION

Non-major Fund Descriptions 50-51

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

Combining Balance Sheets – Nonmajor Governmental Funds 52-56

Combining Statements of Revenues, Expenditures and Changes
in Fund Balances – Nonmajor Governmental Funds 57–61

Statement of Revenues and Expenditures and Changes in
Fund Balances – Budget (Non-GAAP Budgetary Basis) and Actual (Non-GAAP
Budgetary Basis):

Local Corrections Special Revenue Fund.....	62
Environmental Gross Receipts Tax Fund	63
EMS Fire Fund.....	64
Fire Protection Fund.....	65
Law Enforcement Fund	66
Oversight Fund.....	67
Municipal Judge Fund	68
Municipal Street Fund	69
Recreation Fund.....	70
Library Fund	71
Rapid Action Fund.....	72
CDBG Capital Projects Fund	73
Water Rights Fund	74
EMS County Special Revenue Fund.....	75
Joint Utilities Proprietary Fund	76
Solid Waste Proprietary Fund	77

SUPPORTING SCHEDULES

Schedule of Collateral Pledged by Depository for Public Funds..... 79

Schedule of Cash and Temporary Investment Accounts..... 80

Schedule of Vendor Information for Purchases Exceeding \$60,000 81

**STATE OF NEW MEXICO
VILLAGE OF QUESTA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2015**

TABLE OF CONTENTS (continued)

Schedule of Changes in Assets and Liabilities – Agency Funds 83

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.....85-87

Schedule of Findings and Responses88-93

Corrective Action Plan 94

Exit Conference 95

**STATE OF NEW MEXICO
VILLAGE OF QUESTA
OFFICIAL ROSTER
AS OF JUNE 30, 2015**

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
Karen Quintana Shannon Finance Director
Michael G. Rael Village Judge



Independent Auditors' Report

Honorable Timothy Keller
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 have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of the Village of Questa (Village), New Mexico, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise a portion of the Village's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Village's nonmajor governmental, fiduciary funds and the budgetary comparisons for the major capital project funds, debt service funds and all nonmajor funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2015, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Basis for Adverse Opinion on the Financial Statements as a Whole

Management has not presented government-wide financial statements to display the financial position and changes in financial position of its governmental activities and business-type activities. Accounting principles generally accepted in the United States of America require the presentation of government-wide financial statements. The amounts that would be reported in government-wide financial statements of the Village's governmental activities and business-type activities have not been determined.

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on the Financial Statements as a Whole" paragraph, the financial statements referred to above do not present fairly the financial position of the Village, as of June 30, 2015, or the changes in financial position or, where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and major special revenue funds and all nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above do not present fairly the financial position of each nonmajor governmental and fiduciary funds of the Village as of June 30, 2015, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the major capital project funds, debt service funds and all nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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.

These other schedules required by Section 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying financial and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, these other schedules required by Section 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Vendor Schedule required by 2.2.2.10(A)(2)(g) NMAC has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 6, 2015 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
Auditors – Business Consultants - CPAs

Albuquerque, New Mexico
November 6, 2015

**STATE OF NEW MEXICO
VILLAGE OF QUESTA
STATEMENT OF NET POSITION
JUNE 30, 2015**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 741,054	\$ 158,165	\$ 899,219
Accounts and Taxes Receivable	159,000	74,930	233,930
Due from Other Governments	-	-	-
Total Current Assets	900,054	233,095	1,133,149
Noncurrent Assets:			
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	<u>(1,256,092)</u>	<u>(2,350,466)</u>	<u>(3,606,558)</u>
Total Noncurrent Assets	11,845,080	2,724,476	14,569,556
Deferred Outflows:			
Employer Contributions Subsequent to Measurement Date	<u>37,366</u>	<u>18,661</u>	<u>56,027</u>
Total Deferred Outflows	37,366	18,661	56,027
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 12,782,500	\$ 2,976,232	\$ 15,758,732
LIABILITIES AND NET POSITION			
Current Liabilities:			
Accounts Payable	\$ 89,094	\$ 287	\$ 89,381
Accrued Salaries and Benefits	12,976	5,008	17,984
Accrued Compensated Absences	10,550	8,249	18,799
Current Portion of Loans and Bonds Payable	33,827	14,045	47,872
Net Pension Liability	<u>305,836</u>	<u>91,313</u>	<u>397,149</u>
Total Current Liabilities	452,283	118,902	571,185
Noncurrent Liabilities:			
Loans and Bonds Payable, Long-term	<u>319,540</u>	<u>172,121</u>	<u>491,661</u>
Total Noncurrent Liabilities	319,540	172,121	491,661
TOTAL LIABILITIES	771,823	291,023	1,062,846
Deferred Inflows:			
Net Difference Between Expected and Actual Earnings	207	7,441	7,648
Change in Assumptions	<u>119,638</u>	<u>34,362</u>	<u>154,000</u>
Total Deferred Inflows	119,845	41,803	161,648
TOTAL LIABILITIES AND DEFERRED INFLOWS	891,668	332,826	1,224,494
NET POSITION			
Net Investment in Capital Assets	11,491,713	2,538,310	14,030,023
Restricted for Special Revenue	160,446	-	160,446
Restricted for Capital Projects	-	-	-
Unrestricted	<u>238,673</u>	<u>105,096</u>	<u>343,769</u>
Total Net Position	11,890,832	2,643,406	14,534,238
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	\$ 12,782,500	\$ 2,976,232	\$ 15,758,732

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, 2015**

Functions and Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contrib.	Government Activities	Business-Type Activities	Total
PRIMARY GOVERNMENT							
Governmental Activities							
General Government	\$ 694,248	\$ 245,767	\$ 2,051,194	\$ -	\$ 1,602,713	\$ -	\$ 1,602,713
Public Safety	469,465	-	-	-	(469,465)	-	(469,465)
Public Works	242,564	-	-	-	(242,564)	-	(242,564)
Culture and Recreation	569,683	-	-	-	(569,683)	-	(569,683)
Change in Compensated Absences	(3,967)	-	-	-	3,967	-	3,967
Interest on Long-Term Debt	-	-	-	-	-	-	-
Change in Pension Expense	(24,608)	-	-	-	24,608	-	24,608
Total Governmental Activities	1,947,385	245,767	2,051,194	-	349,576	-	349,576
Business-Type Activities							
Joint Utility	319,887	404,252	-	-	-	84,365	84,365
Solid Waste	351,201	471,356	-	-	-	120,155	120,155
Change in Compensated Absences	(5,245)	-	-	-	-	5,245	5,245
Change in Pension Expense	(12,509)	-	-	-	-	12,509	12,509
Total Business-Type Activities	653,334	875,608	-	-	-	222,274	222,274
General Revenues:							
Taxes:							
Property Taxes levied for general purposes					117,021	-	117,021
Franchise Taxes					40,573	-	40,573
Gross Receipts Taxes					-	-	-
Interest Income					173	63	236
Miscellaneous Income					40,374	17,758	58,132
Subtotal, General Revenues					198,141	17,821	215,962
Change in Net Position					547,717	240,095	787,812
Beginning Net Position					11,756,038	2,530,275	14,286,313
Restatement					(412,923)	(126,964)	(539,887)
Beginning Net Position as Restated					11,343,115	2,403,311	13,746,426
Ending Net Position					\$ 11,890,832	\$ 2,643,406	\$ 14,534,238

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
VILLAGE OF QUESTA
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2015**

	<u>General Fund</u>	<u>Airport Grant Fund</u>	<u>Water System Improvement Fund</u>	<u>Rapid Action Fund</u>
ASSETS				
Cash and Cash Equivalents	\$ 550,661	\$ -	\$ -	\$ 12,764
Accounts and Taxes Receivable	105,447	-	-	-
Due From Other Governments	-	-	-	-
Due From Other Funds	-	-	-	-
TOTAL ASSETS	<u>\$ 656,108</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,764</u>
 LIABILITIES AND FUND BALANCE				
LIABILITIES				
Overdrawn Cash	\$ -	\$ 55,159	\$ -	\$ -
Accounts Payable	8,327	-	-	-
Accrued Salaries and Benefits	10,243	-	-	-
Due to Other Funds	-	-	-	-
Unearned Revenue	-	-	-	-
TOTAL LIABILITIES	<u>18,570</u>	<u>55,159</u>	<u>-</u>	<u>-</u>
 FUND BALANCES				
Restricted for:				
Special Revenue Funds	-	(55,159)	-	12,764
Capital Projects Funds	-	-	-	-
Unassigned:				
General Fund	<u>637,538</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL FUND BALANCES	<u>637,538</u>	<u>(55,159)</u>	<u>-</u>	<u>12,764</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 656,108</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 12,764</u>

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
VILLAGE OF QUESTA
BALANCE SHEET – GOVERNMENTAL FUNDS (continued)
JUNE 30, 2015**

	<u>Airport Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ -	\$ 232,788	\$ 796,213
Accounts and Taxes Receivable	-	53,553	159,000
Due From Other Governments	-	-	-
Due From Other Funds	-	-	-
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 286,341</u>	<u>\$ 955,213</u>
 LIABILITIES AND FUND BALANCE			
LIABILITIES			
Overdrawn Cash	\$ -	\$ -	\$ 55,159
Accounts Payable	-	80,767	89,094
Accrued Salaries and Benefits	-	2,733	12,976
Due to Other Funds	-	-	-
Unearned Revenue	-	-	-
TOTAL LIABILITIES	-	<u>83,500</u>	<u>157,229</u>
 FUND BALANCES			
Restricted for:			
Special Revenue Funds	-	202,841	160,446
Capital Projects Funds	-	-	-
Unassigned:			
General Fund	-	-	<u>637,538</u>
Special Revenue Funds	-	-	-
Capital Projects Funds	-	-	-
TOTAL FUND BALANCES	-	<u>202,841</u>	<u>797,984</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ -</u>	 <u>\$ 286,341</u>	 <u>\$ 955,213</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, 2015**

Total Fund Balance - Governmental Funds \$ 797,984

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

GASB 68:

Deferred Outflows	37,366	
Deferred Inflows	(119,845)	
Net Pension Liability	<u>(305,836)</u>	
		(388,315)

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	(10,550)	
Long-Term Debt	<u>(353,367)</u>	
Total		<u>(363,917)</u>

Net Position of Governmental Activities **\$ 11,890,832**

**STATE OF NEW MEXICO
VILLAGE OF QUESTA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>General Fund</u>	<u>Airport Grant Fund</u>	<u>Water System Improvement Fund</u>	<u>Rapid Action Fund</u>
REVENUES				
Property Taxes	\$ 117,021	\$ -	\$ -	\$ -
Gross Receipts Taxes	682,105	-	-	-
Public Service Taxes	-	-	-	-
Franchise Taxes	40,573	-	-	-
Federal Sources	-	-	-	-
State Sources	423,298	(298,249)	94,634	-
Local Sources	415	-	-	-
Charges for Services	35,860	-	-	-
Licenses and Fees	18,362	-	-	-
Investment Income	173	-	-	-
Miscellaneous	16,285	-	-	-
TOTAL REVENUES	<u>1,334,092</u>	<u>(298,249)</u>	<u>94,634</u>	<u>-</u>
EXPENDITURES				
Current				
General Government	632,080	-	-	-
Public Safety	-	-	-	(12,764)
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Capital Outlay	-	8	-	-
TOTAL EXPENDITURES	<u>632,080</u>	<u>8</u>	<u>-</u>	<u>(12,764)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	702,012	(298,257)	94,634	12,764
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	(85,423)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(85,423)</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	616,589	(298,257)	94,634	12,764
FUND BALANCE, BEGINNING OF YEAR	<u>(64,474)</u>	<u>243,098</u>	<u>(94,634)</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 637,538</u>	<u>\$ (55,159)</u>	<u>\$ -</u>	<u>\$ 12,764</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, 2015**

	Airport Improvement Fund	Other Governmental Funds	Total
REVENUES			
Property Taxes	\$ -	\$ -	\$ 117,021
Gross Receipts Taxes	-	14,162	696,267
Public Service Taxes	-	-	-
Franchise Taxes	-	-	40,573
Federal Sources	-	-	-
State Sources	-	1,064,679	1,284,362
Local Sources	-	70,150	70,565
Charges for Services	-	115,841	151,701
Licenses and Fees	-	75,704	94,066
Investment Income	-	-	173
Miscellaneous	-	24,089	40,374
TOTAL REVENUES	-	1,364,625	2,495,102
EXPENDITURES			
Current			
General Government	-	62,168	694,248
Public Safety	-	482,229	469,465
Public Works	-	(14,666)	(14,666)
Culture and Recreation	-	569,683	569,683
Capital Outlay	(4,226)	243,820	239,602
TOTAL EXPENDITURES	(4,226)	1,343,234	1,958,332
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	4,226	21,391	536,770
OTHER FINANCING SOURCES (USES):			
Transfers in	2,838	82,585	85,423
Transfers out	-	-	(85,423)
TOTAL OTHER FINANCING SOURCES (USES):	2,838	82,585	-
NET CHANGE IN FUND BALANCES	7,064	103,976	536,770
FUND BALANCE, BEGINNING OF YEAR	(4,226)	181,450	261,214
FUND BALANCE, END OF YEAR	\$ -	\$ 202,841	\$ 797,984

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, 2015**

Net Changes in Fund Balance - Governmental Funds **\$ 536,770**

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	239,602
----------------	---------

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):

Change in Pension Liability	24,608
Difference in Public Works Expenditure (Expense)	(257,230)
Change in Compensated Absences	3,967
	<u>3,967</u>

Change in Net Position of Governmental Activities **\$ 547,717**

**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, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
REVENUES				
Property Taxes	\$ 68,630	\$ 113,366	\$ 117,021	\$ 3,655
Gross Receipts Taxes	462,000	594,272	787,502	193,230
Public Service Taxes	-	-	-	-
Franchise Taxes	42,000	33,638	40,573	6,935
Federal Sources	-	-	-	-
State Sources	127,600	421,090	423,298	2,208
Local Sources	-	1,475	415	(1,060)
Charges for Services	-	-	35,860	35,860
Licenses and Fees	4,350	11,645	18,362	6,717
Investment Income	-	173	173	-
Miscellaneous	51,767	88,185	16,285	(71,900)
TOTAL REVENUES	<u>756,347</u>	<u>1,263,844</u>	<u>1,439,489</u>	<u>175,645</u>
EXPENDITURES				
Current				
General Government	802,069	576,830	564,788	12,042
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	6,300	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>808,369</u>	<u>576,830</u>	<u>564,788</u>	<u>12,042</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(52,022)	687,014	874,701	163,603
OTHER FINANCING SOURCES (USES)				
Transfers In	12,540	-	-	-
Transfers Out	(30,545)	(85,423)	(85,423)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(18,005)</u>	<u>(85,423)</u>	<u>(85,423)</u>	<u>-</u>
Net Increase (Decrease)	<u>(70,027)</u>	<u>601,591</u>	<u>\$ 789,278</u>	<u>\$ 163,603</u>
Prior Year Cash Balance Budgeted	<u>\$ 70,027</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, 2015**

	<u>Joint Utility Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 62,501	\$ 95,664	\$ 158,165
Accounts Receivable, Net	48,452	26,478	74,930
Due From Other Governments	-	-	-
Due From Other Funds	-	-	-
TOTAL CURRENT ASSETS	<u>110,953</u>	<u>122,142</u>	<u>233,095</u>
NONCURRENT ASSETS			
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>
DEFERRED OUTFLOWS:			
Employer Contributions Subsequent to Measurement Date	<u>18,661</u>	<u>-</u>	<u>18,661</u>
TOTAL DEFERRED OUTFLOWS	<u>18,661</u>	<u>-</u>	<u>18,661</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 2,854,090</u>	<u>\$ 122,142</u>	<u>\$ 2,976,232</u>
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES			
Accounts Payable	\$ -	\$ 287	\$ 287
Accrued Salaries and Benefits	3,346	1,662	5,008
Accrued Compensated Absences	8,249	-	8,249
Current Maturity of Bonds and Notes Payable	14,045	-	14,045
Net Pension Liability	<u>91,313</u>	<u>-</u>	<u>91,313</u>
TOTAL CURRENT LIABILITIES	116,953	1,949	118,902
NONCURRENT LIABILITIES			
Long-Term Debt, Net	<u>172,121</u>	<u>-</u>	<u>172,121</u>
TOTAL NONCURRENT LIABILITIES	<u>172,121</u>	<u>-</u>	<u>172,121</u>
DEFERRED INFLOWS:			
Net Difference Between Expected and Actual Earnings	7,441	-	7,441
Change in Assumptions	<u>34,362</u>	<u>-</u>	<u>34,362</u>
TOTAL DEFERRED INFLOWS	<u>41,803</u>	<u>-</u>	<u>41,803</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS	330,877	1,949	332,826
NET POSITION			
Net Investment in Capital Assets	2,538,310	-	2,538,310
Unrestricted	<u>(15,097)</u>	<u>120,193</u>	<u>105,096</u>
TOTAL NET POSITION	<u>2,523,213</u>	<u>120,193</u>	<u>2,643,406</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 2,854,090</u>	<u>\$ 122,142</u>	<u>\$ 2,976,232</u>

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
VILLAGE OF QUESTA
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Joint Utility Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>
OPERATING REVENUES			
Charges for Services	\$ 404,252	\$ 471,356	\$ 875,608
TOTAL OPERATING REVENUES	404,252	471,356	875,608
OPERATING EXPENSES			
Personal Services	205,477	60,831	266,308
Contractual Services	(21,692)	222,396	200,704
Supplies and Purchased Power	57,282	60,196	117,478
Maintenance and Materials	70,534	1,987	72,521
Heat, Light and Power	-	-	-
Debt Service Water Bond	8,286	5,791	14,077
Change in Compensated Absences	(5,245)	-	(5,245)
Change in Pension Liability	(12,509)	-	(12,509)
TOTAL OPERATING EXPENSES	<u>302,133</u>	<u>351,201</u>	<u>653,334</u>
OPERATING INCOME (LOSS)	<u>102,119</u>	<u>120,155</u>	<u>222,274</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest Income	25	38	63
Miscellaneous Income	17,758	-	17,758
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>17,783</u>	<u>38</u>	<u>17,821</u>
EXCESS OF REVENUES OVER EXPENSES	119,902	120,193	240,095
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	-
Transfers out	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION	119,902	120,193	240,095
BEGINNING NET POSITION	2,530,275	-	2,530,275
RESTATEMENT	(126,964)	-	(126,964)
BEGINNING NET POSITION AS RESTATED	<u>2,403,311</u>	<u>-</u>	<u>2,403,311</u>
NET POSITION, END OF YEAR	<u>\$ 2,523,213</u>	<u>\$ 120,193</u>	<u>\$ 2,643,406</u>

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
VILLAGE OF QUESTA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Joint Utility Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received From User Charges	\$ 266,532	\$ 326,672	\$ 593,204
Cash Payments to Employees for Services	(205,477)	(60,831)	(266,308)
Cash Payments to Suppliers for Goods and Services	<u>(109,165)</u>	<u>(290,370)</u>	<u>(399,535)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(48,110)	(24,529)	(72,639)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Change in Compensated Absences	(5,245)	-	(5,245)
Change in Pension Expense	(12,509)		(12,509)
Payments on Long-term Debt	<u>95,582</u>	<u>120,155</u>	<u>215,737</u>
NET CASH PROVIDED BY (USED IN) NON-CAPITAL FINANCING ACTIVITIES	77,828	120,155	197,983
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on Investments	<u>17,783</u>	<u>38</u>	<u>17,821</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	17,783	38	17,821
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
	47,501	95,664	143,165
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>15,000</u>	<u>-</u>	<u>15,000</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 62,501</u>	<u>\$ 95,664</u>	<u>\$ 158,165</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Income (loss)			
Adjustments to reconcile operating income (loss) to net cash used by operating activities	\$ -	\$ -	\$ -
Changes in assets and liabilities:			
Change in receivables	(48,452)	(26,478)	(74,930)
Change in accounts payable	-	287	287
Change in accrued salaries and benefits	<u>342</u>	<u>1,662</u>	<u>2,004</u>
NET CASH PROVIDED FROM (USED BY) OPERATING ACTIVITIES	<u>\$ (48,110)</u>	<u>\$ (24,529)</u>	<u>\$ (72,639)</u>

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
VILLAGE OF QUESTA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES -
AGENCY FUNDS
JUNE 30, 2015**

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

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
VILLAGE OF QUESTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

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.

See Independent Auditors' Report

**STATE OF NEW MEXICO
VILLAGE OF QUESTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

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

See Independent Auditors' Report

**STATE OF NEW MEXICO
VILLAGE OF QUESTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

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.

See Independent Auditors' Report

**STATE OF NEW MEXICO
VILLAGE OF QUESTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

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.

See Independent Auditors' Report

**STATE OF NEW MEXICO
VILLAGE OF QUESTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

The Joint Utility Fund accounts for charges for services and services provided to utilities customers.

The Solid Waste Fund accounts for charges for services and services provided to solid waste customers.

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.

See Independent Auditors' Report

**STATE OF NEW MEXICO
VILLAGE OF QUESTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

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.

**STATE OF NEW MEXICO
VILLAGE OF QUESTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

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:

Assets	Years
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. See NOTE 15 for a description of the Village’s deferred outflows of resources.

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. See NOTE 15 for a description of the Village’s deferred inflows of resources.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Mexico Public Employees Retirement Association (PERA) and additions to/deductions from PERA’s fiduciary net position have been determined on the same basis as they are reported by PERA, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments

**STATE OF NEW MEXICO
VILLAGE OF QUESTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

(including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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.

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.

See Independent Auditors' Report

**STATE OF NEW MEXICO
VILLAGE OF QUESTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

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.

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.

New Accounting Standards Adopted: During the year ended June 30, 2015, the County adopted GASB Statements No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27 (“GASB 68”), and No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68 (“GASB 71”). These two Statements are required to be implemented at the same time. GASB 68 addresses accounting and financial reporting for pensions that are provided to the employees of state and local

See Independent Auditors’ Report

**STATE OF NEW MEXICO
VILLAGE OF QUESTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

governments through pension plans that are administered through trusts that have the following characteristics:

- Contributions from employers and nonemployer contributing entities to the pension plan and earnings on those contributions are irrevocable.
- Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
- Pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the pension plan administrator. If the plan is a defined benefit plan, plan assets are also legally protected from creditors of the plan members.

GASB 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to pensions. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. As a result of the implementation of GASB 68, the government recognized a net pension liability (“NPL”) measured as of a date no later than the end of its prior fiscal year. If the government employer makes a contribution to the pension plan subsequent to the measurement date but prior to the end of the current fiscal year, GASB 68 requires the government to recognize that contribution as a deferred outflow of resources. In addition, GASB 68 requires the recognition of deferred outflows of resources and deferred inflows of resources for changes in the NPL that arise from other types of events, but does not require the government to recognize beginning deferred outflows of resources or deferred inflows of resources if the amounts are not practical to estimate. At transition to Statement 68, Statement 71 requires the employer or nonemployer contributing entity to recognize a beginning deferred outflow of resources for its pension contributions made subsequent to the measurement date of the beginning net pension liability but before the start of the government’s fiscal year, thus avoiding possible understatement of an employer or nonemployer contributing entity’s beginning net position and expense in the initial period of implementation. This pronouncement has materially impacted the financial statements and additional disclosures are included in the notes to the financial statements to highlight the effects.

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

See Independent Auditors’ Report

**STATE OF NEW MEXICO
VILLAGE OF QUESTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

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.

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, 2015.

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:

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, 2015, \$223,473 was exposed to custodial credit risk. The Village's banks had sufficient pledge collateral to cover this balance.

See Independent Auditors' Report

**STATE OF NEW MEXICO
VILLAGE OF QUESTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

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, 2015 is:

Cash and Cash Equivalents per:	
Statement of Net Position - Governmental Activities	\$ 741,054
Statement of Fiduciary Assets and Liabilities - Agency Funds	-
Statement of Net Position - Business-Type Activities	<u>158,165</u>
Total	<u><u>\$ 899,219</u></u>

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 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, 2015. 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, 2015.

See Independent Auditors’ Report

**STATE OF NEW MEXICO
VILLAGE OF QUESTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 4. Accounts and Taxes Receivable

	General Fund	Non-Major funds	Business Type Activities	Total Government Wide
Receivables				
Taxes	\$ -	\$ 53,553	\$ -	\$ 53,553
Grants	105,447	-	-	105,447
Accounts	-	-	74,930	74,930
Other	-	-	-	-
Total Receivables	<u>\$ 105,447</u>	<u>\$ 53,553</u>	<u>\$ 74,930</u>	<u>\$ 233,930</u>

Allowance for uncollectible accounts at June 30, 2015 was \$181,285.

NOTE 5. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2015 follows (Land and Construction in Progress is not subject to depreciation):

Governmental Activities:

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
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	1,457,449	-	-	1,457,449
Vehicles	1,514,017	-	-	1,514,017
Buildings and Improvements	3,981,591	-	-	3,981,591
Total Capital Assets Being Depreciated	6,953,057	-	-	6,953,057
Total Capital Assets	13,101,172	-	-	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
Capital Assets, Net	<u>\$ 11,845,080</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,845,080</u>

The Village did not record depreciation expense for the year ended June 30, 2015.

See Independent Auditors' Report

**STATE OF NEW MEXICO
VILLAGE OF QUESTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

Business-Type Activities:

	Balance			Balance
	June 30, 2014	Additions	Deletions	June 30, 2015
Capital Assets Being Depreciated:				
Plant in Service	\$ 4,209,293	\$ -	\$ -	\$ 4,209,293
Furniture, Fixtures and Equipment	693,392			693,392
Vehicles	<u>172,257</u>	<u>-</u>	<u>-</u>	<u>172,257</u>
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	<u>134,458</u>	<u>-</u>	<u>-</u>	<u>134,458</u>
Total Accumulated Depreciation	<u>2,350,466</u>	<u>-</u>	<u>-</u>	<u>2,350,466</u>
Capital Assets, Net	<u>\$ 2,724,476</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,724,476</u>

The Village did not record depreciation expense related to business-type activities for the year ended June 30, 2015.

NOTE 6. Long-Term Debt

During the year ended June 30, 2015, the following changes occurred in the liabilities reported in the government-wide statement of net position:

Governmental Activities:

	Balance			Balance	Due
	June 30, 2014	Additions	Deletions	June 30, 2015	Within
					One Year
1.707%, Maturity 5/1/12					
NMFA Fire Truck	\$ 266,500	\$ -	\$ 22,750	\$ 243,750	\$ 23,250
Maturity 5/1/2024 NMFA Fire					
Equipment Loan	-	50,378		50,378	5,577
0% State Board of Finance Loan					
Maturity November 2017	<u>69,239</u>	<u>-</u>	<u>10,000</u>	<u>59,239</u>	<u>5,000</u>
Subtotal	335,739	50,378	32,750	353,367	33,827

The annual requirements to amortize the NMFA Fire Truck and the State Board of Finance Loan as of June 30, 2015, including interest payments are as follows:

See Independent Auditors' Report

**STATE OF NEW MEXICO
VILLAGE OF QUESTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

Fiscal Year	Principal	Interest	Total
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	19,239	1,034	20,273
Total	\$ 335,739	\$ 53,126	\$ 388,865

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, 2015:

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015	Due Within One Year
\$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.	\$ 57,000	\$ -	\$ 12,000	\$ 45,000	\$ 6,000
.25% NMFA Loan Payable Maturity June 2032	101,801	-	5,536	96,265	5,550
0% NM Environment Department Maturity June 2033	47,396	-	2,495	44,901	2,495
Subtotal	206,197	-	20,031	186,166	14,045
Compensated Absences Payable	3,004	5,245	-	8,249	8,249
Total Long-Term Debt	\$ 209,201	\$ 5,245	\$ 20,031	\$ 194,415	\$ 22,294

The annual requirements to amortize the bonds and loans above at June 30, 2015, including interest payments are as follows:

Fiscal Year	Principal	Interest	Total
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	27,262	87	27,349
Total	\$ 206,197	\$ 15,936	\$ 222,133

See Independent Auditors' Report

**STATE OF NEW MEXICO
VILLAGE OF QUESTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

Each of the utility bonds has debt service and repair and replacement reserve requirements. At June 30, 2015 the following schedule shows the maximum reserves and actual reserves held by the Village:

Series	Required Minimum Reserves			Actual at June 30, 2015		
	Payment Until Maximum	Debt Service	Repair and Replacement	Total	Debt Service	Repair and Replacement
1981	\$232 per month	\$ 22,272	\$ -	\$ 22,272	\$ 15,000	\$ -
Total		\$ 22,272	\$ -	\$ 22,272	\$ 15,000	\$ -

NOTE 7. Restricted Net Position

The government-wide statement of net position reports \$173,210 of restricted net position for the special revenue funds, of which all of it is restricted by enabling legislation.

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, 2015, 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 or 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:

**STATE OF NEW MEXICO
VILLAGE OF QUESTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

A. Deficit fund balance of individual funds: The funds with deficit fund balances as of June 30, 2015 were as follows:

<u>Fund</u>	<u>Amount</u>
Airport Grant Fund	\$ (55,159)
EMS County Fund	(456)

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

B. There are no excess expenditures over appropriation.

NOTE 10. 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.

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.

See Independent Auditors’ Report

**STATE OF NEW MEXICO
VILLAGE OF QUESTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

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, 2015, 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, 2015, 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, 2015, 2014 and 2013 were \$10,224, \$1,780 and \$6,100, respectively, which equal the required contributions for each year.

NOTE 11. 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, 2015, 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 12. Federal and State Grants

In the normal course of operations, the Village receives grant funds from various federal and state agencies. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. 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.

See Independent Auditors' Report

**STATE OF NEW MEXICO
VILLAGE OF QUESTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 13. 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. These transactions appear to be “arms length”.

<u>Name</u>	<u>Nature of Transactions</u>	<u>Amount</u>
Robles, Rael and Anaya, P.C.	Legal services	\$ 260,400
Universal Professional Services	Lobbying services	\$ 114,767

NOTE 14. 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

See Independent Auditors' Report

**STATE OF NEW MEXICO
VILLAGE OF QUESTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

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

Total Estimated Amount of Project and Actual Amount Contributed: Unknown

NOTE 15. GASB 68 – Pension Liability

General Information about the Pension Plan

Plan description:

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

PERA issues a publicly available financial report and a comprehensive annual financial report that can be obtained at <http://saonm.org/>.

Benefits provided

For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2014 available at http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2014.pdf.

Contributions

The contribution requirements of defined benefit plan members and the Village of Questa are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY14 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 29 through 31 of the PERA FY14 annual audit report at http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_2014.pdf. The PERA coverage options that apply to the Village are: Municipal General and Municipal Police. The Municipal Fire Division does not apply to the

See Independent Auditors' Report

**STATE OF NEW MEXICO
VILLAGE OF QUESTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

Village. Statutorily required contributions to the pension plan from the Village were \$56,091 and employer paid member benefits that were “picked up” by the employer were \$0 for the year ended June 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

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

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

For PERA Fund Division Municipal General, at June 30, 2015, the Village reported a liability of \$305,802 for its proportionate share of the net pension liability. At June 30, 2014, the Village’s proportion was 0.0392 percent, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference.

**STATE OF NEW MEXICO
VILLAGE OF QUESTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

For the year ended June 30, 2015, the Village recognized PERA Fund Division Municipal General pension expense of \$12,758. At June 30, 2015, the Village reported PERA Fund Division Municipal General deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	207
Net difference between projected and actual earnings on pension plan investments	-	119,638
Changes in proportion and differences between Village of Questa contributions and proportionate share of contributions	-	-
Village of Questa contributions subsequent to the measurement date	<u>37,366</u>	<u>-</u>
Total	<u>\$ 37,366</u>	<u>\$ 119,845</u>

\$37,366 reported as deferred outflows of resources related to pensions resulting from the Village's contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended</u>	<u>Amount</u>
2016	\$ (29,961)
2017	(29,961)
2018	(29,961)
2019	(29,961)
2020	(1)
Thereafter	<u>-</u>
Total	<u>\$ (119,845)</u>

For PERA Fund Division Municipal Police, at June 30, 2015, the Village reported a liability of \$91,603 for its proportionate share of the net pension liability. At June 30, 2014, the Village's proportion was 0.0281 percent, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference.

For the year ended June 30, 2015, the Village recognized PERA Fund Division Municipal Police pension expense of \$6,152. At June 30, 2015, the Village reported PERA Fund Division

See Independent Auditors' Report

**STATE OF NEW MEXICO
VILLAGE OF QUESTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

Municipal Police deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	7,441
Net difference between projected and actual earnings on pension plan investments	-	34,062
Changes in proportion and differences between Village of Questa contributions and proportionate share of contributions	-	-
Village of Questa contributions subsequent to the measurement date	18,661	-
Total	\$ 18,661	\$ 41,503

\$18,661 reported as deferred outflows of resources related to pensions resulting from the Village's contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended	Amount
2016	\$ (10,367)
2017	(10,367)
2018	(10,367)
2019	(10,367)
2020	(35)
Thereafter	-
Total	\$ (41,503)

Actuarial assumptions

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

See Independent Auditors' Report

**STATE OF NEW MEXICO
VILLAGE OF QUESTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

Actuarial valuation date	June 30, 2013
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay
Asset valuation method	Solved for based on statutory rates
Actuarial assumptions:	Fair value
Investment rate of return	7.75% annual rate, net of investment expense
Payroll growth	3.50% annual rate
Projected salary increases	3.50% to 14.25% annual rate
Includes inflation at	3.00% annual rate

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

<u>ALL FUNDS - Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	21.1%	5.00%
International Equity	24.8%	5.20%
Private Equity	7.0%	8.20%
Core and Global Fixed Income	26.1%	1.85%
Fixed Income Plus Sectors	5.0%	4.80%
Real Estate	5.0%	5.30%
Real Assets	7.0%	5.70%
Absolute Return	<u>4.0%</u>	4.15%
Total	100.0%	

Discount rate

The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that future contributions will be made

See Independent Auditors' Report

**STATE OF NEW MEXICO
VILLAGE OF QUESTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

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

Sensitivity of the Village's proportionate share of the net pension liability to changes in the discount rate

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

<u>PERA Fund Division Municipal Government</u>	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Village of Questa's proportionate share of the net pension liability	\$ 576,506	\$ 305,802	\$ 96,671

<u>PERA Fund Division Municipal Police</u>	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Village of Questa's proportionate share of the net pension liability	\$ 174,687	\$ 91,603	\$ 29,565

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

Payables to the pension plan. Employers should disclose the amount of payables to the Plan with a description of what gave rise to the payable per GASBS 68, paragraphs 122 and 124.

NOTE 16. Restatement

Due to the implementation of GASB 68, the Beginning Net Position on the Statement of Activities was restated. The amount of the restatement was \$412,923, Governmental Funds; \$126,964, Business-Type Activities.

**STATE OF NEW MEXICO
VILLAGE OF QUESTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 17. Date of Management's Review

The Village of Questa has evaluated subsequent events through November 6, 2015, which is the date the financial statements were available to be issued.

NOTE 18. Reconciliation of Budget Basis to GAAP Basis Financial Statements

	Municipal Judge	Env. GRT	Oversight
Revenues per Modified Accrual Basis	\$ 42,922	\$ 14,162	\$ 502,904
Prior Year Receivables	(154)	-	-
Current Year Receivables	495	935	50,599
Revenues per Budgetary Basis	<u>\$ 43,263</u>	<u>\$ 15,097</u>	<u>\$ 553,503</u>
Expenditures per Modified Accrual Basis	\$ 51,342	\$ 10,826	\$ 556,793
Prior Year Payables	-	-	-
Current Year Payables	-	(2,126)	(186,436)
Expenditures per Budgetary Basis	<u>\$ 51,342</u>	<u>\$ 8,700</u>	<u>\$ 370,357</u>

	Library Grant	EMS County	Municipal Street
Revenues per Modified Accrual Basis	\$ 14,280	\$ 168,857	\$ 22,131
Prior Year Receivables	-	-	-
Current Year Receivables	-	-	1,524
Revenues per Budgetary Basis	<u>\$ 14,280</u>	<u>\$ 168,857</u>	<u>\$ 23,655</u>
Expenditures per Modified Accrual Basis	\$ 15,259	\$ 190,304	\$ (16,096)
Prior Year Payables	-	-	-
Current Year Payables	(441)	(2,292)	-
Expenditures per Budgetary Basis	<u>\$ 14,818</u>	<u>\$ 188,012</u>	<u>\$ (16,096)</u>

See Independent Auditors' Report

REQUIRED SUPPLEMENTARY INFORMATION

Schedules of Required Supplementary Information
SCHEDULE OF VILLAGE OF QUESTA'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY OF PERA FUND DIVISION MUNICIPAL GENERAL
Public Employees Retirement Association (PERA) Plan
Last 10 Fiscal Years* 2015

MUNICIPAL GENERAL FUND

	<u>2015</u>
Village's proportion of the net pension liability (asset)	0.0392%
Village's proportionate share of the net pension liability (asset)	\$ 305,802
Village's covered-employee payroll	\$ 391,818
Village's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	78.05%
Plan fiduciary net position as a percentage of the total pension liability	81.29%

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

See Independent Auditors' Report

Schedules of Required Supplementary Information
SCHEDULE OF VILLAGE OF QUESTA'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY OF PERA FUND DIVISION MUNICIPAL POLICE
Public Employees Retirement Association (PERA) Plan
Last 10 Fiscal Years* 2015

MUNICIPAL POLICE FUND

	<u>2015</u>
Village's proportion of the net pension liability (asset)	0.0281%
Village's proportionate share of the net pension liability (asset)	\$ 91,603
Village's covered-employee payroll	\$ 98,795
Village's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	92.72%
Plan fiduciary net position as a percentage of the total pension liability	81.29%

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

Schedules of Required Supplementary Information
SCHEDULE OF VILLAGE OF QUESTA'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY OF PERA FUND DIVISION MUNICIPAL GENERAL
Public Employees Retirement Association (PERA) Plan
Last 10 Fiscal Years* 2015

MUNICIPAL GENERAL FUND

	<u>2015</u>
Contractually required contribution	\$ 37,419
Contributions in relation to the contractually required contribution	<u>37,366</u>
Contribution deficiency (excess)	<u>\$ 53</u>
Village's covered-employee payroll	\$ 391,818
Contributions as a percentage of covered-employee payroll	9.54%

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

See Independent Auditors' Report

Schedules of Required Supplementary Information
SCHEDULE OF VILLAGE OF QUESTA'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY OF PERA FUND DIVISION MUNICIPAL POLICE
Public Employees Retirement Association (PERA) Plan
Last 10 Fiscal Years* 2015

MUNICIPAL POLICE FUND

	<u>2015</u>
Contractually required contribution	\$ 18,672
Contributions in relation to the contractually required contribution	<u>18,661</u>
Contribution deficiency (excess)	<u>\$ 11</u>
Village's covered-employee payroll	\$ 98,795
Contributions as a percentage of covered-employee payroll	18.89%

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

See Independent Auditors' Report

**STATE OF NEW MEXICO
VILLAGE OF QUESTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015**

Changes of benefit terms.

The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY14 audit available at http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2014.pdf.

Changes of assumptions.

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

NON-MAJOR GOVERNMENTAL FUNDS

**STATE OF NEW MEXICO
VILLAGE OF QUESTA
FUND DESCRIPTIONS
JUNE 30, 2015**

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.

FIRE PROTECTION FUND– to account for grant revenues received through the New Mexico Fire Protection Fund, Authority Section 59A-53-1 through 19, NMSA 1978.

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.

OVERSIGHT FUND– to account for grant revenues received through the state of New Mexico for Oversight. Authority Section 59A-53-1 through 19, NMSA 1978.

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.

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.

CDBG – is used to account for receipt of grant proceeds to help fund neighborhood improvement projects to provide adequate services to the community. Authority is Section 9-14-4 NMSA 1978.

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

See Independent Auditors’ Report

**STATE OF NEW MEXICO
VILLAGE OF QUESTA
FUND DESCRIPTIONS
JUNE 30, 2015**

QUESTA CREDIT UNION FUND – to account for the funds held by the Questa Credit Union.

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.

WATER RIGHTS FUND – to account for reserve monies for water rights.

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

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

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.

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

RAPID ACTION FUND – to account for reserve monies related to the Rapid Action Program.

**STATE OF NEW MEXICO
VILLAGE OF QUESTA
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015**

	Local Corrections Fund	Environmental Gross Receipts Fund	EMS Fire Fund	Fire Protection Fund
ASSETS				
Cash and Cash Equivalents	\$ 39,300	\$ 12,171	\$ -	\$ -
Accounts and Taxes Receivable	-	935	-	-
Due From Other Governments	-	-	-	-
Due From Other Funds	-	-	-	-
TOTAL ASSETS	\$ 39,300	\$ 13,106	\$ -	\$ -
 LIABILITIES AND FUND BALANCE				
LIABILITIES				
Overdrawn Cash	\$ -	\$ -	\$ -	\$ -
Accounts Payable	-	-	-	-
Accrued Salaries and Benefits	-	-	-	-
Due to Other Funds	-	-	-	-
Unearned Revenue	-	-	-	-
TOTAL LIABILITIES	-	-	-	-
 FUND BALANCES				
Restricted for:				
Special Revenue Funds	39,300	13,106	-	-
Capital Projects Funds	-	-	-	-
Unassigned:				
General Fund	-	-	-	-
TOTAL FUND BALANCES	39,300	13,106	-	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 39,300	\$ 13,106	\$ -	\$ -

**STATE OF NEW MEXICO
VILLAGE OF QUESTA
COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS
(continued)
JUNE 30, 2015**

	Beautification Fund	Law Enforce- ment Protection Fund	Oversight Fund	Municipal Judge Fund
ASSETS				
Cash and Cash Equivalents	\$ -	\$ -	\$ 51,546	\$ 2,197
Accounts and Taxes Receivable	-	-	50,599	495
Due From Other Governments	-	-	-	-
Due From Other Funds	-	-	-	-
TOTAL ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 102,145</u>	<u>\$ 2,692</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Overdrawn Cash	\$ -	\$ -	\$ -	\$ -
Accounts Payable	-	-	80,767	-
Accrued Salaries and Benefits	-	-	-	-
Due to Other Funds	-	-	-	-
Unearned Revenue	-	-	-	-
TOTAL LIABILITIES	-	-	80,767	-
FUND BALANCES				
Restricted for:				
Special Revenue Funds	-	-	21,378	2,692
Capital Projects Funds	-	-	-	-
Unassigned:				
General Fund	-	-	-	-
TOTAL FUND BALANCES	<u>-</u>	<u>-</u>	<u>21,378</u>	<u>2,692</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 102,145</u>	<u>\$ 2,692</u>

See Independent Auditors' Report

**STATE OF NEW MEXICO
VILLAGE OF QUESTA
COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS
(continued)
JUNE 30, 2015**

	<u>Municipal Street Fund</u>	<u>Recreation Fund</u>	<u>Library Grant</u>	<u>CDBG Fund</u>
ASSETS				
Cash and Cash Equivalents	\$ 36,703	\$ 2,519	\$ 4,425	\$ -
Accounts and Taxes Receivable	1,524	-	-	-
Due From Other Governments	-	-	-	-
Due From Other Funds	-	-	-	-
TOTAL ASSETS	<u>\$ 38,227</u>	<u>\$ 2,519</u>	<u>\$ 4,425</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Overdrawn Cash	\$ -	\$ -	\$ -	\$ -
Accounts Payable	-	-	-	-
Accrued Salaries and Benefits	-	-	441	-
Due to Other Funds	-	-	-	-
Unearned Revenue	-	-	-	-
TOTAL LIABILITIES	-	-	441	-
FUND BALANCES				
Restricted for:				
Special Revenue Funds	38,227	2,519	3,984	-
Capital Projects Funds	-	-	-	-
Unassigned:				
General Fund	-	-	-	-
TOTAL FUND BALANCES	<u>38,227</u>	<u>2,519</u>	<u>3,984</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 38,227</u>	<u>\$ 2,519</u>	<u>\$ 4,425</u>	<u>\$ -</u>

See Independent Auditors' Report

**STATE OF NEW MEXICO
VILLAGE OF QUESTA
COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS
(continued)
JUNE 30, 2015**

	Youth Facility Fund	Questa Credit Union	Police Justice Fund	Water Rights Fund
ASSETS				
Cash and Cash Equivalents	\$ -	\$ 67,495	\$ -	\$ 14,596
Accounts and Taxes Receivable	-	-	-	-
Due From Other Governments	-	-	-	-
Due From Other Funds	-	-	-	-
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 67,495</u>	<u>\$ -</u>	<u>\$ 14,596</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Overdrawn Cash	\$ -	\$ -	\$ -	\$ -
Accounts Payable	-	-	-	-
Accrued Salaries and Benefits	-	-	-	-
Due to Other Funds	-	-	-	-
Unearned Revenue	-	-	-	-
TOTAL LIABILITIES	-	-	-	-
FUND BALANCES				
Restricted for:				
Special Revenue Funds	-	67,495	-	14,596
Capital Projects Funds	-	-	-	-
Unassigned:				
General Fund	-	-	-	-
TOTAL FUND BALANCES	<u>-</u>	<u>67,495</u>	<u>-</u>	<u>14,596</u>
TOTAL LIABILITIES AND FUND BALANCE:	<u>\$ -</u>	<u>\$ 67,495</u>	<u>\$ -</u>	<u>\$ 14,596</u>

See Independent Auditors' Report

**STATE OF NEW MEXICO
VILLAGE OF QUESTA
COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS
(continued)
JUNE 30, 2015**

	<u>CWPP Fund</u>	<u>Homeland Security Grant</u>	<u>EMS County Fund</u>	<u>Total</u>
ASSETS				
Cash and Cash Equivalents	\$ -	\$ -	\$ 1,836	\$ 232,788
Accounts and Taxes Receivable	-	-	-	53,553
Due From Other Governments	-	-	-	-
Due From Other Funds	-	-	-	-
TOTAL ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,836</u>	<u>\$ 286,341</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Overdrawn Cash	\$ -	\$ -	\$ -	\$ -
Accounts Payable	-	-	-	80,767
Accrued Salaries and Benefits	-	-	2,292	2,733
Due to Other Funds	-	-	-	-
Unearned Revenue	-	-	-	-
TOTAL LIABILITIES	-	-	2,292	83,500
FUND BALANCES				
Restricted for:				
Special Revenue Funds	-	-	(456)	202,841
Capital Projects Funds	-	-	-	-
Unassigned:				
General Fund	-	-	-	-
TOTAL FUND BALANCES	<u>-</u>	<u>-</u>	<u>(456)</u>	<u>202,841</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,836</u>	<u>\$ 286,341</u>

See Independent Auditors' Report

**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, 2015**

	Local Corrections Fund	Environmental Gross Receipts Fund	EMS Fire Fund	Fire Protection Fund
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross Receipts Taxes	-	14,162	-	-
Public Service Taxes	-	-	-	-
Franchise Taxes	-	-	-	-
Federal Sources	-	-	-	-
State Sources	-	-	8,179	201,582
Local Sources	-	-	-	-
Charges for Services	12,900	-	-	-
Licenses and Fees	32,658	-	-	-
Investment Income	-	-	-	-
Miscellaneous	7,213	-	124	106
TOTAL REVENUES	52,771	14,162	8,303	201,688
EXPENDITURES				
Current				
General Government	-	10,826	-	-
Public Safety	39,871	-	8,964	203,620
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	39,871	10,826	8,964	203,620
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	12,900	3,336	(661)	(1,932)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCES	12,900	3,336	(661)	(1,932)
FUND BALANCE, BEGINNING OF YEAR	26,400	9,770	661	1,932
FUND BALANCE, END OF YEAR	\$ 39,300	\$ 13,106	\$ -	\$ -

See Independent Auditors' Report

**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, 2015**

	Beautification Fund	Law Enforce- ment Protection Fund	Oversight Fund	Municipal Judge Fund
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross Receipts Taxes	-	-	-	-
Public Service Taxes	-	-	-	-
Franchise Taxes	-	-	-	-
Federal Sources	-	-	-	-
State Sources	-	22,075	486,569	-
Local Sources	-	-	-	-
Charges for Services	-	185	-	-
Licenses and Fees	-	-	-	42,922
Investment Income	-	-	-	-
Miscellaneous	-	84	16,335	-
TOTAL REVENUES	-	22,344	502,904	42,922
EXPENDITURES				
Current				
General Government	-	-	-	51,342
Public Safety	-	39,470	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	556,793	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	-	39,470	556,793	51,342
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(17,126)	(53,889)	(8,420)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOU	-	-	-	-
NET CHANGE IN FUND BALANC	-	(17,126)	(53,889)	(8,420)
FUND BALANCE, BEGINNING OI	-	17,126	75,267	11,112
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$ 21,378	\$ 2,692

See Independent Auditors' Report

**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, 2015**

	<u>Municipal Street Fund</u>	<u>Recreation Fund</u>	<u>Library Grant</u>	<u>CDBG Fund</u>
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross Receipts Taxes	-	-	-	-
Public Service Taxes	-	-	-	-
Franchise Taxes	-	-	-	-
Federal Sources	-	-	-	-
State Sources	22,131	-	13,493	243,820
Local Sources	-	150	-	-
Charges for Services	-	-	436	-
Licenses and Fees	-	-	124	-
Investment Income	-	-	-	-
Miscellaneous	-	-	227	-
TOTAL REVENUES	<u>22,131</u>	<u>150</u>	<u>14,280</u>	<u>243,820</u>
EXPENDITURES				
Current				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	(16,096)	-	-	-
Culture and Recreation	-	(2,369)	15,259	-
Capital Outlay	-	-	-	243,820
TOTAL EXPENDITURES	<u>(16,096)</u>	<u>(2,369)</u>	<u>15,259</u>	<u>243,820</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	38,227	2,519	(979)	-
OTHER FINANCING SOURCES (USES):				
Transfers in	-	1,414	18,139	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>1,414</u>	<u>18,139</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	38,227	3,933	17,160	-
FUND BALANCE, BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>4,963</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 38,227</u>	<u>\$ 2,519</u>	<u>\$ 3,984</u>	<u>\$ -</u>

See Independent Auditors' Report

**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, 2015**

	Youth Facility Fund	Questa Credit Union	Police Justice Fund	Water Rights Fund
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross Receipts Taxes	-	-	-	-
Public Service Taxes	-	-	-	-
Franchise Taxes	-	-	-	-
Federal Sources	-	-	-	-
State Sources	-	66,830	-	-
Local Sources	-	-	-	-
Charges for Services	-	-	-	3,463
Licenses and Fees	-	-	-	-
Investment Income	-	-	-	-
Miscellaneous	-	-	-	-
TOTAL REVENUES	-	66,830	-	3,463
EXPENDITURES				
Current				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	1,430
Culture and Recreation	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	-	-	-	1,430
EXCESS (DEFICIENCY) OF REVENUES	-	66,830	-	2,033
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES	-	-	-	-
NET CHANGE IN FUND BALANCES	-	66,830	-	2,033
FUND BALANCE, BEGINNING OF YEAR	-	665	-	12,563
FUND BALANCE, END OF YEAR	\$ -	\$ 67,495	\$ -	\$ 14,596

See Independent Auditors' Report

**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, 2015**

	<u>CWPP Fund</u>	<u>Homeland Security Grant</u>	<u>EMS Ambulance County Fund</u>	<u>Total</u>
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross Receipts Taxes	-	-	-	14,162
Public Service Taxes	-	-	-	-
Franchise Taxes	-	-	-	-
Federal Sources	-	-	-	-
State Sources	-	-	-	1,064,679
Local Sources	-	-	70,000	70,150
Charges for Services	-	-	98,857	115,841
Licenses and Fees	-	-	-	75,704
Investment Income	-	-	-	-
Miscellaneous	-	-	-	24,089
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>168,857</u>	<u>1,364,625</u>
EXPENDITURES				
Current				
General Government	-	-	-	62,168
Public Safety	-	-	190,304	482,229
Public Works	-	-	-	(14,666)
Culture and Recreation	-	-	-	569,683
Capital Outlay	-	-	-	243,820
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>190,304</u>	<u>1,343,234</u>
EXCESS (DEFICIENCY) OF REVENUES	<u>-</u>	<u>-</u>	<u>(21,447)</u>	<u>21,391</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	63,032	82,585
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>-</u>	<u>63,032</u>	<u>82,585</u>
NET CHANGE IN FUND BALANCES	<u>-</u>	<u>-</u>	<u>41,585</u>	<u>103,976</u>
FUND BALANCE, BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>20,991</u>	<u>181,450</u>
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (456)</u>	<u>\$ 202,841</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 – LOCAL CORRECTIONS
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross Receipts Taxes	-	-	-	-
Public Service Taxes	-	-	-	-
Franchise Taxes	-	-	-	-
Federal Sources	-	-	-	-
State Sources	-	-	-	-
Local Sources	-	-	-	-
Charges for Services	9,000	12,900	12,900	-
Licenses and Fees	-	-	32,658	32,658
Investment Income	-	-	-	-
Miscellaneous	-	-	7,213	7,213
TOTAL REVENUES	<u>9,000</u>	<u>12,900</u>	<u>52,771</u>	<u>39,871</u>
EXPENDITURES				
Current				
General Government	-	-	-	-
Public Safety	9,000	39,871	39,871	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>9,000</u>	<u>39,871</u>	<u>39,871</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(26,971)	12,900	39,871
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Increase (Decrease)	<u>-</u>	<u>(26,971)</u>	<u>\$ 12,900</u>	<u>\$ 39,871</u>
Prior Year Cash Balance Budgeted	<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 – ENVIRONMENTAL GROSS RECEIPTS TAX
FOR THE YEAR ENDED JUNE 30, 2015**

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross Receipts Taxes	9,000	13,227	15,097	1,870
Public Service Taxes	-	-	-	-
Franchise Taxes	-	-	-	-
Federal Sources	-	-	-	-
State Sources	-	-	-	-
Local Sources	-	-	-	-
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	-
Investment Income	-	-	-	-
Miscellaneous	-	-	-	-
TOTAL REVENUES	<u>9,000</u>	<u>13,227</u>	<u>15,097</u>	<u>1,870</u>
EXPENDITURES				
Current				
General Government	9,000	8,700	8,700	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>9,000</u>	<u>8,700</u>	<u>8,700</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	4,527	6,397	1,870
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Increase (Decrease)	<u>-</u>	<u>4,527</u>	<u>\$ 6,397</u>	<u>\$ 1,870</u>
Prior Year Cash Balance Budgeted	<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 FIRE
FOR THE YEAR ENDED JUNE 30, 2015**

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross Receipts Taxes	-	-	-	-
Public Service Taxes	-	-	-	-
Franchise Taxes	-	-	-	-
Federal Sources	-	-	-	-
State Sources	8,549	8,303	8,179	(124)
Local Sources	-	-	-	-
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	-
Investment Income	-	-	-	-
Miscellaneous	-	-	124	124
TOTAL REVENUES	<u>8,549</u>	<u>8,303</u>	<u>8,303</u>	<u>-</u>
EXPENDITURES				
Current				
General Government	-	-	-	-
Public Safety	8,718	8,472	8,472	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>8,718</u>	<u>8,472</u>	<u>8,472</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(169)	(169)	(169)	-
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Increase (Decrease)	<u>(169)</u>	<u>(169)</u>	<u>\$ (169)</u>	<u>\$ -</u>
Prior Year Cash Balance Budgeted	<u>\$ 169</u>	<u>\$ 169</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 – FIRE PROTECTION FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross Receipts Taxes	-	-	-	-
Public Service Taxes	-	-	-	-
Franchise Taxes	-	-	-	-
Federal Sources	-	-	-	-
State Sources	94,752	201,688	201,582	(106)
Local Sources	-	-	-	-
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	-
Investment Income	-	-	-	-
Miscellaneous	-	-	106	106
TOTAL REVENUES	<u>94,752</u>	<u>201,688</u>	<u>201,688</u>	<u>-</u>
EXPENDITURES				
Current				
General Government	-	-	-	-
Public Safety	191,603	258,668	203,620	55,048
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>191,603</u>	<u>258,668</u>	<u>203,620</u>	<u>55,048</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(96,851)	(56,980)	(1,932)	(55,048)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Increase (Decrease)	<u>(96,851)</u>	<u>(56,980)</u>	<u>\$ (1,932)</u>	<u>\$ (55,048)</u>
Prior Year Cash Balance Budgeted	<u>\$ 96,851</u>	<u>\$ 56,980</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 – LAW ENFORCEMENT
FOR THE YEAR ENDED JUNE 30, 2015**

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross Receipts Taxes	-	-	-	-
Public Service Taxes	-	-	-	-
Franchise Taxes	-	-	-	-
Federal Sources	-	-	-	-
State Sources	20,600	20,600	22,075	1,475
Local Sources	-	-	-	-
Charges for Services	-	-	185	185
Licenses and Fees	-	-	-	-
Investment Income	-	-	-	-
Miscellaneous	-	-	84	84
TOTAL REVENUES	<u>20,600</u>	<u>20,600</u>	<u>22,344</u>	<u>1,744</u>
EXPENDITURES				
Current				
General Government	-	-	-	-
Public Safety	20,600	46,249	39,470	6,779
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>20,600</u>	<u>46,249</u>	<u>39,470</u>	<u>6,779</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(25,649)	(17,126)	(5,035)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	(12,540)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(12,540)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Increase (Decrease)	<u>(12,540)</u>	<u>(25,649)</u>	<u>\$ (17,126)</u>	<u>\$ (5,035)</u>
Prior Year Cash Balance Budgeted	<u>\$ 12,540</u>	<u>\$ 25,649</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 – OVERSIGHT FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross Receipts Taxes	-	-	-	-
Public Service Taxes	-	-	-	-
Franchise Taxes	-	-	-	-
Federal Sources	-	-	-	-
State Sources	-	-	486,569	486,569
Local Sources	-	-	-	-
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	-
Investment Income	-	-	-	-
Miscellaneous	398,675	452,304	66,934	(385,370)
TOTAL REVENUES	<u>398,675</u>	<u>452,304</u>	<u>553,503</u>	<u>101,199</u>
EXPENDITURES				
Current				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	398,675	451,123	370,357	80,766
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>398,675</u>	<u>451,123</u>	<u>370,357</u>	<u>80,766</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	1,181	183,146	20,433
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Increase (Decrease)	<u>-</u>	<u>1,181</u>	<u>\$ 183,146</u>	<u>\$ 20,433</u>
Prior Year Cash Balance Budgeted	<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 – MUNICIPAL JUDGE FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross Receipts Taxes	-	-	-	-
Public Service Taxes	-	-	-	-
Franchise Taxes	-	-	-	-
Federal Sources	-	-	-	-
State Sources	-	-	-	-
Local Sources	-	-	-	-
Charges for Services	-	-	-	-
Licenses and Fees	10,000	42,922	43,263	341
Investment Income	-	-	-	-
Miscellaneous	-	-	-	-
TOTAL REVENUES	<u>10,000</u>	<u>42,922</u>	<u>43,263</u>	<u>341</u>
EXPENDITURES				
Current				
General Government	10,000	51,342	51,342	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>10,000</u>	<u>51,342</u>	<u>51,342</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(8,420)	(8,079)	341
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Increase (Decrease)	<u>-</u>	<u>(8,420)</u>	<u>\$ (8,079)</u>	<u>\$ 341</u>
Prior Year Cash Balance Budgeted	<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 – MUNICIPAL STREET FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross Receipts Taxes	-	-	-	-
Public Service Taxes	-	-	-	-
Franchise Taxes	-	-	-	-
Federal Sources	-	-	-	-
State Sources	21,810	20,607	23,655	3,048
Local Sources	-	-	-	-
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	-
Investment Income	-	-	-	-
Miscellaneous	-	-	-	-
TOTAL REVENUES	<u>21,810</u>	<u>20,607</u>	<u>23,655</u>	<u>3,048</u>
EXPENDITURES				
Current				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	31,775	14,919	(16,096)	31,015
Culture and Recreation	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>31,775</u>	<u>14,919</u>	<u>(16,096)</u>	<u>31,015</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(9,965)	5,688	39,751	(27,967)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Increase (Decrease)	<u>(9,965)</u>	<u>5,688</u>	<u>\$ 39,751</u>	<u>\$ (27,967)</u>
Prior Year Cash Balance Budgeted	<u>\$ 9,965</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 – RECREATION FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross Receipts Taxes	-	-	-	-
Public Service Taxes	-	-	-	-
Franchise Taxes	-	-	-	-
Federal Sources	-	-	-	-
State Sources	-	-	-	-
Local Sources	-	-	150	150
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	-
Investment Income	-	-	-	-
Miscellaneous	-	-	-	-
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>150</u>	<u>150</u>
EXPENDITURES				
Current				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	650	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>650</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(650)	-	150	150
OTHER FINANCING SOURCES (USES)				
Transfers In	-	1,414	1,414	-
Transfers Out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>1,414</u>	<u>1,414</u>	<u>-</u>
Net Increase (Decrease)	<u>(650)</u>	<u>1,414</u>	<u>\$ 1,564</u>	<u>\$ 150</u>
Prior Year Cash Balance Budgeted	<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 – LIBRARY FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross Receipts Taxes	-	-	-	-
Public Service Taxes	-	-	-	-
Franchise Taxes	-	-	-	-
Federal Sources	-	-	-	-
State Sources	-	-	13,493	13,493
Local Sources	-	-	-	-
Charges for Services	26,604	21,940	436	(21,504)
Licenses and Fees	-	-	124	124
Investment Income	-	-	-	-
Miscellaneous	-	-	227	227
TOTAL REVENUES	<u>26,604</u>	<u>21,940</u>	<u>14,280</u>	<u>(7,660)</u>
EXPENDITURES				
Current				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	29,935	44,697	14,818	29,879
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>29,935</u>	<u>44,697</u>	<u>14,818</u>	<u>29,879</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,331)	(22,757)	(538)	(37,539)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	18,139	18,139	-
Transfers Out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>18,139</u>	<u>18,139</u>	<u>-</u>
Net Increase (Decrease)	<u>(3,331)</u>	<u>(4,618)</u>	<u>\$ 17,601</u>	<u>\$ (37,539)</u>
Prior Year Cash Balance Budgeted	<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 – RAPID ACTION FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross Receipts Taxes	-	-	-	-
Public Service Taxes	-	-	-	-
Franchise Taxes	-	-	-	-
Federal Sources	-	-	-	-
State Sources	-	-	-	-
Local Sources	-	-	-	-
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	-
Investment Income	-	-	-	-
Miscellaneous	-	-	-	-
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Current				
General Government	-	-	-	-
Public Safety	25,000	26,186	26,186	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>25,000</u>	<u>26,186</u>	<u>26,186</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(25,000)	(26,186)	(26,186)	-
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Increase (Decrease)	<u>(25,000)</u>	<u>(26,186)</u>	<u>\$ (26,186)</u>	<u>\$ -</u>
Prior Year Cash Balance Budgeted	<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) –
CDBG CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross Receipts Taxes	-	-	-	-
Public Service Taxes	-	-	-	-
Franchise Taxes	-	-	-	-
Federal Sources	-	-	-	-
State Sources	697,262	363,954	243,820	(120,134)
Local Sources	-	-	-	-
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	-
Investment Income	-	-	-	-
Miscellaneous	-	-	-	-
TOTAL REVENUES	<u>697,262</u>	<u>363,954</u>	<u>243,820</u>	<u>(120,134)</u>
EXPENDITURES				
Current				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Capital Outlay	697,262	461,799	243,820	217,979
TOTAL EXPENDITURES	<u>697,262</u>	<u>461,799</u>	<u>243,820</u>	<u>217,979</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(97,845)	-	(338,113)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	2,838	-	(2,838)
Transfers Out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>2,838</u>	<u>-</u>	<u>(2,838)</u>
Net Increase (Decrease)	<u>-</u>	<u>(95,007)</u>	<u>\$ -</u>	<u>\$ (340,951)</u>
Prior Year Cash Balance Budgeted	<u>\$ -</u>	<u>\$ 95,007</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 RIGHTS FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross Receipts Taxes	-	-	-	-
Public Service Taxes	-	-	-	-
Franchise Taxes	-	-	-	-
Federal Sources	-	-	-	-
State Sources	-	-	-	-
Local Sources	-	-	-	-
Charges for Services	5,000	3,463	3,463	-
Licenses and Fees	-	-	-	-
Investment Income	-	-	-	-
Miscellaneous	-	-	-	-
TOTAL REVENUES	<u>5,000</u>	<u>3,463</u>	<u>3,463</u>	<u>-</u>
EXPENDITURES				
Current				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	1,430	1,430	-
Culture and Recreation	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>1,430</u>	<u>1,430</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>5,000</u>	<u>2,033</u>	<u>2,033</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Increase (Decrease)	<u>5,000</u>	<u>2,033</u>	<u>\$ 2,033</u>	<u>\$ -</u>
Prior Year Cash Balance Budgeted	<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) –
EMS COUNTY SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross Receipts Taxes	-	-	-	-
Public Service Taxes	-	-	-	-
Franchise Taxes	-	-	-	-
Federal Sources	-	-	-	-
State Sources	-	-	-	-
Local Sources	75,000	70,000	70,000	-
Charges for Services	58,000	56,783	98,857	42,074
Licenses and Fees	-	-	-	-
Investment Income	-	-	-	-
Miscellaneous	-	-	-	-
TOTAL REVENUES	<u>133,000</u>	<u>126,783</u>	<u>168,857</u>	<u>42,074</u>
EXPENDITURES				
Current				
General Government	-	-	-	-
Public Safety	146,716	188,012	188,012	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>146,716</u>	<u>188,012</u>	<u>188,012</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(13,716)	(61,229)	(19,155)	42,074
OTHER FINANCING SOURCES (USES)				
Transfers In	25,545	63,032	63,032	-
Transfers Out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>25,545</u>	<u>63,032</u>	<u>63,032</u>	<u>-</u>
Net Increase (Decrease)	<u>11,829</u>	<u>1,803</u>	<u>\$ 43,877</u>	<u>\$ 42,074</u>
Prior Year Cash Balance Budgeted	<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, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross Receipts Taxes	-	-	-	-
Public Service Taxes	-	-	-	-
Franchise Taxes	-	-	-	-
Federal Sources	-	-	-	-
State Sources	-	-	-	-
Local Sources	-	-	-	-
Charges for Services	240,414	282,619	404,252	121,633
Licenses and Fees	-	-	-	-
Investment Income	45	25	25	-
Miscellaneous	-	-	17,758	17,758
TOTAL REVENUES	<u>240,459</u>	<u>282,644</u>	<u>422,035</u>	<u>139,391</u>
EXPENDITURES				
Personal Services	233,539	249,111	205,477	43,634
Contractual Services	-	-	(21,692)	21,692
Supplies and Purchased Power	-	57,282	57,282	-
Maintenance and Materials	-	-	70,534	(70,534)
Heat Light and Power	-	-	-	-
Debt Service Water Bond	22,136	-	8,286	(8,286)
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>255,675</u>	<u>306,393</u>	<u>319,887</u>	<u>(13,494)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(15,216)	(23,749)	102,148	152,885
OTHER FINANCING SOURCES (USES)				
Transfers In	8,850	-	-	-
Transfers Out	(8,285)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>565</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Increase (Decrease)	<u>(14,651)</u>	<u>(23,749)</u>	<u>\$ 102,148</u>	<u>\$ 152,885</u>
Prior Year Cash Balance Budgeted	<u>\$ 14,651</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) –
SOLID WASTE PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross Receipts Taxes	-	-	-	-
Public Service Taxes	-	-	-	-
Franchise Taxes	-	-	-	-
Federal Sources	-	-	-	-
State Sources	-	-	-	-
Local Sources	-	-	-	-
Charges for Services	315,418	354,533	471,356	116,823
Licenses and Fees	-	-	-	-
Investment Income	-	-	38	38
Miscellaneous	-	-	-	-
TOTAL REVENUES	<u>315,418</u>	<u>354,533</u>	<u>471,394</u>	<u>116,861</u>
EXPENDITURES				
Personal Services	127,149	60,831	60,831	-
Contractual Services	179,418	222,396	222,396	-
Supplies and Purchased Power	-	60,196	60,196	-
Maintenance and Materials	-	1,987	1,987	-
Heat Light and Power	-	-	-	-
Debt Service Water Bond	-	5,791	5,791	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>306,567</u>	<u>351,201</u>	<u>351,201</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	8,851	3,332	120,193	116,861
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Increase (Decrease)	<u>8,851</u>	<u>3,332</u>	<u>\$ 120,193</u>	<u>\$ 116,861</u>
Prior Year Cash Balance Budgeted	<u>\$ -</u>	<u>\$ -</u>		

See Independent Auditors' Report

SUPPORTING SCHEDULES

**STATE OF NEW MEXICO
VILLAGE OF QUESTA
SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY
FOR PUBLIC FUNDS
JUNE 30, 2015**

Name of Depository	Type of Security	CUSIP #	Fair Market Value, June 30, 2015	Par Value, June 30, 2015	Maturity Date
Centinel Bank	Lovington SCH - 2.0%	547473DE5	\$ 25,000	\$ 25,000	10/1/2016
Centinel Bank	Bloomfield SCH - 4.0%	094077KL7	100,000	100,000	9/1/2017
	Total		\$ 125,000		
	Collateralization Amount Required		98,148		
	Amount Overcollateralized		<u>26,852</u>		
Peoples Bank	FHR 3871 LV - 5.5%	3137ACAB5	\$ 29,354	\$ 28,805	1/15/2024
Peoples Bank	FHR 3871 LV - 5.5%	3137ACAB5	\$ 29,354	\$ 28,805	1/15/2024
Peoples Bank	FHR 3560 KP - 4.0%	31398JKY2	\$ 240,006	\$ 231,778	11/15/1936
	Total		\$ 298,714		
	Collateralization Amount Required		125,325		
	Amount Overcollateralized		<u>173,390</u>		

**STATE OF NEW MEXICO
VILLAGE OF QUESTA
SCHEDULE OF CASH AND TEMPORARY INVESTMENT ACCOUNTS
JUNE 30, 2015**

Bank Account Type / Name	Centinel Bank	U.S. Bank	People's Bank of Red River	Questa Credit Union	Total
Checking - General	\$ 300,128	\$ -	\$ 255,553	\$ 67,495	\$ 623,176
Checking: Water, Sewer, Solid Waste	1,445	-	151,967	-	153,412
Checking: Motor Vehicle Division	-	-	1,000	-	1,000
Checking - Payroll Account	-	-	34,978	-	34,978
Checking - Municipal Court	6,537	-	-	-	6,537
Checking - Water Rights	14,594	-	-	-	14,594
Checking - Oversight Accounts	89,123	-	-	-	89,123
Checking - Sewer System Reserve	9,145	-	-	-	9,145
Checking - EMS Fire Fund	-	-	3,241	-	3,241
Checking - EMS Fire Account	25,324	-	-	-	25,324
Checking - Fire Protection Fund	-	-	3,370	-	3,370
Checking - Law Enforcement Protection	-	-	549	-	549
Checking - Airport Fund	-	63	-	-	63
Certificate of Deposit	-	15,000	50,000	-	65,000
Checking - CDBG Account	-	-	(9)	-	(9)
Total on Deposit	446,296	15,063	500,649	67,495	1,029,503
Reconciling Items	(348,500)	(63)	231,043	-	(117,520)
Reconciled Balance, June 30, 2015	<u>\$ 97,796</u>	<u>\$ 15,000</u>	<u>\$ 731,692</u>	<u>\$ 67,495</u>	<u>911,983</u>
Total Cash and Cash Equivalents at June 30, 2015					<u>\$ 911,983</u>

See Independent Auditors' Report

**SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
STATE OF NEW MEXICO
THE VILLAGE OF QUESTA
SCHEDULE OF VENDOR INFORMATION FOR PURCHASES EXCEEDING \$60,000
(excluding GRT)
FOR THE YEAR ENDED JUNE 30, 2015**

Prepared by: Renee Martinez Title: Clerk Date: September 30, 2015

<i>RFB#/R FP#</i>	<i>Type of Procurement</i>	<i>Awarded Vendor</i>	<i>\$ Amount of Awarded Contract</i>	<i>\$ Amount of Amended Contract</i>	<i>Name and Physical Address per the procurement documentation, of <u>ALL</u> Vendor(s) that responded</i>	<i>In-State/ Out-of- State Vendor (Y or N) (Based on Statutory Definition)</i>	<i>Was the vendor in- state and chose Veteran's preference (Y or N) For federal funds answer N/A</i>	<i>Brief Description of the Scope of Work</i>
2014-02	Professional Services	Robles, Rael & Anaya	\$ 60,000	N/A	Robles Rael and Anaya - 500 Marquette Ave. NW Suite 700 Albuquerque, NM 87102	Y	N	Attorney Services
N/A	Construction	H.O. Construction	139,500		R.L Leeder Company PO Box 15147 Santa Fe, NM 87592	Y	N	Cisneros Road Roadway & Drainage Improvements Phase 2
					CBKN Dirtworks, Inc. 45 Yerba Manza Bernalillo, NM 87004			

FIDUCIARY FUNDS

STATE OF NEW MEXICO
VILLAGE OF QUESTA
AGENCY FUND
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
JUNE 30, 2015

	<u>Balance June 30, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2015</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 33	\$ -	\$ 33	\$ -
<u>LIABILITIES</u>				
Deposits Held in Trust for Others	\$ 33	\$ -	\$ 33	\$ -

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

Honorable Timothy Keller
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, 2015, 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 November 6, 2015. 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. [2011-008, 2015-001]

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. [2012-001 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
Auditors – Business Consultants - CPAs

Albuquerque, New Mexico
November 6, 2015

**STATE OF NEW MEXICO
VILLAGE OF QUESTA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2015**

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

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.

Management's Progress: The conditions involved in this year's finding are the same as in the previous year. Therefore, management has not made sufficient progress in rectifying this situation.

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 of Questa has applied for and received an asset management grant. We have gone out for RFP and will award this contract at our October 2015 meeting. The responsible party is the Finance Director. The timeline is to have this issue resolved by June 30, 2016.

**STATE OF NEW MEXICO
VILLAGE OF QUESTA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2015**

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

Condition: As part of our documentation of the internal controls we noted certain functions that were performed by the same person. i.e. The Finance Director enters invoices in QuickBooks, prepares checks, and reconciles bank statements.

Management's Progress: The conditions involved in this year's finding are the same as in the previous year. Therefore, management has not made sufficient progress in rectifying this situation.

Criteria: Segregation of duties is pertinent to safeguard 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: We are in the process of integrating all our accounting to one software system (Caselle) which will further prevent one person from performing too many functions. We will be cross training people so that more of the initial entry is not done by the Finance Director. The responsible parties are the Finance Director and the Administrator. The timeline is to have this issue resolved by April 30, 2016.

**STATE OF NEW MEXICO
VILLAGE OF QUESTA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2015**

2014-001 – Capital Asset Inventory – Material Noncompliance (Repeated)

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

Management's Progress: The conditions involved in this year's finding are the same as in the previous year. Therefore, management has not made sufficient progress in rectifying this situation.

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: These procedures have not yet been completed due to the reasons discussed at finding 2011-008. The responsible party is the Administrator. The timeline is to have this issue resolved by April 30, 2016.

**STATE OF NEW MEXICO
VILLAGE OF QUESTA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2015**

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

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:

- In four of ten instances; checks receipted were not deposited in a timely manner. These deposits totaled \$2,548.

Management's Progress: The conditions involved in this year's finding are the same as in the previous year. Therefore, management has not made sufficient progress in rectifying this situation.

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: We have moved most of the bank accounts to a local bank and therefore can deposit on a daily basis. We have implemented a separation of duties wherein the person receiving the cash is not the same person balancing at the end of the day. The Finance Director reviews daily paperwork for accuracy in posting and then reconciles the bank account at the end of each month to ensure all cash was deposited into the correct bank account (fund). The responsible parties are the Administrator and the Finance Director. The timeline is to have this issue resolved by March 31, 2016.

**STATE OF NEW MEXICO
VILLAGE OF QUESTA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2015**

2015-001 – Increased Delinquency of Utility Billing Accounts Receivable – Material Weakness

Condition: The Village is allowing utility billing accounts receivable to mount as a result of not enforcing an ordinance that would stop services when user accounts become delinquent. As a result:

- An allowance for doubtful accounts of \$181,285 has been applied to the total utility billing accounts receivable of \$256,215.
- Of the total utility billing accounts receivable balance of \$256,215, \$176,029 is over 90 days past due.

Criteria: The Village is not in compliance with Ordinance # 2006-127 which was passed on July 11, 2006. The Ordinance allows for discontinuance of services for customers that “fail to make timely and complete payment for service”.

Effect: The Village is continuing to provide services for customers who are not compliance with their terms of services with respect to Ordinance # 2006-127.

Cause: The Village is not enforcing Ordinance # 2006-127.

Auditors’ Recommendation: We recommend that the Village Council and Management enforce Ordinance # 2006-127.

Management’s Response: The Village of Questa will start enforcing their ordinance immediately. Responsible parties are the Mayor and the Village Council. The timeline is to have this issue resolved by March 31, 2016.

**STATE OF NEW MEXICO
VILLAGE OF QUESTA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2015**

B. STATUS OF PRIOR YEAR AUDIT FINDINGS

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

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

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

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

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

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

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

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

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

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

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

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

2014-001 [FS-2014-01] – Capital Asset Inventory – Material Noncompliance – Repeated

2014-003 [FS-2014-03] – Internal Controls over Receipts and Deposits – Significant Deficiency - Repeated

**STATE OF NEW MEXICO
VILLAGE OF QUESTA
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2015**

Finding #	Timeline for Corrective Action	Due Date	Responsible Designate
2014-001	Establish asset management plan and begin implementation. Update current asset list.	2/28/2016 4/30/2016	Administrator, Loretta Trujillo Administrator, Loretta Trujillo
2011-008	From updated asset list, establish depreciation schedule & post to G/L.	6/30/2016	Finance Director, Karen Shannon
2012-001	Send data to Caselle for software setup. Initial live-web training	11/30/2015 12/14-18/2015	Finance Director, Karen Shannon Administrator, Loretta Trujillo Finance Director, Karen Shannon
	Hands on training in Provo Utah.	1/11-15/2016	Administrator, Loretta Trujillo Finance Director, Karen Shannon
	Full implementation of GL, AP, PR, utility billing, cash receipting	1/15/2016	Administrator, Loretta Trujillo Finance Director, Karen Shannon
	Gather data from Caselle to generate 3rd Quarter DFA report	Apr-16	Finance Director, Karen Shannon
2014-003	Most of our bank accounts have already been moved to a local bank from one that is 20+ miles away. Remaining five accounts will also be moved.	3/31/2016	Administrator, Loretta Trujillo Finance Director, Karen Shannon
2015-001	We've been working on updating our Water/Waste Water Ordinance; plan to have it approved by Council as soon as possible.	3/31/2016	Mayor Mark Gallegos Councilor Brent Jaramillo Councilor Lawrence Ortega Councilor Miguel Romero Councilor Julian Cisneros Administrator, Loretta Trujillo
	After ordinance is approved, it will be implemented immediately.		

**STATE OF NEW MEXICO
VILLAGE OF QUESTA
EXIT CONFERENCE
FOR THE YEAR ENDED JUNE 30, 2015**

An exit conference was held on November 6, 2015 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, CGFM, CGMA
Andrew Quintana, 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.