

**STATE OF NEW MEXICO
VILLAGE OF TIJERAS**

AUDIT REPORT

JUNE 30, 2015

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INTRODUCTORY SECTION

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OFFICIAL ROSTER

Village Council

<u>Name</u>	<u>Title</u>
Ms. Gloria J. Chavez	Mayor
Mr. Jake Bruton	Councilor
Mr. Felix Garcia	Councilor
Mr. Don Johnson	Councilor
Mr. David Wilson	Councilor
Ms. Maxine Wilson	Councilor

Administrative Officials

Ms. Shannon Fresquez	Village Clerk/Treasurer
Ms. Diane Klaus	Village Deputy Clerk
Ms. Kathy Solomon	Finance Manager

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FINANCIAL STATEMENTS SECTION

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INDEPENDENT AUDITORS' REPORT

Gloria Chavez, Mayor
and the
Village Council
Village of Tijeras, New Mexico
and
Timothy Keller
New Mexico State Auditor
Santa Fe, New Mexico

Report on Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Tijeras, New Mexico, as of June 30, 2015, 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 fund of the Village as of June 30, 2015, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for all nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the MD&A which is required 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 Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

The supplementary information for GASB required supplementary pension schedules are presented to supplement the basic financial statements. Such information, although not a part of the basic financial statement, is required by the GASB 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 required supplementary information 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

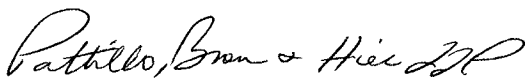
Our audit was conducted for the purpose of forming opinions on the Village's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The other schedules required by Section 2.2.2 NMAC are presented for purposes of additional analysis and are not a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

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

The schedule of vendor information for purchases 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 February 19, 2016 on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Pattillo, Brown and Hill, LLP
Albuquerque, New Mexico
February 19, 2016

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

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Current assets:			
Cash	\$ 826,196	\$ 108,553	\$ 934,749
Investments	469,816	-	469,816
Receivables (net of allowance for uncollectibles)	50,808	5,764	56,572
Total current assets	<u>1,346,820</u>	<u>114,317</u>	<u>1,461,137</u>
Noncurrent assets:			
Capital assets:			
Land	708,458	62,977	771,435
Intangible assets - water rights	-	54,848	54,848
Capital assets being depreciated, net	7,174,665	5,004,692	12,179,357
Total noncurrent assets	<u>7,883,123</u>	<u>5,122,517</u>	<u>13,005,640</u>
Total assets	9,229,943	5,236,834	14,466,777
Deferred outflows of resources:			
Deferred outflows - pension related	21,968	-	21,968
Total deferred outflows of resources	<u>21,968</u>	<u>-</u>	<u>21,968</u>

The notes to the financial statements are an integral part of this statement.

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Liabilities			
Current liabilities:			
Accounts payable	\$ 130,664	\$ 12,429	\$ 143,093
Accrued payroll liabilities	33,341	-	33,341
Current portion of long term debt	-	6,681	6,681
Total current liabilities	164,005	19,110	183,115
Noncurrent liabilities:			
Long-term debt	-	95,310	95,310
Net pension liability	141,199	-	141,199
Total noncurrent liabilities	141,199	95,310	236,509
Total liabilities	305,204	114,420	419,624
Deferred inflows of resources:			
Deferred inflows - pension related	55,337	-	55,337
Total deferred inflows of resources	55,337	-	55,337
Net Position			
Net investment in capital assets	7,883,123	5,020,526	12,903,649
Unrestricted	1,008,247	101,888	1,110,135
Total net position	\$ 8,891,370	\$ 5,122,414	\$ 14,013,784

**STATE OF NEW MEXICO
VILLAGE OF TIJERAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government:				
Governmental activities:				
General government	\$ 981,167	\$ 60,851	\$ 90,000	\$ -
Public safety	200,990	-	97,876	-
Highways and streets	17,785	-	-	50,000
Culture and recreation	119,765	4,557	-	100,000
Total governmental activities	<u>1,319,707</u>	<u>65,408</u>	<u>187,876</u>	<u>150,000</u>
Business-type activities:				
Water	303,993	64,726	-	62,312
Total primary government	<u>\$ 1,623,700</u>	<u>\$ 130,134</u>	<u>\$ 187,876</u>	<u>\$ 212,312</u>

General revenues:

Taxes:

Property

Gross receipts

State shared

Franchise

Interest on investments

Miscellaneous

Total general revenues

Change in net position

Net position, beginning of year

Restatement for Net Pension Liability

Net position, beginning of year, restated

Net position, end of year

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and
and Changes in Net Position

Primary Government

Governmental Activities	Business-type Activities	Total
\$(830,316)	\$ -	\$(830,316)
(103,114)	-	(103,114)
32,215	-	32,215
(15,208)	-	(15,208)
(916,423)	-	(916,423)
-	(176,955)	(176,955)
(916,423)	(176,955)	(1,093,378)
16,000	-	16,000
738,870	-	738,870
13,380	-	13,380
42,163	-	42,163
3,450	-	3,450
13,150	-	13,150
827,013	-	827,013
(89,410)	(176,955)	(266,365)
9,171,425	5,299,369	14,470,794
(190,645)	-	(190,645)
8,980,780	5,299,369	14,280,149
\$ 8,891,370	\$ 5,122,414	\$ 14,013,784

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

	General Fund	Municipal Street	Other Governmental Funds	Total Governmental Funds
Assets				
Cash	\$ 543,952	\$ 267,152	\$ 15,092	\$ 826,196
Investment	469,816	-	-	469,816
Accounts receivable (net of allowance for uncollectible)	45,060	5,748	-	50,808
Total assets	\$ 1,058,828	\$ 272,900	\$ 15,092	\$ 1,346,820
Liabilities, Deferred inflows of resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 130,664	\$ -	\$ -	\$ 130,664
Accrued payroll liabilities	33,341	-	-	33,341
Total liabilities	164,005	-	-	164,005
Deferred inflows of resources:				
Unavailable - property taxes	2,028	-	-	2,028
Unavailable - grant revenue	-	-	-	-
Total deferred inflows of resources	2,028	-	-	2,028
Fund balances:				
Restricted for:				
Special revenue	-	272,900	15,092	287,992
Unassigned	892,795	-	-	892,795
Total fund balances	892,795	272,900	15,092	1,180,787
Total liabilities, deferred inflows of resources and fund balances	\$ 1,058,828	\$ 272,900	\$ 15,092	\$ 1,346,820

The notes to the financial statements are an integral part of this statement.

**STATE OF NEW MEXICO
VILLAGE OF TIJERAS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015**

Amounts reported for governmental activities in the Statement of Net Position are different because:

Fund Balances - Total Governmental Funds		\$ 1,180,787
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Governmental capital assets	11,379,476	
Less accumulated depreciation	<u>(3,496,353)</u>	7,883,123
Defined benefit pension plan deferred outflows are not financial resources and, therefore, are not reported in the governmental funds.		
		21,968
Long-term liabilities are not due in the current period and, therefore, are not reported in the governmental funds.		
Net pension liability		(141,199)
Defined benefit pension plan deferred inflows are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
		(55,337)
A portion of property taxes receivable is not available to pay for current period expenditures and, therefore, is reported as deferred inflows of resources.		
		<u>2,028</u>
Net position of governmental activities		<u><u>\$ 8,891,370</u></u>

The notes to the financial statements are an integral part of this statement.

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

	<u>General Fund</u>	<u>Municipal Street</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Taxes:				
Gross receipts	\$ 640,191	\$ 98,679	\$ -	\$ 738,870
Gas	-	13,380	-	13,380
Property	15,395	-	-	15,395
Franchise	42,163	-	-	42,163
Licenses and permits	3,715	-	-	3,715
Intergovernmental:				
Federal	-	18,352	-	18,352
State	190,000	56,117	97,876	343,993
Fines and forfeitures	35	-	-	35
Charges for services	61,658	-	-	61,658
Interest on investments	3,450	-	-	3,450
Miscellaneous	3,743	-	9,407	13,150
Total revenues	<u>960,350</u>	<u>186,528</u>	<u>107,283</u>	<u>1,254,161</u>
Expenditures				
Current operations:				
General government	702,802	-	-	702,802
Public safety	39,234	-	101,525	140,759
Highways and streets	10,403	-	-	10,403
Culture and recreation	119,765	-	-	119,765
Capital outlay	<u>132,006</u>	<u>24,778</u>	<u>-</u>	<u>156,784</u>
Total expenditures	<u>1,004,210</u>	<u>24,778</u>	<u>101,525</u>	<u>1,130,513</u>
Net change in fund balances	(43,860)	161,750	5,758	123,648
Fund balances, beginning of year	<u>936,655</u>	<u>111,150</u>	<u>9,334</u>	<u>1,057,139</u>
Fund balances, end of year	<u>\$ 892,795</u>	<u>\$ 272,900</u>	<u>\$ 15,092</u>	<u>\$ 1,180,787</u>

The notes to the financial statements are an integral part of this statement.

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

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

Net change in fund balances - total governmental funds	\$ 123,648
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	156,785
Depreciation expense	(362,056)

Recognition of accounts receivable and deferred inflows of resources is reflected on the full accrual basis within the statement of activities.	(23,864)
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Long-term liabilities are not due in the current period and, therefore, are not reported in the governmental funds.

Changes in net pension liability	16,077
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Change in net position of governmental activities	\$(89,410)
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**STATE OF NEW MEXICO
VILLAGE OF TIJERAS
GENERAL FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes:				
Gross receipts	\$ 530,000	\$ 530,000	\$ 645,771	\$ 115,771
Franchise	38,000	38,000	45,791	7,791
Property	13,682	13,682	15,761	2,079
Licenses and permits	3,150	3,150	3,715	565
Intergovernmental:				
State	190,000	248,511	248,178	(333)
Fines and forfeitures	20	20	35	15
Charges for services	100,225	100,225	61,667	(38,558)
Interest on investments	4,000	4,000	3,450	(550)
Miscellaneous	700	700	3,743	3,043
Total revenues	<u>879,777</u>	<u>938,288</u>	<u>1,028,111</u>	<u>89,823</u>
Expenditures				
Current operations:				
General government	707,004	707,004	678,200	28,804
Public safety	40,000	40,000	38,754	1,246
Highways and streets	6,169	6,169	10,403	(4,234)
Culture and recreation	100,000	158,511	169,039	(10,528)
Capital Outlay	<u>11,000</u>	<u>11,000</u>	<u>10,285</u>	<u>715</u>
Total expenditures	<u>864,173</u>	<u>922,684</u>	<u>906,681</u>	<u>16,003</u>
Net change in fund balances	<u>\$ 15,604</u>	<u>\$ 15,604</u>	<u>\$ 121,430</u>	<u>\$ 105,826</u>
Beginning cash	<u>\$ 425,360</u>	<u>\$ 425,360</u>		

The notes to the financial statements are an integral part of this statement.

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
RECONCILIATION TO GAAP BASIS				
Net increase (decrease) in fund balances budget basis			\$ 121,430	
Change in receivables			(67,156)	
Change in accounts payable			(79,958)	
Change in accrued payroll expenses			(17,571)	
Change in deferred revenue			<u>(605)</u>	
Net change in fund balances GAAP basis			<u>\$ (43,860)</u>	

**STATE OF NEW MEXICO
VILLAGE OF TIJERAS
MUNICIPAL STREET FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Revenues				
Taxes:				
Gross receipts	\$ 92,500	\$ 92,500	\$ 112,979	\$ 20,479
Intergovernmental:				
Federal	-	-	18,352	18,352
State	<u>37,500</u>	<u>37,500</u>	<u>56,117</u>	<u>18,617</u>
Total revenues	<u>130,000</u>	<u>130,000</u>	<u>187,448</u>	<u>57,448</u>
Expenditures				
Capital outlay	<u>50,000</u>	<u>50,000</u>	<u>24,778</u>	<u>25,222</u>
Total expenditures	<u>50,000</u>	<u>50,000</u>	<u>24,778</u>	<u>25,222</u>
Net change in fund balances	<u>\$ 80,000</u>	<u>\$ 80,000</u>	<u>\$ 162,670</u>	<u>\$ 82,670</u>
Beginning cash	<u>\$ 104,482</u>	<u>\$ 104,482</u>		
RECONCILIATION TO GAAP BASIS				
Net increase (decrease) in fund balances budget basis			\$ 162,670	
Change in receivables			(25,389)	
Change in deferred inflows of resources			<u>24,469</u>	
Net change in fund balances GAAP basis			<u>\$ 161,750</u>	

The notes to the financial statements are an integral part of this statement.

**STATE OF NEW MEXICO
VILLAGE OF TIJERAS
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2015**

	<u>Water Fund</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 108,553
Accounts receivable (net of allowance for uncollectible)	<u>5,764</u>
Total current assets	<u>114,317</u>
Noncurrent assets:	
Capital assets:	
Land	62,977
Intangible assets - water rights	54,848
Capital assets being depreciated, net	<u>5,004,692</u>
Total noncurrent assets	<u>5,122,517</u>
Total assets	<u>5,236,834</u>
Liabilities	
Current liabilities:	
Accounts payable	12,429
Current portion of long term debt	<u>6,681</u>
Total current liabilities	<u>19,110</u>
Noncurrent liabilities:	
Long-term debt	<u>95,310</u>
Total noncurrent liabilities	<u>95,310</u>
Total liabilities	<u>114,420</u>
Net Position	
Net investment in capital assets	5,020,526
Unrestricted	<u>101,888</u>
Total net position	<u><u>\$ 5,122,414</u></u>

**STATE OF NEW MEXICO
VILLAGE OF TIJERAS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Water Fund</u>
Operating Revenues	
Charges for sales and services:	
Charges for services	\$ <u>64,726</u>
 Total operating revenues	 <u>64,726</u>
 Operating Expenses	
Cost of sales and services	17,004
Administration	3,646
Other operating expenses	51,196
Depreciation	<u>231,875</u>
 Total operating expenses	 <u>303,721</u>
 Operating income (loss)	 <u>(238,995)</u>
 Nonoperating Revenues (Expenses)	
Capital contributions	
State	62,312
Interest expense	<u>(272)</u>
 Nonoperating revenues (expenses)	 <u>62,040</u>
 Change in net position	 <u>(176,955)</u>
 Net Position, Beginning of Year	 <u>5,299,369</u>
 Net Position, End of Year	 <u><u>\$ 5,122,414</u></u>

The notes to the financial statements are an integral part of this statement.

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

	<u>Water Fund</u>
Cash flows from operating activities	
Cash received from customers	\$ 76,581
Cash payments to suppliers for goods and services	<u>(82,537)</u>
Net cash provided (used) by operating activities	<u>(5,956)</u>
 Cash flows from capital and related financing activities	
Capital contributions	62,312
(Acquisition) disposition of capital assets	<u>(62,312)</u>
Principal paid on debt	<u>(6,665)</u>
Interest paid on debt	<u>(272)</u>
Net cash provided (used) by capital financing activities	<u>(6,937)</u>
 Net increase (decrease) in cash and cash equivalents	<u>(12,893)</u>
 Cash and cash equivalents beginning of year	<u>121,446</u>
 Cash and cash equivalents end of year	<u>\$ 108,553</u>
 RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating income	\$(238,995)
Adjustments to reconcile operating income to net cash provided (used) in operating activities:	
Depreciation expense	231,875
Decrease (increase) in customer receivable	11,855
Increase (decrease) in accounts payable	<u>(10,691)</u>
Net cash provided by operating activities	<u><u>\$(5,956)</u></u>

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**STATE OF NEW MEXICO
VILLAGE OF TIJERAS
NOTES TO THE FINANCIAL STATEMENTS
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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Tijeras is incorporated under Section 3 of the New Mexico State Statutes Annotated 1978 Compilation operating under a Mayor-Council form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, and general administrative services.

A. Reporting Entity

This summary of significant accounting policies of the Village of Tijeras is presented to assist in the understanding of the Village of Tijeras' financial statements. The financial statements and notes are the representation of the Village of Tijeras' management who is responsible for their integrity and objectivity. 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 Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in generally accepted accounting principles (GAAP).

The basic (but not the only) criteria 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, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, the Village has no component units.

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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 nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenue, are reported separately from *business-like activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenue* includes 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 revenue are reported instead as *general revenue*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Sales, franchise, gas, and other similar taxes are recognized when the underlying exchange transaction takes place. 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 revenue to be available if 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, sales taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue

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of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Village.

The Village reports the following major governmental funds:

The **General Fund** is the Village's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **Municipal Street Fund** accounts for revenues received for the levy of a tax per gallon of gasoline purchased within the Village boundaries, pursuant to the County and Municipal Gasoline Tax Act, NMSA 7-21-1. Expenditures from this fund may be used for bridge and road projects on transit routes; for purchasing, maintaining or operating transit facilities; for operating a transit authority; for operating a vehicle emissions inspection program; or for road, street or highway construction, repair or maintenance on transit routes. Financing is also provided by grants from the New Mexico State Highway and Transportation Department.

The Village reports the following major proprietary fund:

The **Water Fund** is used to account for activities of the Village's water utility service.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Village's water function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenue reported for the various functions concerned.

Program revenues included in the Statement of Activities are derived directly from the program itself or from parties outside the Village's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Village's general revenues. Amounts reported as program revenues include: 1) charges for services to taxpayers or applicants who purchase, use or directly benefit from the goods or services provided by the 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. Internally dedicated resources are reported as

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general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charged to customers for sales and services. The enterprise fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources – committed, assigned, and unassigned – in order as needed.

D. Assets, Liabilities, Net Position and Fund Balance

Cash and Investments

Cash and cash equivalents include amounts in demand deposits, certificates of deposit and investments with a maturity date within three months of the date acquired by the Village. Investments are certificates of deposit and government backed securities with maturity dates in excess of three months. Investments are stated at fair market value. For the purposes of the statement of cash flows, cash and cash equivalents include unrestricted amounts in demand deposits and certificates of deposit with a maturity date within three months of the acquisition date.

Receivables

Accounts receivable of the enterprise fund represent the amounts due from customer utility accounts. The governmental funds report taxes and other fees collected at the Village, County and State level as receivables. All trade and tax receivables are shown net of an allowance for uncollectible.

Property Taxes

An enforceable legal claim to taxable property arises on January 1 in the year of levy. Taxes are due on November 10 and May 10 and are collected by the Bernalillo County Treasurer. Taxes not paid within 30 days are declared delinquent. The Village records all delinquent property taxes not collected within 60 days of year-end as deferred revenue in the fund financial statements. All property taxes received after the 60-day period are accrued in the government-wide financial statements.

Capital Assets

Capital assets, which include property, plant, equipment, improvements, and water system, are reported in the applicable governmental or business-type activities columns in the government-

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wide financial statements. The Village defines capital assets as assets with an initial, individual cost of more than \$5,000 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. Donated capital assets are recorded at estimated fair market value at the date of donation.

Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1979) are included as part of the governmental capital assets reported in the government-wide statements. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, improvements, equipment, and water and sewer systems are depreciated using the straight-line method over the following useful lives:

Assets	Years
Buildings	30
Public domain infrastructure	40
Vehicles	10-15
Equipment	10-15
Furniture and fixtures	3-10

Compensated Absences

It is the policy of the Village of Tijeras to permit certain employees to accumulate a limited amount of earned but unused vacation, which will not be paid to employees upon separation from the Village's service. All vacation earned must be taken before year end or it is lost. There is no leave balance as of the end of the fiscal year. Sick pay does not vest, and is recorded as an expenditure when it is paid.

Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

Fund Balances

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

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The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance. This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance. These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the Village council – the government’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Village council removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance. This classification reflects the amounts constrained by the Village’s “intent” to be used for specific purposes, but are neither restricted nor committed. The Village council has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance. This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on the use either through the enabling legislations adopted by the Village or through external restrictions imposed by creditors, grantors, or laws and regulations of other governments.

Deferred Outflows of Resources

In addition to assets, the balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a use of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until that time.

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Deferred Inflows of Resources

In addition to liabilities, the balance sheet reports 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 a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding 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 (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

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

SUBSEQUENT PRONOUNCEMENTS

In February 2015, GASB Statement No. 72 Fair Value Measurement and Application, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2015. Earlier application is encouraged. The Village will implement this standard during the fiscal year ended June 30, 2016. The Village is still evaluating how this pronouncement will affect the financial statements.

In June 2015, GASB Statement No. 73 Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2016. Earlier application is encouraged. The Village is still evaluating how this pronouncement will affect the financial statements.

In June 2015, GASB Statement No. 74 Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2016. The Village is still evaluating how this pronouncement will affect the financial statements.

In June 2015, GASB Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2017. The standard will be implemented during the fiscal year ended June 30, 2018.

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In June 2015, GASB Statement No. 76 The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2015. Earlier application is encouraged. The Village will implement this standard during the fiscal year ended June 30, 2016.

In August 2015, GASB Statement No. 77 Tax Abatement Disclosures, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2015. Earlier application is encouraged. The Village will implement this standard during the fiscal year ended June 30, 2017. The Village is still evaluating how this pronouncement will affect the financial statements.

Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

The Village follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to June 1, the Village Clerk-Treasurer submits to the Village Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them based on previous year's history. Public hearings are conducted at the Village Hall to obtain taxpayer comments. Prior to July 1, the budget is legally enacted through passage of an ordinance.
2. The Village Clerk-Treasurer is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any funds must be approved by the Village Council and New Mexico State Department of Finance, Division of Local Governments. That is, expenditures in each fund may not exceed the budgeted appropriation for that fund.
3. Formal budgetary integration is employed as a management control device during the year for the Governmental and Enterprise Funds.
4. Encumbrances are not reported in the budgets or financial statements.
5. The level of classifications detail in which expenditures or expenses may not legally exceed appropriation for each budget is in fund total. Appropriations lapse at year end.

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6. Budgets for Governmental and Enterprise Funds are adopted on a basis not consistent with generally accepted accounting principles. Throughout the year the accounting records are maintained on the non-GAAP basis of cash receipts and disbursements. Accordingly, certain revenues and the related assets are recognized when paid rather than when the obligation is incurred. The financial statements are presented on the modified accrual basis of accounting. Budgetary comparisons presented for Governmental and Enterprise Funds in this report are on the non-GAAP budgetary basis and actual (cash basis).

3. DETAILED NOTES ON ALL FUNDS

Deposits and Investments

The Village invests its funds in accordance with state statutes which require that financial institutions pledge collateral consisting of approved federal or state securities whose market value is equal to at least 50% of the deposits in excess of FDIC insurance coverage. In accordance with state statutes, the Village may have deposits only in financial institutions, federal direct obligations, or the New Mexico State Treasurer's Local Government Pooled Investment Plan.

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Cash and Investments

	Balance Per Bank June 30	Add Deposits In Transit	Less Outstanding Checks	Balance Per Books June 30
Wells Fargo				
Checking Accounts				
Operating	\$ 920,128	\$ 70	\$ 541	\$ 919,657
EMS	8,372	-	-	8,372
Fire Fighters	6,720	-	-	6,720
Wells Fargo Advisors				
Investments				
Treasury Money Market	99,962	-	-	99,962
GNMA	17,413	-	-	17,413
Bank of the West				
Certificate of Deposit	139,412	-	-	139,412
Compass Bank				
Certificate of Deposit	140,449	-	-	140,449
Total Cash in Banks	\$ 1,332,456	\$ 70	\$ 541	1,331,985
Investments in NM State Treasurer				72,580
Total June 30, 2015				\$ 1,404,565
As Reported in the Financial Statements:				
Equity in Cash				
	Cash			\$ 934,749
	Investments			469,816
				\$ 1,404,565

In accordance with Section 6-10-17, NMSA 1978 compilation, deposits of public monies are required to be collateralized. Pledged collateral is required in amounts in aggregate equal to one half of the amount of uninsured public money in each account during the fiscal year. Securities which are obligations of the State of New Mexico, its agencies, institutions, counties, or municipalities or other subdivisions are accepted as security at par value; all other securities are accepted as security at market value. No security is required for the deposit of public money that is insured by the Federal Deposit Insurance Corporation.

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	Wells Fargo	Bank of the West	Compass Bank	Wells Fargo Advisors	Total
Amount on Deposit in Bank	\$ 935,220	\$ 139,412	\$ 140,449	\$ 117,375	\$ 1,332,456
FDIC Coverage	(250,000)	(139,412)	(140,449)	(117,375)	(647,236)
Total uninsured public funds	<u>685,220</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>685,220</u>
Collateral pledged:					
BNY Mellon					
FG J12874, 09/01/2025, CUSIP: 3128PSFP7	67,360	-	-	-	67,360
FN AH1300, 01/01/2026, CUSIP: 3138A2NS4	11,716	-	-	-	11,716
FN AI7609, 11/01/2041, CUSIP: 3138AMN35	15,075	-	-	-	15,075
FN AI7778, 07/01/2041, CUSIP: 3138AMUC7	1,842	-	-	-	1,842
FN AU0924, 07/01/2043, CUSIP: 3138XOA24	19,208	-	-	-	19,208
FN AU4293, 09/01/2043, CUSIP: 3138X3XX5	297,736	-	-	-	297,736
Pledged collateral held by the pledging bank's trust department or agent, not in the Village's name	<u>412,937</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>412,937</u>
Uninsured and uncollateralized	<u>\$ 272,283</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 272,283</u>
Collateral requirement (50% of uninsured funds)	\$ 342,610	\$ -	\$ -	\$ -	\$ 342,610
Pledged collateral	<u>412,937</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>412,937</u>
Over (under) collateralized	<u>\$ 70,327</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,327</u>

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned. The Village does not have a deposit policy for custodial credit risk. As of June 30, 2015, \$685,220 of the Village's bank balance of \$1,332,456 was exposed to custodial credit risk.

Uninsured and uncollateralized	\$ 272,283
Pledged collateral held by the pledging bank's trust department or agent, not in the Village's name	<u>412,937</u>
Total	<u>\$ 685,220</u>

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Custodial Credit Risk – Investments

In accordance with GASB 40, the Village's investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by the counter party. The Village purchases investments through the Wells Fargo Advisors account, which holds all U.S. depository – eligible securities with the federally regulated Depository Trust Company or through the Federal Reserve Bank System in Wells Fargo's name. The CDs held in this investment account are FDIC insured. The remaining investments, the Treasury Money Market and the GNMA, are insured under the Securities Investor Protection Corporation (SPIC). The total Investor Protection for Wells Fargo per account is \$500,000, including up to \$250,000 of claims for cash. The Village does not have a formal investment policy to limit this risk.

The Village also invests in the New Mexico State Treasurer's Local Government Investment Pool (LGIP) which is not subject to custodial credit risk.

Interest Rate Risk and Credit Rating- Investment in State Treasurer's LGIP

The Village does not have a formal policy limiting investment maturities to manage its exposure to fair value losses from increasing interest rates. The Village's investments at June 30, 2015 include the following:

State Treasurer LGIP AAAM 56.4-day WAM(R) \$ 72,580

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

The pool does not have unit shares; at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the amounts of the fund were invested. Any unrealized gain or loss on the portfolio is distributed through the investment yield on distributed dates. The carrying amount of the portfolio approximates the fair value of all investments at June 30, 2015. Participation in the Local Government Investment Pool is voluntary.

NM State Statutes require collateral pledged for repurchase agreements in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the Village for at least 102% of the amount on deposit with the institution. There are no repurchase agreements for the year ended June 30, 2015.

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Interest Rate Risk – Investments

The Village does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – Investments

The Village’s investments in GNMA Securities are backed by the full faith of the United States Government. As of June 30, 2015 these securities were rated AAA by both Standard & Poor’s and Moody’s Investors Service.

Concentration of Credit Risk – Investments

The Village places no limit on the amount the Village may invest in any one issuer. Approximately fifteen percent of the Village’s Wells Fargo Investment Advisors investments are invested in GNMA’s.

Receivables

Receivables as of year-end for the Village’s individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Funds			Total
	General Fund	Municipal Street Fund	Proprietary Water Fund	
Receivables:				
Customer	\$ -	\$ -	\$ 5,764	\$ 5,764
Taxes				
Gross receipts	16,387	4,514	-	20,901
State shared	13,461	1,234	-	14,695
Property	2,373	-	-	2,373
Franchise	1,380	-	-	1,380
Other	110	-	-	110
Other governments	11,349	-	-	11,349
Gross receivables	45,060	5,748	5,764	56,572
Less: allowance for uncollectibles	-	-	-	-
Net total receivables	\$ 45,060	\$ 5,748	\$ 5,764	\$ 56,572

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Capital Assets

Capital asset activity for the year ended June 30, 2015 was as follows:

Primary Government

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 708,458	\$ -	\$ -	\$ 708,458
Total capital assets not being depreciated	<u>708,458</u>	<u>-</u>	<u>-</u>	<u>708,458</u>
Capital assets, being depreciated:				
Infrastructure	3,518,220	146,500	-	3,664,720
Building and improvements	5,638,013	-	-	5,638,013
Equipment and vehicles	<u>1,358,000</u>	<u>10,285</u>	<u>-</u>	<u>1,368,285</u>
Total capital assets being depreciated	<u>10,514,233</u>	<u>156,785</u>	<u>-</u>	<u>10,671,018</u>
Less accumulated depreciation:				
Infrastructure	(468,319)	(88,080)	-	(556,399)
Building and improvements	(1,567,785)	(186,576)	-	(1,754,361)
Equipment and vehicles	<u>(1,098,193)</u>	<u>(87,400)</u>	<u>-</u>	<u>(1,185,593)</u>
Total accumulated depreciation	<u>(3,134,297)</u>	<u>(362,056)</u>	<u>-</u>	<u>(3,496,353)</u>
Total capital assets being depreciated, net	<u>7,379,936</u>	<u>(205,271)</u>	<u>-</u>	<u>7,174,665</u>
Governmental activities capital assets, net	<u>\$ 8,088,394</u>	<u>\$ (205,271)</u>	<u>\$ -</u>	<u>\$ 7,883,123</u>

**STATE OF NEW MEXICO
VILLAGE OF TIJERAS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 62,977	\$ -	\$ -	\$ 62,977
Water Rights	<u>54,848</u>	<u>-</u>	<u>-</u>	<u>54,848</u>
 Total capital assets not being depreciated	 <u>117,825</u>	 <u>-</u>	 <u>-</u>	 <u>117,825</u>
Capital assets, being depreciated:				
Infrastructure	7,748,931	62,312	-	7,811,243
Building and improvements	183,836	-	-	183,836
Equipment and vehicles	<u>1,875</u>	<u>-</u>	<u>-</u>	<u>1,875</u>
 Total capital assets being depreciated	 <u>7,934,642</u>	 <u>62,312</u>	 <u>-</u>	 <u>7,996,954</u>
Less accumulated depreciation:				
Infrastructure	(2,651,603)	(225,747)	-	(2,877,350)
Building and improvements	(106,909)	(6,128)	-	(113,037)
Equipment and vehicles	<u>(1,875)</u>	<u>-</u>	<u>-</u>	<u>(1,875)</u>
 Total accumulated depreciation	 <u>(2,760,387)</u>	 <u>(231,875)</u>	 <u>-</u>	 <u>(2,992,262)</u>
 Total capital assets being depreciated, net	 <u>5,174,255</u>	 <u>(169,563)</u>	 <u>-</u>	 <u>5,004,692</u>
 Business-type activities capital assets, net	 <u>\$ 5,292,080</u>	 <u>\$(169,563)</u>	 <u>\$ -</u>	 <u>\$ 5,122,517</u>

**STATE OF NEW MEXICO
VILLAGE OF TIJERAS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General government	\$ 294,443
Highways and streets	\$ 7,382
Public safety	<u>60,231</u>
Total depreciation expense - Governmental Activities:	<u>\$ 362,056</u>
Business-type Activities:	
Water	<u>\$ 231,875</u>
Total depreciation expense - Business-type Activities:	<u>\$ 231,875</u>

Interfund Transfers

Legally authorized transfers between funds are recorded as other financing sources and uses in the respective funds. The Village had no interfund transfers during the fiscal year ending June 30, 2015.

Short Term Debt

The Village does not have any short-term debt.

Long Term Debt – Enterprise Funds

The Village has entered into a loan agreement with the New Mexico Finance Authority (NMFA), pursuant to Village Ordinance No. 144, dated October 22, 2010. The proceeds of the note were used for the Phase III Water System Improvement Schematic. The principal amount of the loan was \$135,148, with 0.0% interest and an NMFA administrative fee of 0.25%. Principal and administrative fee payments are due June 30th of every year. The note matures in 2030. The loan is collateralized by the net revenues of the water utility system.

Annual debt service requirements for notes payable are as follows:

June 30,	Notes		Total
	Principal	NMFA Fees	
2016	\$ 6,681	255	\$ 6,936
2017	6,698	238	6,936
2018	6,715	221	6,936
2019	6,731	205	6,936
2020	6,748	188	6,936
2021-2025	33,995	686	34,681
2026-2030	<u>34,423</u>	<u>259</u>	<u>34,682</u>
	<u>\$ 101,991</u>	<u>\$ 2,052</u>	<u>\$ 104,043</u>

**STATE OF NEW MEXICO
VILLAGE OF TIJERAS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

Changes in Long-term Liabilities – Enterprise Funds

Long-term liability activity for the year ended June 30, 2015, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type Activities					
Note Payable	\$ 108,656	\$ -	\$ 6,665	\$ 101,991	\$ 6,681
	<u>\$ 108,656</u>	<u>\$ -</u>	<u>\$ 6,665</u>	<u>\$ 101,991</u>	<u>\$ 6,681</u>

Post-Employment Benefits:

Retirement Plan

General Information about the Pension Plan

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

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

Benefits provided. For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2014 available at

http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2014.pdf.

Contributions. The contribution requirements of defined benefit plan members and the Village of Tijeras are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY14 for the various PERA coverage options, for both Tier I and

STATE OF NEW MEXICO
VILLAGE OF TIJERAS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

Tier II, see the tables available in the note disclosures on pages 29 through 31 of the PERA FY14 annual audit report at http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_2014.pdf. The PERA coverage options that apply to the Village of Tijeras are: Municipal General Division. Statutorily required contributions to the pension plan from the Village of Tijeras were \$21,968 and employer paid member benefits that were “picked up” by the employer were \$4,752 for the year ended June 30, 2015.

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

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

For PERA Fund Division Municipal General, at June 30, 2015, the Village of Tijeras reported a liability of \$141,199 for its proportionate share of the net pension liability. At June 30, 2014, the Village of Tijeras’s proportion was 0.0181% percent, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference. For the year ended June 30, 2015, the Village of Tijeras recognized PERA Fund Division Municipal General Pension expense of \$5,891. At June 30, 2015, the Village of Tijeras reported PERA Fund Division Municipal General deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

**STATE OF NEW MEXICO
VILLAGE OF TIJERAS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 55,241
Changes of assumptions	-	96
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between Village of Tijeras contributions and proportionate share of contributions	-	-
Village of Tijeras contributions subsequent to the measurement date	21,968	-
Total	<u>\$ 21,968</u>	<u>\$ 55,337</u>

\$21,968 reported as deferred outflows of resources related to pensions resulting from the Village of Tijeras contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2016	\$	(13,834)
2017		(13,834)
2018		(13,834)
2019		(13,835)
2020		-
Thereafter		-
Total	\$	<u>(55,337)</u>

**STATE OF NEW MEXICO
VILLAGE OF TIJERAS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

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

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

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

ALL FUNDS - Asset Class	Target Allocation	Long Term Expected Real Rate of Return
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	<u>100.0%</u>	

**STATE OF NEW MEXICO
VILLAGE OF TIJERAS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

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 of Tijeras'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 of Tijeras' net pension liability in each PERA Fund Division that the Village of Tijeras 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.

	(6.75%)	(7.75%)	(8.75%)
Village of Tijeras' proportionate share of the net pension liability	\$ 266,193	\$ 141,199	\$ 44,635

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

Payables to the pension plan. The Village of Tijeras, as of June 30, 2015 had an outstanding payable to PERA of \$824 for June payroll that was paid in July 2015.

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 the event the time period required for employee and employer contributions shall become the period of time between the employer's effective date

**STATE OF NEW MEXICO
VILLAGE OF TIJERAS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

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 State Legislature. Employers that choose to become participating employers after January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the board.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3,4 or 5; municipal fire member coverage plan 3,4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2015, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2015, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The Village's contributions to the RHCA for the years ended June 30, 2015, 2014 and 2013 were \$5,689, \$4,334 and \$5,252, respectively, which equal the required contributions for each year.

**STATE OF NEW MEXICO
VILLAGE OF TIJERAS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

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 to employees; and natural disasters. The Village has obtained insurance through the Self Insurance Fund operating as a common risk management and insurance program. The Village pays an annual premium to the New Mexico Self Insurers Fund for its general insurance coverage and all risk of loss is transferred. No losses were reported or incurred during the year.

Joint Powers Agreements

The Village entered into an agreement with the Energy, Minerals and Natural Resources Department (EMNRD) for wildland fire protection and suppression. Both EMNRD and the Village will provide both Non-Reimbursable and Reimbursable Assistance in the control and suppression of wildland fires. This agreement is effective March 6, 2009 and is ongoing unless terminated by either party by written notification at least 90 days prior to the termination date. During the fiscal year ending June 30, 2015, \$-0- was received and \$-0- was paid out under this agreement.

The Village entered into a memorandum of understanding (MOU) for mutual and/or automatic aid for fire protection and emergency medical service with the following:

Bernalillo County	Town of Bernalillo	City of Albuquerque
Cibola County	Village of Corrales	Kirtland Air Force Base
Los Alamos County	Village of Cuba	Village of Los Ranchos de
McKinley County	Village of Jemez Springs	Albuquerque
Rio Arriba County	City of Rio Rancho	City of Santa Fe
San Juan County	Village of San Ysidro	Santa Fe County
Torrance County		

No party to this MOU is entitled to any reimbursement or compensation for all or any part of the cost incurred by such party in furnishing either mutual or automatic aid in emergency responses and in preserving life and property, except as negotiated by the parties for particular assignments in advance of performance. This MOU is effective, unless terminated by either party upon a thirty day written notification.

**STATE OF NEW MEXICO
VILLAGE OF TIJERAS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

Capital Outlay Appropriations

The Village's capital outlay appropriations are as follows:

<u>Capital Project</u>	<u>Project Appropriations</u>	<u>Expenditures to Date</u>	<u>Unexpended Balance</u>	<u>Appropriation Period</u>
Water System Improvement	\$ 390,000	\$ -	390,000	9/13 to 6/17
Water System Improvement	<u>400,000</u>	<u>130,303</u>	<u>269,697</u>	8/12 to 6/16
Total	<u>\$ 790,000</u>	<u>\$ 130,303</u>	<u>\$ 659,697</u>	

The term of the grants are contingent upon sufficient state appropriations and may be reverted prior to the expiration dates.

Related Party Transactions

The Village paid \$2,200 to Max Klaus for web page support during the year ended June 30, 2015. Max Klaus is the son of the Deputy Clerk.

Restatement of Net Position

The Village has restated net position in the amount of (\$190,645) for Governmental Funds due to the implementation of GASB 68, which requires the inclusion of the Village's proportionate share of the net pension liability related to the Village's participation in the Public Employees Retirement Association. As of June 30, 2013 the proportionate share was \$190,645 for the Governmental Funds.

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REQUIRED SUPPLEMENTARY INFORMATION

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**STATE OF NEW MEXICO
VILLAGE OF TIJERAS
SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
OF PERA MUNICIPAL GENERAL DIVISION
June 30, 2015**

	New Mexico PERA Pension Plan Last 10 Fiscal Years*									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Village's Proportion of the Net Pension Liability (Asset)	0.0181%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Village's Proportionate Share of Net Pension Liability (Asset)	\$ 141,199	-	-	-	-	-	-	-	-	-
Village's Covered-Employee Payroll	\$ 316,811	-	-	-	-	-	-	-	-	-
Village's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered-Employee Payroll	44.57%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.29%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

*The amounts presented for each fiscal year were determined as of June 30, 2014. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Village of Tijeras will present information for those years for which information is available.

See Notes to Required Supplementary Information

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STATE OF NEW MEXICO
 VILLAGE OF TIJERAS
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 June 30, 2015

New Mexico PERA Pension Plan
 Last 10 Fiscal Years*

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually Required Contribution	\$ 22,792	-	-	-	-	-	-	-	-	-
Contributions in Relation to the Contractually Required Contribution	21,968	-	-	-	-	-	-	-	-	-
Contribution Deficiency (Excess)	824	-	-	-	-	-	-	-	-	-

Covered-Employee Payroll
 Contributions as a percentage of covered employee-payroll 7%

Increase (Decrease) in Pension Expense over Recognition Periods

Year	Total Amount Deferred	Amortization											
		Years	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	
2014	\$ 55,337	5	\$ 13,834	13,834	13,834	13,834	13,835	-	-	-	-	-	-
2015	-	5	-	-	-	-	-	-	-	-	-	-	-
2016	-	5	-	-	-	-	-	-	-	-	-	-	-
2017	-	5	-	-	-	-	-	-	-	-	-	-	-
2018	-	5	-	-	-	-	-	-	-	-	-	-	-
2019	-	5	-	-	-	-	-	-	-	-	-	-	-
2020	-	5	-	-	-	-	-	-	-	-	-	-	-
2021	-	5	-	-	-	-	-	-	-	-	-	-	-
2022	-	5	-	-	-	-	-	-	-	-	-	-	-
2023	-	5	-	-	-	-	-	-	-	-	-	-	-
	\$ 55,337		\$ 13,834	13,834	13,834	13,834	13,835	-	-	-	-	-	-

*The amounts presented for each fiscal year were determined as of June 30, 2014. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Village of Tijeras will present information for those years for which information is available.

See Notes to Required Supplementary Information

**Notes to Required Supplementary Information
For the Year Ended June 30, 2015**

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

Changes of assumptions.

The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2014 report is available at

http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2014%20PERA%20Valuation%20Report_FINAL.pdf.

The summary of Key Findings for the PERA Fund (on page 2 of the report) states “based on a recent experience study for the five-year period ending June 30, 2013, the economic and demographic assumptions were updated for this valuation. The changes in assumptions resulted in a decrease of \$30.8 million to Fund liabilities and an increase of 0.13% to the funded ratio. For details about changes in the actuarial assumptions, see Appendix B on page 60 of the report.”

SUPPLEMENTARY INFORMATION

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**STATE OF NEW MEXICO
VILLAGE OF TIJERAS
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015**

SPECIAL REVENUE FUNDS

EMS Fund - authorized by State Statute 24-10A-1 to 24-10A-10, to account for operations of emergency medical and trauma services. Financing is provided by the EMS grant.

Fire Protection Fund - is used to account for the operations of the Fire Department and is authorized by the State Statute Chapter 48, Section 2, Laws of 1963. Financing is provided by the State Fire Allotment, emergency medical services, interest on investments and miscellaneous revenues.

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**STATE OF NEW MEXICO
VILLAGE OF TIJERAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

	Special Revenue		
	EMS	Fire Protection	Total
Assets			
Cash	\$ 8,372	\$ 6,720	\$ 15,092
Total assets	<u>\$ 8,372</u>	<u>\$ 6,720</u>	<u>\$ 15,092</u>
Fund balances:			
Restricted for:			
Special revenue	<u>8,372</u>	<u>6,720</u>	<u>15,092</u>
Total fund balances	<u>\$ 8,372</u>	<u>\$ 6,720</u>	<u>\$ 15,092</u>

The notes to the financial statements are an integral part of this statement.

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

	<u>Special Revenue</u>		
	<u>EMS</u>	<u>Fire Protection</u>	<u>Total</u>
Revenues			
Intergovernmental:			
State grants	\$ 20,000	\$ 77,876	\$ 97,876
Miscellaneous	1,640	7,767	9,407
	<hr/>	<hr/>	<hr/>
Total revenues	21,640	85,643	107,283
	<hr/>	<hr/>	<hr/>
Expenditures			
Current operations:			
Public safety	18,391	83,134	101,525
	<hr/>	<hr/>	<hr/>
Total expenditures	18,391	83,134	101,525
	<hr/>	<hr/>	<hr/>
Net change in fund balances	3,249	2,509	5,758
Fund balances, beginning of year	5,123	4,211	9,334
	<hr/>	<hr/>	<hr/>
Fund balances, end of year	\$ 8,372	\$ 6,720	\$ 15,092
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**STATE OF NEW MEXICO
VILLAGE OF TIJERAS
EMS FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Revenues				
Intergovernmental:				
State	\$ <u>20,000</u>	\$ <u>20,000</u>	\$ <u>21,640</u>	\$ <u>1,640</u>
Total revenues	<u>20,000</u>	<u>20,000</u>	<u>21,640</u>	<u>1,640</u>
Expenditures				
Current operations:				
Public safety	<u>25,123</u>	<u>25,123</u>	<u>18,391</u>	<u>6,732</u>
Total expenditures	<u>25,123</u>	<u>25,123</u>	<u>18,391</u>	<u>6,732</u>
Net change in fund balances	\$(<u>5,123</u>)	\$(<u>5,123</u>)	\$ <u>3,249</u>	\$ <u>8,372</u>
Beginning cash	\$ <u>5,123</u>	\$ <u>5,123</u>		

The notes to the financial statements are an integral part of this statement.

**STATE OF NEW MEXICO
VILLAGE OF TIJERAS
FIRE PROTECTION FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Revenues				
Intergovernmental:				
State	\$ 77,876	\$ 77,876	\$ 77,876	\$ -
Miscellaneous	-	-	7,767	7,767
	<u>77,876</u>	<u>77,876</u>	<u>85,643</u>	<u>7,767</u>
Total revenues				
Expenditures				
Current operations:				
Public safety	79,834	79,834	80,881	(1,047)
	<u>79,834</u>	<u>79,834</u>	<u>80,881</u>	<u>(1,047)</u>
Total expenditures				
Net change in fund balances	<u><u>\$ (1,958)</u></u>	<u><u>\$ (1,958)</u></u>	<u><u>\$ 4,762</u></u>	<u><u>\$ 6,720</u></u>
Beginning cash	<u><u>\$ 1,958</u></u>	<u><u>\$ 1,958</u></u>		
RECONCILIATION TO GAAP BASIS				
Net increase (decrease) in fund balances budget basis			\$ 4,762	
Change in accounts receivable			<u>(2,253)</u>	
Net change in fund balances GAAP basis			<u><u>\$ 2,509</u></u>	

**STATE OF NEW MEXICO
VILLAGE OF TIJERAS
STATEMENT OF REVENUES AND EXPENSES
BUDGET and ACTUAL
WATER FUND
YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
OPERATING REVENUES				
Charges for services	\$ 69,000	\$ 69,000	\$ 64,726	\$(4,274)
Total operating revenues	<u>69,000</u>	<u>69,000</u>	<u>64,726</u>	<u>(4,274)</u>
OPERATING EXPENSES				
Cost of sales and services	18,000	18,000	17,004	996
Administration	3,700	3,700	3,646	54
Other operating expenses	<u>753,471</u>	<u>753,471</u>	<u>51,196</u>	<u>702,275</u>
Total operating expenses	<u>775,171</u>	<u>775,171</u>	<u>71,846</u>	<u>703,325</u>
Operating income (loss)	<u>(706,171)</u>	<u>(706,171)</u>	<u>(7,120)</u>	<u>699,051</u>
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental				
State	725,471	725,471	62,312	(663,159)
Interest expense	<u>(300)</u>	<u>(300)</u>	<u>(272)</u>	<u>28</u>
Nonoperating revenues (expenses)	<u>725,171</u>	<u>725,171</u>	<u>62,040</u>	<u>(663,131)</u>
NON-BUDGETED ITEMS				
Depreciation	<u>-</u>	<u>-</u>	<u>(231,875)</u>	<u>(231,875)</u>
Total non-budgeted items	<u>-</u>	<u>-</u>	<u>(231,875)</u>	<u>(231,875)</u>
Net income (loss)	<u>\$ 19,000</u>	<u>\$ 19,000</u>	<u>\$(176,955)</u>	<u>\$(195,955)</u>
Beginning cash balances	<u>\$ 121,446</u>	<u>\$ 121,446</u>		

OTHER SUPPLEMENTARY INFORMATION

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Village of Tijeras
 SCHEDULE OF VENDOR INFORMATION for Purchases Exceeding \$60,000 (excluding GRT)
 For the Year Ended June 30, 2015
 Prepared by Agency Staff Name: _____ Diane Klaus _____ Title: _____ Finance Manager _____ Date ____2/19/2016_

<i>RFB#/RFP#</i>	<i>Type of Procurement</i>	<i>Awarded Vendor</i>	<i>\$ Amount of Awarded Contract</i>	<i>\$ Amount of Amended Contract</i>	<i>Name and Physical Address per the procurement documentation, of ALL Vendor(s) that responded</i>	<i>In-State/ Out-of-State Vendor (Y or N) (Based on Statutory Definition)</i>	<i>Was the vendor in-state and chose Veteran's preference (Y or N) For federal funds answer N/A</i>	<i>Brief Description of the Scope of Work</i>
2014-2015 COOP	Bid	Universal Constructors, Inc.	\$ 90,123.65	\$ 121,720.72	Universal Constructors, Inc. Albuquerque, NM	Y	N	Miscellaneous improvements, construction and reconstruction at various road locations, including Wilson Road and Cravens Road
					TLC Plumbing & Utility Albuquerque, NM	Y	N	
					Custom Grading Albuquerque, NM	Y	N	
					Sparling Construction Company, Inc. Albuquerque NM	Y	N	
					Desert Fox, LLC Bosque Farms, NM	Y	N	
					Aztec Grading Albuquerque NM	Y	N	
					Star Paving Company Albuquerque, NM	Y	N	
					Salls Brothers Albuquerque NM	Y	N	
					Sierra Valley Contractors, LLC Truth or Consequences NM	Y	N	

**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***

Gloria Chavez, Mayor
and the
Village Council
Village of Tijeras, New Mexico
and
Timothy Keller
New Mexico State Auditor
Santa Fe, 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 and major special revenue fund, of the Village of Tijeras, New Mexico (Village), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and the combining and individual funds and related budgetary comparisons of the Village, presented as supplemental information, and have issued our report thereon dated February 19, 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 on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies: Items 2015-003 and 2015-004.

Compliance and Other Matters

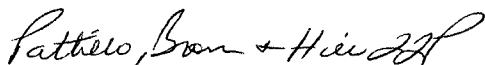
As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2014-001, 2015-001, and 2015-002.

Village of Tijeras, New Mexico's Response to Findings

Village of Tijeras, New Mexico's response to the findings identified in our audit is 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 the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Pattillo, Brown & Hill, LLP
Albuquerque, New Mexico
February 19, 2016

**STATE OF NEW MEXICO
VILLAGE OF TIJERAS
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2015**

Financial Statement Findings

Prior Year

2013-001	Vendor Credit – Resolved
2014-001	Expenditures In Excess of Budget – Repeated and Modified

Current Year

2014-001	Expenditures In Excess of Budget – Repeated and Modified
2015-001	Late Audit Report
2015-002	Timely Deposits
2015-003	Journal Entries
2015-004	Depreciation Schedule

**STATE OF NEW MEXICO
VILLAGE OF TIJERAS
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2015**

2014-001 Expenditures in Excess of Budget –Repeated and Modified (compliance)

Condition: Actual expenditures exceeded budgeted expenditures at the total fund level for the Fire Fund by \$1,047. Management has not made progress in correcting this prior year finding.

Effect: The Village’s expenditures in the above fund exceeded the approved budget by \$1,047 which is a violation of state statutes and can create cash short falls.

Criteria: The New Mexico State Statute, Section 6-6-6 NMSA 1978, requires that the Village keep expenditures within the budgeted amounts. NMAC 2.2.2.10 P (1) requires a finding when actual expenditures exceed budgeted expenditures.

Cause: The Village failed to properly request a budget adjustment when expenditures in excess of the approved budget were necessary.

Recommendation: Budget adjustment requests should be presented to and approved by DFA before expending funds in excess of budget.

Response: A regular budget review will be conducted to prevent budget overruns. The Deputy Clerk is responsible for correcting this audit finding. It is anticipated that procedures will be in place to correct the audit finding by May 31, 2016.

2015-001 Late Audit Report (compliance)

Condition: The audit report for the year ended June 30, 2015 was submitted to the New Mexico State Auditor after the required deadline of December 1, 2015.

Effect: The Village is not in compliance with State Statutes regarding timely submittal of its audit report. Late audit reports could have an effect on State and Federal funding.

Criteria: Audits of Municipalities must be submitted by December 1 in accordance with the New Mexico State Audit Rule 2.2.2 NMAC.

Cause: The Village encountered difficulties in procuring an auditor for fiscal year 2015. The audit contract for fiscal year 2015 was not approved in time for the audit to be completed by the December 1, 2015 deadline.

Recommendation: The Village should establish procedures to ensure that future audits are submitted timely.

Response: Audit was late due to unforeseen circumstances. State Auditor’s Office was fully informed of issues in a timely manner. The Deputy Clerk is responsible for correcting this audit finding. It is anticipated that procedures will be in place to correct the audit finding by May 31, 2016.

**STATE OF NEW MEXICO
VILLAGE OF TIJERAS
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2015**

2015-002

Timely Deposits (compliance)

Condition:

Four of sixty one cash receipts tested were not deposited by the end of the next business day. The cash receipts were in the amounts of \$319.62, \$100.00, \$96.00, and \$13.60.

Effect:

The Village is not in compliance with State Statutes regarding timely deposits.

Criteria:

The New Mexico State Statute, Section 6-10-3 NMSA 1978, requires that cash or checks be deposited before the end of the next succeeding business day.

Cause:

Village personnel were unable to process the deposits in a timely manner.

Recommendation:

The Village should establish procedures to ensure that all monies received are deposited by the end of the next business day.

Response:

The Village will ensure to comply with NM State Statute, Section 6-10-3 NMSA 1978. The Deputy Clerk is responsible for correcting this audit finding. It is anticipated that procedures will be in place to correct the audit finding by May 31, 2016.

2015-003

Journal Entries (Significant Deficiency)

Condition:

In reviewing journal entries for the year ended June 30, 2015, it was noted that journal entries are posted to QuickBooks, but that documentation supporting the rationale for the journal entry is not maintained. The Village also posted entries during the fiscal year which required correction as part of the annual audit.

Effect:

Financial information of the Village could be misstated if improper journal entries are posted to the accounting system.

Criteria:

A good internal control structure will ensure that that journal entries are sufficiently supported so that they can be reviewed by someone other than the preparer of the journal entry.

Cause:

The Village did not have effective procedures in place to properly review and authorize journal entries.

Recommendation:

The Village should establish procedures to ensure that the supporting documentation for all journal entries is properly maintained. Journal entries should be reviewed and approved by someone other than the preparer of the journal entries.

Response:

The Village will establish procedures for journal entries and keep all supporting documents for such entries. The Deputy Clerk is responsible for correcting this audit finding. It is anticipated that procedures will be in place to correct the audit finding by May 31, 2016.

**STATE OF NEW MEXICO
VILLAGE OF TIJERAS
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2015**

2015-004

Depreciation Schedule (Significant Deficiency)

Condition:

The Village did not properly maintain its depreciation schedule for capital assets for the year ended June 30, 2015.

Effect:

Financial information of the Village could be misstated if records regarding capital assets are not properly maintained.

Criteria:

Section 6-5-2 NMSA 1978 authorizes the Department of Finance and Administration to establish Model Accounting Practices (MAPS). Chapter FIN6-Asset Management, Depreciation and Transfer in the MAPS includes guidelines to ensure that agencies maintain a record of their capital assets and that capital assets are adequately controlled and safeguarded.

Cause:

The Village did not have effective procedures in place to properly ensure that records pertaining to capital assets were updated.

Recommendation:

The Village should establish procedures to ensure that the depreciation schedule is updated as needed.

Response:

The Depreciation Schedule will be updated as required. The Deputy Clerk is responsible for correcting this audit finding. It is anticipated that procedures will be in place to correct the audit finding by May 31, 2016.

**STATE OF NEW MEXICO
VILLAGE OF TIJERAS
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2015**

EXIT CONFERENCE

An exit conference was held on February 19, 2016 at the Village's offices. In attendance were Gloria Chavez, Mayor, Shannon Fresquez, Clerk/Treasurer, Diane Klaus, Deputy Clerk, and Don Johnson, Councilor, from the Village of Tijeras. John Gordon, CPA and David Baca were in attendance for Pattillo, Brown & Hill, L.L.P.

PREPARATION OF FINANCIAL STATEMENTS

The financial statements presented in this report have been prepared by the auditors, Pattillo, Brown, and Hill, L.L.P., Certified Public Accountants; however the financial statements are the responsibility of the management.