

STATE OF NEW MEXICO
VILLAGE OF TIJERAS

AUDIT REPORT

JUNE 30, 2016

State of New Mexico
VILLAGE OF TIJERAS
Annual Financial Report
For the Year Ended June 30, 2016

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VILLAGE OF TIJERAS
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State of New Mexico
VILLAGE OF TIJERAS
OFFICEAL ROSTER
June 30, 2016

VILLAGE COUNCIL

Gloria J. Chavez
Jake Bruton
Felix Garcia
Don Johnson
David Wilson
Maxine Wilson

Mayor
Councilor
Councilor
Councilor
Councilor
Councilor

VILLAGE ADMINISTRATION

Diane Klaus
Colleen Mackenzie

Acting Clerk/Treasurer
Bookkeeper

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FINANCIAL SECTION

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**CALHOON ACCOUNTING & TAX SERVICES
PO BOX 945
ESTANCIA, NEW MEXICO 87016**

INDEPENDENT AUDITOR'S REPORT

Timothy Keller, New Mexico State Auditor
Gloria Chavez, Mayor
Village Council
Village of Tijeras
Tijeras, New Mexico

Report on Financial Statements

I 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 of the general fund and major special revenue funds of the Village of Tijeras (the Village), as of and for the year ended June 30, 2016, and the related notes to the financial statements which collectively comprise the Village's basic financial statements as listed in the table of contents. I have also audited the financial statements of each of the Village's non-major governmental funds and the budgetary comparisons for all non-major funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2016, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I 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 Village's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

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Opinions

In my 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 as of June 30, 2016, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each non-major governmental fund of the Village as of June 30, 2016, and the respective changes in financial position and cash flows where applicable, thereof and the respective budgetary comparisons for all non-major 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. My 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. I 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, that basic financial statements and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The other schedules required by 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying 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 my opinion, the other schedules as required by 2.2.2 NMAC are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The Schedule of Vendor Information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, I do not express an opinion or provide any assurance on it.

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Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated December 12, 2016 on my consideration of the Village's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Calhoon Accounting & Tax Services

Calhoon Accounting & Tax Services
Estancia, New Mexico
December 12, 2016

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BASIC FINANCIAL STATEMENTS

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State of New Mexico
VILLAGE OF TIJERAS
Statement of Net Position
June 30, 2016

	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets			
Cash	\$ 789,848	\$ 66,065	\$ 855,913
Investments	470,215	-	470,215
Receivables, net	90,629	6,074	96,703
Total current assets	1,350,692	72,139	1,422,831
Noncurrent assets			
Capital assets	11,504,500	9,018,204	20,522,704
Less: accumulated depreciation	(3,814,885)	(3,203,959)	(7,018,844)
Total Noncurrent assets	7,689,615	5,814,245	13,503,860
Deferred outflows of resources			
Deferred outflows - pension related	75,687	-	75,687
Total deferred outflows of resources	75,687	-	75,687
Total assets and deferred outflows of resources	\$ 9,115,994	\$ 5,886,384	\$ 15,002,378
Liabilities			
Current liabilities			
Accounts payable	\$ 17,411	\$ 343	\$ 17,754
Accrued payroll liabilities	17,397	-	17,397
Current portion of long-term debt	-	9,698	9,698
Total current liabilities	34,808	10,041	44,849
Noncurrent liabilities			
Long-term debt	-	143,915	143,915
Net pension liability	246,740	-	246,740
Total noncurrent liabilities	246,740	143,915	390,655
Total liabilities	281,548	153,956	435,504
Deferred inflows of resources			
Deferred inflows - pension related	6,342	-	6,342
Total deferred inflows of resources	6,342	-	6,342
Net Position			
Net investment in capital assets	7,689,615	5,660,632	13,350,247
Restricted for:			
Special revenue	127,801	-	127,801
Capital outlay	-	-	-
Debt service	-	-	-
Unrestricted for:			
General	1,010,688	71,796	1,082,484
Total net position	8,828,104	5,732,428	14,560,532
Total liabilities, deferred inflows of resources and net position	\$ 9,115,994	\$ 5,886,384	\$ 15,002,378

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

State of New Mexico
VILLAGE OF TIJERAS
Statement of Activities
For the Year Ended June 30, 2016

Functions/Programs	Expenses	Charges for Service
Primary Government:		
Government activities:		
General government	\$ 879,269	\$ 72,189
Public safety	108,992	2,102
Highways and streets	211,224	-
Culture and recreation	102,053	-
Total governmental activities	\$ 1,301,538	\$ 74,291
Business-type Activities:		
Water	277,452	867,358
Total business-type activities	\$ 277,452	\$ 867,358
Total Primary Government	\$ 1,578,990	\$ 941,649

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

State of New Mexico
VILLAGE OF TIJERAS
Statement of Activities
For the Year Ended June 30, 2016

Operating Grants and Contributions	Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position		
		Primary Government		
		Governmental Activities	Business-type Activities	Total
\$ 174,292	\$ 26,595	\$ (606,193)	\$ -	\$ (606,193)
-	174,800	67,910	-	67,910
-	2,142	(209,082)	-	(209,082)
-	-	(102,053)	-	(102,053)
\$ 174,292	\$ 203,537	\$ (849,418)	\$ -	\$ (849,418)
-	-	-	589,906	589,906
\$ -	\$ -	\$ -	\$ 589,906	\$ 589,906
\$ 174,292	\$ 203,537	\$ (849,418)	\$ 589,906	\$ (259,512)
General Revenues:				
Taxes:				
Property taxes		22,452	-	22,452
Gross receipts taxes		725,079	-	725,079
State shared		12,267	-	12,267
Franchise		46,063	-	46,063
Interest and investments		399	-	399
Total general revenues		806,260	-	806,260
Transfer in (out)		(20,108)	20,108	-
	Change in net position	(63,266)	610,014	546,748
Net position - beginning		8,891,370	5,122,414	14,013,784
Net position - ending		\$ 8,828,104	\$ 5,732,428	\$14,560,532

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

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State of New Mexico
VILLAGE OF TIJERAS
Balance Sheet - Governmental Funds
June 30, 2016

	General Fund	Municipal Street	Other Governmental Funds	Total Governmental Funds
Assets				
Cash	\$ 662,802	\$ 74,882	\$ 52,164	\$ 789,848
Investments	470,215	-	-	470,215
Accounts receivable, net	81,062	9,567	-	90,629
Total assets	<u>\$ 1,214,079</u>	<u>\$ 84,449</u>	<u>\$ 52,164</u>	<u>\$ 1,350,692</u>
Liabilities				
Accounts payable	\$ 8,599	8,062	\$ 750	\$ 17,411
Accrued payroll liabilities	17,397	-	-	17,397
Total liabilities	<u>25,996</u>	<u>8,062</u>	<u>750</u>	<u>34,808</u>
Fund balance				
Restricted for:				
Special revenue funds	-	76,387	51,414	127,801
Unassigned	1,188,083	-	-	1,188,083
Total fund balance	<u>1,188,083</u>	<u>76,387</u>	<u>51,414</u>	<u>1,315,884</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 1,214,079</u>	<u>\$ 84,449</u>	<u>\$ 52,164</u>	<u>\$ 1,350,692</u>

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

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State of New Mexico
VILLAGE OF TIJERAS

Reconciliation of the Balance Sheet - Governmental Funds
To the Statement of Net Position
For the Year Ended June 30, 2016

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

Total Fund balances - Governmental Funds		\$ 1,315,884
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds:		
The cost of capital assets is:	11,504,500	
Accumulated depreciation is	<u>(3,814,885)</u>	7,689,615
Defined benefit pension plan deferred outflows are not financial resources and, therefore, are not reported in the governmental funds.		75,687
Long-term liabilities are not due in the current period and, therefore, are not reported in the governmental funds.		
Net pension liability		(246,740)
Defined benefit pension plan deferred inflows are not due and payable in the current period and, therefore, are not reported in the governmental funds.		(6,342)
Total net position-governmental activities		<u>\$ 8,828,104</u>

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

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State of New Mexico
VILLAGE OF TIJERAS
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2016

	General Fund	Municipal Street Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes				
Gross receipts	\$ 629,359	\$ 95,720	\$ -	\$ 725,079
Gas	-	12,267	-	12,267
Property	22,452	-	-	22,452
Franchise	46,063	-	-	46,063
Licenses and permits	3,091	-	-	3,091
Intergovernmental				
State	116,595	2,142	174,800	293,537
Fines and forfeits	-	-	-	-
Charges for services	69,098	-	2,102	71,200
Interest on Investments	399	-	-	399
Miscellaneous	30,289	-	284	30,573
Total revenue	<u>917,346</u>	<u>110,129</u>	<u>177,186</u>	<u>1,204,661</u>
Expenditures:				
Current				
General government	502,163	-	-	502,163
Public safety	46,365	-	62,627	108,992
Highways and streets	17,819	193,405	-	211,224
Culture and recreation	10,285	-	91,768	102,053
Noncurrent				
Capital outlay	-	125,024	-	125,024
Total expenditures	<u>576,632</u>	<u>318,429</u>	<u>154,395</u>	<u>1,049,456</u>
Excess (deficiency) of revenues over (under) expenditures	<u>340,714</u>	<u>(208,300)</u>	<u>22,791</u>	<u>155,205</u>
Other financing sources (uses):				
Operating transfers in	-	11,787	-	11,787
Operating transfers out	(31,895)	-	-	(31,895)
Total other financing sources (uses)	<u>(31,895)</u>	<u>11,787</u>	<u>-</u>	<u>(20,108)</u>
Net change in fund balances	<u>308,819</u>	<u>(196,513)</u>	<u>22,791</u>	<u>135,097</u>
Fund balances - beginning of year	892,795	272,900	15,092	1,180,787
Fund balances - restatement	(13,531)	-	13,531	-
Fund balances - beginning as restated	<u>879,264</u>	<u>272,900</u>	<u>28,623</u>	<u>1,180,787</u>
Fund balances - end of year	<u>\$ 1,188,083</u>	<u>\$ 76,387</u>	<u>\$ 51,414</u>	<u>\$ 1,315,884</u>

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

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State of New Mexico
VILLAGE OF TIJERAS
 Reconciliation of the Statement of Revenues, Expenditures
 and Changes In Fund Balances - Governmental Funds
 To the Statement of Activities
 For the Year Ended June 30, 2016

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

Total net change in fund balances - governmental funds	\$ 135,097
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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:

Depreciation expense	\$(318,532)	
Capital outlays	<u>125,024</u>	(193,508)

Recognition of accounts receivable and deferred inflows of resources is reflected on the full accrual basis within the statements of activities.	53,719
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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 and the related deferred inflows and deferred inflows of resources related to pensions	(58,574)
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Total changes in net position-governmental activities	<u>\$ (63,266)</u>
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The accompanying notes are an integral part of these financial statements.

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State of New Mexico
VILLAGE OF TIJERAS
Statement of Revenues and Expenditures
Budget (Non-GAAP Budgetary Basis) and Actual - General Fund
For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes				
Gross receipts	\$ 240,000	\$ 240,000	\$ 276,019	\$ 36,019
Property	13,822	13,822	22,452	8,630
Franchise	42,000	42,000	46,063	4,063
License and permits	3,550	3,550	3,091	(459)
Intergovernmental:				
State	450,000	450,000	431,905	(18,095)
Fines and forfeits	20	20	-	(20)
Charges for services	6,850	6,850	69,098	62,248
Interest on investments	1,700	1,700	399	(1,301)
Miscellaneous	700	700	30,289	29,589
Total Revenues	<u>758,642</u>	<u>758,642</u>	<u>879,316</u>	<u>120,674</u>
Expenditures:				
Current:				
General government	817,702	817,702	640,172	177,530
Public safety	-	-	46,365	(46,365)
Highways and streets	8,150	8,150	17,819	(9,669)
Culture and recreation	-	-	10,285	(10,285)
Non-current				
Capital outlay	-	-	-	-
Total expenditures	<u>825,852</u>	<u>825,852</u>	<u>714,641</u>	<u>111,211</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(67,210)</u>	<u>(67,210)</u>	<u>164,675</u>	<u>9,463</u>
Other financing sources (uses):				
Transfers in (out)	20,000	20,000	(31,895)	51,895
Total other financing sources (uses)	<u>20,000</u>	<u>20,000</u>	<u>(31,895)</u>	<u>51,895</u>
Net change in fund balances	<u>(47,210)</u>	<u>(47,210)</u>	<u>132,780</u>	<u>-</u>
Cash balances - beginning of year	-	-	543,952	-
Reinstatement of beginning cash balance	-	-	(13,531)	-
Investment balances - beginning of year	-	-	469,816	-
Cash balances - end of year	<u>\$ (47,210)</u>	<u>\$ (47,210)</u>	<u>\$ 1,133,017</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 132,780	
Adjustment to revenues for accruals and other deferrals			38,030	
Adjustment to expenditures for payables, prepaids and other accruals			<u>138,009</u>	
Net change in fund balance (GAAP Basis)			<u>\$ 308,819</u>	

The accompanying notes are an integral part of these Financial Statements.

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State of New Mexico
VILLAGE OF TIJERAS
Statement of Revenues and Expenditures
Budget (Non-GAAP Budgetary Basis) and Actual - Municipal Street Fund
For the Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Taxes:				
Gross receipts - municipal	\$ 80,000	\$ 80,000	\$ 91,901	\$ 11,901
Gassoline Tax	12,000	12,000	12,267	267
Intergovernmental				
State Grant	-	-	2,142	2,142
Federal Grant	548,000	548,000	-	(548,000)
Miscellaneous	135,000	135,000	-	(135,000)
Total revenue	<u>775,000</u>	<u>775,000</u>	<u>106,310</u>	<u>(668,690)</u>
Expenditures:				
Operating expenditures	-	-	185,343	(185,343)
Capital outlay	683,000	683,000	125,024	557,976
Total expenditures	<u>683,000</u>	<u>683,000</u>	<u>310,367</u>	<u>372,633</u>
Other financing sources (uses):				
Transfers in (out)	-	-	11,787	(11,787)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>11,787</u>	<u>(11,787)</u>
Net change in fund balances	<u>92,000</u>	<u>92,000</u>	<u>(192,270)</u>	<u>-</u>
Cash balances - beginning of year	<u>-</u>	<u>-</u>	<u>267,152</u>	
Cash balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 74,882</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$(192,270)	
Adjustment to revenues for accruals and other deferrals			3,819	
Adjustment to expenditures for payables, prepaids and other accruals			<u>(8,062)</u>	
Net change in fund balance (GAAP Basis)			<u>\$ (196,513)</u>	

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

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State of New Mexico
VILLAGE OF TIJERAS
Statement of Net Position - Proprietary Funds
June 30, 2016

	Water Fund
Assets	
Current assets:	
Cash, cash equivalents	\$ 66,065
Accounts receivable, net	6,074
Total current assets	72,139
Noncurrent assets:	
Capital assets:	
Capital assets	9,018,204
Accumulated depreciation	(3,203,959)
Total noncurrent assets	5,814,245
Total assets	\$ 5,886,384
Liabilities	
Current liabilities	
Accounts payable	\$ 343
Current portion of long-term debt	9,698
Total current liabilities	10,041
Noncurrent liabilities	
Long-term debt	143,915
Total noncurrent liabilities	143,915
Total liabilities	153,956
Net Position:	
Net investment in capital assets	5,660,632
Unrestricted	71,796
Total net position	5,732,428
Total liabilities and net position	\$ 5,886,384

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

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State of New Mexico
VILLAGE OF TIJERAS
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2016

	Water and Sewer
Operating revenues:	
Charges for sales and services	77,233
Total operating revenue	77,233
Operating expenses:	
Cost of sales and services	14,420
Administration	5,858
Other operating expenses	45,119
Depreciation	211,697
Total operating expenses	277,094
Operating income (loss)	(199,861)
Non-operating revenues (expenses):	
Capital contributions	810,233
Interest expense	(358)
Total nonoperating revenue (expenses)	809,875
Change in net position	610,014
Net position, beginning of year	5,122,414
Net position, end of year	\$ 5,732,428

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

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State of New Mexico
VILLAGE OF TIJERAS
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2016

	Water Fund
Cash flows from operating activities	
Cash received from customers	\$ 76,923
Cash paid to vendors for goods and services	(77,483)
Net cash flow from operating activities	(560)
Cash flows from capital and related financing activities	
Capital contributions received	810,233
(Acquisition) disposition of capital assets	(903,425)
Loan proceeds	60,350
Principal paid on debt	(8,728)
Interest paid on debt	(358)
Net cash flows from capital and related financing activities	(41,928)
Net increase (decrease) in cash and cash equivalents	(42,488)
Cash and cash equivalents, beginning of year	108,553
Cash and cash equivalents, end of year	\$ 66,065
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Net operating income (loss)	\$ (199,861)
Adjustments to reconcile operating (loss) to net cash provided (used) by operating activities	
Depreciation expense	211,697
Decrease (increase) in customer receivables	(310)
Increase (decrease) in accounts payables	(12,086)
Net cash provided by operating activities	\$ (560)

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

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State of New Mexico
VILLAGE OF TIJERAS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The VILLAGE OF TIJERAS (Village) was incorporated under provisions of Chapter 3, Article 2 New Mexico Statutes Annotated 1978 as amended. The Village operates under mayor – council form of government and provides the following services as provided by law: public safety (police and fire), highways and streets, health and social services, culture-recreation, public improvements, planning and zoning, and general administrative services.

A. Financial Reporting Entity

This summary of significant accounting policies of the Village is presented to assist in the understanding of the Village's financial statements. The financial statements and notes are the representation of the Village's 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 entities. 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 Village's accounting policies are described below.

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

The basic (but not the only) criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters.

A second criterion used in evaluating potential component units is the scope of public service. 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.

B. Government-Wide and Fund Financial Statements

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

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

Separate financial statements are provided for governmental funds 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 revenues in the year for which they are billed. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. 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 government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *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.

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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 inter-fund 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 revenues 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 *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 operation. 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.

Government-mandated non-exchange transactions and voluntary non-exchange transactions are recognized when all applicable eligibility requirements have been met and the resources are available. These include grant revenues, state shared taxes and intergovernmental revenue. Grant revenues are recognized as revenues when the related costs are incurred.

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 and Net Position or Equity

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.

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Receivables: Accounts receivables 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 10th and May 10th 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-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:

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

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 corresponding deferred inflows of resources.

Compensated Absences: It is the policy of the Village 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 expenditure when paid.

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Long Term Obligations: In the government-wide financial statements and proprietary fund types in the 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.

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.

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.

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 imposed 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: This 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 borrowings 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.

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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, 2016, the Village adopted GASB Statements No. 72 *Fair Value Measurement and Application*. The objective of this Statement is to provide guidance for determining a fair value measurement for financial reporting purposes, and for applying fair value to certain investments and disclosures related to all fair value measurements. The statement will not have a material impact on the Village's financial statements.

The Village also adopted GASB Statement No. 76 *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, was issued. The objective of this Statement is to identify, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles (GAAP). This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The statement will not have a material impact on the Village's financial statements.

Estimates: The preparation of financial statements, in conformity with the accounting principles generally accepted in the United States of America, 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.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budget Requirements, Accounting and Reporting

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. Budget 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).

NOTE 3 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.

The schedule listed below is the cash on deposit at each financial institution.

	Balance Per Bank June 30	Add Deposits in Transit	Outstanding Checks	Balance Per Books June 30
Wells Fargo				
Checking accounts				
Operating	\$ 671,979	\$ -	\$ 11,544	\$ 660,435
EMS	36	-	-	36
Fire Fighters	32,399	-	1,234	31,165
Municipal Road	74,882	-	-	74,882
Senior Citizens	20,963	-	-	20,963
Water	85,013	-	16,581	68,432
Wells Fargo Advisors				
Investments				
Treasury Money Market	108,520	-	-	108,520
GNMA	8,850	-	-	8,850
Bank of the West				
Certificate of Deposit	139,644	-	-	139,644
Compass Bank				
Certificate of Deposit	140,449	-	-	140,449
Total cash in banks	\$ 1,282,735	\$ -	\$ 29,359	1,253,376
Investments in NM State Treasurer				72,752
Total on Deposit June 30, 2016				\$ 1,326,128
As reported in the Financial Statements:				
Equity in Cash		Cash		\$ 855,913
		Investments		470,215
		Total cash		\$ 1,326,128

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 obligation of the State of New Mexico, its agencies, institutions, counties, or municipalities or other subdivision are accepted as security at par value; all other

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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.

The following schedule details the public money held by Wells Fargo Bank and the pledged collateral provided for the Village.

	Wells Fargo	Bank of the West	Compass Bank	Wells Fargo	Total
Amount on deposit in bank	\$ 855,913	\$ 139,644	\$ 140,449	\$ 117,370	\$1,253,376
FDIC Coverage	(250,000)	(139,644)	(140,449)	(117,370)	(647,463)
Total uninsured public funds	<u>605,913</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>605,913</u>
Collateral pledged:					
BNY Mellon					
FNMA FNMS, 08/01/42, CUSIP: 3138M6FG7 3.000%	414,151	-	-	-	414,151
FNMA FNMS, 08/01/42, CUSIP: 3138M6FG7 3.000%	<u>3,079</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,079</u>
Pledged collateral held by the pledging bank's trust department or agent, not in the Village's name	<u>417,230</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>417,230</u>
Uninsured and uncollateralized	<u>\$ 188,683</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 188,683</u>
Collateral requirement (50% of uninsured funds)	\$ 302,957	\$ -	\$ -	\$ -	\$ 302,957
Pledged collateral	<u>417,230</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>417,230</u>
Over (under) collateralized	<u>\$ 114,274</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 114,274</u>

Custodial Credit Risk – is the risk that in the event of failure of a depository institution, the Village’s deposits may not be returned. The Village does not have a policy for custodial credit risk. As of June 30, 2016, \$605,913 of the Village’s bank balance \$1,282,735 was exposed to custodial credit risk.

Uninsured and uncollateralized	\$188,683
Pledged collateral held by the pledging bank’s trust Department or agent, not in the Village’s name	<u>417,230</u>
Total	<u>\$605,913</u>

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, 2016 include the State Treasurer LGIP AAAM 44-day WAM@ \$72,752.

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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 save 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, 2016. 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, 2016.

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, 2016 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.

NOTE 4 ACCOUNTS RECEIVABLES

The 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:

	General Fund	Special Revenue Funds	Proprietary Water Fund	Total
Customer receivables	\$ -	\$ -	\$ 6,074	\$ 6,074
Taxes				
Gross receipts	25,040	8,347	-	33,387
State shared	28,849	1,220	-	30,069
Property	932	-	-	932
Franchise	3,622	-	-	3,622
Other	22,619	-	-	22,619
Gross receivables	<u>81,062</u>	<u>9,567</u>	<u>6,074</u>	<u>96,703</u>
Less: allowance for uncollectibles	-	-	-	-
Net total receivables	<u>\$81,062</u>	<u>\$ 9,567</u>	<u>\$ 6,074</u>	<u>\$ 96,703</u>

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 NOTES TO THE FINANCIAL STATEMENTS (continued)
 June 30, 2016

NOTE 5 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016 in the **Governmental Activities** was as follows:

Governmental activities	Balance <u>6/30/2015</u>	Additions	Deletions	Balance <u>6/30/2016</u>
Capital assets not being depreciated:				
Land	\$ 708,458	\$ -	\$ -	\$ 708,458
Total	708,458	-	-	708,458
Capital assets being depreciated:				
Infrastructure	3,664,720	125,024	-	3,789,744
Building and improvements	5,638,013	-	-	5,638,013
Equipment and vehicles	1,368,285	-	-	1,368,285
Total	10,671,018	125,024	-	10,796,042
Less accumulated depreciation for:				
Infrastructure	(556,399)	(91,618)	-	(648,017)
Building and improvements	(1,754,361)	(186,576)	-	(1,940,937)
Equipment and vehicles	(1,185,593)	(40,338)	-	(1,225,931)
Total	(3,496,353)	(318,532)	-	(3,814,885)
Total capital assets being depreciated, net	<u>7,174,665</u>	<u>(193,508)</u>	<u>-</u>	<u>6,981,157</u>
Total Governmental activities, capital assets, net	<u>\$ 7,883,123</u>	<u>\$ (193,508)</u>	<u>\$ -</u>	<u>\$ 7,689,615</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)
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Capital asset activity for the year ended June 30, 2016 in the **Business-type Activities** was as follows:

Business type activities	Balance 6/30/2015	Additions	Deletions	Balance 6/30/2016
Capital assets not being depreciated:				
Land	\$ 62,977	\$ -	\$ -	\$ 62,977
Water rights	54,848			54,848
Construction in progress	<u>-</u>	<u>873,162</u>	<u>-</u>	<u>873,162</u>
Total capital assets not being depreciated	<u>117,825</u>	<u>873,162</u>	<u>-</u>	<u>990,987</u>
Capital assets being depreciated:				
Infrastructure	7,811,243	30,263	-	7,841,506
Building and improvements	183,836	-	-	183,836
Equipment and vehicles	<u>1,875</u>	<u>-</u>	<u>-</u>	<u>1,875</u>
Total	<u>7,996,954</u>	<u>30,263</u>	<u>-</u>	<u>8,027,217</u>
Less accumulated depreciation for:				
Infrastructure	(2,877,350)	(205,570)	-	(3,082,920)
Building and improvements	(113,037)	(6,127)	-	(119,164)
Equipment and vehicles	<u>(1,875)</u>	<u>-</u>	<u>-</u>	<u>(1,875)</u>
Total	<u>(2,992,262)</u>	<u>(211,697)</u>	<u>-</u>	<u>(3,203,959)</u>
Total capital assets being depreciated, net	<u>5,004,692</u>	<u>(181,434)</u>	<u>-</u>	<u>4,823,258</u>
Total Business type activities, capital assets, net	<u>\$ 5,122,517</u>	<u>\$ 691,728</u>	<u>\$ -</u>	<u>\$ 5,814,245</u>

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

Government activities:	
General government	\$293,442
Highways and streets	6,549
Public safety	<u>18,541</u>
Total depreciation expense – Governmental activities:	<u>\$318,532</u>
Business-type activities:	
Water	<u>\$211,697</u>

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 NOTES TO THE FINANCIAL STATEMENTS (continued)
 June 30, 2016

NOTE 6 INTERFUND OPERATING TRANSFERS

The following is a schedule of operating transfers:

	Transfers In	Transfers Out
Government funds		
General Fund	\$ -	\$ 31,895
Street Fund	11,787	-
Proprietary funds		
Water Fund	20,108	-
Total	\$ 31,895	\$ 31,895

NOTE 7 LONG-TERM DEBT

Changes in Long-term debt – Proprietary Funds

The following is a schedule of changes in **Business-type Funds** long-term debt for the year ended June 30, 2016.

	<u>Balance</u> <u>06/30/2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>06/30/2016</u>	<u>Current</u> <u>Portion</u>
Notes payable	\$ 101,991	\$ -	\$ 6,681	\$ 95,310	\$ 6,698
Bond payable		<u>60,350</u>	<u>2,047</u>	<u>58,303</u>	<u>3,000</u>
Total	<u>\$ 101,991</u>	<u>\$ 60,350</u>	<u>\$ 8,728</u>	<u>\$153,613</u>	<u>\$ 9,698</u>

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 II 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.

The Village has entered into a loan agreement with the New Mexico Finance Authority (NMFA), pursuant to Village Ordinance No. 337, dated September 25, 2015 in the amount of \$60,350 with 0.250% interest rate. The proceeds of the note were used for the Phase III Water System Improvement Schematic. Principal and interest payments are due June 1st and interest due December 1st of every year. The note matures in 2035.

Annual debt service requirements for notes payable are as follow:

<u>Year Ended</u> <u>06/30</u>	<u>Principal</u>	<u>Interest</u>	<u>Admin</u> <u>Fee</u>	<u>Total</u>
2017	\$ 9,698	\$ 146	\$ 238	\$ 10,082
2018	9,723	138	222	10,083
2019	9,746	131	205	10,082
2020	9,771	123	188	10,082
2021	9,795	116	171	10,082
2022-2026	49,345	464	601	50,410
2027-2035	<u>55,535</u>	<u>351</u>	<u>173</u>	<u>56,058</u>
Total	<u>\$153,613</u>	<u>\$1,469</u>	<u>\$1,797</u>	<u>\$156,878</u>

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NOTE 12 RETIREE HEALTH CARE ACT CONTRIBUTIONS

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 make 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 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, 2016, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary;

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and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2016, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The Village's contributions to the RHCA for the years ended June 30, 2016, 2015 and 2014 were \$5,352, \$5,689, and 4,334, respectively, which equal the required contributions for each year.

NOTE 13 PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) 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://www.saonm.org/> using the Audit Report Search function for agency 366.

Benefits provided. For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2015 available at <http://www.nmpera.org>.

Contributions. The contribution requirements of defined benefit plan members and the Village are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY14 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 29 through 31 of the PERA FY15 annual audit report at http://saonm.org/media/audits/366_Public_Employees_Retirement_Association_2015.pdf. The PERA coverage options that applies to the Village is The Municipal General Division. Statutorily required contributions to the pension plan from the Village were \$39,350 and employer paid member benefits that were "picked up" by the employer were \$2,190 for the year ended June 30, 2016.

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June 30, 2016

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2015. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2015, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2015.

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to Chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred Inflows and Outflows were performed separately for each of the membership groups: municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members. The Village's proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity's percentage of that membership group's total employer contributions for the fiscal year ended June 30, 2015. Only employer contributions for the pay period end dates that fell within the period of July 1, 2014 to June 30, 2015 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2015 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

For the PERA Municipal General Division, at June 30, 2016, the Village reported a liability of \$246,740 for its proportionate share of the net pension liability. At June 30, 2015, the Village's proportion was 0.0242 percent, which increased from its proportion of .0181 percentage measured as of June 30, 2014.

For the year ended June 30, 2016, the Village recognized PERA Municipal General Division pension expense of \$2,827. At June 30, 2016, the Village reported PERA Fund Division deferred outflows of resources and deferred inflows of resources of \$75,687 and \$6,342 respectively, related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resource
Differences between expected and actual experience	-	\$5,465
Change in proportion	\$36,337	-
Changes of assumptions	-	96
Net difference between projected and actual earnings on Pension plan investments	-	781
Village contributions subsequent to the measurement date	39,350	-
	<hr/>	<hr/>
Total	\$75,687	\$6,342

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VILLAGE OF TIJERAS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

The Village reported \$39,350 as deferred outflows of resources related to pensions resulting from Village contributions subsequent to the measurement date June 30, 2015, will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2017	\$ 2,055
2018	2,055
2019	2,055
2020	21,853
2021	<u>1,976</u>
	\$29,995

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, 2015 for each of the membership groups. Then each PERA Fund member group pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2015 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2015. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2015 actuarial valuation.

Actuarial valuation date	June 30, 2014
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay, open
Amortization period	Solved for based on statutory rates
Asset valuation method	Fair value
Actuarial assumptions:	
Investment of rate of return	7.75% annual rate, net of investment expense
Projected benefit payment	100 years
Payroll growth	3.50% annual rate
Projected salary increases	3.50% to 14.25% annual rate
Includes inflation at	3.00% annual rate
Mortality Assumption	RP-2000 Mortality Tables (Combined table for healthy post-retirements, employee table for active members, and Disabled table for disabled retirees before retirement age) with projection to 2018 using Scale AA.
Experience Study Dates	July 1, 2008 to June 30, 2013

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:

State of New Mexico
VILLAGE OF TIJERAS
 NOTES TO THE FINANCIAL STATEMENTS (continued)
 June 30, 2016

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	4.0	4.15
Total	100.00%	

Discount rate: The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan’s fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASBS 67. Therefore, the 7.75% assumed long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

PERA Fund Division	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
General Division			
Village’s proportionate Share of the net pension Liability	\$420,100	\$246,740	\$102,603

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.nmpera.org/publications.html>.

NOTE 8 RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of property, errors and omissions, employee injuries, 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.

State of New Mexico
VILLAGE OF TIJERAS
 NOTES TO THE FINANCIAL STATEMENTS (continued)
 June 30, 2016

NOTE 9 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 ENMRD 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, 2016, \$-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 Airforce Base
Los Alamos County	Village of Cuba	Village of Los Ranchos de Albuquerque
McKinley County	Village of Jemez Springs	City of Santa Fe
Rio Arriba County	City of Rio Rancho	Santa Fe County
San Juan County	Village of San Ysidro	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.

NOTE 10 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	400,000	400,000	-	8/12 to 6/16
Cravens Road	90,000	-	90,000	10/15 to 12/16
NM 333 Sidewalks	382,048	161,225	220,823	1/15 to 9/17
HSIP Signs	40,000	17,506	22,494	3/15 to 9/17
Total	<u>\$ 1,302,048</u>	<u>\$ 578,731</u>	<u>\$ 723,317</u>	

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

NOTE 11 RELATED PARTY TRANSACTIONS

The Village paid \$600 to Max Klaus for web page support during the year ended June 30, 2016. Max Klaus is the son of the Acting Clerk.

State of New Mexico
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 NOTES TO THE FINANCIAL STATEMENTS (continued)
 June 30, 2016

NOTE 13 SUBSEQUENT EVENTS

The date to which events occurring after June 30, 2016, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosures is December 12, 2016, which is the date on which the financial statements were dated.

NOTE 14 FUND BALANCE RESTATEMENT

The Village has a prior period adjustment to fund balance between the General Fund and Senior Citizens Fund. In the prior period Senior Citizens Fund was included as part of the General Fund, therefore the prior period adjustment is recorded to correct beginning balances previously reported in error. The table below details prior period adjustments by fund and account.

	Governmental Funds		
	General Fund	Senior Citizens Fund	Total
Cash	\$ 530,421	\$ 13,531	\$ 543,952
Total restatement and reclassification	530,421	13,531	543,952
Beginning fund balance June 30, 2015 as previously stated	892,795	-	892,795
Beginning fund balance June 30, 2015 as restated	\$ 879,264	\$ 13,531	\$ 892,795

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SUPPLEMENTARY INFORMATION

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State of New Mexico
VILLAGE OF TIJERAS
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2016

SPECIAL REVENUE FUNDS

EMS Fund – authorized by NMSA 1978, Section 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 – authorized by NMSA 1978, Section 59A-53-1, to account for the operations and maintenance of the Fire Department. Financing is provided by the State Fire Allotment, emergency medical services, interest on investments and miscellaneous revenues.

Senior Citizens Fund – authorized by NMSA 1978, Section 9-2-5 to 9-2-15, to account for donations and fees collected by the Village on behalf of its senior citizens and expended for them in accordance with their wishes, and to account for grant funds for the benefit of senior citizens.

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State of New Mexico
VILLAGE OF TIJERAS
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

	EMS Fund	Fire Fund	Senior Citizens Fund	Total Non-major Funds
Assets				
Cash	\$ 36	\$ 31,165	20,963	\$ 52,164
Total assets	\$ 36	\$ 31,165	\$ 20,963	\$ 52,164
Liabilities				
Accounts payable	\$ -	\$ 750	\$ -	\$ 750
Total liabilities	-	750	-	750
Fund Balances				
Restricted for:				
Special revenue funds	36	30,415	20,963	51,414
Total fund balance	36	30,415	20,963	51,414
Total liabilities and fund balance	\$ 36	\$ 31,165	\$ 20,963	\$ 52,164

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

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State of New Mexico
Village of Tijeras
Combining Statement of Revenues, Expenditures
And Changes In Fund Balance Nonmajor Governmental Funds
For the Year Ended June 30, 2016

	EMS Fund	Fire Fund	Senior Citizens Fund	Total Non-Major Funds
Revenues:				
Charges for services	\$ -	\$ -	\$ 2,102	\$ 2,102
Intergovernmental - state	-	77,894	96,906	174,800
Miscellaneous local sources	-	92	192	284
Total revenues	<u>-</u>	<u>77,986</u>	<u>99,200</u>	<u>177,186</u>
Expenditures:				
Current				
Public safety	8,336	54,291	-	62,627
Culture and recreation	-	-	91,768	91,768
Non-Current				
Capital outlay	-	-	-	-
Total expenditures	<u>8,336</u>	<u>54,291</u>	<u>91,768</u>	<u>154,395</u>
Net changes in fund balances	<u>(8,336)</u>	<u>23,695</u>	<u>7,432</u>	<u>22,791</u>
Fund balance, beginning of year	8,372	6,720	-	15,092
Fund balance - restatement	-	-	13,531	13,531
Fund balance, beginning as restated	<u>8,372</u>	<u>6,720</u>	<u>13,531</u>	<u>28,623</u>
Fund balance, end of year	<u>\$ 36</u>	<u>\$ 30,415</u>	<u>\$ 20,963</u>	<u>\$ 51,414</u>

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

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State of New Mexico
VILLAGE OF TIJERAS
Statement of Revenues and Expenditures
Budget (Non-GAAP Budgetary Basis) and Actual - EMS Fund
For the Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Taxes:				
Gross receipts	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal	-	-	-	-
State	-	-	-	-
Total revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Operating expenditures	<u>8,000</u>	<u>8,000</u>	<u>8,336</u>	<u>(336)</u>
Total expenditures	<u>8,000</u>	<u>8,000</u>	<u>8,336</u>	<u>(336)</u>
Net change in fund balances	<u>(8,000)</u>	<u>(8,000)</u>	<u>(8,336)</u>	<u>-</u>
Cash balances - beginning of year	<u>-</u>	<u>-</u>	<u>8,372</u>	
Cash balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (8,336)	
Adjustment to revenues for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			<u>-</u>	
Net change in fund balance (GAAP Basis)			<u>\$ (8,336)</u>	

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

State of New Mexico
VILLAGE OF TIJERAS
Statement of Revenues and Expenditures
Budget (Non-GAAP Budgetary Basis) and Actual - Fire Fund
For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental				
State	\$ 80,000	\$ 80,000	\$ 77,894	\$ (2,106)
Miscellaneous	-	-	92	92
Total revenue	80,000	80,000	77,986	(2,014)
Expenditures:				
Operating expenditures	80,000	80,000	53,541	26,459
Total expenditures	80,000	80,000	53,541	26,459
Net change in fund balances	-	-	24,445	(28,473)
Cash balances - beginning of year	-	-	6,720	
Cash balances - end of year	\$ -	\$ -	\$ 31,165	\$ (28,473)
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 24,445	
Adjustment to revenues for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			(750)	
Net change in fund balance (GAAP Basis)			\$ 23,695	

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

State of New Mexico
VILLAGE OF TIJERAS
Statement of Revenues and Expenditures
Budget (Non-GAAP Budgetary Basis) and Actual - Senior Citizens Fund
For the Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Intergovernmental				
State Grant	100,000	100,000	96,906	(3,094)
Charges for Services	-	-	2,102	2,102
Miscellaneous	1,289	1,289	192	(1,097)
Total revenue	<u>101,289</u>	<u>101,289</u>	<u>99,200</u>	<u>(2,089)</u>
Expenditures:				
Operating expenditures	<u>101,289</u>	<u>101,289</u>	<u>91,768</u>	<u>9,521</u>
Total expenditures	<u>101,289</u>	<u>101,289</u>	<u>91,768</u>	<u>9,521</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>7,432</u>	<u>-</u>
Cash balances - beginning of year	-	-	-	-
Reinstatement of beginning cash	<u>-</u>	<u>-</u>	<u>13,531</u>	
Cash balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,963</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 7,432	
Adjustment to revenues for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			<u>-</u>	
Net change in fund balance (GAAP Basis)			<u>\$ 7,432</u>	

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

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State of New Mexico
VILLAGE OF TIJERAS
Statement of Revenues and Expenditures - Budget
and Actual (Non-GAAP Budgetary Basis) - Water Fund
For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Charges for services	\$ 67,100	\$ 67,100	\$ 76,923	\$ 9,823
Grant revenue	-	-	790,125	790,125
Total revenues	67,100	67,100	867,048	799,948
Expenses				
Current				
Operating expenses	41,100	41,100	77,483	(36,383)
Total current expenses	41,100	41,100	77,483	(36,383)
Non-current				
Debt service principle	-	-	8,728	(8,728)
Debt service interest	-	-	358	
Capital outlay	-	-	903,425	(903,425)
Total non-current expenditures	-	-	912,511	(912,153)
Total expenditures	41,100	41,100	989,994	(948,536)
Excess (deficiency) of revenues over (under) expenditures	26,000	26,000	(122,946)	1,748,484
Other financing sources (uses):				
Loan Proceeds	-	-	60,350	(60,350)
Transfers in (out)	-	-	20,108	(20,108)
Total other financing sources (uses)	-	-	80,458	(20,108)
Net change in fund balances	26,000	26,000	(42,488)	1,728,376
Cash balances - beginning of year	-	-	108,553	
Cash balances - end of year	\$ 26,000	\$ 26,000	\$ 66,065	
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (42,488)	
Adjustment to revenues for accruals and other deferrals			310	
Adjustment to expenditures for payables, prepaids and other accruals			652,192	
Net change in fund balance (GAAP Basis)			\$ 610,014	

The accompanying notes are an integral part of these Financial Statements.

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**REQUIRED SUPPLEMENTARY INFORMATION
PENSION LIABILITY**

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State of New Mexico
VILLAGE OF TIJERAS
 June 30, 2016

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY OF PERA
FUND DIVISION – GENERAL
 Public Employees Retirement Association (PERA)
 Plan Last 10 Fiscal Years*

	2015	2016
Proportion of the net pension liability (asset)	0.0181%	0.0242%
Proportionate share of the net pension liability (asset)	\$141,199	\$246,740
Covered-employee payroll	\$316,811	\$318,384
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	44.57%	77.50%
Plan fiduciary net position as a percentage of the total Pension liability	81.29%	76.99%

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

The accompanying notes are an integral part of these financial statements

State of New Mexico
VILLAGE OF TIJERAS
June 30, 2016

SCHEDULE OF CONTRIBUTIONS
Public Employees Retirement Association (PERA) Plan
PERA Fund Division – General
Last 10 Fiscal Years*

	<u>2015</u>	<u>2016</u>
Contractually required contribution	\$22,792	\$39,350
Contributions in relation to the contractually required	\$21,968	\$38,756
Contribution deficiency (excess)	824	594
Covered-employee payroll	\$316,811	\$318,384
Contributions as a percentage of covered-employee payroll	7.00%	12.42%

*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Village will present information for those years for which information is available.

The accompanying notes are an integral part of these financial statements

State of New Mexico
VILLAGE OF TIJERAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2016

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

http://www.nmpera.org/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2015.pdf.

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

http://www.nmpera.org/pdf/Investments/RetirementFundValuationReports/6-30-2015%20PER%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.

The accompanying notes are an integral part of these financial statements

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OTHER SUPPORTING SCHEDULES

State of New Mexico
VILLAGE OF TIJERAS
 SCHEDULE OF VENDOR INFORMATION
 FOR PURCHASES EXCEEDING \$60,000 (excluding GRT)
 For the Year Ended June 30, 2016

<i>Agency Number</i>	<i>Agency Name</i>	<i>Agency Type</i>	<i>RFB#/RFP# (If applicable)</i>	<i>Type of Procurement</i>	<i>Vendor Name</i>
6175	Village of Tijeras	Municipalities	CN L300138	Competitive (RFP or RFB)	Custom Grading
6175	Village of Tijeras	Municipalities	CN L300138	Competitive (RFP or RFB)	Star Paving
6175	Village of Tijeras	Municipalities	CN L300138	Competitive (RFP or RFB)	Aztec Grading
6175	Village of Tijeras	Municipalities	CN L300138	Competitive (RFP or RFB)	Franklins Earthmoving
6175	Village of Tijeras	Municipalities	CN L300138	Competitive (RFP or RFB)	Universal Contractors
6175	Village of Tijeras	Municipalities	CN L300138	Competitive (RFP or RFB)	Guzman Construction Solutions
6175	Village of Tijeras	Municipalities	A300843	Competitive (RFP or RFB)	Star Paving
6175	Village of Tijeras	Municipalities	A300843	Competitive (RFP or RFB)	H.O. Construction, Inc.
6175	Village of Tijeras	Municipalities	A300843	Competitive (RFP or RFB)	TLC Plumbing & Utility
6175	Village of Tijeras	Municipalities	A300843	Competitive (RFP or RFB)	Albuquerque Asphalt, Inc
6175	Village of Tijeras	Municipalities	SAP 12-1338STB	Competitive (RFP or RFB)	Adame Construction
6175	Village of Tijeras	Municipalities	SAP 12-1338STB	Competitive (RFP or RFB)	Salls Construction
6175	Village of Tijeras	Municipalities	SAP 12-1338STB	Competitive (RFP or RFB)	Century Club Construction
6175	Village of Tijeras	Municipalities	SAP 12-1338STB	Competitive (RFP or RFB)	Smithco Construction
6175	Village of Tijeras	Municipalities	SAP 12-1338STB	Competitive (RFP or RFB)	NM Underground
6175	Village of Tijeras	Municipalities	SAP 12-1338STB	Competitive (RFP or RFB)	Total Contracting Services
6175	Village of Tijeras	Municipalities	SAP 12-1338STB	Competitive (RFP or RFB)	TLC Plumbing & Utility

State of New Mexico
VILLAGE OF TIJERAS
 SCHEDULE OF VENDOR INFORMATION
 FOR PURCHASES EXCEEDING \$60,000 (excluding GRT) - Continued
 For the Year Ended June 30, 2016

<i>Did Vendor Win Contract?</i>	<i>\$ Amount of Awarded Contract</i>	<i>\$ Amount of Amended Contract</i>	<i>Physical address of vendor (City, State)</i>	<i>Did the Vendor provide documentation of eligibility for in-state preference?</i>	<i>Did the Vendor provide documentation of eligibility for veterans' preference?</i>	<i>Brief Description of the Scope of Work</i>	<i>If the procurement is attributable to a Component Unit, Name of Component Unit</i>
Loser	\$76,141.00		Albuquerque, NM	Yes	No	Cravens Road	
Winner	\$58,880.00		Albuquerque, NM	Yes	No	Cravens Road	
Loser	\$109,477.50		Albuquerque, NM	Yes	No	Cravens Road	
Loser	\$66,777.00		Albuquerque, NM	Yes	No	Cravens Road	
Loser	\$65,826.83		Albuquerque, NM	Yes	No	Cravens Road	
Loser	\$128,185.00		Albuquerque, NM	Yes	No	Cravens Road	
Winner	\$225,651.70		Albuquerque, NM	No	No	NM 333 Sidewalks	
Loser	\$292,469.20		Albuquerque, NM	No	No	NM 333 Sidewalks	
Loser	\$307,224.80		Albuquerque, NM	No	No	NM 333 Sidewalks	
Loser	\$309,922.74		Albuquerque, NM	No	No	NM 333 Sidewalks	
Winner	\$649,750.50		Los Lunas, NM	Yes	No	Phase III E Water	
Loser	\$679,633.61		Albuquerque, NM	Yes	No	Phase III E Water	
Loser	\$733,430.55		Albuquerque, NM	No	Yes	Phase III E Water	
Loser	\$768,075.00		Albuquerque, NM	Yes	No	Phase III E Water	
Loser	\$773,463.40		Albuquerque, NM	Yes	No	Phase III E Water	
Loser	\$777,916.50		Albuquerque, NM	Yes	No	Phase III E Water	
Loser	\$887,300.00		Albuquerque, NM	Yes	No	Phase III E Water	

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COMPLIANCE SECTION

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**CALHOON ACCOUNTING & TAX SERVICES
PO BOX 945
ESTANCIA, NEW MEXICO 87016**

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

Independent Auditor's Report

Timothy Keller, State Auditor
Gloria Chavez, Mayor
Members of the Village Council
Village of Tijeras
Tijeras, New Mexico

I 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, the budgetary comparisons of the general fund and major special revenue funds of the Village of Tijeras (Village) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and the combining and individual funds and related budgetary comparisons of the Village, presented as supplemental information, and have issued my report thereon dated December 12, 2016.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I 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 my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, I do not express an opinion on the effectiveness of the Village's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Finding and Responses, I identified certain deficiencies in internal control that I consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or 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. I consider the deficiencies described in the accompanying Schedule of Findings and Responses to be material weaknesses. The material weaknesses are described as findings 2015-003 and 2015-004.

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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. There were no findings considered to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed an instance 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 item 2014-001.

The Village of Tijeras' Response to Findings

The Village of Tijeras' responses to the findings identified in my audit are described in the accompanying Schedule of Findings and Responses. The Village's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on them.

Purpose of this Report

This purpose of this report is solely to describe the scope of my testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Calhoon Accounting & Tax Services
Calhoon Accounting & Tax Services
Estancia, New Mexico
December 12, 2016

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FINDINGS AND RESPONSES

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State of New Mexico
VILLAGE OF TIJERAS
 SCHEDULE OF FINDINGS AND RESPONSES
 For the Year Ended June 30, 2016

FINANCIAL STATEMENT FINDINGS

Prior Year

- 2014-001 Expenditures in Excess of Budget (Non-Compliance) – Repeated and Modified
- 2015-001 Late Audit Report (Non-Compliance) - Resolved
- 2015-002 Timely Deposits (Non-Compliance) – Resolved
- 2015-003 Journal Entries (Significant Deficiency) – Repeated and Modified
- 2015-004 Depreciation Schedule (Significant Deficiency) – Repeated Modified

Current Year

- 2014-001 Expenditures in Excess of Budget (Non-Compliance) – Repeated and Modified
- 2015-003 Journal Entries (Material Weakness) – Repeated and Modified
- 2015-004 Capital Assets Depreciation Schedule (Material Weakness) – Repeated Modified

CURRENT YEAR FINANCIAL STATEMENT FINDINGS AND RESPONSES

2014-001 Expenditures In Excess of Budgets (Non-Compliance) – Repeated and Modified

Criteria: State Statute, 6-6-6, NMSA 1978 requires the expenditures of public bodies not to exceed budget authority.

Condition: The Village of Tijeras’s actual expenditures exceeded the budgeted authority in the following funds:

<u>Name</u>	<u>Number</u>	<u>Revised Budget</u>	<u>Actual Expenditures</u>	<u>Overspent Amount</u>
EMS Fund	206	\$ 8,000	\$ 8,336	\$ 336
Water Fund	505	\$41,100	\$989,994	\$948,894

Management has had a lack of progress towards implementing the prior year corrective action plan.

Cause: The Village’s policies and procedures do not prevent over expenditure of funds and do not require budget adjustments when necessary.

Effect: The Village is in violation of applicable laws, regulations and policies established by the Village, State and Department of Finance and Administration. This violation can create cash short falls.

Recommendation: Management should implement procedures to prevent expenditures from exceeding budget. Budget adjustment requests should be presented to and approved by DFA before expending funds in excess of budget.

Management’s response: The Village will monitor the budget on a monthly basis. Training will be given to the office staff to help improve the understanding of budget control and completing budget adjustments in a timely manner. Due to a turnover/lack of staff this finding has not been able to be fully addressed. The Clerk is responsible for monitoring the budget and submitting adjustments as necessary. Management is responsible for corrective action and expects to correct this finding by June 30, 2017.

State of New Mexico
VILLAGE OF TIJERAS
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2016

2015-003 Journal Entries and Errors in Posting Transactions (Material Weakness) – Repeated and Modified

Criteria: 2011 Government Auditing Standards Section 3.40 as well as 6.20.2.13(D) NMAC, states the Town is required to prepare accurate account balances for financial presentation.

Condition: In reviewing the general ledger for the year ended June 30, 2016, it was noted that errors are being made in posting to the general ledger and various special revenue funds.

Management has had a lack of progress towards implementing the prior year corrective action plan.

Cause: The Village does not have effective procedures in place to properly ensure that records are maintained and recorded correctly by account and/or fund.

Effect: The general ledger does not accurately present the Village's financial information.

Recommendation: The Village should establish procedures and provide training to the office staff to ensure that transactions are entered into the accounting software accurately, timely and maintained properly.

Management's response: Due to a turnover/lack of staff this finding has not been able to be fully addressed. The Clerk is responsible for ensuring this is corrected and expects this to be completed by June 30, 2017.

2015-004 Capital Assets and Depreciation Schedule (Material Weakness) – Repeated and Modified

Criteria: Per state statute 12-6-10, NMSA 1978 and regulation 2.20.1.15 NMAC, the Village should establish controls over its fixed assets for the primary purpose of safeguarding them and establishing accountability for their custody and use. Assets must be properly capitalized, classified, valued and depreciated.

Management has had a lack of progress towards implementing the prior year corrective action plan.

Condition: The Village did not properly maintain its capital asset and depreciation schedule for the year ended June 30, 2016.

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

Effect: The failure to maintain adequate capital asset records results in the inability of the Village to maintain control over the capital assets and the financial information could be misstated if records regarding capital assets are not properly maintained.

Recommendation: The Village should provide training for the office staff to understand how to maintain a capital asset and depreciation schedule, as well as, establish procedures to ensure that these records are updated and maintained properly.

Management's response: The Capital Asset and Depreciation Schedule will be updated as required. Due to a turnover/lack of staff this finding has not been able to be fully addressed. The Deputy Clerk is responsible for ensuring this is corrected and expects this to be completed by June 30, 2017.

State of New Mexico
VILLAGE OF TIJERAS
OTHER DISCLOSURES
For the Year Ended June 30, 2016

AUDITOR PREPARED FINANCIAL STATEMENTS

The accompanying financial statements are the responsibility of the Village of Tijeras and are based on the information from the Village's financial records. Assistance was provided by Calhoon Accounting & Tax Services to the Village in preparing the financial statements and the footnotes for inclusion in the annual audit.

EXIT CONFERENCE

An exit conference was held in the offices of the Village of Tijeras in Tijeras, New Mexico on December 12, 2016. The contents of the report were discussed with the following in attendance:

Village of Tijeras:

- Gloria Chavez, Mayor
- Diane Klaus, Acting Clerk
- Colleen Mackenzie, Bookkeeper
- Teresa Grannemann, Contracted Accountant

Calhoon Accounting & Tax Services:

- Renea L. Calhoon, CPA