

Timothy M. Keller
State Auditor



Sanjay Bhakta, CPA, CGFM, CFE, CGMA
Deputy State Auditor

**State of New Mexico
OFFICE OF THE STATE AUDITOR**

January 25, 2017

VIA EMAIL AND U.S. MAIL

The Honorable Mark Gallegos
Village of Questa
P.O. Box 260
Questa, NM 87556-0260

Dear Mayor Gallegos:

The Office of the State Auditor (OSA) has released the Fiscal Year 2016 financial and compliance audit for the Village of Questa (Village). We are pleased that the report indicates that the Village has taken important steps toward improving its financial accounting and transparency.

In our June 29, 2016 letter to the Village, we expressed concerns regarding longstanding problems with respect to the reliability of financial statements, procurement practices, and the appropriate accounting and disclosure of funds. We appreciate management's new disclosure concerning the Oversight Fund and the accounting changes made to better track the fund's revenues and expenditures. It is also noteworthy that for the first time since 2010 the Village's audit does not include an adverse or disclaimer of opinion. As a result, the Village will be removed from the OSA "At-Risk" List.

The audit does include five findings pertaining to various areas of noncompliance, weaknesses and deficiencies, four of which are repeated from previous years, which require management's prompt attention. In particular, finding 2016-001 highlights the need for the Village to bring existing engineering and legal services contracts in compliance with the Procurement Code. In response, management stated that it will go through a competitive procurement process and work to ensure the contracts comply with state law.

Thank you for your attention to these issues.

Sincerely,

A handwritten signature in black ink that reads "Timothy M. Keller".

Timothy M. Keller
State Auditor

cc: Brent Jaramillo, Councilor
Lawrence A. Ortega, Councilor
John Anthony Ortega, Councilor
Julian Cisneros, Councilor
Loretta Trujillo, Village Administrator
Daniel Trujillo CPA, CFE, CGFM, CGMA, Kubiak & Melton & Associates LLC

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STATE OF NEW MEXICO
VILLAGE OF QUESTA

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

FOR THE YEAR ENDED JUNE 30, 2016

**STATE OF NEW MEXICO
VILLAGE OF QUESTA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2016**

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**STATE OF NEW MEXICO
VILLAGE OF QUESTA
OFFICIAL ROSTER
AS OF JUNE 30, 2016**

VILLAGE COUNCIL

Mark Gallegos Mayor
Brent Jaramillo Councilor
Lawrence A. Ortega Councilor
John Anthony Ortega 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, 2016, 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 special revenue funds, capital projects funds, debt service funds, fiduciary funds and the budgetary comparisons for the major special revenue 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, 2016, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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 Qualified Opinions on the Governmental Activities and Business-type Activities Capital Assets, the accumulated and current year depreciation, the Capital Outlay Expenditures and Expenses related to Governmental and Enterprise Funds

Management has not implemented proper internal controls over governmental or business-type capital assets nor the expenditures and expenses related to the governmental and enterprise funds sufficient enough to provide evidence that all beginning balances of capital assets are accurate and complete. The Village did not complete an inventory count at year end, nor has a capital asset detail listing of the business-type activities been maintained. The amount by which this departure would affect the assets, fund balances, net position, revenues, and expenditures/expenses of the governmental activities and business-type activities has not been determined.

Qualified Opinions

In our opinion, except for the effects of the matters described in the "Basis for Qualified Opinions on the Governmental Activities and Business-type Activities Capital Assets, the accumulated and current year depreciation, the Capital Outlay Expenditures and Expenses related to Governmental and Enterprise Funds" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Governmental Activities and Business-type of the Village of Questa as of June 30, 2016, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities that are not mentioned above, the business-type activities that are not mentioned above, each major fund, and the aggregate remaining fund information of Village of Questa, as of June 30, 2016, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and major special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental and each nonmajor enterprise fund of the Village not mentioned above, as of June 30, 2016, and the respective changes in financial position and cash flows where applicable, thereof and the respective budgetary comparisons for the major special revenue funds and all other 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.

Accounting principles generally accepted in the United States of America require that the *Schedule of Village's Proportionate Share of the Net Pension Liability* on pages 45-46, *Schedule of Village Contributions* on pages 47 to 48 and *Notes to Required Supplementary Information* on page 49, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Schedule of Village's Proportionate Share of the Net Pension Liability, and Schedule of Village Contributions in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the Village's basic financial statements, the combining and individual fund financial statements and the budgetary comparisons. The other schedules found on pages 88-90 are required by Section 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the financial statements.

The other schedules found on pages 88-90 are 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, except for the effect on the supplementary information described in the basis for qualified opinion paragraph above, 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 December 13, 2016 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
December 13, 2016

**STATE OF NEW MEXICO
VILLAGE OF QUESTA
STATEMENT OF NET POSITION
JUNE 30, 2016**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 762,504	\$ 95,566	\$ 858,070
Accounts and Taxes Receivable	127,124	226,706	353,830
Due from Other Governments	76,951	-	76,951
Total Current Assets	<u>966,579</u>	<u>322,272</u>	<u>1,288,851</u>
Noncurrent Assets:			
Capital Assets			
Capital Assets Not Being Depreciated	6,148,115	-	6,148,115
Capital Assets Being Depreciated	7,205,783	5,083,092	12,288,875
Less: Accumulated Depreciation	<u>(1,256,092)</u>	<u>(2,350,466)</u>	<u>(3,606,558)</u>
Total Noncurrent Assets	<u>12,097,806</u>	<u>2,732,626</u>	<u>14,830,432</u>
Deferred Outflows:			
Deferred Outflows, Pension Related	<u>122,332</u>	<u>54,962</u>	<u>177,294</u>
Total Deferred Outflows	<u>122,332</u>	<u>54,962</u>	<u>177,294</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 13,186,717</u>	<u>\$ 3,109,860</u>	<u>\$ 16,296,577</u>
LIABILITIES AND NET POSITION			
Current Liabilities:			
Accounts Payable	\$ 21,450	\$ -	\$ 21,450
Accrued Salaries and Benefits	25,208	7,490	32,698
Accrued Compensated Absences	13,968	4,052	18,020
Current Portion of Loans and Bonds Payable	34,865	15,045	49,910
Net Pension Liability	<u>499,984</u>	<u>224,631</u>	<u>724,615</u>
Total Current Liabilities	595,475	251,218	846,693
Noncurrent Liabilities:			
Loans and Bonds Payable, Long-term	<u>284,675</u>	<u>157,076</u>	<u>441,751</u>
Total Noncurrent Liabilities	<u>284,675</u>	<u>157,076</u>	<u>441,751</u>
TOTAL LIABILITIES	<u>880,150</u>	<u>408,294</u>	<u>1,288,444</u>
Deferred Inflows:			
Deferred Inflows, Pension Related	<u>15,935</u>	<u>7,159</u>	<u>23,094</u>
Total Deferred Inflows	<u>15,935</u>	<u>7,159</u>	<u>23,094</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS	<u>896,085</u>	<u>415,453</u>	<u>1,311,538</u>
NET POSITION			
Net Investment in Capital Assets	11,778,266	2,732,626	14,510,892
Restricted for Special Revenue	232,666	-	232,666
Restricted for Capital Projects	44,599	-	44,599
Restricted for Debt Service	-	-	-
Unrestricted	<u>235,101</u>	<u>(38,219)</u>	<u>196,882</u>
Total Net Position	<u>12,290,632</u>	<u>2,694,407</u>	<u>14,985,039</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 13,186,717</u>	<u>\$ 3,109,860</u>	<u>\$ 16,296,577</u>

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, 2016**

Functions and Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contrib.	Government Activities	Business- Type Activities		
PRIMARY GOVERNMENT								
Governmental Activities								
General Government	\$ 1,062,363	\$ 47,185	\$ 1,100,199	\$ -	\$ 85,021	\$ -	\$ -	\$ 85,021
Public Safety	573,031	-	-	-	(573,031)	-	-	(573,031)
Public Works	348,167	-	-	-	(348,167)	-	-	(348,167)
Culture and Recreation	41,355	-	-	-	(41,355)	-	-	(41,355)
Change in Compensated Absences	3,418	-	-	-	(3,418)	-	-	(3,418)
Interest on Long-Term Debt	17,683	-	-	-	(17,683)	-	-	(17,683)
Change in Pension Expense	46,707	-	-	-	(46,707)	-	-	(46,707)
Total Governmental Activities	2,092,724	47,185	1,100,199	-	(945,340)	-	-	(945,340)
Business-Type Activities								
Joint Utility	390,155	500,327	-	-	-	110,172	-	110,172
Solid Waste	200,809	194,696	-	-	-	(6,113)	-	(6,113)
Change in Compensated Absences	18,165	-	-	-	-	(18,165)	-	(18,165)
Change in Pension Expense	20,983	-	-	-	-	(20,983)	-	(20,983)
Total Business-Type Activities	630,112	695,023	-	-	-	64,911	-	64,911
General Revenues:								
Taxes:								
Property Taxes levied for general purposes					127,948	-	-	127,948
Franchise Taxes					58,958	-	-	58,958
Gross Receipts Taxes					687,376	-	-	687,376
Interest Income					354	-	-	354
Net Transfers					14,191	(14,191)	-	-
Miscellaneous Income					456,313	281	-	456,594
Subtotal, General Revenues					1,345,140	(13,910)	-	1,331,230
Change in Net Position					399,800	51,001	-	450,801
Beginning Net Position					11,890,832	2,643,406	-	14,534,238
Ending Net Position					\$ 12,290,632	\$ 2,694,407	-	\$ 14,985,039

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
VILLAGE OF QUESTA
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2016**

	General Fund	Rapid Action Fund
ASSETS		
Cash and Cash Equivalents	\$ 552,961	\$ 1,586
Accounts and Taxes Receivable	95,674	-
Due From Other Governments	32,351	-
Due From Other Funds	-	-
TOTAL ASSETS	\$ 680,986	\$ 1,586
 LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts Payable	\$ 8,821	\$ 500
Accrued Salaries and Benefits	21,384	-
Due to Other Funds	-	-
Unearned Revenue	-	-
TOTAL LIABILITIES	30,205	500
 FUND BALANCES		
Restricted for:		
Special Revenue Funds	-	1,086
Debt Service Funds	-	-
Capital Projects Funds	-	-
Unassigned:		
General Fund	650,781	-
Special Revenue Funds	-	-
Debt Service Funds	-	-
TOTAL FUND BALANCES	650,781	1,086
 TOTAL LIABILITIES AND FUND BALANCES	 \$ 680,986	 \$ 1,586

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
VILLAGE OF QUESTA
BALANCE SHEET – GOVERNMENTAL FUNDS (continued)
JUNE 30, 2016**

	Other Governmental Funds	Total
ASSETS		
Cash and Cash Equivalents	\$ 207,957	\$ 762,504
Accounts and Taxes Receivable	31,450	127,124
Due From Other Governments	44,599	76,950
Due From Other Funds	-	-
TOTAL ASSETS	\$ 284,006	\$ 966,578
 LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts Payable	\$ 12,128	\$ 21,449
Accrued Salaries and Benefits	3,824	25,208
Due to Other Funds	-	-
Unearned Revenue	-	-
TOTAL LIABILITIES	15,952	46,657
 FUND BALANCES		
Restricted for:		
Special Revenue Funds	231,580	232,666
Debt Service Funds	-	-
Capital Projects Funds	44,599	44,599
Unassigned:		
General Fund	-	650,781
Special Revenue Funds	-	-
Debt Service Funds	(8,125)	(8,125)
TOTAL FUND BALANCES	268,054	919,921
 TOTAL LIABILITIES AND FUND BALANCES	 \$ 284,006	 \$ 966,578

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, 2016**

Total Fund Balance - Governmental Funds \$ 919,921

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	13,353,898	
Less: Accumulated Depreciation	<u>(1,256,092)</u>	
Capital Assets, Net		12,097,806

Deferred outflows and inflows of resources related to pensions are applicable to future periods and therefore, are not reported in funds:

Deferred Outflows, Pension Related	122,332
Deferred Inflows, Pension Related	<u>(15,935)</u>

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	(13,968)	
Net Pension Liability	(499,984)	
Long-Term Debt	<u>(319,540)</u>	
Total		<u>(833,492)</u>

Net Position of Governmental Activities **\$ 12,290,632**

**STATE OF NEW MEXICO
VILLAGE OF QUESTA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>General Fund</u>	<u>Rapid Action Fund</u>
REVENUES		
Property Taxes	\$ 127,948	\$ -
Gross Receipts Taxes	673,344	-
Public Service Taxes	-	-
Franchise Taxes	58,958	-
Federal Sources	-	-
State Sources	213,650	-
Local Sources	-	-
Charges for Services	32,237	-
Licenses and Fees	8,206	-
Investment Income	354	-
Miscellaneous	19,970	-
TOTAL REVENUES	<u>1,134,667</u>	<u>-</u>
EXPENDITURES		
Current		
General Government	594,766	-
Public Safety	306,696	6,775
Public Works	33,315	-
Culture and Recreation	14,623	-
Capital Outlay	30,137	-
Debt Service Principal	-	-
Debt Service Interest	-	-
TOTAL EXPENDITURES	<u>979,537</u>	<u>6,775</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	155,130	(6,775)
OTHER FINANCING SOURCES (USES):		
Transfers in	109,170	97
Transfers out	(195,898)	(5,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(86,728)</u>	<u>(4,903)</u>
NET CHANGE IN FUND BALANCES	68,402	(11,678)
FUND BALANCE, BEGINNING OF YEAR	<u>582,379</u>	<u>12,764</u>
FUND BALANCE, END OF YEAR	<u>\$ 650,781</u>	<u>\$ 1,086</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, 2016**

	Other Governmental Funds	Total
	<u> </u>	<u> </u>
REVENUES		
Property Taxes	\$ -	\$ 127,948
Gross Receipts Taxes	14,032	687,376
Public Service Taxes	-	-
Franchise Taxes	-	58,958
Federal Sources	66,117	66,117
State Sources	812,632	1,026,282
Local Sources	7,800	7,800
Charges for Services	1,790	34,027
Licenses and Fees	4,952	13,158
Investment Income	-	354
Miscellaneous	436,343	456,313
TOTAL REVENUES	<u>1,343,666</u>	<u>2,478,333</u>
 EXPENDITURES		
Current		
General Government	494,987	1,089,753
Public Safety	259,560	573,031
Public Works	314,852	348,167
Culture and Recreation	26,732	41,355
Capital Outlay	222,589	252,726
Debt Service Principal	47,872	47,872
Debt Service Interest	17,683	17,683
TOTAL EXPENDITURES	<u>1,384,275</u>	<u>2,370,587</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(40,609)	107,746
 OTHER FINANCING SOURCES (USES):		
Transfers in	257,951	367,218
Transfers out	<u>(152,129)</u>	<u>(353,027)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>105,822</u>	<u>14,191</u>
NET CHANGE IN FUND BALANCES	65,213	121,937
FUND BALANCE, BEGINNING OF YEAR	<u>202,841</u>	<u>797,984</u>
 FUND BALANCE, END OF YEAR	<u>\$ 268,054</u>	<u>\$ 919,921</u>

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, 2016**

Net Changes in Fund Balance - Governmental Funds \$ 121,937

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	252,726
Adjustments to Capital Assets	27,390

The statement of activities reflects accruals related to GASB 68 implementation:

Pension Expense	(46,707)
-----------------	----------

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):

Debt Service Principal	47,872
Change in Compensated Absences	<u>(3,418)</u>

Change in Net Position of Governmental Activities **\$ 399,800**

**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, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
REVENUES				
Property Taxes	\$ 90,000	\$ 123,485	\$ 123,485	\$ -
Gross Receipts Taxes	545,000	582,133	582,133	-
Public Service Taxes	-	-	-	-
Franchise Taxes	35,000	35,000	33,149	(1,851)
Federal Sources	-	-	-	-
State Sources	100,350	213,188	210,782	(2,406)
Local Sources	-	-	-	-
Charges for Services	54,350	12,078	32,237	20,159
Licenses and Fees	33,225	34,425	8,206	(26,219)
Investment Income	150	429	354	(75)
Miscellaneous	8,800	52,438	16,296	(36,142)
TOTAL REVENUES	<u>866,875</u>	<u>1,053,176</u>	<u>1,006,642</u>	<u>(46,534)</u>
EXPENDITURES				
Current				
General Government	948,159	623,387	545,551	77,836
Public Safety	-	304,000	303,288	712
Public Works	-	34,000	33,315	685
Culture and Recreation	-	14,700	14,623	77
Capital Outlay	-	35,000	33,545	1,455
TOTAL EXPENDITURES	<u>948,159</u>	<u>1,011,087</u>	<u>930,322</u>	<u>80,765</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(81,284)	42,089	76,320	(127,299)
OTHER FINANCING SOURCES (USES)				
Transfers In	25,400	109,169	109,168	(1)
Transfers Out	(115,807)	(253,808)	(195,898)	57,910
TOTAL OTHER FINANCING SOURCES (USES)	<u>(90,407)</u>	<u>(144,639)</u>	<u>(86,730)</u>	<u>57,909</u>
Net Increase (Decrease)	<u>(171,691)</u>	<u>(102,550)</u>	<u>\$ (10,410)</u>	<u>\$ (69,390)</u>
Prior Year Cash Balance Budgeted	<u>\$ 171,691</u>	<u>\$ -</u>		

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
VILLAGE OF QUESTA
STATEMENT OF REVENUES AND EXPENSES – BUDGET (NON-GAAP BUDGETARY
BASIS) AND ACTUAL – RAPID ACTION FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	<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	-	-	-	-
Licenses and Fees	-	-	-	-
Investment Income	-	-	-	-
Miscellaneous	-	-	-	-
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Current				
General Government	-	-	-	-
Public Safety	-	7,275	6,275	1,000
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>7,275</u>	<u>6,275</u>	<u>1,000</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(7,275)	(6,275)	(1,000)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	97	97	-
Transfers Out	-	(5,000)	(5,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(4,903)</u>	<u>(4,903)</u>	<u>-</u>
Net Increase (Decrease)	<u>-</u>	<u>(12,178)</u>	<u>\$ (11,178)</u>	<u>\$ (1,000)</u>
Prior Year Cash Balance Budgeted	<u>\$ -</u>	<u>\$ -</u>		

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
VILLAGE OF QUESTA
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2016**

	<u>Joint Utility Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 57,873	\$ 37,693	\$ 95,566
Accounts Receivable, Net	123,853	102,853	226,706
Due From Other Governments	-	-	-
Due From Other Funds	-	-	-
TOTAL CURRENT ASSETS	<u>181,726</u>	<u>140,546</u>	<u>322,272</u>
NONCURRENT ASSETS			
Capital Assets Being Depreciated	5,083,092	-	5,083,092
Less: Accumulated Depreciation	<u>(2,350,466)</u>	<u>-</u>	<u>(2,350,466)</u>
Capital Assets, Net	<u>2,732,626</u>	<u>-</u>	<u>2,732,626</u>
DEFERRED OUTFLOWS:			
Deferred Outflows, Pension Related	<u>54,962</u>	<u>-</u>	<u>54,962</u>
TOTAL DEFERRED OUTFLOWS	<u>54,962</u>	<u>-</u>	<u>54,962</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 2,969,314</u>	<u>\$ 140,546</u>	<u>\$ 3,109,860</u>
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES			
Accounts Payable	\$ -	\$ -	\$ -
Accrued Salaries and Benefits	4,749	2,741	7,490
Accrued Compensated Absences	4,052	-	4,052
Current Maturity of Bonds and Notes Payable	15,045	-	15,045
Net Pension Liability	<u>224,631</u>	<u>-</u>	<u>224,631</u>
TOTAL CURRENT LIABILITIES	248,477	2,741	251,218
NONCURRENT LIABILITIES			
Long-Term Debt, Net	<u>157,076</u>	<u>-</u>	<u>157,076</u>
TOTAL NONCURRENT LIABILITIES	<u>157,076</u>	<u>-</u>	<u>157,076</u>
DEFERRED INFLOWS:			
Deferred Inflows, Pension Related	<u>7,159</u>	<u>-</u>	<u>7,159</u>
TOTAL DEFERRED INFLOWS	<u>7,159</u>	<u>-</u>	<u>7,159</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS	412,712	2,741	415,453
NET POSITION			
Net Investment in Capital Assets	2,732,626	-	2,732,626
Unrestricted	<u>(176,024)</u>	<u>137,805</u>	<u>(38,219)</u>
TOTAL NET POSITION	<u>2,556,602</u>	<u>137,805</u>	<u>2,694,407</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 2,969,314</u>	<u>\$ 140,546</u>	<u>\$ 3,109,860</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, 2016**

	<u>Joint Utility Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>
OPERATING REVENUES			
Charges for Services	\$ 500,327	\$ 194,696	\$ 695,023
State Sources	-	-	-
TOTAL OPERATING REVENUES	<u>500,327</u>	<u>194,696</u>	<u>695,023</u>
OPERATING EXPENSES			
Personal Services	278,991	170,542	449,533
Contractual Services	56,188	30,267	86,455
Supplies and Purchased Power	(105,513)	-	(105,513)
Maintenance and Materials	91,664	-	91,664
Heat, Light and Power	68,825	-	68,825
Change in Compensated Absences	4,197	13,968	18,165
Change in Pension Liability	20,983	-	20,983
TOTAL OPERATING EXPENSES	<u>415,335</u>	<u>214,777</u>	<u>630,112</u>
OPERATING INCOME (LOSS)	<u>84,992</u>	<u>(20,081)</u>	<u>64,911</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest Income	-	-	-
Miscellaneous Income	281	-	281
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>281</u>	<u>-</u>	<u>281</u>
EXCESS OF REVENUES OVER EXPENSES	85,273	(20,081)	65,192
OTHER FINANCING SOURCES (USES):			
Transfers in	-	37,693	37,693
Transfers out	(51,884)	-	(51,884)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(51,884)</u>	<u>37,693</u>	<u>(14,191)</u>
CHANGE IN NET POSITION	33,389	17,612	51,001
BEGINNING NET POSITION	<u>2,523,213</u>	<u>120,193</u>	<u>2,643,406</u>
NET POSITION, END OF YEAR	<u>\$ 2,556,602</u>	<u>\$ 137,805</u>	<u>\$ 2,694,407</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, 2016**

	<u>Joint Utility Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received From User Charges	\$ 500,327	\$ 194,696	\$ 695,023
Cash Payments to Employees for Services	(278,991)	(170,542)	(449,533)
Cash Payments to Suppliers for Goods and Services	<u>(265,393)</u>	<u>(82,125)</u>	<u>(347,518)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(44,057)	(57,971)	(102,028)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Change in Compensated Absences	18,165	-	18,165
Change in Pension Expense	20,983		20,983
Payments on Long-term Debt	<u>-</u>	<u>-</u>	<u>-</u>
NET CASH PROVIDED BY (USED IN) NON-CAPITAL FINANCING ACTIVITIES	39,148	-	39,148
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on Investments	<u>281</u>	<u>-</u>	<u>281</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	281	-	281
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(4,628)	(57,971)	(62,599)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>62,501</u>	<u>95,664</u>	<u>158,165</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 57,873</u>	<u>\$ 37,693</u>	<u>\$ 95,566</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Change in Net Position	\$ 33,389	\$ 17,612	\$ 51,001
Adjustments to reconcile operating income (loss) to net cash used by operating activities:			
Changes in assets and liabilities:			
Change in receivables	(123,853)	(102,853)	(226,706)
Change in accounts payable	41,658	24,529	66,187
Change in accrued salaries and benefits	<u>4,749</u>	<u>2,741</u>	<u>7,490</u>
NET CASH PROVIDED FROM (USED BY) OPERATING ACTIVITIES	<u>\$ (44,057)</u>	<u>\$ (57,971)</u>	<u>\$ (102,028)</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, 2016**

	<u>Agency Funds</u>
ASSETS	
Cash and Cash Equivalents	\$ <u>24,183</u>
TOTAL ASSETS	<u>\$ 24,183</u>
LIABILITIES	
Due to Other Taxing Units	\$ <u>24,183</u>
TOTAL LIABILITIES	<u>\$ 24,183</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, 2016**

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.

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.

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**STATE OF NEW MEXICO
VILLAGE OF QUESTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

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 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

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**STATE OF NEW MEXICO
VILLAGE OF QUESTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

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 and Rapid Action Fund. No other funds were required to be presented as major at the discretion of management.

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 *Rapid Action Fund* is used to account for reserve monies related to the Rapid Action Program.

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.

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**STATE OF NEW MEXICO
VILLAGE OF QUESTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

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 will 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.

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, 2016.
- 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

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**STATE OF NEW MEXICO
VILLAGE OF QUESTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

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.

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.

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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.

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

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

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

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

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

In addition to assets, the statement of financial position will sometimes include a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position which applies to a future period and so will not be recognized as an outflow of resources that is expensed, until then. See NOTE 16 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 16 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

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(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.

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.

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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 Village 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 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,

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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 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, 2016.

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.

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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 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.

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, 2016, \$1,007,074 was exposed to custodial credit risk. The Village's banks had sufficient pledge collateral to cover this balance.

Reconciliation of Cash and Temporary Investments:

Carrying amounts by fund per financial statement at June 30, 2016 is:

Cash and Cash Equivalents per:	
Statement of Net Position - Governmental Activities	\$ 762,504
Statement of Fiduciary Assets and Liabilities - Agency Funds	24,183
Statement of Net Position - Business-Type Activities	<u>95,566</u>
Total	<u>\$ 882,253</u>

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.

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NOTE 4. Accounts and Taxes Receivable

	<u>General Fund</u>	<u>Non-Major funds</u>	<u>Business Type Activities</u>	<u>Total Government Wide</u>
Receivables				
Property Taxes	\$ 4,463	\$ -	\$ -	\$ 4,463
Gross Receipts and Taxes	91,211	2,014	-	93,225
Due from Other Governments	32,351	44,599	-	76,950
Accounts Receivable, Net	-	-	226,706	226,706
Other	-	29,436	-	29,436
Receivables, Net	<u>\$ 128,025</u>	<u>\$ 76,049</u>	<u>\$ 226,706</u>	<u>\$ 430,780</u>

Allowance for uncollectible accounts at June 30, 2016 was \$0 and \$62,619 for governmental activities and business-type activities, respectively.

NOTE 5. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2016 follows (Land and Construction in Progress is not subject to depreciation):

Governmental Activities:

	<u>Balance June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2016</u>
Capital Assets Not Being Depreciated:				
Land	\$ 45,237	\$ -	\$ -	\$ 45,237
Construction in Progress	6,102,878	-	-	6,102,878
Total Capital Assets Not Being Depreciated	<u>6,148,115</u>	<u>-</u>	<u>-</u>	<u>6,148,115</u>
Capital Assets Being Depreciated:				
Furniture, Fixtures and Equipment	1,457,449	19,100	-	1,476,549
Vehicles	1,514,017	44,600	-	1,558,617
Buildings and Improvements	3,981,591	189,026	-	4,170,617
Total Capital Assets Being Depreciated	<u>6,953,057</u>	<u>252,726</u>	<u>-</u>	<u>7,205,783</u>
Total Capital Assets	<u>13,101,172</u>	<u>252,726</u>	<u>-</u>	<u>13,353,898</u>
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	<u>1,256,092</u>	<u>-</u>	<u>-</u>	<u>1,256,092</u>
Capital Assets, Net	<u>\$ 11,845,080</u>	<u>\$ 252,726</u>	<u>\$ -</u>	<u>\$ 12,097,806</u>

The Village did not record depreciation expense for the year ended June 30, 2016.

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Business-Type Activities:

	<u>Balance June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2016</u>
Capital Assets Being Depreciated:				
Plant in Service	\$ 4,209,293	\$ -	\$ -	\$ 4,209,293
Furniture, Fixtures and Equipment	693,392	8,150	-	701,542
Vehicles	172,257	-	-	172,257
Total Capital Assets Being Depreciated	<u>5,074,942</u>	<u>8,150</u>	<u>-</u>	<u>5,083,092</u>
Accumulated Depreciation:				
Plant in Service	1,959,029	-	-	1,959,029
Furniture, Fixtures and Equipment	256,979	-	-	256,979
Vehicles	134,458	-	-	134,458
Total Accumulated Depreciation	<u>2,350,466</u>	<u>-</u>	<u>-</u>	<u>2,350,466</u>
Capital Assets, Net	<u>\$ 2,724,476</u>	<u>\$ 8,150</u>	<u>\$ -</u>	<u>\$ 2,732,626</u>

The Village did not record depreciation expense related to business-type activities for the year ended June 30, 2016.

NOTE 6. Long-Term Debt

During the year ended June 30, 2016, the following changes occurred in the liabilities reported in the government-wide statement of net position:

Governmental Activities:

	<u>Balance June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2016</u>	<u>Due Within One Year</u>
1.707%, Maturity 5/1/12 NMFA Fire Truck	\$ 243,750	\$ -	\$ 23,250	\$ 220,500	\$ 24,250
Maturity 5/1/2024 NMFA Fire Equipment Loan	50,378	-	5,577	44,801	5,615
0% State Board of Finance Loan Maturity November 2017	-	-	5,000	54,239	5,000
Subtotal	<u>353,367</u>	<u>-</u>	<u>33,827</u>	<u>319,540</u>	<u>34,865</u>
Compensated Absences Payable	<u>10,550</u>	<u>15,813</u>	<u>12,395</u>	<u>13,968</u>	<u>13,968</u>
Total Long-Term Debt	<u>\$ 363,917</u>	<u>\$ 15,813</u>	<u>\$ 46,222</u>	<u>\$ 333,508</u>	<u>\$ 48,833</u>

Interest expense paid on long-term debt for governmental activities totaled \$17,683 for the year ended June 30, 2016.

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The annual requirements to amortize the NMFA Fire Truck and the State Board of Finance Loan as of June 30, 2016, including interest payments are as follows:

Fiscal Year	Principal	Interest	Total
2017	\$ 34,865	\$ 6,392	\$ 41,257
2018	35,869	5,834	41,703
2019	36,846	5,207	42,053
2020	37,852	4,519	42,371
2021	38,764	3,751	42,515
2022-2026	131,105	5,955	137,060
2027-2028	4,239	-	4,239
Total	<u>\$ 319,540</u>	<u>\$ 31,658</u>	<u>\$ 351,198</u>

Business-Type Activities:

The Water and Sewer Fund has incurred various forms of debt, which were used for the purpose 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, 2016:

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016	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.	\$ 45,000	\$ -	\$ 6,000	\$ 39,000	\$ 7,000
.25% NMFA Loan Payable Maturity June 2032	96,265	-	5,550	90,715	5,550
0% NM Environment Department Maturity June 2033	44,901	-	2,495	42,406	2,495
Subtotal	186,166	-	14,045	172,121	15,045
Compensated Absences Payable	8,249	5,228	9,425	4,052	4,052
Total Long-Term Debt	<u>\$ 194,415</u>	<u>\$ 5,228</u>	<u>\$ 23,470</u>	<u>\$ 176,173</u>	<u>\$ 19,097</u>

Interest expense paid on long-term debt for business-type activities totaled \$0 for the year ended June 30, 2016.

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The annual requirements to amortize the bonds and loans above at June 30, 2016, including interest payments are as follows:

Fiscal Year	Principal	Interest	Total
2017	\$ 15,059	\$ 2,127	\$ 17,186
2018	15,073	1,763	16,836
2019	16,087	1,399	17,486
2020	16,101	985	17,086
2021	16,115	571	16,686
2022-2026	40,784	643	41,427
2027-2031	41,138	288	41,426
2032-2036	11,764	14	11,778
Total	<u>\$ 172,121</u>	<u>\$ 7,790</u>	<u>\$ 179,911</u>

Each of the utility bonds has debt service and repair and replacement reserve requirements. At June 30, 2016 the following schedule shows the maximum reserves and actual reserves held by the Village:

Series	Required Minimum Reserves			Actual at June 30, 2016		
	Payment Until Maximum	Debt Service	Repair and Replacement	Total	Debt Service	Repair and Replacement
1981	\$232 per month	\$ 22,272	\$ -	\$ 22,272	\$ 14,031	\$ -
Total		<u>\$ 22,272</u>	<u>\$ -</u>	<u>\$ 22,272</u>	<u>\$ 14,031</u>	<u>\$ -</u>

NOTE 7. Restricted Net Position

The government-wide statement of net position reports \$232,666 of restricted net position for the special revenue funds and 44,599 for capital project funds, of which is restricted entirely 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, 2016, 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 major 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.

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NOTE 9. Other Required Individual Fund Disclosures

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

- A. Deficit fund balance of individual funds: The funds with deficit fund balances as of June 30, 2016 were as follows:

<u>Fund</u>	<u>Amount</u>
Revenue Bond Fund (402)	\$ 8,125

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.

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

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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, 2016, 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, 2016, 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, 2016, 2015 and 2014 were \$10,402, \$10,224 and \$1,780, respectively, which equal the required contributions for each year.

NOTE 11. Contingent Liabilities

The Village is party to various claims and lawsuits arising in the normal course of business. Management and the Village’s attorney are unaware of any material pending or threatened litigation, claims or assessments against the Village which are not covered by the Village’s insurance as described in Note 8.

NOTE 12. Federal and State Grants

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, 2016, significant amounts of grant expenditures have not been audited by the grantor agencies. Management believes that any disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the Village of Questa.

NOTE 13. 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 “arm’s length”.

<u>Name</u>	<u>Nature of Transactions</u>	<u>Amount</u>
Robles, Rael and Anaya, P.C.	Legal services	\$ 253,124
Universal Professional Services	Lobbying services	\$ 65,268

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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

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

Total Estimated Amount of Project and Actual Amount Contributed: Unknown

NOTE 15. Airport Grant Fund

During fiscal year 2016, the Village closed the Airport Grant Fund, transferring existing balances and accounting for new transaction to the General Fund. The prior year fund balance amount (\$55,159) for the Airport Grant Fund is shown as part of the beginning fund balance in FY 2016 for the General Fund on the Statement of Revenues, Expenditures and Changes in Fund Balances.

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NOTE 16. 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, 2015 available at: <http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financialreports/CAFR-2015.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 FY16 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 29 through 31 of the PERA FY15 annual audit report at:[http://www.saonm.org/media/audits/366 Public Employees Retirement Association FY2015.pdf](http://www.saonm.org/media/audits/366_Public_Employees_Retirement_Association_FY2015.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 Village. Statutorily required contributions to the pension plan from the Village were \$56,597 and employer paid member benefits that were “picked up” by the employer were \$0 for the year ended June 30, 2016.

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

The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2015. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2015, using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date June 30, 2015.

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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, 2016. Only employer contributions for the pay period end dates that fell within the period of July 1, 2014 to June 30, 2016 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2016 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, 2016, the Village reported a liability of \$482,264 for its proportionate share of the net pension liability. At June 30, 2015, the Village's proportion was 0.0473 percent, which was unchanged from its proportion measured as of June 30, 2014, due to the insignificance of the difference.

For the year ended June 30, 2016, the Village recognized PERA Fund Division Municipal General pension expense of \$33,393. At June 30, 2016, the Village reported PERA Fund Division Municipal General 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	\$ -	\$ 10,682
Changes of assumptions	-	188
Net difference between projected and actual earnings on pension plan investments	-	1,526
Changes in proportion and differences between Village contributions and proportionate share of contributions	48,251	-
Village contributions subsequent to the measurement date	37,791	-
Total	\$ 86,042	\$ 12,396

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\$37,791 reported as deferred outflows of resources related to pensions resulting from the Village's contributions subsequent to the measurement date June 30, 2015 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017.

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	\$ (12,773)
2017	(12,773)
2018	(12,773)
2019	25,923
2020	-
Total	\$ (12,396)

For PERA Fund Division Municipal Police, at June 30, 2016, the Village reported a liability of \$242,351 for its proportionate share of the net pension liability. At June 30, 2015, the Village's proportion was 0.0504 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, 2016, the Village recognized PERA Fund Division Municipal Police pension expense of \$33,235. At June 30, 2016, the Village reported PERA Fund Division 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	\$ 16,935	\$ -
Changes of assumptions	-	10,027
Net difference between projected and actual earnings on pension plan investments	-	672
Changes in proportion and differences between Village contributions and proportionate share of contributions	55,510	-
Village contributions subsequent to the measurement date	18,806	-
Total	\$ 91,251	\$ 10,699

\$18,806 reported as deferred outflows of resources related to pensions resulting from the Village's contributions subsequent to the measurement date June 30, 2015 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017.

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NOTES TO FINANCIAL STATEMENTS
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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	\$ (2,064)
2017	(2,064)
2018	(2,064)
2019	12,426
2020	-
Total	\$ 6,234

Actuarial assumptions

As described above, the PERA Fund member group pension liabilities and net pension liabilities are based on actuarial valuations performed as of June 30, 2014 for each of the membership groups. Then each PERA Fund member group pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2015 using generally accepted actuarial adjustment to the roll-forward liabilities as of June 30, 2015. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2015 actuarial valuation.

Actuarial valuation date	June 30, 2014
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay
Asset valuation period	Solved for based on statutory rates
Asset valuation method	Fair value
Actuarial assumptions:	
Investment rate of return	7.75% annual rate, net of investment expense
Projected benefit payment	100 years
Payroll growth	3.50% annual rate
Projected salary increases	3.50% to 14.25% annual rate
Includes inflation at	3.00% annual rate
Mortality assumption	RP-200 Mortality tables (combined table for healthy post-retirees, employee table for active members, and disabled table for disabled retirees before retirement age) with projections to 2018 using scale AA
Experience study dates	July 1, 2008 to June 30, 2013

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.

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NOTES TO FINANCIAL STATEMENTS
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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 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.

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PERA Fund Division Municipal Government	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Village of Questa's proportionate share of the net pension liability	\$ 821,105	\$ 482,264	\$ 200,542

PERA Fund Division Municipal Police	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Village of Questa's proportionate share of the net pension liability	\$ 400,229	\$ 242,351	\$ 112,839

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued FY15 PERA financial report. The report is available at: <http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financialreports/CAFR-2015.pdf>

Payables to the pension plan. At June 30, 2016 there were no contributions due and payable to PERA for the Village.

NOTE 17. Oversight Fund

During the year ended June 30, 2016, Chevron Mining Inc. (CMI) entered into an agreement with the Village of Questa to:

- Reimburse the Village for "legal oversight costs" up to \$16,700 a month for regulatory and legal oversight with respect to CMI's mining operations.
- The agreement also allows reimbursement up to \$10,000 a month - not to exceed \$120,000 annually of "technical expertise" related to CMI's mining operations.

Under the agreement, CMI "reserves the right to offer to renew the agreement at any time, offer to renew the agreement with modifications, or not renew it, at CMI's sole discretion" These amounts are reported under the "Oversight Fund". CMI has previously extended this agreements for the past several years but it is unclear as to whether they will continue to do so. They decide on an annual basis.

Revenues for this fund are reported under "Miscellaneous" and expenditures are reported under "General Government".

NOTE 18. Subsequent Events

The Village of Questa has evaluated subsequent events through December 13, 2016, which is the date the financial statements were available to be issued.

**STATE OF NEW MEXICO
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 19. Reconciliation of Budget Basis to GAAP Basis Financial Statements

	101	202	213	215
	General	Env. GRT	Oversight	Municipal Judge
Revenues per Modified Accrual Basis	\$ 1,134,667	\$ 14,032	\$ 414,362	\$ 4,952
Prior Year Receivables	(223,699)	935	-	1,495
Current Year Receivables	95,674	(2,014)	(30,169)	-
Revenues per Budgetary Basis	<u>\$ 1,006,642</u>	<u>\$ 12,953</u>	<u>\$ 384,193</u>	<u>\$ 6,447</u>
Expenditures per Modified Accrual Basis	\$ 979,537	\$ -	\$ 420,971	\$ 6,521
Prior Year Payables	-	-	-	-
Current Year Payables	(104,374)	-	-	-
Expenditures per Budgetary Basis	<u>\$ 875,163</u> (55,159)	<u>\$ -</u>	<u>\$ 420,971</u>	<u>\$ 6,521</u>
	216	220	527	209
	Municipal Street	Library Grant	EMS County	Fire Protection
Revenues per Modified Accrual Basis	\$ 22,566	\$ 1,301	\$ 165,972	\$ 94,724
Prior Year Receivables	(2,124)	-	-	-
Current Year Receivables	1,824	(441)	(27,612)	-
Revenues per Budgetary Basis	<u>\$ 22,266</u>	<u>\$ 860</u>	<u>\$ 138,360</u>	<u>\$ 94,724</u>
Expenditures per Modified Accrual Basis	\$ 19,493	\$ 25,991	\$ 148,834	\$ 58,980
Prior Year Payables	-	-	-	-
Current Year Payables	-	(694)	(148,834)	-
Expenditures per Budgetary Basis	<u>\$ 19,493</u>	<u>\$ 25,297</u>	<u>\$ -</u>	<u>\$ 58,980</u>
	299	504	201	
	Rapid Action	Solid Waste	Corrections	
Revenues per Modified Accrual Basis	\$ -	\$ 194,696	\$ 1,580	
Prior Year Receivables	-	119,609	-	
Current Year Receivables	-	(102,853)	-	
Revenues per Budgetary Basis	<u>\$ -</u>	<u>\$ 211,452</u>	<u>\$ 1,580</u>	
Expenditures per Modified Accrual Basis	\$ 6,775	\$ 214,777	\$ -	
Prior Year Payables	-	(41,494)	-	
Current Year Payables	(500)	(2,741)	-	
Expenditures per Budgetary Basis	<u>\$ 6,275</u>	<u>\$ 170,542</u>	<u>\$ -</u>	

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**STATE OF NEW MEXICO
VILLAGE OF QUESTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

	211 LEPF	217 Recreation	508 Water Rights	218 Airport Fund
Revenues per Modified Accrual Basis	\$ 43,781	\$ 210	\$ 7,800	\$ 466,097
Prior Year Receivables	-	-	-	-
Current Year Receivables	-	-	-	-
Revenues per Budgetary Basis	<u>\$ 43,781</u>	<u>\$ 210</u>	<u>\$ 7,800</u>	<u>\$ 466,097</u>
Expenditures per Modified Accrual Basis	\$ 21,981	\$ 741	\$ 861	\$ 466,971
Prior Year Payables	-	1	-	-
Current Year Payables	-	-	-	(4,003)
Expenditures per Budgetary Basis	<u>\$ 21,981</u>	<u>\$ 742</u>	<u>\$ 861</u>	<u>\$ 462,968</u>

	301 Capital Projects	402 Revenue Bond	403 Debt Service	650 Joint Utilities
Revenues per Modified Accrual Basis	\$ 98,816	\$ -	\$ -	\$ 500,327
Prior Year Receivables	-	-	-	(218,737)
Current Year Receivables	(44,600)	-	-	123,853
Revenues per Budgetary Basis	<u>\$ 54,216</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 405,443</u>
Expenditures per Modified Accrual Basis	\$ 72,408	\$ 16,525	\$ 49,030	\$ 214,777
Prior Year Payables	-	(8,400)	(49,030)	240,542
Current Year Payables	-	(8,125)	-	4,749
Expenditures per Budgetary Basis	<u>\$ 72,408</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 460,068</u>

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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* 2016

<u>MUNICIPAL GENERAL FUND</u>	<u>2016</u>	<u>2015</u>
Village's proportion of the net pension liability (asset)	0.0473%	0.0392%
Village's proportionate share of the net pension liability (asset)	\$ 482,264	\$ 305,802
Village's covered-employee payroll	\$ 395,717	\$ 391,818
Village's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	121.87%	78.05%
Plan fiduciary net position as a percentage of the total pension liability	76.99%	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 POLICE
Public Employees Retirement Association (PERA) Plan
Last 10 Fiscal Years* 2016

<u>MUNICIPAL POLICE FUND</u>	<u>2016</u>	<u>2015</u>
Village's proportion of the net pension liability (asset)	0.0504%	0.0281%
Village's proportionate share of the net pension liability (asset)	\$ 242,351	\$ 91,603
Village's covered-employee payroll	\$ 99,505	\$ 98,795
Village's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	243.56%	92.72%
Plan fiduciary net position as a percentage of the total pension liability	76.99%	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.

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Schedules of Required Supplementary Information
SCHEDULE OF VILLAGE OF QUESTA'S CONTRIBUTIONS - PERA FUND DIVISION
MUNICIPAL GENERAL
Public Employees Retirement Association (PERA) Plan
Last 10 Fiscal Years* 2016

<u>MUNICIPAL GENERAL FUND</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 37,791	\$ 37,419
Contributions in relation to the contractually required contribution	<u>37,791</u>	<u>37,366</u>
Contribution deficiency (excess)	<u>\$ (0)</u>	<u>\$ 53</u>
Village's covered-employee payroll	\$ 395,717	\$ 391,818
Contributions as a percentage of covered-employee payroll	9.55%	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.

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Schedules of Required Supplementary Information
SCHEDULE OF VILLAGE OF QUESTA'S CONTRIBUTIONS - PERA FUND DIVISION
MUNICIPAL POLICE
Public Employees Retirement Association (PERA) Plan
Last 10 Fiscal Years* 2016

<u>MUNICIPAL POLICE FUND</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 18,806	\$ 18,672
Contributions in relation to the contractually required contribution	<u>18,806</u>	<u>18,661</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 11</u>
Village's covered-employee payroll	\$ 99,505	\$ 98,795
Contributions as a percentage of covered-employee payroll	18.90%	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.

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**STATE OF NEW MEXICO
VILLAGE OF QUESTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2016**

Changes of benefit terms.

The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY15 audit available at:

<http://www.nmpera.org/assets/uploads/downloads/gasb-67-supplemental-reports/NM-PERAEmployer-Allocation-Report-FINAL-2015.pdf>

Changes of assumptions.

The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2015 report is available at:

<http://www.nmpera.org/assets/uploads/downloads/retirement-fund-valuation-reports/6-30-2015-PERA-Valuation-Report-FINAL.pdf>

The summary of Key Findings for the PERA Fund (on page 2 of the report) states:

- The total PERA Fund experienced an investment return of approximately \$251.5 million on the market value of assets. The actuarial value of assets smooth the unexpected portion of the market return over a four year period. The return on the actuarial value of assets was 7.64% compared to an expected return of 7.75%. As of June 30, 2015, the actuarial value of assets is 99% of market value. Table III-4 provides the development of the actuarial value of assets.
- The total actuarial loss due to the investment experience of the total PERA Fund is \$14.9 million. The loss on non-investment related items totaled \$286.5 million. The net loss due to the plan's experience was \$301.4 million.
- The total increase to the UAAL of PERA is \$410.0 million and results in a decrease to the funded ratio from 75.8% to 74.9%.
- Based on the current statutory rates and actuarial assumptions, the UAAL is projected to be fully amortized in 41 years.

For details about changes in the actuarial assumptions, see Appendix B on page 53 of the report.

NON MAJOR GOVERNMENTAL FUNDS

**STATE OF NEW MEXICO
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NON-MAJOR FUND DESCRIPTIONS
JUNE 30, 2016**

SPECIAL REVENUE FUNDS

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.

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

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

**STATE OF NEW MEXICO
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NON-MAJOR FUND DESCRIPTIONS
JUNE 30, 2016**

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.

AIRPORT FUND – to account for reserve monies related to the airport.

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.

CAPITAL PROJECTS FUNDS

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.

DEBT SERVICE FUNDS

REVENUE BOND FUND – to account for monies related to revenue bonds.

DEBT SERVICE FUND – to account for servicing the debt of the Village.

**STATE OF NEW MEXICO
VILLAGE OF QUESTA
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016**

	<u>Nonmajor Special Revenue</u>	<u>Nonmajor Capital Projects</u>	<u>Nonmajor Debt Service</u>	<u>Total</u>
ASSETS				
Cash and Cash Equivalents	\$ 207,957	\$ -	\$ -	\$ 207,957
Accounts and Taxes Receivable	31,450	-	-	31,450
Due From Other Governments	-	44,599	-	44,599
Due From Other Funds	-	-	-	-
TOTAL ASSETS	<u>\$ 239,407</u>	<u>\$ 44,599</u>	<u>\$ -</u>	<u>\$ 284,006</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts Payable	\$ 4,003	\$ -	\$ 8,125	\$ 12,128
Accrued Salaries and Benefits	3,824	-	-	3,824
Due to Other Funds	-	-	-	-
Unearned Revenue	-	-	-	-
TOTAL LIABILITIES	<u>7,827</u>	<u>-</u>	<u>8,125</u>	<u>15,952</u>
FUND BALANCES				
Restricted for:				
Special Revenue Funds	231,580	-	-	231,580
Debt Service Funds	-	-	-	-
Capital Projects Funds	-	44,599	-	44,599
Unassigned:				
General Fund	-	-	-	-
Special Revenue Funds	-	-	-	-
Debt Service Funds	-	-	(8,125)	(8,125)
TOTAL FUND BALANCES	<u>231,580</u>	<u>44,599</u>	<u>(8,125)</u>	<u>268,054</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 239,407</u>	<u>\$ 44,599</u>	<u>\$ -</u>	<u>\$ 284,006</u>

**STATE OF NEW MEXICO
VILLAGE OF QUESTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total</u>
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross Receipts Taxes	14,032	-	-	14,032
Public Service Taxes	-	-	-	-
Franchise Taxes	-	-	-	-
Federal Sources	11,901	54,216	-	66,117
State Sources	768,032	44,600	-	812,632
Local Sources	7,800	-	-	7,800
Charges for Services	1,790	-	-	1,790
Licenses and Fees	4,952	-	-	4,952
Investment Income	-	-	-	-
Miscellaneous	436,343	-	-	436,343
TOTAL REVENUES	<u>1,244,850</u>	<u>98,816</u>	<u>-</u>	<u>1,343,666</u>
EXPENDITURES				
Current				
General Government	494,987	-	-	494,987
Public Safety	228,744	30,816	-	259,560
Public Works	314,852	-	-	314,852
Culture and Recreation	26,732	-	-	26,732
Capital Outlay	180,997	41,592	-	222,589
Debt Service Principal	-	-	47,872	47,872
Debt Service Interest	-	-	17,683	17,683
TOTAL EXPENDITURES	<u>1,246,312</u>	<u>72,408</u>	<u>65,555</u>	<u>1,384,275</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,462)	26,408	(65,555)	(40,609)
OTHER FINANCING SOURCES (USES):				
Transfers in	122,091	78,430	57,430	257,951
Transfers out	(91,890)	(60,239)	-	(152,129)
TOTAL OTHER FINANCING SOURCES (USES)	<u>30,201</u>	<u>18,191</u>	<u>57,430</u>	<u>105,822</u>
NET CHANGE IN FUND BALANCES	28,739	44,599	(8,125)	65,213
FUND BALANCE, BEGINNING OF YEAR	<u>202,841</u>	<u>-</u>	<u>-</u>	<u>202,841</u>
FUND BALANCE, END OF YEAR	<u>\$ 231,580</u>	<u>\$ 44,599</u>	<u>\$ (8,125)</u>	<u>\$ 268,054</u>

See Independent Auditors' Report

**STATE OF NEW MEXICO
VILLAGE OF QUESTA
COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2016**

	Local Corrections Fund	Environmental Gross Receipts Fund	EMS Fire Fund	Fire Protection Fund
ASSETS				
Cash and Cash Equivalents	\$ 15,480	\$ 22,629	\$ -	\$ -
Accounts and Taxes Receivable	-	2,014	-	-
Due From Other Governments	-	-	-	-
Due From Other Funds	-	-	-	-
TOTAL ASSETS	\$ 15,480	\$ 24,643	\$ -	\$ -
 LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Accrued Salaries and Benefits	-	-	-	-
Due to Other Funds	-	-	-	-
Unearned Revenue	-	-	-	-
TOTAL LIABILITIES	-	-	-	-
 FUND BALANCES				
Restricted for:				
Special Revenue Funds	15,480	24,643	-	-
Debt Service Funds	-	-	-	-
Unassigned:				
General Fund	-	-	-	-
Special Revenue Funds	-	-	-	-
Debt Service Funds	-	-	-	-
TOTAL FUND BALANCES	15,480	24,643	-	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 15,480	\$ 24,643	\$ -	\$ -

**STATE OF NEW MEXICO
VILLAGE OF QUESTA
COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS
(continued)
JUNE 30, 2016**

	<u>Beautification Fund</u>	<u>Law Enforce- ment Protection Fund</u>	<u>Oversight Fund</u>	<u>Municipal Judge Fund</u>
ASSETS				
Cash and Cash Equivalents	\$ -	\$ 21,800	\$ 19,672	\$ 1,123
Accounts and Taxes Receivable	-	-	-	-
Due From Other Governments	-	-	-	-
Due From Other Funds	-	-	-	-
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 21,800</u>	<u>\$ 19,672</u>	<u>\$ 1,123</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Accrued Salaries and Benefits	-	-	-	-
Due to Other Funds	-	-	-	-
Unearned Revenue	-	-	-	-
TOTAL LIABILITIES	-	-	-	-
FUND BALANCES				
Restricted for:				
Special Revenue Funds	-	21,800	19,672	1,123
Debt Service Funds	-	-	-	-
Unassigned:				
General Fund	-	-	-	-
Special Revenue Funds	-	-	-	-
Debt Service Funds	-	-	-	-
TOTAL FUND BALANCES	<u>-</u>	<u>21,800</u>	<u>19,672</u>	<u>1,123</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ 21,800</u>	<u>\$ 19,672</u>	<u>\$ 1,123</u>

See Independent Auditors' Report

**STATE OF NEW MEXICO
VILLAGE OF QUESTA
COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS
(continued)
JUNE 30, 2016**

	<u>Municipal Street Fund</u>	<u>Recreation Fund</u>	<u>Library Grant</u>
ASSETS			
Cash and Cash Equivalents	\$ 39,476	\$ 4,673	\$ 4,369
Accounts and Taxes Receivable	1,824	-	-
Due From Other Governments	-	-	-
Due From Other Funds	-	-	-
TOTAL ASSETS	<u>\$ 41,300</u>	<u>\$ 4,673</u>	<u>\$ 4,369</u>
 LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts Payable	\$ -	\$ -	\$ -
Accrued Salaries and Benefits	-	-	694
Due to Other Funds	-	-	-
Unearned Revenue	-	-	-
TOTAL LIABILITIES	-	-	694
 FUND BALANCES			
Restricted for:			
Special Revenue Funds	41,300	4,673	3,675
Debt Service Funds	-	-	-
Unassigned:			
General Fund	-	-	-
Special Revenue Funds	-	-	-
Debt Service Funds	-	-	-
TOTAL FUND BALANCES	<u>41,300</u>	<u>4,673</u>	<u>3,675</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 41,300</u>	<u>\$ 4,673</u>	<u>\$ 4,369</u>

**STATE OF NEW MEXICO
VILLAGE OF QUESTA
COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS
(continued)
JUNE 30, 2016**

	<u>Youth Facility Fund</u>	<u>Questa Credit Union</u>	<u>Police Justice Fund</u>	<u>Water Rights Fund</u>
ASSETS				
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ 21,535
Accounts and Taxes Receivable	-	-	-	-
Due From Other Governments	-	-	-	-
Due From Other Funds	-	-	-	-
TOTAL ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,535</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Accrued Salaries and Benefits	-	-	-	-
Due to Other Funds	-	-	-	-
Unearned Revenue	-	-	-	-
TOTAL LIABILITIES	-	-	-	-
FUND BALANCES				
Restricted for:				
Special Revenue Funds	-	-	-	21,535
Debt Service Funds	-	-	-	-
Unassigned:				
General Fund	-	-	-	-
Special Revenue Funds	-	-	-	-
Debt Service Funds	-	-	-	-
TOTAL FUND BALANCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,535</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,535</u>

**STATE OF NEW MEXICO
VILLAGE OF QUESTA
COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS
(continued)
JUNE 30, 2016**

	<u>Airport Fund</u>	<u>EMS County Fund</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 33,913	\$ 23,287	\$ 207,957
Accounts and Taxes Receivable	-	27,612	31,450
Due From Other Governments	-	-	-
Due From Other Funds	-	-	-
TOTAL ASSETS	<u>\$ 33,913</u>	<u>\$ 50,899</u>	<u>\$ 239,407</u>
 LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts Payable	\$ 4,003	\$ -	\$ 4,003
Accrued Salaries and Benefits	-	3,130	3,824
Due to Other Funds	-	-	-
Unearned Revenue	-	-	-
TOTAL LIABILITIES	<u>4,003</u>	<u>3,130</u>	<u>7,827</u>
 FUND BALANCES			
Restricted for:			
Special Revenue Funds	29,910	47,769	231,580
Debt Service Funds	-	-	-
Unassigned:			
General Fund	-	-	-
Special Revenue Funds	-	-	-
Capital Projects Funds	-	-	-
TOTAL FUND BALANCES	<u>29,910</u>	<u>47,769</u>	<u>231,580</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 33,913</u>	<u>\$ 50,899</u>	<u>\$ 239,407</u>

**STATE OF NEW MEXICO
VILLAGE OF QUESTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Local Corrections Fund</u>	<u>Environmental Gross Receipts Fund</u>	<u>EMS Fire Fund</u>	<u>Fire Protection Fund</u>
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross Receipts Taxes	-	14,032	-	-
Public Service Taxes	-	-	-	-
Franchise Taxes	-	-	-	-
Federal Sources	-	-	-	-
State Sources	-	-	7,473	94,724
Local Sources	-	-	-	-
Charges for Services	1,580	-	-	-
Licenses and Fees	-	-	-	-
Investment Income	-	-	-	-
Miscellaneous	-	-	-	-
TOTAL REVENUES	<u>1,580</u>	<u>14,032</u>	<u>7,473</u>	<u>94,724</u>
EXPENDITURES				
Current				
General Government	-	-	-	-
Public Safety	-	-	7,473	58,980
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service Principal	-	-	-	-
Debt Service Interest	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>7,473</u>	<u>58,980</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,580	14,032	-	35,744
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	(25,400)	(2,495)	-	(35,744)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(25,400)</u>	<u>(2,495)</u>	<u>-</u>	<u>(35,744)</u>
NET CHANGE IN FUND BALANCES	(23,820)	11,537	-	-
FUND BALANCE, BEGINNING OF YEAR	<u>39,300</u>	<u>13,106</u>	<u>-</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 15,480</u>	<u>\$ 24,643</u>	<u>\$ -</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, 2016**

	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	-	21,800	-	-
Local Sources	-	-	-	-
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	4,952
Investment Income	-	-	-	-
Miscellaneous	-	21,981	414,362	-
TOTAL REVENUES	-	43,781	414,362	4,952
EXPENDITURES				
Current				
General Government	-	-	420,971	6,521
Public Safety	-	13,457	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Capital Outlay	-	8,524	-	-
Debt Service Principal	-	-	-	-
Debt Service Interest	-	-	-	-
TOTAL EXPENDITURES	-	21,981	420,971	6,521
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	21,800	(6,609)	(1,569)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	5,000	-
Transfers out	-	-	(97)	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	4,903	-
NET CHANGE IN FUND BALANCES	-	21,800	(1,706)	(1,569)
FUND BALANCE, BEGINNING OF YEAR	-	-	21,378	2,692
FUND BALANCE, END OF YEAR	\$ -	\$ 21,800	\$ 19,672	\$ 1,123

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, 2016**

	Municipal Street Fund	Recreation Fund	Library Grant
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Property Taxes	\$ -	\$ -	\$ -
Gross Receipts Taxes	-	-	-
Public Service Taxes	-	-	-
Franchise Taxes	-	-	-
Federal Sources	-	-	-
State Sources	22,566	-	1,301
Local Sources	-	-	-
Charges for Services	-	210	-
Licenses and Fees	-	-	-
Investment Income	-	-	-
Miscellaneous	-	-	-
TOTAL REVENUES	<u>22,566</u>	<u>210</u>	<u>1,301</u>
EXPENDITURES			
Current			
General Government	-	-	-
Public Safety	-	-	-
Public Works	19,493	-	-
Culture and Recreation	-	741	25,991
Capital Outlay	-	-	-
Debt Service Principal	-	-	-
Debt Service Interest	-	-	-
TOTAL EXPENDITURES	<u>19,493</u>	<u>741</u>	<u>25,991</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	3,073	(531)	(24,690)
OTHER FINANCING SOURCES (USES):			
Transfers in	-	2,685	38,878
Transfers out	-	-	(14,497)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>2,685</u>	<u>24,381</u>
NET CHANGE IN FUND BALANCES	3,073	2,154	(309)
FUND BALANCE, BEGINNING OF YEAR	<u>38,227</u>	<u>2,519</u>	<u>3,984</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 41,300</u></u>	<u><u>\$ 4,673</u></u>	<u><u>\$ 3,675</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, 2016**

	<u>Youth Facility Fund</u>	<u>Questa Credit Union</u>	<u>Police Justice Fund</u>	<u>Water Rights Fund</u>
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross Receipts Taxes	-	-	-	-
Public Service Taxes	-	-	-	-
Franchise Taxes	-	-	-	-
Federal Sources	-	-	-	-
State Sources	-	-	-	-
Local Sources	-	-	-	7,800
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	-
Investment Income	-	-	-	-
Miscellaneous	-	-	-	-
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,800</u>
EXPENDITURES				
Current				
General Government	-	67,495	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	861
Culture and Recreation	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service Principal	-	-	-	-
Debt Service Interest	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>67,495</u>	<u>-</u>	<u>861</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(67,495)	-	6,939
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	(67,495)	-	6,939
FUND BALANCE, BEGINNING OF YEAR	<u>-</u>	<u>67,495</u>	<u>-</u>	<u>14,596</u>
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,535</u>

**STATE OF NEW MEXICO
VILLAGE OF QUESTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS (continued)
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Airport Fund</u>	<u>EMS Ambulance County Fund</u>	<u>Total</u>
REVENUES			
Property Taxes	\$ -	\$ -	\$ -
Gross Receipts Taxes	-	-	14,032
Public Service Taxes	-	-	-
Franchise Taxes	-	-	-
Federal Sources	11,901	-	11,901
State Sources	454,196	165,972	768,032
Local Sources	-	-	7,800
Charges for Services	-	-	1,790
Licenses and Fees	-	-	4,952
Investment Income	-	-	-
Miscellaneous	-	-	436,343
TOTAL REVENUES	<u>466,097</u>	<u>165,972</u>	<u>1,244,850</u>
EXPENDITURES			
Current			
General Government	-	-	494,987
Public Safety	-	148,834	228,744
Public Works	294,498	-	314,852
Culture and Recreation	-	-	26,732
Capital Outlay	172,473	-	180,997
Debt Service Principal	-	-	-
Debt Service Interest	-	-	-
TOTAL EXPENDITURES	<u>466,971</u>	<u>148,834</u>	<u>1,246,312</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(874)	17,138	(1,462)
OTHER FINANCING SOURCES (USES):			
Transfers in	44,441	31,087	122,091
Transfers out	<u>(13,657)</u>	<u>-</u>	<u>(91,890)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>30,784</u>	<u>31,087</u>	<u>30,201</u>
NET CHANGE IN FUND BALANCES	29,910	48,225	28,739
FUND BALANCE, BEGINNING OF YEAR	<u>-</u>	<u>(456)</u>	<u>202,841</u>
FUND BALANCE, END OF YEAR	<u>\$ 29,910</u>	<u>\$ 47,769</u>	<u>\$ 231,580</u>

**STATE OF NEW MEXICO
VILLAGE OF QUESTA
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET (NON-GAAP
BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) –
SPECIAL REVENUE FUND – LOCAL CORRECTIONS
FOR THE YEAR ENDED JUNE 30, 2016**

	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	10,000	10,000	1,580	(8,420)
Licenses and Fees	-	-	-	-
Investment Income	-	-	-	-
Miscellaneous	-	-	-	-
TOTAL REVENUES	<u>10,000</u>	<u>10,000</u>	<u>1,580</u>	<u>(8,420)</u>
EXPENDITURES				
Current				
General Government	-	-	-	-
Public Safety	5,000	5,000	-	5,000
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	5,000	5,000	1,580	(13,420)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	(25,400)	(25,400)	(25,400)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(25,400)</u>	<u>(25,400)</u>	<u>(25,400)</u>	<u>-</u>
Net Increase (Decrease)	<u>(20,400)</u>	<u>(20,400)</u>	<u>\$ (23,820)</u>	<u>\$ (13,420)</u>
Prior Year Cash Balance Budgeted	<u>\$ 20,400</u>	<u>\$ 20,400</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, 2016**

	<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	10,500	12,953	12,953	-
Public Service Taxes	-	-	-	-
Franchise Taxes	-	-	-	-
Federal Sources	-	-	-	-
State Sources	-	-	-	-
Local Sources	-	-	-	-
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	-
Investment Income	-	-	-	-
Miscellaneous	-	-	-	-
TOTAL REVENUES	<u>10,500</u>	<u>12,953</u>	<u>12,953</u>	<u>-</u>
EXPENDITURES				
Current				
General Government	10,500	10,500	-	10,500
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>10,500</u>	<u>10,500</u>	<u>-</u>	<u>10,500</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	2,453	12,953	(10,500)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	(2,495)	(2,495)	(2,495)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,495)</u>	<u>(2,495)</u>	<u>(2,495)</u>	<u>-</u>
Net Increase (Decrease)	<u>(2,495)</u>	<u>(42)</u>	<u>\$ 10,458</u>	<u>\$ (10,500)</u>
Prior Year Cash Balance Budgeted	<u>\$ 2,495</u>	<u>\$ 42</u>		

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**STATE OF NEW MEXICO
VILLAGE OF QUESTA
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET (NON-GAAP
BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) –
SPECIAL REVENUE FUND – EMS FIRE
FOR THE YEAR ENDED JUNE 30, 2016**

	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	8,179	7,473	7,473	-
Local Sources	-	-	-	-
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	-
Investment Income	-	-	-	-
Miscellaneous	-	-	-	-
TOTAL REVENUES	<u>8,179</u>	<u>7,473</u>	<u>7,473</u>	<u>-</u>
EXPENDITURES				
Current				
General Government	-	-	-	-
Public Safety	8,179	7,473	7,473	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>8,179</u>	<u>7,473</u>	<u>7,473</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-	-
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>-</u>	<u>\$ -</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) –
SPECIAL REVENUE FUND – FIRE PROTECTION FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	<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	94,752	94,724	94,724	-
Local Sources	-	-	-	-
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	-
Investment Income	-	-	-	-
Miscellaneous	-	-	-	-
TOTAL REVENUES	<u>94,752</u>	<u>94,724</u>	<u>94,724</u>	<u>-</u>
EXPENDITURES				
Current				
General Government	-	-	-	-
Public Safety	59,009	58,980	58,980	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>59,009</u>	<u>58,980</u>	<u>58,980</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>35,743</u>	<u>35,744</u>	<u>35,744</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	<u>(35,743)</u>	<u>(35,744)</u>	<u>(35,744)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(35,743)</u>	<u>(35,744)</u>	<u>(35,744)</u>	<u>-</u>
Net Increase (Decrease)	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Prior Year Cash Balance Budgeted	<u>\$ -</u>	<u>\$ -</u>		

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**STATE OF NEW MEXICO
VILLAGE OF QUESTA
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET (NON-GAAP
BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) –
SPECIAL REVENUE FUND – LAW ENFORCEMENT
FOR THE YEAR ENDED JUNE 30, 2016**

	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	21,800	21,800	-
Local Sources	-	-	-	-
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	-
Investment Income	-	-	-	-
Miscellaneous	-	21,981	21,981	-
TOTAL REVENUES	<u>20,600</u>	<u>43,781</u>	<u>43,781</u>	<u>-</u>
EXPENDITURES				
Current				
General Government	-	-	-	-
Public Safety	20,600	13,506	13,457	49
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Capital Outlay	-	8,600	8,524	76
TOTAL EXPENDITURES	<u>20,600</u>	<u>22,106</u>	<u>21,981</u>	<u>125</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	21,675	21,800	(125)
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>21,675</u>	<u>\$ 21,800</u>	<u>\$ (125)</u>
Prior Year Cash Balance Budgeted	<u>\$ -</u>	<u>\$ (21,675)</u>		

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**STATE OF NEW MEXICO
VILLAGE OF QUESTA
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET (NON-GAAP
BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) –
SPECIAL REVENUE FUND – OVERSIGHT FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	<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	-	-	-	-
Licenses and Fees	-	-	-	-
Investment Income	-	-	-	-
Miscellaneous	428,163	446,807	384,193	(62,614)
TOTAL REVENUES	<u>428,163</u>	<u>446,807</u>	<u>384,193</u>	<u>(62,614)</u>
EXPENDITURES				
Current				
General Government	450,663	469,738	420,971	48,767
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>450,663</u>	<u>469,738</u>	<u>420,971</u>	<u>48,767</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(22,500)	(22,931)	(36,778)	(111,381)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	5,000	5,000	-
Transfers Out	-	(97)	(97)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>4,903</u>	<u>4,903</u>	<u>-</u>
Net Increase (Decrease)	<u>(22,500)</u>	<u>(18,028)</u>	<u>\$ (31,875)</u>	<u>\$ (111,381)</u>
Prior Year Cash Balance Budgeted	<u>\$ 22,500</u>	<u>\$ 18,028</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, 2016**

	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	48,400	48,400	6,447	(41,953)
Investment Income	-	-	-	-
Miscellaneous	-	-	-	-
TOTAL REVENUES	<u>48,400</u>	<u>48,400</u>	<u>6,447</u>	<u>(41,953)</u>
EXPENDITURES				
Current				
General Government	48,400	48,400	6,521	41,879
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>48,400</u>	<u>48,400</u>	<u>6,521</u>	<u>41,879</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	(74)	(83,832)
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>-</u>	<u>\$ (74)</u>	<u>\$ (83,832)</u>
Prior Year Cash Balance Budgeted	<u>\$ -</u>	<u>\$ -</u>		

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**STATE OF NEW MEXICO
VILLAGE OF QUESTA
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET (NON-GAAP
BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) –
SPECIAL REVENUE FUND – MUNICIPAL STREET FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	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	20,000	22,266	22,266	-
Local Sources	-	-	-	-
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	-
Investment Income	-	-	-	-
Miscellaneous	-	-	-	-
TOTAL REVENUES	<u>20,000</u>	<u>22,266</u>	<u>22,266</u>	<u>-</u>
EXPENDITURES				
Current				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	31,000	31,000	19,493	11,507
Culture and Recreation	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>31,000</u>	<u>31,000</u>	<u>19,493</u>	<u>11,507</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(11,000)	(8,734)	2,773	(11,507)
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>(11,000)</u>	<u>(8,734)</u>	<u>\$ 2,773</u>	<u>\$ (11,507)</u>
Prior Year Cash Balance Budgeted	<u>\$ 11,000</u>	<u>\$ -</u>		

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**STATE OF NEW MEXICO
VILLAGE OF QUESTA
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET (NON-GAAP
BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) –
SPECIAL REVENUE FUND – RECREATION FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	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	-	210	210	-
Licenses and Fees	-	-	-	-
Investment Income	-	-	-	-
Miscellaneous	-	-	-	-
TOTAL REVENUES	<u>-</u>	<u>210</u>	<u>210</u>	<u>-</u>
EXPENDITURES				
Current				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	3,064	3,067	742	2,325
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>3,064</u>	<u>3,067</u>	<u>742</u>	<u>2,325</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,064)	(2,857)	(532)	(2,325)
OTHER FINANCING SOURCES (USES)				
Transfers In	1,500	2,686	2,685	(1)
Transfers Out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,500</u>	<u>2,686</u>	<u>2,685</u>	<u>(1)</u>
Net Increase (Decrease)	<u>(1,564)</u>	<u>(171)</u>	<u>\$ 2,153</u>	<u>\$ (2,326)</u>
Prior Year Cash Balance Budgeted	<u>\$ 1,564</u>	<u>\$ 171</u>		

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**STATE OF NEW MEXICO
VILLAGE OF QUESTA
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET (NON-GAAP
BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) –
SPECIAL REVENUE FUND – LIBRARY FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	<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	7,905	7,905	860	(7,045)
Local Sources	-	-	-	-
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	-
Investment Income	-	-	-	-
Miscellaneous	-	-	-	-
TOTAL REVENUES	<u>7,905</u>	<u>7,905</u>	<u>860</u>	<u>(7,045)</u>
EXPENDITURES				
Current				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	26,730	26,730	25,297	1,433
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>26,730</u>	<u>26,730</u>	<u>25,297</u>	<u>1,433</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(18,825)	(18,825)	(24,437)	(8,478)
OTHER FINANCING SOURCES (USES)				
Transfers In	14,400	38,879	38,878	(1)
Transfers Out	-	(14,497)	(14,497)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>14,400</u>	<u>24,382</u>	<u>24,381</u>	<u>(1)</u>
Net Increase (Decrease)	<u>(4,425)</u>	<u>5,557</u>	<u>\$ (56)</u>	<u>\$ (8,479)</u>
Prior Year Cash Balance Budgeted	<u>\$ 4,425</u>	<u>\$ -</u>		

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**STATE OF NEW MEXICO
VILLAGE OF QUESTA
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET (NON-GAAP
BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) –
WATER RIGHTS FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	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	5,000	8,740	7,800	(940)
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	-
Investment Income	-	-	-	-
Miscellaneous	-	-	-	-
TOTAL REVENUES	<u>5,000</u>	<u>8,740</u>	<u>7,800</u>	<u>(940)</u>
EXPENDITURES				
Current				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	5,000	8,740	861	7,879
Culture and Recreation	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>5,000</u>	<u>8,740</u>	<u>861</u>	<u>7,879</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	6,939	(8,819)
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>-</u>	<u>\$ 6,939</u>	<u>\$ (8,819)</u>
Prior Year Cash Balance Budgeted	<u>\$ -</u>	<u>\$ -</u>		

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**STATE OF NEW MEXICO
VILLAGE OF QUESTA
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET (NON-GAAP
BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) –
EMS COUNTY
FOR THE YEAR ENDED JUNE 30, 2016**

	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	125,000	138,360	138,360	-
Local Sources	-	-	-	-
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	-
Investment Income	-	-	-	-
Miscellaneous	-	-	-	-
TOTAL REVENUES	<u>125,000</u>	<u>138,360</u>	<u>138,360</u>	<u>-</u>
EXPENDITURES				
Current				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>125,000</u>	<u>138,360</u>	<u>138,360</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	22,201	39,543	31,087	(8,456)
Transfers Out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>22,201</u>	<u>39,543</u>	<u>31,087</u>	<u>(8,456)</u>
Net Increase (Decrease)	<u>147,201</u>	<u>177,903</u>	<u>\$ 169,447</u>	<u>\$ (8,456)</u>
Prior Year Cash Balance Budgeted	<u>\$ -</u>	<u>\$ -</u>		

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**STATE OF NEW MEXICO
VILLAGE OF QUESTA
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET (NON-GAAP
BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) –
AIRPORT FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross Receipts Taxes	-	-	-	-
Public Service Taxes	-	-	-	-
Franchise Taxes	-	-	-	-
Federal Sources	355,605	355,010	11,901	(343,109)
State Sources	284,945	726,872	454,196	(272,676)
Local Sources	-	-	-	-
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	-
Investment Income	-	-	-	-
Miscellaneous	-	-	-	-
TOTAL REVENUES	<u>640,550</u>	<u>1,081,882</u>	<u>466,097</u>	<u>(615,785)</u>
EXPENDITURES				
Current				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	688,257	933,613	290,495	643,118
Culture and Recreation	-	-	-	-
Capital Outlay	-	175,000	172,473	2,527
TOTAL EXPENDITURES	<u>688,257</u>	<u>1,108,613</u>	<u>462,968</u>	<u>645,645</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(47,707)	(26,731)	3,129	(1,261,430)
OTHER FINANCING SOURCES (USES)				
Transfers In	47,707	68,895	44,441	(24,454)
Transfers Out	-	(13,658)	(13,657)	1
TOTAL OTHER FINANCING SOURCES (USES)	<u>47,707</u>	<u>55,237</u>	<u>30,784</u>	<u>(24,453)</u>
Net Increase (Decrease)	<u>-</u>	<u>28,506</u>	<u>\$ 33,913</u>	<u>\$ (1,285,883)</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, 2016**

	<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	373,689	394,523	405,162	10,639
Licenses and Fees	-	-	-	-
Investment Income	-	-	-	-
Miscellaneous	12,000	12,149	281	(11,868)
TOTAL REVENUES	<u>385,689</u>	<u>406,672</u>	<u>405,443</u>	<u>(1,229)</u>
EXPENDITURES				
Personal Services	260,497	273,347	266,092	7,255
Contractual Services	30,000	30,000	29,245	755
Supplies and Purchased Power	5,000	5,000	4,242	758
Maintenance and Materials	92,000	92,000	91,664	336
Heat Light and Power	70,000	70,000	68,825	1,175
Debt Service Water Bond	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>457,497</u>	<u>470,347</u>	<u>460,068</u>	<u>10,279</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(71,808)	(63,675)	(54,625)	(11,508)
OTHER FINANCING SOURCES (USES)				
Transfers In	14,341	14,341	-	(14,341)
Transfers Out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>14,341</u>	<u>14,341</u>	<u>-</u>	<u>(14,341)</u>
Net Increase (Decrease)	<u>(57,467)</u>	<u>(49,334)</u>	<u>\$ (54,625)</u>	<u>\$ (25,849)</u>
Prior Year Cash Balance Budgeted	<u>\$ 57,467</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, 2016**

	<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	180,000	200,904	211,452	10,548
Licenses and Fees	-	-	-	-
Investment Income	-	-	-	-
Miscellaneous	-	-	-	-
TOTAL REVENUES	<u>180,000</u>	<u>200,904</u>	<u>211,452</u>	<u>10,548</u>
EXPENDITURES				
Personal Services	181,200	181,200	170,542	10,658
Contractual Services	-	-	-	-
Supplies and Purchased Power	-	-	-	-
Maintenance and Materials	-	-	-	-
Heat Light and Power	-	-	-	-
Debt Service Water Bond	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>181,200</u>	<u>181,200</u>	<u>170,542</u>	<u>10,658</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,200)	19,704	40,910	(110)
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>(1,200)</u>	<u>19,704</u>	<u>\$ 40,910</u>	<u>\$ (110)</u>
Prior Year Cash Balance Budgeted	<u>\$ -</u>	<u>\$ -</u>		

See Independent Auditors' Report

**STATE OF NEW MEXICO
VILLAGE OF QUESTA
COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>CDBG Fund</u>
ASSETS	
Cash and Cash Equivalents	\$ -
Accounts and Taxes Receivable	-
Due From Other Governments	44,599
Due From Other Funds	-
TOTAL ASSETS	<u>\$ 44,599</u>
 LIABILITIES AND FUND BALANCE	
LIABILITIES	
Accounts Payable	\$ -
Accrued Salaries and Benefits	-
Due to Other Funds	-
Unearned Revenue	-
TOTAL LIABILITIES	<u>-</u>
 FUND BALANCES	
Restricted for:	
Special Revenue Funds	-
Debt Service Funds	-
Capital Projects Funds	44,599
Unassigned:	
General Fund	-
Special Revenue Funds	-
Debt Service Funds	-
TOTAL FUND BALANCES	<u>44,599</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 44,599</u>

**STATE OF NEW MEXICO
VILLAGE OF QUESTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – NONMAJOR CAPITAL PROJECTS FUND
JUNE 30, 2016**

	CDBG Fund
REVENUES	
Property Taxes	\$ -
Gross Receipts Taxes	-
Public Service Taxes	-
Franchise Taxes	-
Federal Sources	54,216
State Sources	44,600
Local Sources	-
Charges for Services	-
Licenses and Fees	-
Investment Income	-
Miscellaneous	-
TOTAL REVENUES	98,816
EXPENDITURES	
Current	
General Government	-
Public Safety	30,816
Public Works	-
Culture and Recreation	-
Capital Outlay	41,592
Debt Service Principal	-
Debt Service Interest	-
TOTAL EXPENDITURES	72,408
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	26,408
OTHER FINANCING SOURCES (USES):	
Transfers in	78,430
Transfers out	(60,239)
TOTAL OTHER FINANCING SOURCES (USES)	18,191
NET CHANGE IN FUND BALANCES	44,599
FUND BALANCE, BEGINNING OF YEAR	-
FUND BALANCE, END OF YEAR	\$ 44,599

**STATE OF NEW MEXICO
VILLAGE OF QUESTA
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET (NON-GAAP
BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) –
CDBG FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	<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	905,000	967,307	54,216	(913,091)
State Sources	-	-	-	-
Local Sources	-	-	-	-
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	-
Investment Income	-	-	-	-
Miscellaneous	-	-	-	-
TOTAL REVENUES	<u>905,000</u>	<u>967,307</u>	<u>54,216</u>	<u>(913,091)</u>
EXPENDITURES				
Current				
General Government	-	-	-	-
Public Safety	890,000	893,083	30,816	862,267
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Capital Outlay	40,000	42,000	41,592	408
TOTAL EXPENDITURES	<u>930,000</u>	<u>935,083</u>	<u>72,408</u>	<u>862,675</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(25,000)	32,224	(18,192)	(1,775,766)
OTHER FINANCING SOURCES (USES)				
Transfers In	25,000	103,430	78,430	(25,000)
Transfers Out	-	(60,239)	(60,239)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>25,000</u>	<u>43,191</u>	<u>18,191</u>	<u>(25,000)</u>
Net Increase (Decrease)	<u>-</u>	<u>75,415</u>	<u>\$ (1)</u>	<u>\$ (1,800,766)</u>
Prior Year Cash Balance Budgeted	<u>\$ -</u>	<u>\$ -</u>		

See Independent Auditors' Report

**STATE OF NEW MEXICO
VILLAGE OF QUESTA
COMBINING BALANCE SHEET – NONMAJOR DEBT SERVICE FUNDS
JUNE 30, 2016**

	Revenue Bonds	Other Debt Service	Total
ASSETS			
Cash and Cash Equivalents	\$ -	\$ -	\$ -
Accounts and Taxes Receivable	-	-	-
Due From Other Governments	-	-	-
Due From Other Funds	-	-	-
TOTAL ASSETS	\$ -	\$ -	\$ -
 LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts Payable	\$ 8,125	\$ -	\$ 8,125
Accrued Salaries and Benefits	-	-	-
Due to Other Funds	-	-	-
Unearned Revenue	-	-	-
TOTAL LIABILITIES	8,125	-	8,125
 FUND BALANCES			
Restricted for:			
Special Revenue Funds	-	-	-
Debt Service Funds	-	-	-
Unassigned:			
General Fund	-	-	-
Special Revenue Funds	-	-	-
Debt Service Funds	(8,125)	-	(8,125)
TOTAL FUND BALANCES	(8,125)	-	(8,125)
 TOTAL LIABILITIES AND FUND BALANCES	 \$ -	 \$ -	 \$ -

**STATE OF NEW MEXICO
VILLAGE OF QUESTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

	Revenue Bonds	Other Debt Service	Total
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	-	-	-
EXPENDITURES			
Current			
General Government	-	-	-
Public Safety	-	-	-
Public Works	-	-	-
Culture and Recreation	-	-	-
Capital Outlay	-	-	-
Debt Service Principal	6,000	41,872	47,872
Debt Service Interest	10,525	7,158	17,683
	16,525	49,030	65,555
TOTAL EXPENDITURES	16,525	49,030	65,555
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(16,525)	(49,030)	(65,555)
OTHER FINANCING SOURCES (USES):			
Transfers in	8,400	49,030	57,430
Transfers out	-	-	-
	8,400	49,030	57,430
TOTAL OTHER FINANCING SOURCES (USES)	8,400	49,030	57,430
NET CHANGE IN FUND BALANCES	(8,125)	-	(8,125)
FUND BALANCE, BEGINNING OF YEAR	-	-	-
FUND BALANCE, END OF YEAR	\$ (8,125)	\$ -	\$ (8,125)

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) –
REVENUE BOND FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	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	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers In	8,550	8,550	8,400	(150)
Transfers Out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>8,550</u>	<u>8,550</u>	<u>8,400</u>	<u>(150)</u>
Net Increase (Decrease)	<u>8,550</u>	<u>8,550</u>	<u>\$ 8,400</u>	<u>\$ (150)</u>
Prior Year Cash Balance Budgeted	<u>\$ -</u>	<u>\$ 8,550</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) –
DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	<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	-	-	-	-
Licenses and Fees	-	-	-	-
Investment Income	-	-	-	-
Miscellaneous	-	-	-	-
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Current				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers In	49,029	49,029	49,029	-
Transfers Out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>49,029</u>	<u>49,029</u>	<u>49,029</u>	<u>-</u>
Net Increase (Decrease)	<u>49,029</u>	<u>49,029</u>	<u>\$ 49,029</u>	<u>\$ -</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, 2016**

Name of Depository	Type of Security	CUSIP #	Fair Market Value, June 30, 2016	Par Value, June 30, 2016	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		-		
	Amount Overcollateralized		<u>\$ 125,000</u>		
Peoples Bank	FHR 3871 LV - 5.5%	3137ACAB5	\$ 1,597	\$ 1,594	1/15/2024
Peoples Bank	FHR 3871 LV - 5.5%	3137ACAB5	1,597	\$ 1,595	1/15/2024
Peoples Bank	FHR 3560 KP - 4.0%	31398JKY2	197,654	\$ 187,606	11/15/2036
Peoples Bank	FHR 2010-135 A - 4.0%	31398SJ20	143,828	\$ 138,500	12/25/2038
Peoples Bank	FHR 2673 PE - 4.0%	31394JKA4	57,943	\$ 51,481	9/15/2033
	Total		402,619		
	Collateralization Amount Required		308,250		
	Amount Overcollateralized		<u>\$ 94,369</u>		

**STATE OF NEW MEXICO
VILLAGE OF QUESTA
SCHEDULE OF CASH AND TEMPORARY INVESTMENT ACCOUNTS
JUNE 30, 2016**

Bank Account Type / Name	Centinel Bank	U.S. Bank	People's Bank of Red River	Questa Credit Union	Total
Checking - General	\$ 30,607	\$ -	\$ 535,857	\$ 84,418	\$ 650,882
Checking - Water, Sewer, Solid Waste	10,549	-	170,826	-	181,375
Checking - Motor Vehicle Division	-	-	2,001	-	2,001
Checking - Payroll Account	-	-	15,238	-	15,238
Checking - Municipal Court	-	-	1,178	-	1,178
Checking - Water Rights	-	-	21,382	-	21,382
Checking - Oversight Accounts	-	-	28,206	-	28,206
Checking - Sewer System Reserve	-	-	-	-	-
Checking - EMS Fire Fund	-	-	-	-	-
Checking - EMS Fire Account	-	-	-	-	-
Checking - Fire Protection Fund	-	-	-	-	-
Checking - Law Enforcement Protection	-	-	24,040	-	24,040
Checking - Ambulance	-	-	17,772	-	17,772
Checking - Airport Fund	-	-	-	-	-
Certificate of Deposit	-	15,000	50,000	-	65,000
Checking - CDBG Account	-	-	-	-	-
Total on Deposit	<u>41,156</u>	<u>15,000</u>	<u>866,500</u>	<u>84,418</u>	<u>1,007,074</u>
Reconciling Items	-	-	(124,820)	-	(124,820)
Reconciled Balance, June 30, 2015	<u>\$ 41,156</u>	<u>\$ 15,000</u>	<u>\$ 741,680</u>	<u>\$ 84,418</u>	<u>882,254</u>
Total Cash and Cash Equivalents at June 30, 2016					<u>\$ 882,254</u>

See Independent Auditors' Report

**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, 2016
Prepared by: Renee Martinez Title: Clerk Date: September 30, 2016**

Agency #	Agency Name	Agency Type	RFB#/RFP# (If applicable)	Type of Procurement	Vendor Name	Did Vendor Win Contract?	\$ Amount of Awarded Contract	\$ Amount of Amended Contract	Physical address of vendor (City, State)	Did the Vendor provide documentation of eligibility for in-state preference?	Did the Vendor provide documentation of eligibility for veterans' preference?	Brief Description of the Scope of Work	If the procurement is attributable to a Component Unit, Name of Component Unit
6138	Village of Questa	Municipalities	2015-02	Competitive (RFP or RFB)	RFP 2015-02 WHPacific	Winner	\$ 50,000		6501 Americas Parkway NE, Ste. 400 Albuquerque, NM 87110	Yes	No	Preparation of an Asset Management Plan in accordance with procedures and standards set by the A.M. Kan criteria to include the following scope of work: Summary of Village Assets; Asset Inventory; Level of Service; Critical Assets; Life Cycle Costing; Long-Term Funding Strategy; Future Updates to the Asset Management Plan.	N/A
6138	Village of Questa	Municipalities	2016-01	Competitive (RFP or RFB)	RFP 2016-01 Wilson & Co.	Winner	\$ 133,455		2600 The American Road SE, Suite 100 Rio Rancho, NM 87124	Yes	No	Engineering Services for plan and design of construction documents for a water/wastewater system Improvements project.	N/A
6138	Village of Questa	Municipalities	2016-01	Competitive (RFP or RFB)	RFP 2016-01 Sullivan Design Group, Inc	Loser			227 East Palace Avenue Santa Fe, NM 87504-0283	No	Yes	Engineering Services for plan and design of construction documents for a water/wastewater system Improvements project.	N/A
6138	Village of Questa	Municipalities	2016-01	Competitive (RFP or RFB)	RFP 2016-01 Dennis Engineering	Loser			21 Main St., Suite 201 Edgewood, NM 87105		No	Engineering Services for plan and design of construction documents for a water/wastewater system Improvements project.	N/A
6138				Competitive (RFP or RFB)	RFP 2016-01 WHPacific	Loser			6501 Americas Parkway NE, Ste. 400 Albuquerque, NM 87110	Yes	No	Engineering Services for plan and design of construction documents for a water/wastewater system Improvements project.	N/A

FIDUCIARY FUNDS

STATE OF NEW MEXICO
VILLAGE OF QUESTA
AGENCY FUND
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
JUNE 30, 2016

	<u>Balance June 30, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2016</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ -	\$ 24,183	\$ -	\$ 24,183
<u>LIABILITIES</u>				
Deposits Held in Trust for Others	\$ -	\$ 24,183	\$ -	\$ 24,183

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 audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, 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, 2016, 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 December 13, 2016.

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, 2016-001]

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 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
December 13, 2016

**STATE OF NEW MEXICO
VILLAGE OF QUESTA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2016**

Section I – CURRENT YEAR FINANCIAL STATEMENT FINDINGS

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.

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: We have a current list of assets as of June 30, 2016. Our focus in February 2017 will be to contract with a CPA to establish the depreciation schedules for all assets.

Management's Progress: We hired a contractor to establish an asset management plan for infrastructure assets. This is complete. We compiled a list of all other assets of the Village as of June 30, 2016.

Responsible Party: The Finance Director will be tasked with maintaining and updating the asset list and depreciation schedules annually.

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.

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 resources and at time is incapable to support such control measures.

**STATE OF NEW MEXICO
VILLAGE OF QUESTA
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FOR THE YEAR ENDED JUNE 30, 2016**

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.

Management's Progress: We began using integrated Caselle software for all our accounting as of July 1, 2016. Everyone has been assigned their daily tasks and we will begin cross training after January 1, 2017.

Responsible Party: The Finance Director will be responsible for maintaining the general ledger and verifying accuracy of postings from all modules.

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

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

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

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

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

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

Management's Response: We have a current list of assets as of June 30, 2016.

Management's Progress: We hired a contractor to establish an asset management plan for infrastructure assets. This is complete. We compiled a list of all other assets of the Village as of June 30, 2016.

Responsible Party: The Finance Director will be tasked with maintaining and updating the asset list.

**STATE OF NEW MEXICO
VILLAGE OF QUESTA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2016**

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 test work we noted the following:

- Two out of ten instances where checks receipted were not deposited in a in accordance with the twenty-four hour rule. These deposits totaled \$10,440.

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 will review our internal controls and establish necessary procedures to ensure that deposits are taken to the bank on a daily basis.

Management's Progress: We have revised our daily forms to list the deposits that should be taken to the bank the next day so none will be left out. We will assign a designated person and an alternate to take deposits to the bank.

Responsible Party: Finance Director will make sure procedures are followed.

2016-001 Payments made under existing contracts - Material Weakness

Condition: During of our test work of contracts in operation during fiscal year 2016, we noted the following:

1. One vendor was being paid under a contract originally issued in on August 21, 2012 for Geotechnical Services. We noted that there has been several formal annual amendments to the original contract to extend the term beyond three years in totality.
2. One vendor was being paid two different rates under a contract for distinctively separate services in which that contract does not expressly delineate.

Criteria: For (1) above, the State Procurement Code, Section 13-1-1 to 13-1-199 NMSA 1978, and the State Purchasing Regulations 1.4.1 NMAC contain various requirements for the expenditure of public monies. Contract extensions should be limited to three years total and should be clearly described on the contract executed. The Village would be able to initiate a formal RFP process to continue these services with the successful bidder. *Note that best practices dictate that a contract for professional*

**STATE OF NEW MEXICO
VILLAGE OF QUESTA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2016**

services should be formally procured every three years, thereby allowing the Village to get the best services for the cost.

For (2) above, amounts paid to vendors with executed contracts should be paid based on the contract and the Village should obtain all relevant information required on the invoices as dictated by the contract.

Effect: Expenditures were made by the Village of Questa without the proper compliance with the procurement laws and regulations. This could affect the Village's ability to collect grant monies and awards in the future.

The Village currently has one contract for two distinctively different services provided by attorneys. The contract is written in a way that it is difficult to differentiate the differences in services required and the relevant fees associated with those services.

Cause: The individual(s) responsible for the Village's procurement did not know nor did they understand the state statues and/or the details of contracts entered into by the Village.

Auditors, Recommendation: For (1) above: We recommend that the contract term be up to 3 years with annual renewal clauses. Thereby, allowing the Village to seek quotes or formal bids every third year in an effort to receive the best fees for services provided.

For (2) above: It is our recommendation that the Village go through the formal procurement process to either separate these two contracts or to more clearly delineate the different services provided in one contract.

Management's Response: For (1) above: We will go out for RFP every three years to be in compliance with State Statute (by May 2017). For (2) above: We will work at separating the two service contracts and go through the formal procurement process for each to be in compliance with State Statute (by May 2017).

Responsible Parties: Chief Procurement Officer/Administrator, Loretta Trujillo.

**STATE OF NEW MEXICO
VILLAGE OF QUESTA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2016**

Section II –STATUS OF PRIOR YEAR AUDIT FINDINGS

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

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

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

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

**STATE OF NEW MEXICO
VILLAGE OF QUESTA
EXIT CONFERENCE
FOR THE YEAR ENDED JUNE 30, 2016**

An exit conference was held on December 13, 2016 to discuss the results of the audit. Attending were the following:

Representing the Village:

Mark Gallegos, Mayor
Brent Jaramillo, Councilor
Loretta Trujillo, Village Administrator
Karen Shannon, Finance Director
Renee Martinez, Clerk / Human Resources Manager

Representing the Independent Auditors:

Daniel O. Trujillo, CPA, CFE, CGFM, CGMA

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.