

STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND

FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION
AS OF AND FOR THE YEAR
ENDED JUNE 30, 2004
WITH INDEPENDENT AUDITOR'S
REPORT THEREON

Prepared by:

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CMB
4-22-04
6184



State of New Mexico
OFFICE OF THE STATE AUDITOR

Domingo P. Martinez, CGFM
State Auditor

Carl M. Baldwin, CPA, CFE
Deputy State Auditor

April 28, 2005

SAO Ref. No. 6184

Honorable Laudente T. Quintana, Mayor
and
Members of the Village Council
Village of Wagon Mound
PO Box 87
Wagon Mound, NM 87752-

SUBJECT: Audit Report—Village of Wagon Mound—2003-2004 Fiscal Year—Prepared by James Brian Dehan, CPA

Your agency audit report was received by the Office of the State Auditor (Office) on February 23, 2005. The State Auditor examination of the audit report required by Section 12-6-14 (D), NMSA 1978, has been completed. This letter is the authorization to make the final payment to the independent public accountant (IPA) who contracted to perform the agency's financial and compliance audit. In accordance with the Section 2 (B) of the audit contract, the IPA will deliver the specified number of copies of the audit to the agency.

Per Section 12-6-5 (A), NMSA 1978, **the audit report does not become public record until ten days after the date of this letter.** Once the ten day waiting period has passed the audit report shall be:

- released by the Office of the State Auditor to the Legislative Finance Committee, the Department of Finance and Administration, and the State Treasurer; and
- presented by the agency to a quorum of the agency's governing authority at a public meeting, for approval, per Section 2.2.2.10 K. (3) (d) of 2.2.2 NMAC *Requirements for Contracting and Conducting Audits of Agencies.*

The independent public accountant's findings and comments are included in the audit report on pages 73 - 81. ***It is ultimately the responsibility of the governing authority of the agency to take corrective action on all findings and comments.***


DOMINGO P. MARTINEZ, CGFM
STATE AUDITOR

cc: Legislative Finance Committee
Department of Finance and Administration-
Local Government Division
James Brian Dehan, CPA

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STATE OF NEW MEXICO
 VILLAGE OF WAGON MOUND
 FINANCIAL STATEMENTS
 WITH INDEPENDENT AUDITOR'S REPORT THEREON
 AS AND FOR THE YEAR ENDED JUNE 30, 2004

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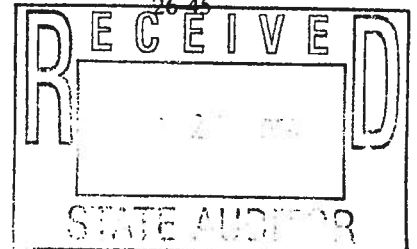
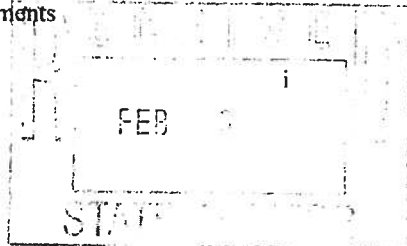
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STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND
OFFICIAL ROSTER
June 30, 2004

ELECTED OFFICIALS

Laudente T. Quintana - Mayor

Leroy Le Doux- Council Member

Lawrence J. Martinez – Council Member

Corinne Duran – Council Member

Betty A. Medina – Councilor Member

ADMINISTRATIVE OFFICIALS

Arcilia M. Valdez, CMC - Village Clerk

Victoria Chavez -- Deputy Clerk

PUBLIC HOUSING ADMINISTRATIVE OFFICIAL

Linda Olguin - Executive Director

Member:
American Institute of C.P.A.'s
Colorado Society of C.P.A.'s

James Brian Dehan
Certified Public Accountant
P.O. Box 1621
Wheat Ridge, Colorado 80034
(303) 431-0203

INDEPENDENT AUDITOR'S REPORT

Mr. Domingo Martinez, CGFM, State Auditor
and
Mr. Laudente T. Quintana, Mayor and
The Village Council of
the Village of Wagon Mound

I have audited the accompanying basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Wagon Mound, New Mexico (Village), as of and for the year then ended June 30, 2004, 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 nonmajor governmental and nonmajor enterprise funds presented as supplementary information in the accompanying combining and individual fund financial statements and schedules as of and for the year ended June 30, 2004, as listed in the table of contents. These financial statements are the responsibility of the management of the Village of Wagon Mound. My responsibility is to express an opinion on these financial statements based on my audit.

Except as discussed in the following paragraphs, 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe my audit provides a reasonable basis for my opinion.

As explained in finding number 02-04, I was unable to satisfy myself as to the accuracy of the valuation of capital assets presented in the Business-Type financial statements. In my opinion generally accepted accounting principles require that the value of capital assets be recorded in the financial statements at June 30, 2004. It was not practicable to apply alternative procedures to determine the effect, if any, of such a valuation on the Business-Type financial statements.

As explained in finding number 03-02, I was unable to satisfy myself as to the accuracy of the valuation of capital assets presented in the Governmental Activities financial statements. In my opinion generally accepted accounting principles require that the value of capital assets be recorded in the financial statements at June 30, 2004. It was not practicable to apply alternative procedures to determine the effect, if any, of such a valuation on the Government Activities financial statements.

In my opinion, except for the effects of such adjustments, if any, as might have been determined necessary had I been able to substantiate the amount at which capital assets should be recorded, 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, 2004, and the respective changes in financial position, cash flows where applicable and the budgetary comparison for each major governmental fund for the year then ended in conformity with accounting principles generally in the United States of America. In addition, in my opinion, except of such adjustments, for capital assets in the nonmajor governmental and enterprise fund type, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental and nonmajor enterprise fund of the Village, as of June 30, 2004, and the respective changes in financial position, cash flows where applicable and the budgetary comparison for each governmental and enterprise fund, for the year then ended, in conformity with accounting principles generally in the United States of America.

As described in Note 1, the Village adopted the provisions of the Governmental Accounting Standards Board Statement No. 34 *Basic Financial Statements and Management's Discussion and Analysis - For State and Local Governments*, as of July 1, 2003.

In accordance with *Government Auditing Standards*, I have also issued my report dated November 30, 2004 on my consideration of the Village of Wagon Mound, New Mexico's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

The accompanying management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting and Standards Board. I have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

I was engaged to audit the basic financial statements and the combining and individual fund financial statements taken as a whole. The schedules listed as other supplementary information in the table of contents are presented for the purposes of additional analysis and are not a required part of the financial statements of the Village of Wagon Mound. Such information has been subjected to the additional auditing procedures applied in the audit of the basic financial statements and the combining and individual fund financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

James Brian Dehan, CPA

November 30, 2004
Wheat Ridge, Colorado

Village of Wagon Mound
Management's Discussion and Analysis
For the Year Ended June 30, 2004

The discussion and analysis of the Village of Wagon Mound's financial performance provides an overview of the Village's financial activities for the year ended June 30, 2004. The intent of this discussion and analysis is to look at the Village's financial performance as a whole.

Financial Highlights

Key financial highlights for the 2003-2004 fiscal year are as follows:

The Village completed a fixed asset inventory, which now includes depreciation. The identified net assets of the Village can now be compared in subsequent years.

At the end of the fiscal year, the Village's governmental funds reported a combined ending fund balance of \$ 382 thousand, an increase of \$153 thousand from the previous year. Of this amount, \$ 293 thousand is available for spending (unreserved fund balance) on behalf of its citizens.

At the end of the fiscal year, unreserved fund balance for the General Fund was \$ 265 thousand, which represents a 223 percent increase from the prior year and represents 101 percent of total General Fund expenditures.

Overview of the Financial Statements

This annual report consists of a series of financial statements. These statements are organized so the reader can understand the Village as a financial whole or as an entire operating entity.

The Village's basic financial statements are comprised of three components: the Government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Village-Wide Financial Statements

The Village-wide financial statements are designed to provide readers with a broad overview of the Village's finances, in a manner similar to a private-sector business.

Statement of Net Assets and Statement of Activities

The statement of net assets presents information on all of the Village's assets and liabilities, with the difference between the two reported as net assets. The statement of activities presents information showing how the Village's net assets changed during the current year. These statements are prepared using the accrual basis of accounting similar to the accounting method used by private sector companies. This basis of accounting takes into consideration all of the current year's revenues and expenses, regardless of when the cash is received or paid.

The change in net assets is important because it tells the reader whether, for the Village as a whole, the financial position of the Village has improved or diminished. However, in evaluating the overall position of the Village, non-financial information such as changes in the Village's tax base and the condition of the Village's capital assets will also need to be evaluated.

In the statement of net assets and the statement of activities, the Village is divided into two kinds of activities:

Governmental Activities-Most of the Village's programs and services are reported here, including general government, public safety, public works, health and human services, and economic development. Primarily taxes and intergovernmental revenues, including federal and state grants and other shared revenues, fund these services.

Business-Type Activities-These services are provided on a charge for goods or services basis to recover all or most of the cost of the services provided. The Village's Joint Utilities and Public Housing functions are reported here.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objects. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into two categories: governmental funds and proprietary funds. Fund financial statements provide detailed information about the Village's major funds. Based on the restriction on the use of moneys, the Village has established many funds that account for the multitude of services provided to our residents. The Village's major governmental fund is the General Fund.

Governmental Funds-Governmental funds are used to account for essentially the same functions reported as governmental activities on the government-wide financial statements. Most of the Village's basic services are reported in these funds that focus on how money flows into and out of the funds and the year-end balances available for spending. These funds are reported on the modified accrual basis of accounting that measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the Village's general government operations and the basic services being provided, along with the financial resources available.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities on the government-wide financial statements. By doing so, readers may better understand the long-term effect of the government's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Village maintains a multitude of individual governmental funds. Information is presented separately on the governmental fund balance sheet and on the governmental fund statement of revenues, expenditures, and changes in fund balances for the major funds, which were identified earlier. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary Funds-The Village has two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities on the government-wide financial statements. The Village uses enterprise funds to account for the Joint Utilities and Public Housing operations.

Notes to the Financial Statements-The notes provide additional information that is essential to a full understanding of the data provided on the government-wide fund financial statements.

Other information-In addition to the basic financial statements and accompanying notes, this report also presents combining and individual fund statements and schedules.

Government-Wide Financial Analysis

Table 1 provides a summary of the Village's net assets for 2004:

Table 1
Net Assets
(In thousands)

	Governmen- tal Activities <u>2004</u>	Business- Type Activities <u>2004</u>	<u>Total</u>
Assets:			
Total Current Assets	\$ 503,978	\$ 221,624	\$ 725,602
Restricted Assets:			
Cash and Cash Equivalents	-	26,505	26,505
Capital Assets, net of accumulated depreciation	<u>1,313,734</u>	<u>1,492,120</u>	<u>2,805,854</u>
Total Assets	<u>\$ 1,817,712</u>	<u>\$ 1,740,249</u>	<u>\$ 3,557,961</u>
Liabilities:			
Current and Other Liabilities	\$ 18,313	\$ 168,793	\$ 7,279
Non-current Liabilities	<u>75,000</u>	<u>192,515</u>	<u>267,515</u>
Total Liabilities:	<u>93,313</u>	<u>361,308</u>	<u>379,621</u>
Net Assets:			
Invested in Capital Assets, net of related debt	1,313,734	1,492,120	2,805,854
Restricted for:			
General Fund	10,613	-	10,613
Special Revenue Funds	77,800	-	77,800
Unrestricted	<u>322,252</u>	<u>(113,179)</u>	<u>209,073</u>
Total Net Assets:	<u>\$ 1,724,399</u>	<u>\$ 1,378,941</u>	<u>\$ 3,103,340</u>

Since this is the first year the Village has prepared financial statements following GASB Statement No. 34, asset comparisons to 2003 are not available. The Village's net assets, when reviewed over time, may serve as a useful indicator of the Village's financial position. In the case of the Village, assets exceeded liabilities by \$ 3,103 thousand (\$ 1,724 thousand in governmental activities and \$ 1,379 thousand in business-type activities) as of June 30, 2004. By far, the largest portion of the Village's net assets (90 percent) is reflected in investment in capital assets (e.g., land and improvements, buildings and building improvements, machinery and equipment and vehicles) less any related debt used to acquire those assets that is still outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources (gross receipts) since the capital assets themselves cannot be used to liquidate these liabilities.

Table 2 shows the changes in net assets for 2004. Since this is the first year the Village has prepared financial statements following GASB Statement No. 34, revenue and expense comparisons to 2003 are not available. In future years, when prior year information is available a comparative analysis of government-wide data will be presented.

Table 2
Changes in Net Assets
(In Thousands)

	Governmental Activities	Business-Type Activities	
	<u>2004</u>	<u>2004</u>	<u>Total</u>
Revenues:			
Program Revenues			
Charges for Services	\$ 24,252	\$ 195,535	\$219,787
Operating Grants and Contributions	239,290	65,825	305,115
Capital Grants and Contributions	<u>-</u>	<u>467,539</u>	<u>467,539</u>
Total Program Revenue	<u>263,542</u>	<u>728,899</u>	<u>992,441</u>
General Revenues			
Property Taxes	12,571	-	12,571
Gross Receipt Taxes	292,156	7,501	299,657
Cigarette Taxes	879	-	879
Gas Taxes	22,110	-	22,110
Licenses and Fees	2,410	-	2,410
Fines and Penalties	434	-	434
Interest on Investments	665	236	891
Transfer In/Out	(25,662)	25,662	-
Miscellaneous	<u>30</u>	<u>1,464</u>	<u>1,494</u>
Total General Revenues	<u>305,593</u>	<u>34,853</u>	<u>340,446</u>
Total Revenues	<u>569,135</u>	<u>763,753</u>	<u>1,332,888</u>
Program Expenses:			
General Government	170,052	-	170,052
Public Safety	60,628	-	60,628
Highways and Streets	108,245	-	108,245
Health and Welfare	3,140	-	3,140
Joint Utilities	-	197,023	197,023
Housing Authority	<u>-</u>	<u>122,947</u>	<u>122,947</u>
Total Expenses	<u>342,065</u>	<u>319,970</u>	<u>662,035</u>
Increase (Decrease) in Net Assets	<u>\$ 227,070</u>	<u>\$ 443,782</u>	<u>\$ 670,852</u>

Governmental Activities

The General Fund received the majority of the Village's program revenue, accounting for \$ 186 thousand or 71 percent of total governmental program revenues. The primary recipients of these program revenues are general government followed by public safety.

The Village' direct charges to users of governmental services made up \$ 24 thousand or 4 percent of total governmental revenues. These charges are for fees, fines and forfeitures, and licenses and permits.

Small Cities Assistance revenues account for \$ 56 thousand or 9 percent of total governmental revenues. Another major component of general revenues was gross receipt taxes, which accounted for \$ 292 thousand or 49 percent of total revenues.

Table 3, for governmental activities, indicates the total cost of services and the net cost of services. The total cost of services reflects the cost of program services and the charges for services, and grants and contributions offsetting those services. The net cost of services equals the cost of those services supported by tax revenues and unrestricted intergovernmental revenues. Comparisons to fiscal year 2003 have not been made since they are not available.

Table 3
Governmental Activities
(In Thousands)

Charges for services and operating and capital grants of \$ 264 thousand (77 percent of the total costs of services) are received and used to fund the general government expenses of the Village. Property taxes, gross receipts, and intergovernmental revenues fund the remaining \$ 76 thousand in general government expenses.

	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
General Government	\$ 170,052	\$ 16,200
Public Safety	60,628	5,217
Highways and Streets	108,245	(104,079)
Health and Welfare	3,140	4,139
Culture and Recreation	<u>0</u>	<u>293</u>
 Total Expenses	 <u>\$ 342,065</u>	 <u>\$ (78,230)</u>

Business-Type Activities

The net assets for business-type activities increased by \$433 thousand during 2004. Major revenue sources were Intergovernmental Capital and Operating Grants of \$533 thousand.

Financial Analysis of Village Funds

As noted earlier, the Village uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds

The focus of the Village's governmental funds is to provide information on current revenues, expenditures, transfers and balances of spendable resources. Such information is useful in assessing the Village's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the Village's net resources available for spending at the end of the year.

As of June 30, 2004, the Village's governmental funds reported a combined ending fund balance of \$ 382 thousand, an increase of \$ 153 thousand in comparison with the prior year. Approximately 77 percent of this total (\$ 293 thousand) constitutes unreserved fund balance, which is available for spending at the Village's discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed per Department of Finance and Administration non-budgeted reserve requirements.

The General Fund is the primary operating fund of the Village. At the end of the 2004 fiscal year, unreserved fund balance was \$ 265 thousand, while total fund balance was \$ 276 thousand. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures and transfers. Unreserved fund balance represents 102 percent of the years General Fund expenditures and transfers. Total fund balance represents 97 percent of that same amount.

The fund balance of the Village's General Fund increased by \$ 157 thousand during fiscal year 2004. Key factors in this increase are as follows:

The amount of Gross receipt taxes received increased due to major construction projects at the Wagon Mound Public Schools.

Enterprise Funds

The Village's enterprise funds provide the same type of information found in the government-wide financial statements.

Unrestricted net assets of the Joint Utilities Department at June 30, 2004, were (\$ 125) thousand, and for the Village of Wagon Mound Housing Authority were \$ 13 thousand.

Budgetary Highlights

To comply with Section 6-6-2 NMSA 1978, the Village Council adopts the annual operating budget for the Village and submits to the Local Government Division of the New Mexico Department of Finance and Administration by July 31 of each year. For the General Fund, changes from the original to the final budget are a net increase in fund balance of \$ 35 thousand. The majority of the increase of expenditures over revenues occurred from required work performed by the Primary Government.

Capital Assets and Debt Administration

Capital Assets

The Village's investment in capital assets for governmental and business-type activities as of June 30, 2004, was \$ 2,806 thousand (net of accumulated depreciation). This investment in capital assets includes land and improvements, buildings and improvements, machinery and equipment, vehicles, and infrastructure.

Major capital asset events during fiscal year 2004 include:

Water Line Project financed by CDBG and NMFA Grants

Acquisition of 3 Vehicles financed by the State of New Mexico Legislative Appropriations

Capital Improvements to the Village's heating/cooling units also financed by the State of New Mexico Legislative Appropriations

Long-Term Debt

At June 30, 2004 the Village had a Notes Payable to the New Mexico Finance Authority in the amount of \$75,000. This note, with a corresponding interest rate of 0%, was scheduled to be re-paid via annual tax intercept payments from the New Mexico Fire Marshall's Office. The note was to be drawn down for the purposes of financing the Village's Fire Station Substation located on the west side of I-25. The loan proceeds had not been drawn down as of June 30, 2004.

In addition to the Note Payable to the New Mexico Finance Authority, the Village's long-term obligations include compensated absences. Additional information on the Village's long-term debt can be found in the Notes to Financial Statements.

Economic Factors

The Village of Wagon Mound has experienced nominal population growth in the past 10 years. Overall the Village's population increased by 15% from 1990 to 2000 according to the respective census going from 315 people to 369 in those ten years. The majority of the Village's citizens are retired.

Land prices have remained steadily in the Village over the past 10 years. The Village of Wagon Mound is 10% governmental lands and 90% private property.

Gross receipts revenues accruing to the Village general fund included an increase from the 2002-2003 budget-year to \$ 261 thousand in our current budget year ended June 30, 2004 due to major construction projects at the Wagon Mound Public Schools. The Village has experienced modest retail growth in the past ten years.

The State and Federal governments are experiencing revenue shortfalls. A special session of the state legislature during the fall of 2004 has been called by the Governor to deal with tax reform. Gross receipt tax reform is high on the Governor's agenda. Although a commitment to hold counties and municipalities harmless is in place it is necessary to take a wait and see approach. The Village of Wagon Mound has been successful in attracting significant federal funding for Joint Utilities infrastructure during the past ten years. Funding from Homeland Security has been directed to emergency services such as law enforcement and fire departments.

STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND
STATEMENT OF NET ASSETS
June 30, 2004

Exhibit 1

ASSETS	Governmental Activities	Business-Type Activities	Total
Cash and Investments	\$ 320,318	\$ 70,666	\$ 390,984
Accounts Receivable	100,753	139,522	240,275
Property Taxes Receivable	628	-	628
Inventory	-	1,546	1,546
Loan Proceeds Receivable	75,000	-	75,000
Accrued Interest Receivable	-	52	52
Grants Receivable	7,279	-	7,279
Interprogram Due From		6,291	6,291
Prepaid Expenses	-	3,547	3,547
Total Current Assets	503,978	221,624	725,602
Restricted Assets:			
Cash and Cash Equivalents	-	26,505	26,505
Capital Assets			
Land	15,865	7,227	23,092
Works of Art	3,000	-	3,000
Buildings	193,234	102,639	295,873
Furniture, Fixtures and Equipment	213,335	916,214	1,129,549
Construction in Progress	-	466,040	
Infrastructure	888,300	-	888,300
Total Fixed Assets (net of accumulated depreciation)	1,313,734	1,492,120	2,805,854
Total Assets	\$ 1,817,712	\$ 1,740,249	\$ 3,557,961
LIABILITIES:			
Cash deficiencies	\$ 7,279	\$ -	\$ 7,279
Accounts Payable	4,543	139,059	143,602
Accrued Wages Payable	809	751	1,560
Accrued Payroll Taxes Payable	-	2,187	2,187
Accrued Compensated Absences	5,682	5,014	10,696
Deferred Credit - Other	-	6,291	6,291
Security Deposits	-	8,769	8,769
Deferred Revenue	-	6,722	6,722
Long-Term liabilities:			
Due within one year	15,000	-	15,000
Due in more than one year	60,000	192,515	252,515
Total Liabilities	93,313	361,308	454,621
NET ASSETS:			
Invested in Capital Assets, net of related debt	1,313,734	1,492,120	2,805,854
Restricted for:			
Other purposes	-	26,505	26,505
Unrestricted (deficit)	410,665	(139,684)	270,981
Total Net Assets	\$ 1,724,399	\$ 1,378,941	\$ 3,103,340

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

STATE OF NEW MEXICO
 VILLAGE OF WAGON MOUND
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2004

Exhibit 2

Function/Programs	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	170,052	24,252	162,000	-	16,200	-	16,200
Public Safety	60,628	-	65,845	-	5,217	-	5,217
Highways and Streets	108,245	-	4,166	-	(104,079)	-	(104,079)
Health and welfare	3,140	-	7,279	-	4,139	-	4,139
Total governmental activities:	342,065	24,252	239,290	-	(78,523)	-	(78,523)
Business-type activities:							
Joint Utilities	197,023	166,303	-	445,818	-	415,098	415,098
Housing Authority	122,947	29,232	65,825	21,721	-	(6,169)	(6,169)
Total business-type activities:	319,970	195,535	65,825	467,539	-	408,929	408,929
Total primary government	662,035	219,787	305,115	467,539	(78,523)	408,929	330,406
General revenues:							
Property taxes					12,571	-	12,571
Gross receipts taxes					292,156	7,501	299,657
Cigarette taxes					879	-	879
Gas taxes					22,110	-	22,110
Licenses and fees					2,410	-	2,410
Fines and Penalties					434	-	434
Investment Income					665	226	891
Transfers In (Out)					(25,662)	25,662	-
Miscellaneous					30	1,464	1,494
Total general revenue					305,593	34,853	340,446
Change in net assets:					227,070	443,782	670,852
Net assets - beginning (adjusted)					1,497,329	935,159	2,432,488
Net assets - ending					1,724,399	1,378,941	3,103,340

STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2004

	<u>General</u>	<u>Fire</u>	<u>Road</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Investments	\$ 214,244	\$ 68,686	\$ 1,697	\$ 35,691	\$ 320,318
Accounts Receivable	66,000	-	-	-	66,000
Grants Receivable	-	-	-	7,279	7,279
Property Taxes Receivable	628	-	-	-	628
Total Assets	<u>\$ 280,872</u>	<u>\$ 68,686</u>	<u>\$ 1,697</u>	<u>\$ 42,970</u>	<u>\$ 394,225</u>
LIABILITIES AND FUND BALANCE:					
Liabilities					
Cash deficiencies	\$ -	\$ -	\$ -	\$ 7,279	\$ 7,279
Accounts Payable	4,543	-	-	-	4,543
Wages Payable	509	-	300	-	809
Total Liabilities	<u>5,052</u>	<u>-</u>	<u>300</u>	<u>7,279</u>	<u>12,631</u>
Fund Balances:					
Unreserved - Designated for:					
Subsequent year's expenditures	10,163	68,686	1,397	9,114	89,360
Unreserved - Undesignated, Reported in:					
General Fund	265,657	-	-	-	265,657
Special Revenue Funds	-	-	-	26,577	26,577
Total Fund Balances	<u>275,820</u>	<u>68,686</u>	<u>1,397</u>	<u>35,691</u>	<u>381,594</u>
Total Liabilities and Fund Balance	<u>\$ 280,872</u>	<u>\$ 68,686</u>	<u>\$ 1,697</u>	<u>\$ 42,970</u>	<u>\$ 394,225</u>

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

STATE OF NEW MEXICO
 VILLAGE OF WAGON MOUND
 RECONCILIATION OF THE BALANCE SHEET TO THE
 STATEMENT OF NET ASSETS
 JUNE 30, 2004

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

Total Fund Balance Governmental Funds (page 15)	\$ 381,594
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	1,313,734
Proceeds from a Notes Payable will not be drawn down until after year-end and are therefore are not available to pay for current period expenditures.	75,000
Long-Term Liabilities, including notes payable, are not due and payable in the current period and therefore are not reported in the funds.	(80,682)
Recognition of Accounts Receivable are recognized on the full accrual basis. Governmental funds recognize only certain revenues collected within 60 days of year-end on the modified accrual basis.	34,753
Net Assets governmental activities (page 13)	\$ <u><u>1,724,399</u></u>

STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2004

REVENUES:	General	Fire Protection	Road	Other Governmental Funds	Total Governmental Funds
	\$	\$	\$	\$	\$
Taxes					
Property	12,571	-	-	-	12,571
Gross Receipt Taxes	248,309	-	6,136	6,135	260,580
Gas Tax	-	-	20,251	-	20,251
Cigarette	586	-	-	293	879
Intergovernmental	162,000	45,841	4,166	27,283	239,290
Licenses and fees	2,410	-	-	-	2,410
Charges for Services	22,934	-	-	-	22,934
Fines and Penalties	384	-	-	50	434
Interest on Investments	599	66	-	-	665
Other Miscellaneous	30	-	-	-	30
Total Revenues	<u>449,823</u>	<u>45,907</u>	<u>30,553</u>	<u>33,761</u>	<u>560,044</u>
 EXPENDITURES:					
Current:					
General Government	143,559	-	-	2,636	146,195
Public Safety	7,819	29,366	-	7,498	44,683
Culture and Recreation	-	-	-	-	-
Highways and Streets	30,562	-	42,240	-	72,802
Health and Welfare	735	-	-	1,956	2,691
Capital Outlay	84,874	-	-	43,241	128,115
Total Expenditures	<u>267,549</u>	<u>29,366</u>	<u>42,240</u>	<u>55,331</u>	<u>394,486</u>
 Excess (Deficiency) of Revenues over Expenditures	<u>182,274</u>	<u>16,541</u>	<u>(11,687)</u>	<u>(21,570)</u>	<u>165,558</u>
 Other Financing Sources (Uses):					
Operating transfer in	-	-	-	-	-
Operating transfer (out)	(25,662)	-	-	-	(25,662)
Total other financing sources (uses)	<u>(25,662)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(25,662)</u>
 Net Changes in Fund Balances	<u>156,612</u>	<u>16,541</u>	<u>(11,687)</u>	<u>(21,570)</u>	<u>139,896</u>
 Fund Balance, Beginning of the Year	119,208	52,145	-	57,261	228,614
Prior Period Adjustment	-	-	13,084	-	13,084
Beginning Fund Balance (restated)	<u>119,208</u>	<u>52,145</u>	<u>13,084</u>	<u>57,261</u>	<u>241,698</u>
 Fund Balance, End of the Year	<u>\$ 275,820</u>	<u>\$ 68,686</u>	<u>\$ 1,397</u>	<u>\$ 35,691</u>	<u>\$ 381,594</u>

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

STATE OF NEW MEXICO
 VILLAGE OF WAGON MOUND
 RECONCILIATION OF THE STATEMENT OF THE CHANGE IN FUND BALANCES
 OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 JUNE 30, 2004

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

Net changes in fund balances - total governmental funds (page 17)	\$	139,896
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the costs of these assets is allocated over their useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.		52,142
Revenues recognized on the full accrual basis of accounting not recognized by the governmental funds.		34,753
Some expenses reported in the Statement of Activities do not require current resources and, therefore, are not reported as expenditures in governmental funds		<u>279</u>
Changes in net assets of governmental funds (Page 14)	\$	<u><u>227,070</u></u>

STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE- BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For The Year Ended June 30, 2004

	<u>Budgeted Amounts</u>		Actual Amounts	Variance
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
REVENUES:				
Gross Receipt Taxes	\$ 41,316	\$ 41,316	\$ 136,916	\$ 95,600
Gross Receipt Taxes-State Shared Taxes	30,000	30,000	124,185	94,185
Intergovernmental Grants	152,000	152,000	96,000	(56,000)
Licenses and Permits	905	905	2,410	1,505
Charges for Services	18,200	18,200	22,934	4,734
Fines and Forfeits	8,250	8,250	384	(7,866)
Miscellaneous	-	-	629	629
Total Revenues	<u>250,671</u>	<u>250,671</u>	<u>383,458</u>	<u>132,787</u>
Cash appropriated from prior year	-	34,599	-	-
Total Revenues and Appropriated Cash	<u>250,671</u>	<u>285,270</u>	<u>383,458</u>	<u>132,787</u>
EXPENDITURES:				
Current				
General Government	111,341	134,440	140,862	(6,422)
Public Safety	8,586	9,586	7,819	1,767
Highways and Streets	18,250	28,750	30,562	(1,812)
Culture and Recreation	1,000	1,000	735	265
Capital Outlay	<u>96,400</u>	<u>96,400</u>	<u>84,874</u>	<u>11,526</u>
Total Expenditures	<u>235,577</u>	<u>270,176</u>	<u>264,852</u>	<u>5,324</u>
Excess (deficiency) of revenues over (under) expenditures	<u>15,094</u>	<u>15,094</u>	<u>118,606</u>	<u>103,512</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers (out)	-	-	(25,662)	(25,662)
Total other financing and uses	<u>-</u>	<u>-</u>	<u>(25,662)</u>	<u>(25,662)</u>
Net change in fund balance	15,094	15,094	92,944	77,850
Fund balance - beginning cash	-	-	121,300	-
Fund balance - ending cash	<u>\$ -</u>	<u>-</u>	<u>214,244</u>	<u>-</u>

Budgetary Notation:

Cash Appropriated from Prior Year for Current Year's Expenditures	\$ <u>-</u>
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RECONCILIATION TO GAAP BASIS:

Excess (deficiency) of revenues over (under) expenditures - budgetary basis	92,944
Increase (Decrease) In Accounts Receivable	66,365
Decrease (Increase) in Wages Payable	(509)
Decrease (Increase) in Accounts Payable	<u>(2,188)</u>
Excess (Deficiency) Revenues and Other Financing Sources over Expenditures and Other Financing Uses - GAAP basis	<u>\$ 156,612</u>

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

STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND
FIRE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE- BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For The Year Ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Grants	43,471	43,471	45,841	2,370
Interest on Investments	200	200	66	(134)
Miscellaneous	-	-	-	-
Total Revenues	<u>43,671</u>	<u>43,671</u>	<u>45,907</u>	<u>2,236</u>
Cash appropriated from prior year	-	-	-	-
Total Revenues and Appropriated Cash	<u>43,671</u>	<u>43,671</u>	<u>45,907</u>	<u>2,236</u>
EXPENDITURES:				
Current				
Public Safety	36,847	36,847	29,366	7,481
Capital Outlay	58,969	58,969	-	58,969
Total Expenditures	<u>95,816</u>	<u>95,816</u>	<u>29,366</u>	<u>66,450</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(52,145)</u>	<u>(52,145)</u>	<u>16,541</u>	<u>68,686</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing and uses	-	-	-	-
Net change in fund balance	<u>(52,145)</u>	<u>(52,145)</u>	<u>16,541</u>	<u>68,686</u>
Fund balance - beginning cash	-	-	52,145	-
Fund balance - ending cash	<u>\$ -</u>	<u>\$ -</u>	<u>68,686</u>	<u>\$ -</u>

Budgetary Notation:

Cash Appropriated from Prior Year for Current Year's Expenditures	\$ <u>52,145</u>
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RECONCILIATION TO GAAP BASIS:

Excess (deficiency) of revenues over (under) expenditures	16,541
Increase (Decrease) In Accounts Receivable	-
Decrease (Increase) in Accounts Payable	-
Excess (Deficiency) Revenues and Other Financing Sources over Expenditures and Other Financing Uses	<u>\$ 16,541</u>

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

STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND
ROAD FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE- BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For The Year Ended June 30, 2004

	<u>Budgeted Amounts</u>		Actual Amounts	Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Gross Receipt Taxes	\$ 1,750	\$ 1,750	\$ 6,136	\$ 4,386
Gas Taxes	32,500	32,500	20,251	(12,249)
Intergovernmental Grants	14,500	14,500	14,500	-
Miscellaneous	-	-	-	-
Total Revenues	48,750	48,750	40,887	(7,863)
Cash appropriated from prior year	-	-	-	-
Total Revenues and Appropriated Cash	48,750	48,750	40,887	(7,863)
EXPENDITURES:				
Current				
Highways and Streets	39,666	39,666	41,940	(2,274)
Total Expenditures	39,666	39,666	41,940	(2,274)
Excess (deficiency) of revenues over (under) expenditures	<u>9,084</u>	<u>9,084</u>	<u>(1,053)</u>	<u>(10,137)</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	9,084	9,084	(1,053)	(10,137)
Fund balance - beginning cash			(10,334)	
Prior Period Adjustment			13,084	
Fund balance - beginning cash adjusted			2,750	
Fund balance - ending cash	\$	\$	1,697	-

Budgetary Notation:

Cash Appropriated from Prior Year for Current Year's Expenditures	\$ <u>-</u>
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RECONCILIATION TO GAAP BASIS:

Excess (deficiency) of revenues over (under) expenditures - budgetary basis	(1,053)
Increase (Decrease) In Grants Receivable	(10,334)
Decrease (Increase) in Wages Payable	(300)
Excess (Deficiency) Revenues and Other Financing Sources over Expenditures and Other Financing Uses - GAAP basis	\$ (11,687)

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

STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2004

	Business-type Activities Enterprise Funds			
	Joint Utilities	Low Rent Public Housing	Total Nonmajor Business-Type Funds	Total Business-Type Funds
ASSETS				
Current assets:				
Cash and Investments	\$ 47,301	\$ 23,365	\$ -	\$ 70,666
Prepaid Expenses	-	3,547	-	3,547
Accounts Receivable	139,516	6	-	139,522
Inventory	-	1,546	-	1,546
Accrued Interest Receivable	-	52	-	52
Due from other funds	-	-	6,291	6,291
Total Current Assets	<u>186,817</u>	<u>28,516</u>	<u>6,291</u>	<u>221,624</u>
Noncurrent assets:				
Restricted Assets:				
Cash - Meter Deposits	6,336	-	-	6,336
Cash - Tenant Advisory	-	2,039	-	2,039
Cash - Repair Replacement	10,008	-	-	10,008
Cash - Natural Gas	6,826	-	-	6,826
Cash - Security Deposits	-	1,296	-	1,296
Total Restricted Assets	<u>23,170</u>	<u>3,335</u>	<u>-</u>	<u>26,505</u>
Capital assets:				
Land	-	7,227	-	7,227
Building	-	693,238	34,647	727,885
Furniture, Fixtures and Equipment	1,243,070	29,557	900	1,273,527
Machinery	-	14,304	-	14,304
Leasehold Improvements	-	-	-	-
Construction in Progress	445,818	-	20,222	466,040
Less Accumulated Depreciation	<u>(331,009)</u>	<u>(664,549)</u>	<u>(1,305)</u>	<u>(996,863)</u>
Total noncurrent assets:	<u>1,357,879</u>	<u>79,777</u>	<u>54,464</u>	<u>1,492,120</u>
Total Assets	<u>1,567,866</u>	<u>111,628</u>	<u>60,755</u>	<u>1,740,249</u>
LIABILITIES				
Current liabilities:				
Accounts Payable	131,536	7,523	-	139,059
Accrued Wages Payable	433	318	-	751
Accrued Payroll Taxes Payable	-	2,187	-	2,187
Deferred Revenue	-	431	6,291	6,722
Deferred Credit - Other	-	6,291	-	6,291
Compensated Absences	5,014	-	-	5,014
Total current liabilities:	<u>136,983</u>	<u>16,750</u>	<u>6,291</u>	<u>160,024</u>
Noncurrent liabilities:				
Landfill Costs	192,515	-	-	192,515
Deposits held in trust for others	6,336	2,433	-	8,769
Total noncurrent liabilities:	<u>198,851</u>	<u>2,433</u>	<u>-</u>	<u>201,284</u>
Total Liabilities	<u>335,834</u>	<u>19,183</u>	<u>6,291</u>	<u>361,308</u>
NET ASSETS				
Invested in Capital assets, net of				
Related Debt	1,357,879	79,777	54,464	1,492,120
Restricted for:				
Other purposes	23,170	3,335	-	26,505
Unrestricted (deficit)	<u>(149,017)</u>	<u>12,668</u>	<u>-</u>	<u>(136,349)</u>
Total Net Assets	<u>\$ 1,232,032</u>	<u>\$ 92,445</u>	<u>\$ 54,464</u>	<u>\$ 1,378,941</u>

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

STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET ASSETS
PROPRIETARY FUNDS
June 30, 2004

	Business-type Activities Enterprise Funds			Total Business-Type Funds
	Joint Utilities	Low Rent Public Housing	Other Nonmajor Business-Type Funds	
Operating Revenues:				
Charges for services and fees	\$ 166,303	\$	\$	\$ 166,303
Rental income	-	29,232	-	29,232
Other income	-	1,464	-	1,464
Total Operating revenues	<u>166,303</u>	<u>30,696</u>	<u>-</u>	<u>196,999</u>
Operating expenses:				
Salaries and wages	66,227	36,819	-	103,046
Materials and supplies	99,587	54,962	13,681	168,230
Other services and charges	-	-	-	-
Housing Assistance Payments	-	-	-	-
Depreciation	31,209	16,180	1,305	48,694
Total operating expenses	<u>197,023</u>	<u>107,961</u>	<u>14,986</u>	<u>319,970</u>
Net operating income (loss)	<u>(30,720)</u>	<u>(77,265)</u>	<u>(14,986)</u>	<u>(122,971)</u>
Nonoperating revenues (expenses)				
Gross Receipt Taxes	7,501	-	-	7,501
Capital Grants	445,818	-	21,721	467,539
Operating Grants	-	44,144	21,681	65,825
Interest Income	30	196	-	226
Total nonoperating revenues (expenses)	<u>453,349</u>	<u>44,340</u>	<u>43,402</u>	<u>541,091</u>
Other financing sources (uses)				
Transfers In (Out)	25,662	8,000	(8,000)	25,662
Total other financing sources (uses)	<u>25,662</u>	<u>8,000</u>	<u>(8,000)</u>	<u>25,662</u>
Changes in net assets				
Total Net Assets - Beginning	(47,956)	79,184	72,234	103,462
Prior Period Adjustment	831,697	-	-	831,697
Total Net Assets - Beginning Adjusted	783,741	79,184	72,234	935,159
Equity Transfers	-	38,186	(38,186)	-
Total Net Assets - Ending	<u>\$ 1,232,032</u>	<u>\$ 92,445</u>	<u>\$ 54,464</u>	<u>\$ 1,378,941</u>

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

STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2004

	Business-type Activities Proprietary Funds			
	Joint Utilities	Low Rent Public Housing	Other Non-Major Business-Type Funds	Total Business-Type Funds
Cash flow from operating activities:				
Received for customer services and fees	\$ 166,145	\$ 34,395	\$ -	\$ 200,540
Payments to employees for services	(64,865)	(36,501)	-	(101,366)
Payments to vendors for goods and services	(96,501)	(65,396)	(13,681)	(175,578)
Net cash provided (used) by operating activities	<u>4,779</u>	<u>(67,502)</u>	<u>(13,681)</u>	<u>(76,404)</u>
Cash flows from noncapital financing activities:				
Operating grants/subsidies received	-	44,144	21,681	65,825
Gross Receipt Taxes	7,501	-	-	7,501
Transfers In/(Out)	25,662	8,000	(8,000)	25,662
Deferred Credit	-	6,291	-	6,291
Security Deposits	-	63	-	63
Net cash provided (used) by noncapital financing activities:	<u>33,163</u>	<u>58,498</u>	<u>13,681</u>	<u>105,342</u>
Cash flows from capital financing activities:				
Acquisition of fixed assets	(446,878)	(3,293)	(21,721)	(471,892)
Capital Grants received	445,818	-	21,721	467,539
Net cash provided (used) by capital financing activities	<u>(1,060)</u>	<u>(3,293)</u>	<u>-</u>	<u>(4,353)</u>
Cash flows from investing activities:				
Interest received on investments	30	286	-	316
Net cash provided (used) by investing activities:	<u>30</u>	<u>286</u>	<u>-</u>	<u>316</u>
Net increase in cash and cash equivalents	36,912	(12,011)	-	24,901
Cash and cash equivalents, beginning of the year	46,643	38,711	-	85,354
Prior Period Adjustment	(13,084)	-	-	(13,084)
Cash and cash equivalents, beginning of the year, adjusted	<u>33,559</u>	<u>38,711</u>	<u>-</u>	<u>72,270</u>
Cash and cash equivalents, end of year	<u>\$ 70,471</u>	<u>\$ 26,700</u>	<u>\$ -</u>	<u>\$ 97,171</u>

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

STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2004

	Business-type Activities Enterprise Funds			
	Joint Utilities	Low Rent Public Housing	Other Nonmajor Business-Type Funds	Total Business-Type Funds
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating Income (Loss)	\$ (30,720)	\$ (77,265)	\$ (14,986)	\$ (122,971)
Adjustments to reconcile net income (loss) to net cash flows:				
Depreciation	31,209	16,180	1,305	48,694
(Increase) Decrease in Accounts Receivable	(127,323)	347	-	(126,976)
Increase (Decrease) in Inventory	-	289	-	289
(Increase) Decrease in Prepaid expenses	-	1,937	-	1,937
Increase (Decrease) in Accounts Receivable-HUD	-	4,225	-	4,225
Increase (Decrease) in Accounts Payable	130,251	(13,894)	-	116,357
Increase (Decrease) in Compensated Absences	929	-	-	929
Increase (Decrease) in Payroll Taxes Payable	-	979	-	979
Increase (Decrease) in Deferred Revenue	-	(618)	-	(618)
Increase (Decrease) in Accrued Wages Payable	433	318	-	751
Net cash provided by operating activities	\$ <u>4,779</u>	\$ <u>(67,502)</u>	\$ <u>(13,681)</u>	\$ <u>(76,404)</u>

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

VILLAGE OF WAGON MOUND, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004

I. Summary of significant accounting policies

The financial statements of the Village of Wagon Mound (Village) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental entities. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Village has elected to apply Financial Accounting Standards Board (FASB) Statements and Interpretations issued after November 30, 1989, to its business-type activities provided they do not conflict with or contradict GASB pronouncements. Following are the more significant of the government's accounting policies are described below.

A. Reporting entity

The Village of Wagon Mound is incorporated as a municipality in the State of New Mexico and operates under the direction of a Mayor-Council form of government. The elected Village Council exercises the powers of the Village. The Village provides the following services as authorized by its charter: fire and law enforcement services (public safety); highways and streets, health and social services, and general administrative services. Other services include water, gas and sanitation services and public housing.

The Village's basic financial statements include all activities and accounts of the Village's "financial reporting entity."

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body, and either it is able to impose its will on that organization, or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens, on the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, activities, or level of services performed or provided by the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.

According to GASBS No. 39, component units are legally separate organizations for which the Village is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority of the organization's governing board and (1) the Village is able to significantly influence the programs or services performed or provided by the organization; or (2) the Village is legally entitled to or can otherwise access the organization's resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial resources to, the organization; or the Village is obligated for the debt of the

VILLAGE OF WAGON MOUND, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004

I. Summary of significant accounting policies

A. Reporting entity (continued)

organization. Component units may also include organizations for which the Village approves the budget, the issuance of debt, or the levying of taxes. The Housing Authority has not been determined to be legally separate from the Village; as such it has been treated as a department of the Village.

Some organizations are included as component units because of their fiscal dependency on the primary government if they are unable to adopt a budget, levy taxes or set rates or charges, or issue bonded debt without approval by the primary government.

There were no component units for the fiscal year ended June 30, 2004.

B. Basic Financial Statements - Government-wide and fund financial statements

The Village's basic financial statements include both government-wide (reporting the Village as a whole) and fund financial statements (reporting the Village's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Village's police, fire protection and ambulance, public works, parks, recreation, landfill and general administrative services are classified as governmental activities. The Village's Joint Utility and Housing Authority services are classified as business-type activities. The primary financial statements report information on all of the primary government's activities as well as the business-type activities. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental 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

I. Summary of significant accounting policies

**C. Measurement focus, basis of accounting, and financial statement presentation
(continued)**

recognized in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under 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 Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures, generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is made.

Property 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. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Village.

The Village reports the following major governmental funds:

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

The *Fire Protection Fund* is the special revenue fund utilized by the Village to account for activity related to the operations of its Fire Department.

The *Road Fund* is the special revenue fund utilized by the Village to account for all financial activity related to the Village's Public Works Department.

Additionally, the Village reports the remaining nonmajor governmental fund activity in the following fund type:

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. 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 *nonoperating items*. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with proprietary fund's principal ongoing operations.

VILLAGE OF WAGON MOUND, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004

I. Summary of significant accounting policies

**C. Measurement focus, basis of accounting, and financial statement presentation
(continued)**

The modified accrual basis of accounting is followed by the governmental fund types for financial statement purposes. Under the modified accrual basis of accounting, revenues and other governmental fund financial resource increments are recognized in the accounting period in which they become measurable and available to pay liabilities of the current period (amounts collected within 60 days after year end).

Those revenues susceptible to accrual are property taxes, gross receipt taxes, state shared taxes, investment income and charges for services. Grant revenues are recognized as revenues when the related costs are incurred. All other revenues are recognized when they are received and are not susceptible to accrual, because they are usually not measurable until payment is actually received. Expenditures are recorded as liabilities when they are incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

The accrual basis of accounting is utilized by proprietary fund types. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The Village reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the Village before it has legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods when both revenue recognition criteria methods are met or when the Village has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

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

D. Assets, liabilities, and net assets or equity

1. Deposits and investments

Investments in the Village's cash are stated at cost, which approximates fair value.

State Statute Sections 6-10-44 and 6-10-10(f), NMSA 1978, as amended, authorize the Village Treasurer to invest in United States Treasury certificates, United States Treasury bonds or negotiable securities of the United States, bonds or negotiable securities of the State of New Mexico or of any Village, municipality, or school district and yield maintenance repurchase agreements with the advice and consent of the Village Board of Finance.

VILLAGE OF WAGON MOUND, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004

I. Summary of significant accounting policies

D. Assets, liabilities, and net assets or equity (continued)

2. *Receivables and payables*

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" or "advances to/from other funds." All other outstanding balances between funds are reported as "due to /from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances."

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

3. *Restricted assets*

Also the cash in the enterprise funds are limited to specific use and are classified as restricted assets on the balance sheet. Utility and tenant security deposits applicable to the rental of housing units by the Village's Housing Authority are restricted for specific purposes.

4. *Capital assets*

Capital assets, which include property, plant and equipment are reported in the applicable governmental or business type activities columns in the government-wide financial statements. Capital assets, as defined by the Village are assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Purchased or constructed assets are recorded at historical cost or estimated cost. Donated capital assets are recorded as estimated fair market value at the date of the donation. The Village has art work presented for public exhibition that is being preserved for future generations. The Village has capitalized the art work but it is not depreciated as part of capital assets.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Where applicable, only interest costs incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

VILLAGE OF WAGON MOUND, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004

I. Summary of significant accounting policies

D. Assets, liabilities, and net assets or equity

4. Capital Assets (continued)

Property, plant, and equipment of the primary government, are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and other improvements	25-50
Machinery and equipment	5-15

The Village of Wagon Mound maintains a policy of capitalizing computer software and library books where applicable.

5. *Compensated absences*

Village employees may accumulate limited amounts of vacation pay which are payable to the employee upon termination or retirement. For governmental funds, expenditures are recognized during the period in which vacation costs become payable from available, expendable resources. A liability for amounts earned but not payable from available, expendable resources is reported in the government-wide financial statements. For proprietary funds, vacation costs are recognized as a liability when earned.

Village employees may accumulate limited amounts of sick leave. For governmental funds, expenditures are recognized during the period in which sick leave costs become payable from available, expendable resources. For proprietary funds, sick leave costs are recognized when vested or taken, whichever occurs first.

6. *Long-term obligations*

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

The face amount of the debt issued and received is reported as other financing sources.

VILLAGE OF WAGON MOUND, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004

I. Summary of significant accounting policies

D. Assets, liabilities, and net assets or equity (continued)

7. Net Assets

The governmental activities and business-type activities financial statements utilize a net assets presentation. Net assets are categorized as follows:

Investment in capital assets, net of related debt - This category reflects the portion of net assets that are associated with capital assets less outstanding capital asset related debt.

Restricted net assets - This category reflects the portion of net assets that have third party limitations on their use.

Unrestricted net assets - This category reflects net assets of the Village not restricted for any project or other purpose.

8. Fund Equity Reservation and Designations

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted. Designations represent tentative managerial plans that are subject to change. Fund equity was reserved or designated for:

Unreserved, designated for subsequent year's expenditures - This represents the amounts, other than carryover expenditures, which are designated for subsequent year's expenditures in accordance with grantor status.

Unreserved, undesignated - Amounts which have not been reserved or designated for any purpose. These funds are available for unrestricted usage by the Village.

9. Cash Flows

For purposes of the Statement of Cash Flows, the various enterprise funds consider all highly liquid assets with a maturity of three months or less when purchased to be cash equivalents.

10. Presentation

Certain reclassifications of prior year information have been made to conform to current year presentation.

11. Use of Estimates

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

I. Summary of significant accounting policies (continued)

12. Implementation of New Accounting Principles

Governmental Accounting Standards Board (GASB) Statement No. 34

The Village adopted the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. This statement affects the manner in which the Village records transactions and presents financial information. State and local governments have traditionally used a financial reporting model substantially different from the one used to prepare private-sector financial reports.

GASB Statement No. 34 established new requirements and a new reporting model for the annual financial reports of state and local governments. The statement was developed to make annual reports of state and local governments easier to understand and more useful to the people who use governmental financial information to make decisions.

The Village has recorded capital and certain other long-term assets and liabilities in the statement of net assets, and has reported all revenues and the cost of providing services under the accrual basis of accounting in the statement of activities.

GASB Statement 37

The Village adopted the provisions of GASB Statement No. 37, *Basic Financial Statements Management's Discussion and Analysis - for Local and Government: Omnibus*. This statement amends GASB Statement No. 34 to either 1) clarify certain provisions or 2) modify other provisions that GASB believes may have unintended consequences in some circumstances. Accordingly, the Village considered the effect of this statement when adopting the provisions of GASB Statement No. 34 as previously described.

GASB Statement 38

The Village adopted the provisions of GASB Statement No. 38, *Certain Financial Statement Note Disclosures*. This statement modifies, establishes, and rescinds certain financial statement disclosure requirements. Accordingly, footnote disclosures have been revised to conform to the provisions of GASB No. 38.

VILLAGE OF WAGON MOUND, NEW MEXICO
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2004

I. Summary of significant accounting policies (continued)

13. Restatement of Fund Balance/Net Assets

The following schedule reconciles June 30, 2003, fund balance/net assets previously reported to beginning fund balance/net assets, as restated, to include the adoption of new pronouncements.

Governmental Funds - Fund balance restated (page 17)	\$ 241,698
Capital assets (net of accumulated depreciation) as of June 30, 2003	1,261,592
Compensated absences as of June 30, 2003	(5,961)
Net Assets - beginning (page 14)	<u>\$ 1,497,329</u>

Reconciliation of government-wide and fund financial statements

A. Explanation of certain differences between the governmental fund balance sheet and the governmental wide statement of net assets

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net assets governmental activities* as reported in the governmental - wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including notes payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this difference are as follows:

Notes Payable - New Mexico Finance Authority	\$ (75,000)
Compensated absences	<u>(5,682)</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	<u>\$ (80,682)</u>

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances - total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that, "Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense."

VILLAGE OF WAGON MOUND, NEW MEXICO
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2004

I. Summary of significant accounting policies (continued)

C. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities. (continued)

The details of this difference are as follows:

Reconciliation of government-wide and fund financial statements :	
Capital outlay	\$ 128,115
Depreciation expense	<u>(75,973)</u>
Net adjustment to increase net changes in fund balances – total	
Governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 52,142</u>

Another element of that reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of this difference are as follows:

Compensated absences	\$ 279
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 279</u>

14. Interfund Activity - Transfers

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general revenues. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. During the fiscal year ended June 30, 2004, the Village transferred \$25,662 from the General Fund to the Joint Utility Fund for the purpose of providing financial support to the activities of the Joint Utility Fund.

I. Summary of significant accounting policies (continued)

15. Revenues

Substantially all governmental fund revenues are accrued. The Village of Wagon Mound receives property taxes from the Mora County Treasurer for operational purposes. Property taxes are assessed on January 1 of each year, except on livestock, and are payable in two equal installments on November 10th of the year in which the tax bill is prepared and April 10th of the following year. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as nonoperating revenue based on GASB No. 33. In applying GASBS No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the Village. In addition, tax levies are authorized by state statute to service payments due on general obligation bonds which have been authorized pursuant to state law. The full faith and credit of the entity is necessary to pay the interest and on the principal of the negotiable bonds as the interest and principal become due, without limitation as to rate or amount. The Village may pay the principal or interest on any general obligation bonds from any available revenues, and the levy or levies of taxes may be diminished to the extent such other revenues are available for the payment of such principal and interest.

Proceeds from the issuance of general obligation bonds are restricted in usage for the following purposes:

1. Erecting and operating natural or artificial gas works;
2. Erecting and operating electric works;
3. Constructing, purchasing, rehabilitating or remodeling, or any combination thereof, public buildings, including additions and improvements thereto;
4. Building, beautifying and improving public parks within or without the municipal boundary, but not beyond the planning and platting jurisdiction of the municipality;
5. Acquiring land or buildings for playgrounds, recreation centers, zoos, and other recreational purposes, and the equipment thereof, or any combination thereof;
6. Providing proper means for protecting from fire including but not limited to purchasing apparatus for fire protection and providing, enlarging and improving fire equipment and facilities;
7. Laying off, opening, constructing, repairing, and otherwise improving municipal alleys, streets, public roads, and bridges or any combination thereof;
8. Providing apparatus for the collection and disposal of garbage and refuse; acquiring, constructing and maintaining garbage and refuse;
9. Constructing or purchasing a system for supplying water or constructing and purchasing such a system, for the municipality, including without limiting the generality of the foregoing, the enlargement, improvement, extension or acquisition of the system, and acquisition of water or water rights, necessary real estate of rights of way, bridges and easements, and necessary apparatus for a water system, or any combination of the foregoing;
10. Construction or purchasing a sewer system or the construction and purchase of a sewer system, including without limiting the generality of the foregoing, acquiring, enlarging, improving, or extending, or any combination of the foregoing, said system;
11. Flood control purposes are provided in Section 3-41-1 NMSA 1978;

VILLAGE OF WAGON MOUND, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004

I. Summary of significant accounting policies

15. Revenues (continued)

12. Constructing, purchasing, rehabilitating or remodeling, or any combination thereof, hospital, including additions and improvements thereto;
13. Purchasing, improving, or erecting public auditoriums or public buildings of a similar nature for a general civic purposes, or for authorizing the improvement of erection of public auditoriums or buildings of similar nature by agreement, with officers of the county in which the municipality is located; and
14. Acquiring, purchasing, constructing, improving, rehabilitating, or remodeling, or any combination thereof, of cemeteries or mausoleums.

The Mill Levy tax rates for the Village of Wagon Mound for the year ended June 30, 2004 were as follows:

	<u>Residential</u>	<u>Non-Residential</u>
General Operating	3.769	1.182

These are the tax rates applied to each \$1,000 property value taxable by the Village.

II. Stewardship, compliance and accountability

A. Budgetary information

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

1. The Village Clerk-Treasurer submits to the Village Council a proposed operating budget for the fiscal year commencing July 1st. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at the Village offices to obtain taxpayer comments. The budget is legally enacted through passage of a resolution.
3. The Village Mayor and Clerk-Treasurer are authorized to transfer budget amounts between departments within any fund; however, the Local-Government Division of the State Department of Finance and Administration must approve any revisions that alter the total expenditures of any fund.
4. Formal budgetary integration is to be employed as a management control device during the year for all of the governmental fund types.
5. Encumbrances are not considered in budget preparation.
6. The level of classifications detail in which expenditures may not legally exceed appropriations for each budget is in fund total. Appropriations lapse at year-end.
7. All budgets are adopted on a cash basis.
8. Budgets have been adopted for all funds of the Village, except for the Housing Authority. HUD controls the Budget of the Housing Authority.

VILLAGE OF WAGON MOUND, NEW MEXICO
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2004

II. Stewardship, compliance and accountability (continued)

B. Reconciliation of GAAP to NON-GAAP Basis Financial Statements

A reconciliation of Non-GAAP (Budgetary) financial statements to GAAP financial statements is included in the statements. For governmental-type funds the reconciliations appear on A-3, A-3.1, A-3.2 and B-3 through B-8. For business-type funds the reconciliations are included on Statements C-4 and C-5.

III. Detailed notes on all funds

A. Cash and investments

As permitted by State Statute, the Village's cash and cash investments at fiscal year-end consisted of demand and savings deposits and certificates of deposits with local financial institutions. The Village's deposits are categorized as either (1) insured/collateralized with securities held by the Village or by its agent in the Village's name, (2) collateralized with securities held by the pledging financial institution's trust department or agent in the Village's name (secured) or (3) uncollateralized (unsecured) - the investments are collateralized with securities held by the pledging financial institution, but not in the Village's name. Collateral is held under provisions of Section 6-10-17, NMSA, 1978.

A breakdown of deposits and collateral is as follows:

		<u>Demand Deposits</u>	<u>Savings Deposits</u>
Total amount of deposits in:			
<i>Wells Fargo</i>			
General	298,754		
Utility Enterprise	21,647		
Ambulance	8,409		
CDBG Water Project	<u>100</u>	<u>\$ 328,910</u>	
Mayor & Clerk	7,814		
Village of Wagon Mound	670		
Village of Wagon Mound	1,424		
Natural Gas Meter Deposits	1,000		
Water Meter Deposits	5,336		
Natural Gas Funds Collected	6,826		
Water Reserve CD	25,662		
General CD	<u>10,149</u>		
Subtotal:		<u>\$ _____</u>	<u>\$ 58,881</u>

VILLAGE OF WAGON MOUND, NEW MEXICO
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2004

III. Detailed notes on all funds

A. Cash and investments (continued)

Low Income Housing	4,174	
Security Deposit	1,296	
CFP-2003	5,625	
CFP-2002	765	
Resident Council	2,039	
Low Rent Public Housing	6,211	
Low Rent Public Housing	9,007	
Subtotal-Housing:	<u>13,899</u>	<u>15,218</u>
Total - Village of Wagon Mound	342,809	74,099
Less FDIC Insurance:	<u>(100,000)</u>	<u>(74,099)</u>
Total uninsured public funds	<u>\$ 242,809</u>	<u>\$ 0</u>
50% collateral requirement	142,809	0
Pledged Securities:		
Location: Wells Fargo Bank, San Francisco, California		
GNSF 36225BG36 10/15/29 6.50%	\$ 426,099	<u>0</u>
G2SF 36202DLT6 2/20/31 6.00%	92,287	
FNCI 31368HVG5 1/01/09 7.50%	<u>92,769</u>	<u>611,155</u>
<u>Overpledged</u>	<u>\$ 468,346</u>	<u>\$ 0</u>

Total Deposits:	
Category 1 – Insured	\$ 174,099
Category 2 – Secured	0
Category 3 – Unsecured	<u>242,809</u>
Total Deposits	<u>\$ 416,908</u>

Restricted cash in the Proprietary fund represent deposits held for future debt service as well as for replacements in the Joint Utilities Fund.

VILLAGE OF WAGON MOUND, NEW MEXICO
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2004

III. Detailed notes on all funds (continued)

B. Accounts Receivable

	Taxes	Other	Allowance for uncollectible accounts	Net Receivables
Governmental funds:				
Major funds:				
General fund	\$ 31,576	\$ 67,318	\$ -	\$ 98,894
Non-major funds	1,859	-	-	1,859
Total government activity funds	33,435	67,318	-	100,753
Business-type activities:				
Major Enterprise Funds	-	139,522	-	139,522
			-	-
Total Receivables	\$ 33,435	\$ 206,840	\$ -	\$ 240,275

All reported receivables are considered current assets (receivable within one year) for financial statement purposes.

VILLAGE OF WAGON MOUND, NEW MEXICO
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2004

III. Detailed notes on all funds (continued)

C. Capital assets

Capital asset activity for the year was as follows:

	Balance June 30, 2003	Increases	Decreases	Balance June 30, 2004
Governmental activities:				
Capital assets, not being depreciated:				
Land and Land Improvements	\$ 15,865	\$ -	\$ -	\$ 15,865
Construction in progress	-	-	-	-
Art	3,000	-	-	3,000
Total capital assets, not being Depreciated	18,865	-	-	18,865
Capital assets, being depreciated:				
Buildings	650,141	7,279	-	657,420
Machinery and equipment	366,600	120,836	-	487,236
Infrastructure	1,448,993	-	-	1,448,993
Total capital assets being depreciated	2,465,734	128,115	-	2,593,849
Less Accumulated depreciation for:				
Buildings	(447,750)	(16,436)	-	(464,186)
Machinery and equipment	(250,762)	(23,339)	-	(274,101)
Infrastructure	(524,495)	(36,198)	-	(560,693)
Total accumulated depreciation	(1,223,007)	(75,973)	-	(1,298,980)
Capital assets, being depreciated, net	1,242,727	52,142	-	1,294,869
Governmental activities capital assets (net)	\$ 1,261,592	\$ 52,142	\$ -	\$ 1,313,734

	Balance June 30, 2003	Increases	Decreases	Balance June 30, 2004
Business-type activities:				
Capital assets, not being depreciated:				
	\$ 7,227	\$ -	\$ -	\$ 7,227
Capital assets, being depreciated:				
Buildings	653,759	74,126	-	727,885
Leasehold Improvements	15,065	20,222	-	35,287
Utility Line Improvements	1,150,000	445,818	-	1,595,818
Equipment	117,514	5,252	-	122,766
Total assets being depreciated	1,936,338	545,418	-	2,481,756
Less accumulated depreciation for:				
Buildings	609,119	16,127	-	625,246
Leasehold Improvements	14,186	220	-	14,406
Utility Line Improvements	231,750	28,750	-	260,500
Machinery and equipment	93,114	3,597	-	96,711
Total accumulated depreciation	948,169	48,694	-	996,863
Total capital assets, being Depreciated	988,169	496,724	-	1,484,893
Business-type activities capital	995,396	496,724	-	1,492,120

VILLAGE OF WAGON MOUND, NEW MEXICO
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2004

III. Detailed notes on all funds

C. Capital assets (continued)

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

Governmental Activities:	
General Government	\$ 23,381
Public safety	15,945
Culture and recreation	449
Public works	36,198
Health and welfare	449
Total depreciation expense-Governmental activities	\$ 75,973
Business-type activities:	
Joint Utilities	\$ 31,209
Housing Authority	17,485
Total depreciation expense-Business-type activities	\$ 48,694

D. Long-term debt

Note Payable - New Mexico Finance Authority

The Village of Wagon Mound entered into a Note Payable with the New Mexico Finance Authority in the amount of \$75,000 on October 17, 2003 to assist the Village in financing the construction of a Fire Station substation. The Note Payable was to be re-paid via an intercept payment between the State of New Mexico's Fire Marshall Office and the New Mexico Finance Authority. No funds have been drawn down against the note payable as of June 30, 2004. The following provides the repayment schedule according to the executed loan agreement.

Year Ended		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
June 30				
2005	\$	15,000	\$ 0	\$ 15,000
2006		15,000	0	15,000
2007		15,000	0	15,000
2008		15,000	0	15,000
2009		15,000	0	15,000
	\$	75,000	\$ 0	\$ 75,000

VILLAGE OF WAGON MOUND, NEW MEXICO
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2004

III. Detailed notes on all funds

D. Long-term debt (continued)

Long-term liability activity for the year ended June 30, 2004, was as follows:

	Beginning Balance June 30, <u>2003</u>			Ending Balance June 30, <u>2004</u>		Amounts Due within <u>One Year</u>
	<u>2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>2004</u>		
Note Payable	\$ -	\$ 75,000	\$ -	\$ 5,000	\$	15,000
Compensated absences	5,961	3,860	(4,139)	5,682		4,139
Governmental activity						
Total Long-term liabilities	<u>\$ 5,961</u>	<u>\$ 78,860</u>	<u>\$ (4,139)</u>	<u>\$ 80,682</u>	<u>\$</u>	<u>19,139</u>
Business-type Activities:						
Enterprise funds:						
Compensated absences	<u>\$ 4,085</u>	<u>\$ 2,705</u>	<u>\$ (1,770)</u>	<u>\$ 5,020</u>	<u>\$</u>	<u>1,770</u>

The Village of Wagon Mound's General and Road Funds have been used to liquidate compensated balances for governmental funds in the past.

Repayment of the loan to the Village of Wagon Mound commenced repayment via an intercept payment agreement with the New Mexico Fire Marshall's Office fiscal year ended June 30, 2005.

E. Reserve fund balance

The New Mexico Department of Finance and Administration requires that 3/12 of budgeted expenditures be reserved as subsequent-year expenditures to maintain an adequate cash flow.

F. Financial data schedule reconciliation

The Village of Wagon Mound Housing Authority Enterprise Fund was presented in two columns on the Financial Data Schedule. The net assets reconcile to the financial statements as follows:

Net Assets	Amount
Net Assets -- Low Rent 14.850	\$ 92,445
Net Assets- CFP 14.872	\$ 54,464

G. Retirement Plan

Plan description

Substantially all of the Village of Wagon Mound full-time employees participate in a public employee retirement system authorized under the Educational Retirement Act (Chapter 22, Article 11 NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement

III. Detailed notes on all funds

G. Retirement Plan

Plan description (continued)

plan. The plan provides for retirement, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, New Mexico 87504-2123.

Funding Policy

Plan members are required to contribute 7% for policeman and 7% for all other members (range from 4% to 16.3% depending upon the division and classification of personnel, ie., state general, state hazardous duty, state police, municipal general, municipal police, municipal fire) of their gross salary. The Village of Wagon Mound is required to contribute 10% for policeman and 7% for all other plan members (range from 7% to 25.72% depending upon the division) of the gross covered salary. The contribution requirements of plan members and the Village of Wagon Mound are established in Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The Village of Wagon Mound's contributions to PERA for the years ending June 30, 2004, 2003, and 2002 were \$ 13,210, \$8,310 and \$20,615, respectively, equal to the amount of the required contributions for each year.

H. Retiree Health Care Act

The Village of Wagon Mound does not participate in the State of New Mexico's Retiree Health Care Act.

I. Risk Management

The Village is exposed to various risks for loss related to torts, thefts of, damage to, and destruction of assets, errors and omissions, and natural disasters for which the Village carries insurance with the New Mexico Self Insurer's Fund for a shared premium cost. The Village established a limited risk management program for general and auto liability, workman's compensation, employer's liability, and property. Premiums are paid by the General, Fire, and Enterprise Funds.

J. Contingent Liabilities

There is no provision for contingent liabilities in the Village's financial statements.

K. Accounting for landfill closure and post closure care costs

Federal laws required the Village to close and cover the local landfill. These laws also require that the Village perform certain maintenance and monitoring functions at the landfill for thirty years after the closure. In the year ended June 30, 1997 the Village recorded the estimated cost of the closure and post closure costs to be \$197,200. These liabilities have been recorded in the Village's Joint Utilities Fund. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The Village is currently under contract with an independent contractor to dispose of its waste.

VILLAGE OF WAGON MOUND, NEW MEXICO
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2004

L. Other Required Individual Fund Disclosures

Generally accepted accounting principles require disclosures as part of the Combined Statements of certain information concerning individual fund including:

Excess of expenditures over budget. Two funds exceeded approved budgetary authority for the year ended June 30, 2004:

Special Revenue Fund – Road
 Special Revenue Fund – Landfill

M. Restatement of prior year fund balances (Prior Period Adjustments)

Previously reported fund balances in the Gasoline Tax Road Fund were increased in the amount of \$13,084, and the Joint Utilities Fund in the amount of \$831,697, to reflect the effect of a reclassification of the Infrastructure cash balance from the Joint Utilities Fund to the Gasoline Tax Road Fund and a restatement of fixed assets in the Joint Utilities Fund to more accurately reflect the Joint Utility Fund's basis of the basis in net Fixed Assets at June 30, 2003. Also the Fixed Asset Account Group basis was reduced by \$1,124,868 to reflect the Village's adjusted reported balance at June 30, 2003. The following summarizes the prior period adjustments:

Governmental Fund Balances (as previously reported at June 30, 2003)	\$ 228,614
Add:	
Capital Assets (in General Long Term Fixed Asset Account Group)	3,609,467
minus: prior period adjustment to Capital Assets	<u>(1,124,868)</u>
Capital Assets at June 30, 2003 - gross	2,484,599
Accumulated Depreciation at June 30, 2003	<u>(1,223,007)</u>
Capital Assets at June 30, 2003 - net	1,261,592
Subtract:	
GASB 34 Compensated Absences	(5,961)
Prior year reclassification of cash balance (from Joint Utility to Gasoline Tax Fund)	<u>13,084</u>
Governmental Fund Balances - June 30, 2003 - restated (page 14)	<u>\$ 1,497,329</u>
Business-type Fund Balances (as previously reported at June 30, 2003)	\$ 31,228
Add:	
Prior period adjustment to Joint Utility Capital Assets	245,350
Prior period adjustment to Joint Utility Fund Accumulated Depreciation	574,515
Prior period adjustment to Joint Utility Customer Deposits	24,916
Prior period reclassification of cash balance (from Joint Utility to Gasoline Tax Fund)	<u>(13,084)</u>
Total Prior Period adjustment - Joint Utility Fund	831,697
Prior period adjustment - Capital Funding Program Fund Balance	<u>72,234</u>
Business-type Fund Balances - June 30, 2003 - restated (page 14)	<u>\$ 935,159</u>

STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND
SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2004

SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND
DESCRIPTION OF SPECIAL REVENUE FUNDS

SPECIAL REVENUE FUNDS

Fire Fund

To account for the operations and maintenance of the Fire Department, financed by a specific allotment from the State Fire Marshall's Office. (Authority: NMSA 59A-53-1)

Corrections Fund

To account for the provisions of a local correction fee collected with local fines. (Authority: NMSA 35-14-11)

Law Enforcement Protection Fund (LEPF)

To account for the proceeds of a state grant provided for the purchase and repair of equipment as well as specialized training of police personnel. (Authority: NMSA 29-13-3)

Environmental Fund

To account for the operations of solid waste disposal services which is not financed by user charges. Revenues and other financing sources include State taxes. (Authority: NMSA 7-26-1)

Landfill Fund

To account for costs related to the monitoring of the landfill closed in fiscal year ended June 30, 1995. (Authority: NMSA 7-19-10)

Road Fund

To account for the maintenance of the Village's Roads. Financing is provided from the levy of a tax per gallon of gasoline purchased within the Village's boundaries, pursuant to the County Municipal Gasoline Act and a State Cooperative Grant. (Authority: NMSA 7-21-1)

Recreation Fund

To account for the operation and maintenance of all Village-owned recreational facilities. Financing is provided by a specific annual cigarette tax levy. (Authority: NMSA 7-12-15)

Emergency Medical Services (EMS)

To account for the operations of the Village's emergency services. Financing is provided from the State, pursuant to the Emergency Medical Services Act. (Authority: NMSA 24-10A)

STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2004

	<u>Totals by Fund Type</u>			<u>Total Nonmajor Governmental Funds</u>
	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	
ASSETS				
Current assets:				
Cash and Investments	\$ 35,691	\$ -	\$ -	\$ 35,691
Grants Receivable	7,279	-	-	7,279
Total Assets	<u>42,970</u>	<u>-</u>	<u>-</u>	<u>42,970</u>
LIABILITIES				
Cash Deficiencies	7,279	-	-	7,279
Accounts Payable	-	-	-	-
Total Liabilities	<u>7,279</u>	<u>-</u>	<u>-</u>	<u>7,279</u>
FUND BALANCES				
Unreserved - designated for:				
Subsequent year's expenditures	9,114	-	-	9,114
Unreserved - undesignated	<u>26,577</u>	<u>-</u>	<u>-</u>	<u>26,577</u>
Total Fund Balances	<u>35,691</u>	<u>-</u>	<u>-</u>	<u>35,691</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 42,970</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,970</u>

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

STATE OF NEW MEXICO
 VILLAGE OF WAGON MOUND
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the year ended June 30, 2004

	Totals by Fund Type			Total Nonmajor Governmental Funds
	Special Revenue	Capital Projects	Debt Service	
Revenues				
Intergovernmental	\$ 27,283	\$ -	\$ -	\$ 27,283
Gross Receipt taxes	6,135	-	-	6,135
Gasoline taxes	-	-	-	-
Cigarette taxes	293	-	-	293
Fines and Penalties	50	-	-	50
Interest on Investments	-	-	-	-
Total Revenues	<u>33,761</u>	<u>-</u>	<u>-</u>	<u>33,761</u>
Expenditures				
Current:				
General Government	-	-	-	-
Public Safety	10,134	-	-	10,134
Highways and Streets	-	-	-	-
Health and Welfare	1,956	-	-	1,956
Capital outlay	43,241	-	-	43,241
Total Expenditures	<u>55,331</u>	<u>-</u>	<u>-</u>	<u>55,331</u>
Excess (deficiency) of Revenues over Expenditures	(21,570)	-	-	(21,570)
Other financing sources:				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Changes in Fund Balances	(21,570)	-	-	(21,570)
Beginning Fund Balance	<u>57,261</u>	<u>-</u>	<u>-</u>	<u>57,261</u>
Ending Fund Balance	<u>\$ 35,691</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,691</u>

The accompanying notes are an integral part of these financial statements

Statement B-1

	<u>Landfill</u>	<u>Recreation</u>	<u>E.M.S.</u>	<u>Total</u>
\$	-	\$ 1,872	\$ 8,409	\$ 35,691
	7,279	-	-	7,279
	-	-	-	-
	<u>7,279</u>	<u>1,872</u>	<u>8,409</u>	<u>42,970</u>
	7,279	-	-	7,279
	-	-	-	-
	-	-	-	-
	<u>7,279</u>	<u>-</u>	<u>-</u>	<u>7,279</u>
	-	-	8,409	9,114
	-	1,872	-	26,577
	<u>-</u>	<u>1,872</u>	<u>8,409</u>	<u>35,691</u>
\$	<u>7,279</u>	<u>1,872</u>	<u>8,409</u>	<u>42,970</u>

Statement B-2

<u>Recreation</u>	<u>E.M.S.</u>	<u>Landfill</u>	<u>Total</u>
\$ -	\$ 4	\$ 7,279	\$ 27,283
-	-	-	-
-	-	-	-
293	-	-	6,428
-	-	-	50
-	-	-	-
<u>293</u>	<u>4</u>	<u>7,279</u>	<u>33,761</u>
-	2,636	-	2,636
-	-	-	7,498
-	-	-	-
-	-	-	-
-	-	-	1,956
-	-	7,279	43,241
<u>-</u>	<u>2,636</u>	<u>7,279</u>	<u>55,331</u>
<u>293</u>	<u>(2,632)</u>	<u>-</u>	<u>(21,570)</u>
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
293	(2,632)	-	(21,570)
1,579	11,041	-	57,261
<u>\$ 1,872</u>	<u>\$ 8,409</u>	<u>\$ -</u>	<u>\$ 35,691</u>

STATE OF NEW MEXICO
 VILLAGE OF WAGON MOUND
 STATEMENT OF REVENUES AND EXPENDITURES -
 BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
 SPECIAL REVENUE FUND-CORRECTIONS
 For the Year Ended June 30, 2004

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES:				
Gross Receipt Taxes	\$ -	\$ -	\$ -	\$ -
Gas Taxes	-	-	-	-
Cigarette Taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	-	-	-	-
Licenses and Permits	-	-	-	-
Fines and Penalties	4,000	4,000	50	(3,950)
Interest on Investments	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	<u>4,000</u>	<u>4,000</u>	<u>50</u>	<u>(3,950)</u>
EXPENDITURES:				
Current:				
Health and Welfare	4,000	4,000	48	3,952
Total Expenditures	<u>4,000</u>	<u>4,000</u>	<u>48</u>	<u>3,952</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	-	-	2	2
Other Financing Sources (Uses)				
Transfers in (out)	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	-	-	2	\$ 2
Fund balance - beginning cash	-	-	11,845	-
Fund balance - ending cash	<u>\$ -</u>	<u>-</u>	<u>11,847</u>	<u>-</u>
BUDGETARY NOTATION - Cash Appropriated				
Budgetary Notation:				
Cash Appropriated from Prior Year for RECT Current Year's Expenditures	<u>\$ -</u>			
RECONCILIATION TO GAAP BASIS:				
Excess (deficiency) of revenues over (under) expenditures - budgetary basis			2	
Increase (Decrease) In Accounts Receivable			-	
Decrease (Increase) in Accounts Payable			-	
Excess (Deficiency) Revenues and Other Financing Sources over Expenditures and Other Financing Uses - GAAP basis			<u>2</u>	<u>\$</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
SPECIAL REVENUE FUND-LAW ENFORCEMENT PROTECTION FUND
For the Year Ended June 30, 2004

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES:				
Gross Receipt Taxes	\$ -	\$ -	\$ -	\$ -
Gas Taxes	-	-	-	-
Cigarette Taxes	-	-	-	-
Intergovernmental	20,000	20,000	-	(20,000)
Charges for Services	-	-	-	-
Licenses and Permits	-	-	-	-
Fines and Penalties	-	-	-	-
Interest on Investments	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>(20,000)</u>
EXPENDITURES:				
Current:				
Public Safety	-	-	7,498	(7,498)
Capital Outlay	<u>44,165</u>	<u>44,165</u>	<u>35,962</u>	<u>8,203</u>
Total Expenditures	<u>44,165</u>	<u>44,165</u>	<u>43,460</u>	<u>705</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(24,165)	(44,165)	(43,460)	705
Other Financing Sources (Uses)				
Transfers in (out)	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	(44,165)	(44,165)	(43,460)	\$ 705
Fund balance - beginning cash	-	-	44,165	-
Fund balance - ending cash	<u>0</u>	<u>-</u>	<u>705</u>	<u>-</u>

Budgetary Notation:

Cash Appropriated from Prior Year for
Current Year's Expenditures

0 44,165

RECONCILIATION TO GAAP BASIS:

Excess (deficiency) of revenues over (under) expenditures - budgetary basis	(43,460)
(Increase) Decrease In Deferred Receivable	<u>20,000</u>
Excess (Deficiency) Revenues and Other Financing Sources over Expenditures and Other Financing Uses - GAAP basis	<u>\$ (23,460)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
 VILLAGE OF WAGON MOUND
 STATEMENT OF REVENUES AND EXPENDITURES -
 BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
 SPECIAL REVENUE FUND-ENVIRONMENTAL FUND
 For the Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES:				
Gross Receipt Taxes	\$ -	\$ -	\$ -	\$ -
Gas Taxes	-	-	-	-
Cigarette Taxes	-	-	-	-
Intergovernmental	1,750	1,750	6,135	4,385
Charges for Services	-	-	-	-
Licenses and Permits	-	-	-	-
Fines and Penalties	-	-	-	-
Interest on Investments	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	<u>1,750</u>	<u>1,750</u>	<u>6,135</u>	<u>4,385</u>
EXPENDITURES:				
Current:				
Health and Welfare	4,000	4,000	1,908	2,092
Capital Outlay	-	-	-	-
Total Expenditures	<u>4,000</u>	<u>4,000</u>	<u>1,908</u>	<u>2,092</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	(2,250)	(2,250)	4,227	6,477
Other Financing Sources (Uses)				
Transfers in (out)	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	(2,250)	(2,250)	4,227	\$ 6,477
Fund balance - beginning cash	-	-	8,631	-
Fund balance - ending cash	<u>\$ -</u>	<u>-</u>	<u>12,858</u>	<u>-</u>

Budgetary Notation:

Cash Appropriated from Prior Year for Current Year's Expenditures	<u>\$ 2,250</u>
--	-----------------

RECONCILIATION TO GAAP BASIS:

Excess (deficiency) of revenues over (under) expenditures - budgetary basis	4,227
Increase (Decrease) In Accounts Receivable	-
Decrease (Increase) in Accounts Payable	-
Excess (Deficiency) Revenues and Other Financing Sources over Expenditures and Other Financing Uses - GAAP basis	<u>\$ 4,227</u>

STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
SPECIAL REVENUE FUND-RECREATION FUND
For the Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES:				
Gross Receipt Taxes	\$ -	\$ -	\$ -	\$ -
Gas Tax	-	-	-	-
Cigarette Taxes	200	200	293	93
Intergovernmental	-	-	-	-
Charges for Services	-	-	-	-
Licenses and Permits	-	-	-	-
Fines and Penalties	-	-	-	-
Interest on Investments	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	<u>200</u>	<u>200</u>	<u>293</u>	<u>93</u>
EXPENDITURES:				
Current:				
Culture and Recreation	200	200	-	200
Total Expenditures	<u>200</u>	<u>200</u>	<u>-</u>	<u>200</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	-	-	293	293
Other Financing Sources (Uses)				
Transfers in (out)	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	-	-	293	\$ 293
Fund balance - beginning cash	-	-	1,579	-
Fund balance - ending cash	<u>\$ -</u>	<u>-</u>	<u>1,872</u>	<u>-</u>
Budgetary Notation:				
Cash Appropriated from Prior Year for Current Year's Expenditures	<u>\$ -</u>			
RECONCILIATION TO GAAP BASIS:				
Excess (deficiency) of revenues over (under) expenditures - budgetary basis			293	
Increase (Decrease) In Accounts Receivable			-	
Decrease (Increase) in Accounts Payable			-	
Excess (Deficiency) Revenues and Other Financing Sources over Expenditures and Other Financing Uses - GAAP basis			<u>\$ 293</u>	

STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
SPECIAL REVENUE FUND-EMS AMBULANCE FUND
For the Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES:				
Gross Receipt Taxes	\$ -	\$ -	\$ -	\$ -
Gas Tax	-	-	-	-
Cigarette Taxes	-	-	-	-
Intergovernmental	2,520	2,520	4	(2,516)
Charges for Services	-	-	-	-
Licenses and Permits	-	-	-	-
Fines and Penalties	-	-	-	-
Interest on Investments	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	<u>2,520</u>	<u>2,520</u>	<u>4</u>	<u>(2,516)</u>
EXPENDITURES:				
Current:				
Public Safety	13,561	13,561	2,636	10,925
Capital Outlay	-	-	-	-
Total Expenditures	<u>13,561</u>	<u>13,561</u>	<u>2,636</u>	<u>10,925</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(11,041)	(11,041)	(2,632)	8,409
Other Financing Sources (Uses)				
Transfers in (out)	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	(11,041)	(11,041)	(2,632)	\$ 8,409
Fund balance - beginning cash	-	-	11,041	-
Fund balance - ending cash	<u>\$ -</u>	<u>-</u>	<u>8,409</u>	<u>-</u>

Budgetary Notation:

Cash Appropriated from Prior Year for Current Year's Expenditures	<u>\$ 11,041</u>
--	------------------

RECONCILIATION TO GAAP BASIS:

Excess (deficiency) of revenues over (under) expenditures - budgetary basis	(2,632)
Increase (Decrease) In Accounts Receivable	-
Decrease (Increase) in Accounts Payable	-
Excess (Deficiency) Revenues and Other Financing Sources over Expenditures and Other Financing Uses - GAAP basis	<u>\$ (2,632)</u>

STATE OF NEW MEXICO
 VILLAGE OF WAGON MOUND
 STATEMENT OF REVENUES AND EXPENDITURES -
 BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
 SPECIAL REVENUE FUND-LANDFILL FUND
 For the Year Ended June 30, 2004

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES:				
Gross Receipt Taxes	\$ -	\$ -	\$ -	\$ -
Gas Tax	-	-	-	-
Cigarette Taxes	-	-	-	-
Intergovernmental	13,000	13,000	7,050	(5,950)
Charges for Services	-	-	-	-
Licenses and Permits	-	-	-	-
Fines and Penalties	-	-	-	-
Interest on Investments	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	13,000	13,000	7,050	(5,950)
EXPENDITURES:				
Current:				
Capital Outlay	5,950	5,950	7,279	(1,329)
Total Expenditures	5,950	5,950	7,279	(1,329)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	7,050	7,050	(229)	(7,279)
Other Financing Sources (Uses)				
Transfers in (out)	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	7,050	7,050	(229)	\$ (7,279)
Fund balance - beginning cash (deficit)	-	-	(7,050)	-
Fund balance - ending cash	\$ -	-	(7,279)	-
Budgetary Notation:				
Cash Appropriated from Prior Year for Current Year's Expenditures	\$ -			
RECONCILIATION TO GAAP BASIS:				
Excess (deficiency) of revenues over (under) expenditures - budgetary basis			(229)	
Increase (Decrease) In Grants Receivable			229	
Decrease (Increase) in Accounts Payable			-	
Excess (Deficiency) Revenues and Other Financing Sources over Expenditures and Other Financing Uses - GAAP basis			\$ -	

STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND
DESCRIPTION OF PROPRIETARY FUNDS

Joint Utilities Fund - To account for revenue and expenses related to water and gas services provided to the Village. The separate funds were combined into one fund to more easily accommodate for the accounting for the separate water and gas utilities.

Housing Authority – To account for the rental operations of the Public Housing Authority of the Village of Wagon Mound, New Mexico and subsidized by the United States Department of Housing and Urban Development.

Capital Funding Program - To account for capital funding provided to the Public Housing Authority of the Village of Wagon Mound, New Mexico by the United States Department of Housing and Urban Development.

STATE OF NEW MEXICO
 VILLAGE OF WAGON MOUND
 COMBINING STATEMENT OF NET ASSETS
 NONMAJOR PROPRIETARY FUNDS
 June 30, 2004

	Public Housing Capital Fund Program	Total
ASSETS:		
Current assets:		
Cash and investments	\$ -	\$ -
Prepaid expenses	-	-
Accounts Receivable	-	-
Inventory	-	-
Accrued Interest Receivable	-	-
Interprogram Due From	<u>6,291</u>	<u>6,291</u>
Total current assets	<u>6,291</u>	<u>6,291</u>
Restricted assets:		
Cash - Meter Deposits	-	-
Cash restricted for tenant advisory	-	-
Cash restricted for replacements	-	-
Cash - restricted for CDBG	-	-
Cash restricted - Natural Gas	-	-
Cash restricted for security deposits	-	-
Total restricted assets	<u>-</u>	<u>-</u>
Plant, property, and equipment:		
Water & Plant Equipment	35,547	35,547
Construction in Progress	20,222	20,222
Less: Accumulated Depreciation	<u>(1,305)</u>	<u>(1,305)</u>
Total Plant, Property, & Equipment	<u>54,464</u>	<u>54,464</u>
Total Assets	<u>\$ 60,755</u>	<u>\$ 60,755</u>

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

STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND
COMBINING BALANCE SHEET
NONMAJOR PROPRIETARY FUNDS
June 30, 2004

	<u>Public Housing Capital Fund Program</u>	<u>Total</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	\$ -	\$ -
Accrued Wages Payable	-	-
Payroll Taxes Payable	-	-
Deferred Revenue	6,291	6,291
Accrued Compensated Absences	-	-
Deferred Credit - Other	-	-
Due to Public Housing Authority	-	-
Payable from current assets	<u>6,291</u>	<u>6,291</u>
Customer Deposits	-	-
Current Portion of Long Term Debt	-	-
Payable from restricted assets	<u>-</u>	<u>-</u>
Total current liabilities	<u>6,291</u>	<u>6,291</u>
Long-Term Debt		
Land fill Costs	-	-
	<u>-</u>	<u>-</u>
Total Liabilities	<u>\$ 6,291</u>	<u>\$ 6,291</u>
Net Assets -		
Invested in Fixed Assets Net of Related Debt	54,464	54,464
Unrestricted Net Assets	-	-
Total Net Assets	<u>\$ 54,464</u>	<u>\$ 54,464</u>

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

STATE OF NEW MEXICO
 VILLAGE OF WAGON MOUND
 PROPRIETARY FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN FUND NET ASSETS
 NONMAJOR PROPRIETARY FUNDS
 For the Year Ended June 30, 2004

	<u>Public Housing Capital Fund Program</u>	<u>Total</u>
OPERATING REVENUES:		
Charges for services and fees	\$ -	\$ -
Other Income	-	-
Total operating revenues	<u>-</u>	<u>-</u>
OPERATING EXPENSES		
Personal services	-	-
Operating expenses	13,681	13,681
Depreciation	1,305	1,305
Total operating expenses	<u>14,986</u>	<u>14,986</u>
Net Operating Income (Loss)	<u>(14,986)</u>	<u>(14,986)</u>
NONOPERATING REVENUES (EXPENSES)		
Operating transfers In/(Out)	(8,000)	(8,000)
HUD PHA Operating Grants	21,681	21,681
HUD PHA Capital Grants	21,721	21,721
Capital Grant - NMFA	-	-
Interest Income	-	-
Total Nonoperating Revenues (Expenses)	<u>35,402</u>	<u>35,402</u>
Excess Revenues and Other Financing Sources over Expenditures and Other Financing Uses	<u>20,416</u>	<u>20,416</u>
Net Assets		
Beginning of the Year	72,234	72,234
Prior Period Adjustment	-	-
Beginning of the Year - Adjusted	<u>-</u>	<u>-</u>
Equity transfers	<u>(38,186)</u>	<u>(38,186)</u>
At End of Fiscal Year	<u>\$ 54,464</u>	<u>\$ 54,464</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
For the Year Ended June 30, 2004

	<u>Public Housing Capital Fund Program</u>	<u>Totals</u>
Increase (Decrease) in Cash and Cash Equivalents		
Cash flows from operating activities:		
Received for customer services and fees	\$ -	\$ -
Paid to suppliers for goods and services	(13,681)	(13,681)
Paid to employees for services	-	-
Net Cash Flows from Operating Activities	<u>(13,681)</u>	<u>(13,681)</u>
Cash Flows from Investing activities:		
Deferred Credit	-	-
Transfers in (out)	(8,000)	(8,000)
Security Deposits	-	-
Interest Income	-	-
Net Cash from Investing Activities	<u>(8,000)</u>	<u>(8,000)</u>
Cash Flows from Financing activities:		
Operating Grants (CFP)	21,681	21,681
Capital Grants (CFP)	21,721	21,721
Investment in Fixed Assets	(21,721)	(21,721)
Net Cash from Financing Activities	<u>21,681</u>	<u>21,681</u>
Net Increase (Decrease) in Cash	-	-
CASH AND CASH EQUIVALENTS:		
At beginning of fiscal year	<u>-</u>	<u>-</u>
At end of fiscal year	<u><u>-</u></u>	<u><u>-</u></u>
RECONCILIATION OF OPERATING INCOME		
(LOSS) TO NET CASH PROVIDED BY		
OPERATING ACTIVITIES		
Net Operating Income (Loss)	(14,986)	(14,986)
Adjustments to reconcile operating income (loss) to		
net cash provided by operating activities:		
Depreciation	1,305	1,305
(Increase) Decrease in Accounts Receivable	-	-
Increase (Decrease) in Accrued Wages Payable	<u>-</u>	<u>-</u>
Net cash (used) provided by operating		
activities	<u>\$ (13,681)</u>	<u>(13,681)</u>

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

STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND
PROPRIETARY FUND - JOINT UTILITIES FUND
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2004

	Budgeted Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
REVENUES:				
Charges for Services	\$ 145,000	\$ 145,000	\$ 166,145	\$ 21,145
Interest	215	215	30	(185)
Taxes	7,250	7,250	7,501	251
Total Revenues	152,465	152,465	173,676	21,211
EXPENDITURES:				
Current:				
Personal Services	63,792	63,792	64,865	(1,073)
Fuel and Power	50,000	50,000	64,521	(14,521)
Operating Expenses	41,450	41,450	28,171	13,279
Repairs, Replacements & Refunds	3,000	3,000	3,809	(809)
Capital Outlay	630,523	630,523	319,713	310,810
Total Expenditures	788,765	788,765	481,079	307,686
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(636,300)	(636,300)	(307,403)	328,897
Other Financing Sources (Uses)				
Intergovernmental Grants	630,523	630,523	318,653	(311,870)
Transfers In (Out)	-	-	25,662	25,662
Total Other Financing Sources (Uses)	630,523	630,523	344,315	(286,208)
Net Change in Fund Balance	(5,777)	(5,777)	36,912	\$ 42,689
BUDGETARY NOTATION - Cash				
Appropriated From Prior Year				
For Current Year Expenditures	\$ 5,777	\$ 5,777		
RECONCILIATION TO GAAP BASIS:				
Depreciation expense			(31,209)	
Increase(Decrease) in Fixed Assets			446,878	
Increase (Decrease) In Accounts Receivable			127,323	
(Increase) Decrease in Wages Payable			(433)	
(Increase) Decrease in Compensated Absences			(929)	
(Increase) Decrease in Accounts Payable			(130,251)	
Excess Revenues and Other Financing Sources over Expenditures and Other Financing Uses			\$ 448,291	
Fund balance (adjusted) - beginning cash (deficit)			\$ 33,559	
Net Income (Loss) - Budgetary basis			36,912	
Fund Balance - ending cash (deficit)			\$ 70,471	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND
PROPRIETARY FUND - LOW RENT PUBLIC HOUSING FUND
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Year Ended June 30, 2004

Statement C-5

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	
OPERATING REVENUES:				
Dwelling Rental	\$ 24,050	\$ 28,950	\$ 28,961	\$ 11
Interest	700	700	286	(414)
Miscellaneous	150	8,600	1,209	(7,391)
Total Operating Income	24,900	38,250	30,456	(7,794)
OPERATING EXPENDITURES:				
Current:				
Administration	21,470	34,130	41,213	(7,083)
Utilities	13,900	14,020	18,914	(4,894)
Maintenance	13,800	36,410	31,860	4,550
General Expense	8,400	17,500	9,847	7,653
Total Operating Expenditures	57,570	102,060	101,834	226
RESIDUAL RECEIPTS	(32,670)	(63,810)	(71,378)	(7,568)
Other Financing Sources (Uses)				
Operating Subsidy	38,832	43,955	48,369	4,414
Deferred Credit	-	-	6,291	6,291
Capital Expenditures	-	-	(3,293)	(3,293)
Transfer In - Capital Funding Program	-	-	8,000	8,000
Total Other Financing Sources (Uses)	38,832	43,955	59,367	15,412
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	6,162	(19,855)	\$ (12,011)	\$ 7,844
BUDGETARY NOTATION -				
Provision for Operating Reserve (Deficit)	\$ 6,162	\$ (19,855)		
RECONCILIATION TO GAAP BASIS:				
Depreciation expense			(16,180)	
Increase (Decrease) In Accounts Receivable			(4,572)	
Increase (Decrease) In Prepaid Expenses			(1,937)	
Increase (Decrease) in Accrued Interest Receivable			(90)	
Increase (Decrease) In Inventory		#	(289)	
(Increase) Decrease in Accrued Wages			(318)	
Increase (Decrease) in Fixed Assets			3,283	
(Increase) Decrease in Security Deposits			(63)	
(Increase) Decrease in Deferred Credits			(6,291)	
(Increase) Decrease in Payroll Taxes Payable			(969)	
(Increase) Decrease in Deferred Revenue			618	
(Increase) Decrease in Accounts Payable		#	13,894	
Excess Revenues and Other Financing Sources over Expenditures and Other Financing Uses			\$ (24,925)	
Fund balance - beginning cash (deficit)			\$ 38,711	
Net Income (Loss) - Budgetary basis			(12,011)	
Fund Balance - ending cash (deficit)			\$ 26,700	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL AND
ENTERPRISE FUNDS
For the Year Ending June 30, 2004

	Beginning Balance <u>June 30, 2003</u>	Additions	Adjustments	Deletions	Ending Balance <u>June 30, 2004</u>
GOVERNMENTAL ACTIVITIES					
Land	\$ -	\$ -	\$ 15,865	\$ -	\$ 15,865
Buildings	754,782	7,279	(104,641)	-	657,420
Improvements	50,000	-	(50,000)	-	-
Streets	1,603,557	-	(154,564)	-	1,448,993
Equipment	903,559	120,836	(533,959)	-	490,436
Construction in Progress	297,569	-	(297,569)	-	-
Net Capital Assets	<u>\$ 3,609,467</u>	<u>\$ 128,115</u>	<u>\$ (1,124,868)</u>	<u>\$ -</u>	<u>\$ 2,612,714</u>
BUSINESS-TYPE ACTIVITIES					
Land	\$ 97,457	\$ -	\$ (90,230)	\$ -	\$ 7,227
Buildings	1,248,861	74,126	(595,102)	-	727,885
Improvements	89,246	466,040	1,075,819	-	1,631,105
Equipment	262,650	5,252	(145,136)	-	122,766
Total Fixed Assets	<u>1,698,214</u>	<u>545,418</u>	<u>245,351</u>	<u>-</u>	<u>2,488,983</u>
Less: Accumulated Depreciation	<u>(1,521,392)</u>	<u>(48,694)</u>	<u>573,223</u>	<u>-</u>	<u>(996,863)</u>
Net Capital Assets	<u>\$ 176,822</u>	<u>\$ 496,724</u>	<u>\$ 818,574</u>	<u>\$ -</u>	<u>\$ 1,492,120</u>

The accompanying notes are an integral part of these financial statements

Village of Wagon Mound
Schedule of Bank Accounts and Investments
Fiscal Year Ending June 30, 2004

<u>Account Name</u>	<u>Account Type</u>	<u>Bank Balance</u>	<u>Reconciling Items</u>	<u>Financial Statement Balance</u>
<u>Wells Fargo Bank:</u>				
General Fund	Checking	\$ 298,754	\$ (4,252)	\$ 294,502
Utility Enterprise	Checking	21,647	(8)	21,639
Ambulance Service	Checking	8,409	-	8,409
Water Repair Replacement	Savings	7,814	-	7,814
Water Sewer Meter	Savings	670	-	670
Natural Gas Meter	CD	1,424	-	1,424
Water Meter Deposits	Savings	5,336	-	5,336
NG Meter Deposits	Savings	1,000	-	1,000
CDBG	Savings	100	-	100
Natural Gas	Savings	6,826	-	6,826
General CD	CD	10,149	-	10,149
Joint Utilities CD	CD	<u>25,662</u>	<u>-</u>	<u>25,662</u>
Subtotal - Village of Wagon Mound		387,791	(4,260)	383,531
<u>Low Rent Public Housing</u>				
<u>Account Name</u>	<u>Account Type</u>	<u>Bank Balance</u>	<u>Reconciling Items</u>	<u>Financial Statement Balance</u>
Operating	Checking	4,174	(2,318)	1,856
Capital Funds 2002	Checking	765	(99)	666
Capital Funds 2003	Checking	5,625	-	5,625
Tenant Security Deposit	Checking	1,296	-	1,296
Resident Council	Checking	2,039	-	2,039
Low Rent Public Housing	CD	6,211	-	6,211
Low Rent Public Housing	CD	<u>9,007</u>	<u>-</u>	<u>9,007</u>
Subtotal - Low Rent Public Housing		29,117	(2,417)	26,700
Total - Village of Wagon Mound:		<u>\$ 416,908</u>	<u>\$ (6,677)</u>	<u>\$ 410,231</u>

STATE OF NEW MEXICO
 VILLAGE OF WAGON MOUND
 Wagon Mound Housing Authority
 Enterprise Fund
 Financial Data Schedule
 June 30, 2004

Line Item #	Low Rent Public Housing 14.850	Public Housing Capital Fund Program 14.859	Total
ASSETS:			
CURRENT ASSETS:			
Cash			
111	\$ 3,895	\$ -	\$ 3,895
112	6,291	-	6,291
114	1,296	-	1,296
100	<u>11,482</u>	<u>-</u>	<u>11,482</u>
Accounts Receivable			
122	6	-	6
129.0	52	-	52
120	<u>58</u>	<u>-</u>	<u>58</u>
Other Current Assets			
131	15,218	-	15,218
142	3,547	-	3,547
143	1,546	-	1,546
144	-	6,291	6,291
150	<u>31,851</u>	<u>6,291</u>	<u>38,142</u>
NONCURRENT ASSETS			
Fixed Assets			
161	7,227	-	7,227
162	708,303	34,647	742,950
164	28,796	900	29,696
166	(664,549)	(1,305)	(665,854)
167	-	20,222	20,222
160	<u>79,777</u>	<u>54,464</u>	<u>134,241</u>
180	<u>79,777</u>	<u>54,464</u>	<u>134,241</u>
190	<u>\$ 111,628</u>	<u>\$ 60,755</u>	<u>\$ 172,383</u>
312	\$ 2,510	\$ -	\$ 2,510
321	2,505	-	2,505
333	5,013	-	5,013
341	2,433	-	2,433
342	431	6,291	6,722
347	6,291	-	6,291
310	<u>19,183</u>	<u>6,291</u>	<u>25,474</u>
350	<u>-</u>	<u>-</u>	<u>-</u>
300	<u>19,183</u>	<u>6,291</u>	<u>25,474</u>
508.1	<u>79,777</u>	<u>54,464</u>	<u>134,241</u>
511	<u>-</u>	<u>-</u>	<u>-</u>
512.1	<u>12,668</u>	<u>-</u>	<u>12,668</u>
513	<u>92,445</u>	<u>54,464</u>	<u>146,909</u>
600	<u>\$ 111,628</u>	<u>\$ 60,755</u>	<u>\$ 172,383</u>

STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND
Wagon Mound Housing Authority
Enterprise Fund
Financial Data Schedule
June 30, 2004

Line Item #	Low Rent Public Housing 14,850	Public Housing Capital Fund Program 14,859	Total
703	\$ 29,232	\$ -	29,232
704	281	-	281
705	<u>29,513</u>	<u>-</u>	<u>29,513</u>
706	44,144	21,681	65,825
706.1	-	21,721	21,721
711	196	-	196
715	1,183	-	1,183
700	<u>75,036</u>	<u>43,402</u>	<u>118,438</u>
911	23,769	-	23,769
912	347	-	347
915	1,117	390	1,507
916	13,313	2,232	15,545
931	3,283	-	3,283
932	990	-	990
933	9,304	-	9,304
938	2,669	-	2,669
941	13,050	-	13,050
942	-	-	-
	Maintenance & Other	8,466	13,362
943	4,896	897	10,321
945	9,424	1,696	2,309
945	613	-	7,733
961	7,733	-	1,299
963	1,299	-	(26)
964	(26)	-	105,462
969	<u>91,781</u>	<u>13,681</u>	<u>12,976</u>
970	<u>(16,745)</u>	<u>29,721</u>	<u>12,976</u>
971	-	-	-
974	16,180	1,305	17,485
900	<u>107,961</u>	<u>14,986</u>	<u>122,947</u>
	Other Financing sources (uses)	-	8,000
1001	8,000	-	(8,000)
1002	-	(8,000)	-
1010	<u>8,000</u>	<u>(8,000)</u>	<u>-</u>
	Excess (Deficiency) of Operating Revenue	-	-
1000	<u>\$ (24,925)</u>	<u>\$ 20,416</u>	<u>(4,509)</u>

STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND
Wagon Mound Housing Authority
Enterprise Fund
Financial Data Schedule
June 30, 2004

MEMO ACCOUNT INFORMATION

1102	Debt Principal Payments - Enterprise Funds	-	-	-
1103	Beginning Equity	79,184	72,234	151,418
1104	Prior period Adjustments, Equity Transfers & Corrections	38,186	(38,186)	-
1112	Depreciation Add Back	-	-	-
1113	Maximum Annual Contributions Commitment (per ACC)	-		
1115	Contingency Reserve, ACC Program Reserve			
1116	Total Annual Contributions Available			
1120	Unit Months Available	216	-	216
1121	Number of Months Leased	195	-	195

Member:
American Institute of C.P.A.'s
Colorado Society of C.P.A.'s

James Brian Dehan
Certified Public Accountant
P.O. Box 1621
Wheat Ridge, Colorado 80034
(303) 431-0203

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*

Domingo P. Martinez, CGFM, State Auditor, and
Mr. Laudente T. Quintana, Mayor
Village of Wagon Mound
Wagon Mound, New Mexico

I have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Wagon Mound, New Mexico (Village), as of and for the year then ended June 30, 2004, which collectively comprise the Village's basic financial statements. I have also audited the financial statements of each of the Village's nonmajor governmental and nonmajor enterprise funds, presented as supplementary information in the accompanying combining and individual fund financial statements and schedules as of and for the year ended June 30, 2004, and have issued my qualified report thereon dated November 30, 2004, which was qualified because the financial statements of the Village of Wagon Mound did not include the proper amounts for capital assets in either the Governmental or Business-Type Activities, and which should be included in order to conform to generally accepted accounting principals. The amount that should be recorded in the capital assets of the Governmental or Business-Type Activities is not known. 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.

Compliance

As part of obtaining reasonable assurance about whether the Village of Wagon Mound's financial statements are free of material misstatement, I performed tests of its compliance with certain provision of laws, regulations, contracts and grants, 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items numbered 02-02, 02-04, 02-05, 03-01, 03-02, 03-03, 03-04, 03-05 and 03-06.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Village of Wagon Mound's internal control over financial reporting in order to determine auditing procedures for the purpose of expressing my opinion on the financial statements and the combining and individual fund financial statements and not to provide assurance on the internal control over financial reporting.

However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect Village of Wagon Mound, New Mexico's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements and the combining and individual fund financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items numbered 02-02, 02-04, 02-05, 03-01, 03-02, 03-03, 03-04, 03-05 and 03-06.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, none of the reportable conditions described above were considered to be material weaknesses.

This report is intended solely for the information and use of management, the Office of the State Auditor of New Mexico and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

James Brian Dehan, CPA

November 30, 2004
Wheat Ridge, Colorado

STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2004

FINANCIAL STATEMENT FINDINGS

Prior Year Audit Findings - Resolved:

No previously reported audit findings have been resolved in the current fiscal year.

STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2004

FINANCIAL STATEMENT FINDINGS

PRIOR YEAR FINDINGS - REPEATED

02-02 Audit Report Late

Condition:

The annual audit report is due at the New Mexico Office of the State Auditor by December 1, 2004. The Independent Public Accountant (IPA) did not submit the report by the due date.

Criteria:

According to the State of New Mexico, Office of the State Auditor's publication *NMAC2.2.2 Requirements for Contracting and Conducting Audits of Agencies, Section 9.A(1)(d)* the filing date for municipal audit reports is the 1st of December following the end of the fiscal year.

Cause:

The Independent Public Accountant (IPA) worked diligently with the Village's management as well as its Housing Authority to properly implement the new financial reporting standards required under GASBS 34. The additional time required to address these implementation issues resulted in the late filing of the June 30, 2004 audit report.

Effect:

Violation of *NMAC2.2.2 Requirements for Contracting and Conducting Audits of Agencies, Section 9.A (1) (d)*

Recommendation:

The following of prescribed procedures and New Mexico state law.

Response:

The Village concurs with the finding and will make every effort to comply with the State of New Mexico's Office of the State Auditor for future audit engagements.

STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2004

PRIOR YEAR FINDINGS – REPEATED - CONTINUED

**02-04 Failure by Village's Housing Authority to maintain adequate control over its capital assets -
Repeated**

Condition:

The Housing Authority was unable to produce a complete capital asset listing with unique identification numbers of the Housing Authorities' capital assets.

Criteria:

It is the fiscal responsibility of the Housing Authority's management to maintain a current and accurate recording substantiating the identification and corresponding cost of all capital assets acquired for use by the Housing Authority.

Cause:

The Housing Authority has not properly maintained adequate control of its capital assets.

Effect:

Capital assets of the Housing Authority were not properly controlled and tagged therefore causing the capital asset listing to be incomplete.

Recommendation:

All capital assets of the Housing Authority should be tagged by a unique identification number and listed on a capital asset listing maintained by the Housing Authority.

Response:

The Housing Authority's current administration is making every effort to tag all of its capital assets and updating the capital asset listing.

STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2004

PRIOR YEAR FINDINGS – REPEATED - CONTINUED

02-05 Budget exceeded in the Business-Type Activities - Joint Utility Fund - Repeated

Condition:

The following funds exceeded budget for the fiscal year end June 30, 2004:

Special Revenue – Road
Special Revenue - Landfill Fund

Criteria:

The Village is in violation of NMSA 6-6-6 regarding the requirement for compliance with the approved budget.

Cause:

The Village exceeded approved budget by failing to sufficiently budget (either originally or by approved budget adjustment) each respective fund's level of expenditures.

Effect:

Over-expenditure of allowable budget.

Recommendation:

To sufficiently budget for planned expenditures.

Response:

The Village is aware of the over-expenditure of budget and is making the necessary plans to keep current year expenditures in line with budget.

STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2004

PRIOR YEAR FINDINGS – REPEATED - CONTINUED

03-01 Housing Authority's Tenant Accounts Receivable – Revenue

Condition:

The Housing Authority failed to annually update Family Reports that are used to calculate applicable rents for tenants of the Housing Authority. Rents were charged to tenants on outdated Family Reports.

Criteria:

Tenants of the Housing Authority should be charged rent based on the accurate and timely financial information that is required to be provided as required by the Housing Authority's Annual Contributions Contract executed annually with the US Department of Housing and Urban Development.

Cause:

The Housing Authority failed to accurately maintain an accounting system that could efficiently or adequately account for its rental operations.

Effect:

Tenants were not charged rent based on current financial information.

Recommendation:

The Housing Authority should charge tenants rent based on current financial information.

Response:

The Housing Authority will work to update tenant records and charge the rent as calculated from each tenant's family report.

STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2004

PRIOR YEAR FINDINGS – REPEATED - CONTINUED

03-02 Capital Assets - Governmental Activities

Condition:

The capital asset schedule provided by the Village could not be adequately tested for completeness due to inadequate record-keeping of capital asset activity for the past 25 years, in particular capital projects funded by State and Federal grants.

Criteria:

The Village should periodically ensure that the capital asset subsidiary ledger is complete and includes all financial activity related to the purchase or disposition of capital assets by the Village as well as a method for uniquely identifying the Village's capital assets. As a result of the inadequate reporting of capital assets, the Village violated 6-6-3 NMSA 1978.

Cause:

The Village failed to maintain a capital asset system that would accurately account as well as provide a detailed reporting of all capital assets, particularly capital projects, since the Government Accounting Standard Board's requirement to establish a General Long-Term Fixed Asset Account Group in 1980.

Effect:

The scope limitation caused a qualification to the June 30, 2004 audit report.

Recommendation:

The Village should work to improve the method of maintaining and reporting a listing of capital assets.

Response:

The Village understands the implications of the requirements of GASB 34 and made every effort to prepare a complete capital asset listing for the year ended June 30, 2004.

STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2004

PRIOR YEAR FINDINGS – REPEATED - CONTINUED

03-03 Housing Authority's - Security Deposits

Condition:

The Housing Authority failed to adequately maintain an accurate listing of security deposits received and due from tenants due to misapplying the Housing Authority's policy for charging security deposits and failed to separately maintain deposits received in a separate interest bearing account as required by the US Department of Housing and Urban Development.

Criteria:

The Housing Authority should correctly apply the Housing Authority's policy as detailed in the Annual Contributions Contract with the United States Department of Housing and Urban Development for charging and the timely collection of security deposits from tenants as well as maintain a listing of security deposits both collected and due from tenants, with the list of security deposits reconciled to a separate interest bearing account on a regular basis.

Cause:

The Housing Authority failed to properly manage its operations.

Effect:

The Housing Authority failed to properly charge and manage tenant security deposits.

Recommendation:

The Housing Authority should maintain a listing of security deposits required from tenants with the list reconciled to a separate interest bearing account on a regular basis.

Response:

The Housing Authority is continuing to work with their tenants in an effort to correctly apply the policy for security deposits.

STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2004

PRIOR YEAR FINDINGS – REPEATED - CONTINUED

03-04 Improper Maintenance of Housing Authority Tenant Files

Condition:

The Housing Authority failed to meet its obligation to the United States Department of Housing and Urban Development to periodically update tenant Family Reports based on a tenant's most current income verification which resulted in the Housing improperly charging rent to its tenants.

Criteria:

According to the executed Annual Contributions Contract between the United States Department of Housing and Urban Development and the Village's Housing Authority, the Housing Authority is required to periodically update the financial information maintained in a tenant's family report as well as correspondingly adjust the rent charged to applicable tenants.

Cause:

The Housing Authority failed to manage its operations effectively.

Effect:

Rent being incorrectly charged to tenants.

Recommendation:

The Housing Authority should ensure that tenant records as well as the rent calculated for each tenant is based on current information as required by policies established by the United States Department of Housing and Urban Development.

Response:

The Housing Authority is currently working to update the rent register to reflect applicable rents with corresponding accounts receivable balances of each tenant.

STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2004

PRIOR YEAR FINDINGS – REPEATED - CONTINUED

03-05 Payroll Processing

Condition:

The Housing Authority failed to maintain an adequate payroll system resulting in payroll tax deposits not being paid or payroll tax returns filed on a timely basis. In addition, the Housing Authority failed to respond to the Internal Revenue Service in a timely manner as to their request for Form 941s, W-2s, and 1099s from prior years.

Criteria:

The Village's Housing Authority is required by Internal Revenue Code and Regulations to accurately report all applicable employees' compensation and to file the Federal payroll tax Form 941 and to remit its federal payroll tax liability by the end of the month succeeding the reporting period (quarterly). All applicable compensation and corresponding payroll tax withholding and employer's match should be accurately calculated for each employee and pay period prior to reporting.

Cause:

The Housing Authority ineffectively accounted for its financial operations including payroll processing.

Effect:

The Housing Authority could incur numerous fines and penalties for the late filing of payroll taxes as well as the under-payment and under-reporting of payroll taxes.

Recommendation:

The Housing Authority should implement an effective procedure for calculating as well as verifying applicable wages and corresponding payroll taxes reported in an effort to be in compliance with payroll laws.

Response:

The administration of the Housing Authority is continuing to consider its options including having the Village process its payroll or to find a local accountant in an effort to expedite the processing of its payroll and in the process become compliant with the laws and regulations regarding payroll processing.

STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2004

PRIOR YEAR FINDINGS – REPEATED - CONTINUED

03-06 Failure to Expend Federal Funds in a Timely Manner

Condition:

The Housing Authority failed to expend Federal funds drawn down from the Capital Funding Program in a timely manner.

Criteria:

The Housing Authority is required according to Federal law as well as its Annual Contributions Contract (ACC) with the United States Department of Housing and Urban Development to expend Federal Funds drawn down under their Capital Funding Program within 72 hours (three days) of receipt.

Cause:

The Housing Authority ineffectively accounted for its financial operations including processing pay requests from a contractor under contract to make capital improvements to the Housing Authority.

Effect:

The Housing Authority violated Federal law.

Recommendation:

The Housing Authority should make every effort to improve its processing of Capital Funding especially complying with Federal law regarding the expedient payment of funding drawn down under the Capital Funding Program.

Response:

The administration of the Housing Authority is currently making every effort to become more responsive in drawing down and expending Federal funds.

For the purposes of documenting the independence safeguards as required by Generally Accepted Government Auditing Standards 3.25, "maintaining the audited entity's books and records is the responsibility of its management. Accordingly, management is responsible for ensuring that these books and records adequately support the preparation of financial statements with generally accepted accounting principles and that records are current and in balance." The financial statements for the year ended June 30, 2004 were prepared based strictly on the Village's books and records in a joint effort between their Village Clerk-Treasurer, Ms. Arcilia Valdez, and their auditor, James Brian Dehan, CPA. An exit conference was held with the Village of Wagon Mound, New Mexico on November 30, 2004. In attendance were the following:

STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND
Exit Conference
For the Fiscal Year Ended June 30, 2004

Representing the State of New Mexico - Village of Wagon Mound

Laudente T. Quintana

Mayor

Arcilia M. Valdez

Clerk-Treasurer

Chris A. Martinez

Chairman-Housing Authority Council

Jacqueline Martinez

Director, Housing Authority

Representing James Brian Dehan, CPA

James Brian Dehan

Certified Public Accountant

Handwritten signature: J. B. Dehan