

**STATE OF NEW MEXICO  
VILLAGE OF WAGON MOUND  
Independent Accountants' Report on  
Applying Agreed-Upon Procedures  
For the Year Ended  
June 30, 2012**

**Harshwal & Company LLP  
Certified Public Accountants  
500 Marquette Ave NW, Suite 280  
Albuquerque, NM 87102  
(505) 814-1201**

# VILLAGE OF WAGON MOUND

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**STATE OF NEW MEXICO**  
**VILLAGE OF WAGON MOUND**  
**OFFICIAL ROSTER**  
**YEAR ENDED JUNE 30, 2012**

<b>Name</b>	<b>Title</b>
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**Board of Directors**

Arturo Arguello	Mayor
F. Luis Lopez	Councilor
Eldie Cruz	Councilor, Pro Tem
Adrian Clouthier	Councilor
Zeke Trujillo	Councilor

**Staff**

Rachel A. Chavez	Clerk/Treasurer
Sandy Romero	Office Aide
Patrick Lopez	Utilities Supt.
Gary Sanchez	Utilities Assistant

**INDEPENDENT ACCOUNTANTS' REPORT ON  
APPLYING AGREED-UPON PROCEDURES**

**To: Arturo Arguello, Mayor  
Village of Wagon Mound  
and  
Honorable Hector H. Balderas  
New Mexico State Auditor  
Santa Fe, New Mexico**

We have performed the procedures enumerated below, which were agreed to by Village of Wagon Mound (Village) and New Mexico State Auditor (the specified parties), solely to assist users in evaluating the Village's financial reporting relating to its Cash, Capital Assets, Debt, Revenue, Expenditures, Journal Entries, Budget and Capital Outlay Appropriations information and its compliance with Section 12-6-3 B (6) NMSA 1978 and Section 2.2.2.16 NMAC as of and for the year ended June 30, 2012. The Village is responsible for its financial reporting to the State Auditor as described above. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

In accordance with Tier 6 of the Audit Act - Section 12-6-3 B (6) NMSA 1978 and Section 2.2.2.16 NMAC, we performed the following procedures:

**1. CASH**

**Procedures**

a) Determine whether bank reconciliations are being performed in a timely manner and whether all bank and investment statements for the fiscal year are complete and on-hand. For purposes of performing our procedures "timely" means completion of the bank reconciliations within one month after the last day of the reporting month and "complete" means that statements for bank and investment accounts are all accounted for by the Village.

b) Perform a random test of bank reconciliations for accuracy. Also, trace ending balances to the general ledger, supporting documentation and the financial reports submitted to DFA-Local Government Division (DFA-LGD). For purposes of performing our procedures "accuracy" means that reconciling items agree to deposit slips and subsequent bank or investment statements.

c) Determine whether the local public body's financial institutions have provided it with the 50% of pledged collateral on all uninsured deposits as required by Section 6-10-17 NMSA 1978, NM Public Money Act, if applicable.

### **Result of Procedures 1 (a) - 1 (c)**

No instances of noncompliance were noted as a result of performing the procedures described in 1 (a) - 1 (c).

## **2. CAPITAL ASSETS**

### **Procedures**

Verify that the local public body is performing a yearly inventory as required by Section 12-6-10 NMSA 1978.

### **Results of Procedure 2**

The Village did not perform a yearly inventory as required by Section 12-6-10 NMSA 1978 and a complete capital assets listing including current year additions and deletions was not available. This has been noted as finding 11-1 on page 13 of this report.

## **3. DEBT**

### **Procedures**

If the local public body has any debt, verify that the required payments were made during the year. If the debt agreement requires reserves, verify that the local public body is in compliance with those requirements.

### **Results of Procedure 3**

The Village has no debt and, accordingly, Section 12-6-10 NMSA 1978 is not applicable.

## **4. REVENUE**

### **Procedures**

Identify the nature and amount of revenue from sources by reviewing the budget, agreements, rate schedules, and underlying documentation.

a) Perform an analytical review; test actual revenue compared to budgeted revenue for the year for each type of revenue.

Select a sample of revenues based on auditor judgment and test using the following attributes:

b) Amount recorded in the general ledger agrees to the supporting documentation and the bank statement.

c) Proper recording of classification, amount, and period per review of supporting documentation and the general ledger. Perform this revenue work on the same accounting basis that the local public body keeps its accounting records on, cash basis, modified accrual basis, or accrual basis.

### **Results of Procedures 4 (a) - 4 (c)**

No instances of noncompliance were noted as a result of performing the procedures described in 4 (a) - 4 (c).

## **5. EXPENDITURES**

### **Procedures**

Select a sample of cash disbursements based on auditor judgment and test using the following attributes:

a) Determine that amount recorded as disbursed agrees to adequate supporting documentation. Verify that amount, payee, date and description agree to the vendor's invoice, purchase order, contract and cancelled check, as appropriate.

b) Determine that disbursements were properly authorized and approved in compliance with the budget, legal requirements and established policies and procedures. For purposes of performing our procedures, disbursements were considered to be properly authorized if they contained evidence of review such as sign off on invoices or approval through correspondence.

c) Determine that the bid process (or request for proposal process if applicable), purchase orders, contracts and agreements were processed in accordance with the New Mexico Procurement Code (Section 13-1-28 through 13-1-99 NMSA 1978) and State Purchasing Regulations (1.4.1 NMAC) and Regulations Governing the Per Diem and Mileage Act (2.42.2 NMAC ).

### **Results of Procedures 5 (a) - 5 (c)**

a) For 15 of 25 disbursements tested, totaling to \$100,6119, the supporting documentation was unable to locate. This has been noted as finding 12-1 on page 15 of this report.

## **6. JOURNAL ENTRIES**

### **Procedures**

If non-routine journal entries, such as adjustments or reclassifications, are posted to the general ledger, test significant items for the following attributes:

- a) Journal entries appear reasonable and have supporting documentation.
- b) The local public body has procedures that require journal entries to be reviewed and there is evidence the reviews are being performed.

### **Results of Procedures 6 (a) - 6 (c)**

No instances of noncompliance were noted as a result of performing the procedures described in 6 (a) - 6 (c).

## **7. BUDGET**

### **Procedures**

Obtain the original fiscal year budget and all budget amendments made throughout the fiscal year and perform the following:

- a) Verify, through a review of the minutes and correspondence, that the original budget and subsequent budget adjustments were approved by the local public body's governing body and DFA-LGD.
- b) Determine if the total actual expenditures exceeded the final budget at the legal level of budgetary control; if so, report a compliance finding.
- c) From the original and final approved budgets and general ledger, prepare a schedule of revenues and expenditures – budget and actual on the budgetary basis used by the local public body (cash, accrual or modified accrual basis) for each individual fund.

### **Results of Procedures 7 (a) - 7 (c)**

a) Total actual expenditures exceeded the final budget at the total fund level, the legal level of budgetary control. This has been noted as finding 11-2 on page 14 of this report.

## **8. CAPITAL OUTLAY APPROPRIATIONS**

### **Procedures**

Request and review all state-funded capital outlay awards, joint powers agreements, correspondence and other relevant documentation for any capital outlay award funds expended by the recipient during the fiscal year.

Test all capital outlay expenditures during the fiscal year to:

- a) Determine that the amount recorded as disbursed agrees to adequate supporting documentation. Verify that amount, payee, date and description agree to the purchase order, contract, vendor's invoice and canceled check, as appropriate.
- b) Determine that the cash disbursements were properly authorized and approved in accordance with the budget, legal requirements and established policies and procedures.
- c) Determine that the bid process (or request for proposal process if applicable), purchase orders, contracts and agreements were processed in accordance with the New Mexico Procurement Code and State Purchasing Regulations (Section 13-1-28 through 13-1-199 NMSA 1978 and 1.4.1 NMAC).
- d) Determine the physical existence (by observation) of the capital asset based on expenditures to date.
- e) Verify that status reports were submitted to the state agency per terms of agreement and amounts in the status report agree with the general ledger and other supporting documentation.
- f) If the project was funded in advance, determine if the award balance (and cash balance) appropriately reflects the percentage of completion based on the project schedule and expenditures to date.
- g) If the project is complete, determine if there is an unexpended balance and whether it was reverted per statute and agreement with the grantor.
- h) Determine whether cash received for the award was accounted for in a separate fund or separate bank account that is non-interest bearing if so required by the capital outlay award agreement.
- i) Determine whether reimbursement requests were properly supported by costs incurred by the recipient.

### **Results of Procedures on Capital Outlay Appropriations**

The Village did not expend any capital outlay for the year ended June 30, 2012. Hence, procedures for Capital Outlay Appropriations are not applicable.



## **OTHER**

### **Procedures**

If information comes to the IPA's attention (regardless of materiality) indicating any fraud, illegal acts, noncompliance, or any internal control deficiencies, such instances must be disclosed in the report as required by Section 12-6-6 NMSA 1978. The findings must include the required content per Section 2.2.2.10(I)(3)(C) NMAC.

### **Results of Procedures - Other**

The agreed-upon procedures report for the year ending June 30, 2012 was not submitted by the deadline of December 1, 2012. The Village is not in compliance with Section 2.2.2.16 H of the NMAC, Audit Rule 2012. This has been noted as finding 12-2 on page 16 of this report.

We were not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion on the Village's financial reporting to the State Auditor as described above. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Village and the New Mexico Office of the State Auditor and is not intended to be and should not be used by anyone other than those specified parties.

**Harshwal & Company LLP**  
**Certified Public Accountants**

*Harshwal & Company LLP*

**Albuquerque, New Mexico**  
**December 11, 2012**

**SCHEDULE OF REVENUES &  
EXPENDITURES - BUDGET AND  
ACTUAL (Cash Basis)**

**STATE OF NEW MEXICO**

**VILLAGE OF WAGON MOUND**

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (CASH BASIS)**

**GENERAL FUND**

**YEAR ENDED JUNE 30, 2012**

	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>			
Tax receipts	\$ 62,630	\$ 76,341	\$ 13,711
Motor vehicle	16,000	13,100	(2,900)
Licenses and permits	500	1,718	1,218
Refunds and other income		2,884	2,884
Bank interest	5,000		(5,000)
City assistance	87,515	78,383	(9,132)
Other Income	1,150		(1,150)
<b>Total revenues</b>	<u>172,795</u>	<u>172,426</u>	<u>(369)</u>
<b>Expenditures:</b>			
Office supplies and administration	171,374	96,871	74,503
Street maintenance		456	(456)
Payroll		184,239	(184,239)
Fuel and oil		2,891	(2,891)
Repairs and maintenance		5,972	(5,972)
Miscellaneous		3,424	(3,424)
<b>Total expenditures</b>	<u>171,374</u>	<u>293,853</u>	<u>(122,479)</u>
<b>Net change in fund balance</b>	1,421	(121,427)	(122,848)
Fund balances, beginning of year	<u>398,811</u>	<u>398,811</u>	<u>0</u>
<b>Fund balances, end of year</b>	<u>\$ 400,232</u>	<u>\$ 277,384</u>	<u>\$ (122,848)</u>

**STATE OF NEW MEXICO**

**VILLAGE OF WAGON MOUND**

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (CASH BASIS)**

**SPECIAL REVENUE FUND**

**YEAR ENDED JUNE 30, 2012**

	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>			
Tax receipts	\$ 1,250	\$ 925	\$ (325)
Law enforcement grant	20,000	20,000	0
State grant	1,500	13,858	12,358
State fire allotment grant	95,000	95,676	676
Senior center contract	<u>        </u>	<u>6,000</u>	<u>0</u>
<b>Total revenues</b>	<u>117,750</u>	<u>136,459</u>	<u>18,709</u>
<b>Expenditures:</b>			
Fire protection	95,000	105,446	(10,446)
Street maintenance and environment	750	613	137
Law enforcement	20,000	43,107	(23,107)
Emergency medical services	<u>1,500</u>	<u>7,738</u>	<u>(6,238)</u>
<b>Total expenditures</b>	<u>117,250</u>	<u>156,904</u>	<u>(39,654)</u>
<b>Net change in fund balance</b>	500	(20,445)	(20,945)
Fund balances, beginning of year	<u>(111,972)</u>	<u>(111,972)</u>	<u>0</u>
<b>Fund balances, end of year</b>	<u><u>\$ (111,472)</u></u>	<u><u>\$ (132,417)</u></u>	<u><u>\$ (20,945)</u></u>

**STATE OF NEW MEXICO**

**VILLAGE OF WAGON MOUND**

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (CASH BASIS)**

**ENTERPRISE FUND**

**YEAR ENDED JUNE 30, 2012**

	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>			
Natural gas	\$ 48,000	\$ 102,753	\$ 54,753
Water	53,000	57,324	(4,324)
Solid waste	35,000	32,167	(2,833)
Sewer	30,000	28,961	(1,039)
Cemetery	500	3,947	
<b>Total revenues</b>	<u>166,500</u>	<u>225,152</u>	<u>58,652</u>
<b>Expenditures:</b>			
Office supplies and administrative		2,730	(2,730)
Water	45,899	11,462	34,437
Payroll		2,272	(2,272)
Solid waste	20,269	4,955	15,314
Sewer	18,745	2,156	16,589
Natural gas	28,815	64,016	(35,201)
Fuel and oil		2,877	(2,877)
Repairs and maintenance		17,176	(17,176)
<b>Total expenditures</b>	<u>113,728</u>	<u>107,644</u>	<u>6,084</u>
<b>Net change in fund balance</b>	52,772	117,508	64,736
Fund balances, beginning of year	<u>223,485</u>	<u>223,485</u>	
<b>Fund balances, end of year</b>	<u>\$ 276,257</u>	<u>\$ 340,993</u>	<u>\$ 64,736</u>

**STATE OF NEW MEXICO**

**VILLAGE OF WAGON MOUND**

**SCHEDULE OF FINDINGS AND RESPONSES**

**YEAR ENDED JUNE 30, 2012**

**1. Current Year Findings**

	<u>Type of Finding</u>	<u>Prior Year Finding Number</u>	<u>Current Year Finding Number</u>
Physical Inventory and Capital Listing	D	11-1	11-1
Budget Overages	D	11-3	11-3
Unsupported Disbursements/Costs	C	N/A	12-1
Late submission of the Agreed-Upon Procedure Report	D	N/A	12-2

	<u>Type of Finding</u>	<u>Prior Year Finding Number</u>	<u>Status</u>
<b><u>Follow-up on Prior Year Findings:</u></b>			
Physical Inventory and Capital Listing	D	11-1	Repeat
Unsupported Non-Routine Journal Entries	C	11-2	Resolved
Budget Overages	D	11-3	Repeat

**\* Legend for Findings:**

- A. Fraud
- B. Illegal Act(s)
- C. Internal Control Deficiency(ies)
- D. Noncompliance

**STATE OF NEW MEXICO**  
**VILLAGE OF WAGON MOUND**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**YEAR ENDED JUNE 30, 2012**

**11-1 Physical Inventory and Capital Listing**

***Criteria or Specific Requirement:*** Capital asset records and yearly inventory should be maintained in accordance with Section 12-6-10 NMSA 1978. The records should be detailed enough that program management is able to adequately and efficiently identify and locate any and all items.

***Condition:*** The Village did not perform a yearly inventory as required by Section 12-6-10 NMSA 1978 and a complete capital assets listing including current year additions and deletions was not available.

***Cause and Effect:*** The Village has not complied with Section 12-6-10 NMSA 1978 requirements. The Village does not have controls in place to ensure that all capital asset additions and deletions are captured by the accounting system in a timely manner.

***Recommendations:*** We recommend the Village perform a physical inventory of capital assets and maintain documentation of the inventories on hand.

***Entity Response:*** The Village of Wagon Mound staff is working on all inventory.

**STATE OF NEW MEXICO**  
**VILLAGE OF WAGON MOUND**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**YEAR ENDED JUNE 30, 2012**

**11-3 Budget Overages**

**Criteria or Specific Requirement:** State Statute 6-6-6 NMSA 1978 requires that local government spending does not exceed budgeted amounts at the fund level, unless the Commission approves a budget adjustment.

**Condition:** During our analysis of budget to actual reports for the year ended June 30, 2012, we noted the total expenditures exceeded the total budgeted amounts resulting in two funds with over expended budgets totaling \$162,133 as follows:

General Fund	\$ 122,479
Special Revenue Fund	<u>39,654</u>
Total	<u><u>162,133</u></u>

**Cause & Effect:** The Village did not place emphasis on compliance with budget reporting requirements. The Village has not complied with the requirement to ensure adequate cash is available for budgeted expenditures. Therefore, they could be budgeting cash that is not available and be in violation of 6.20.2.9 NMAC.

**Recommendations:** We recommend the Village develops and adheres to a system that tracks the budget effectively to ensure budgetary compliance.

**Entity Response:** The Village of Wagon Mound clerk/treasurer will be looking into purchasing new financial software to be more accurate with all financials. The accounting software that the Village is using now is not accurate and has been used by a lot of other clerk/treasurers.



**STATE OF NEW MEXICO**  
**VILLAGE OF WAGON MOUND**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**YEAR ENDED JUNE 30, 2012**

**12-1 Unsupported Disbursements/Costs**

***Criteria or Specific Requirement:*** Maintenance of adequate supporting documentation for all disbursements including purchase requisitions, purchase orders, approval for disbursements are integral parts of sound internal control system established by the management to safeguard the assets and accomplish timely preparation and submission of financial reports.

***Condition:*** The Village lacked adequate internal controls over its accounting of disbursements to ensure that all financial activities were properly processed and recorded. During our fieldwork, we noted the following:

- For 15 of 25 disbursements tested, totaling to \$100,611, the supporting documentation was unable to locate.

***Cause & Effect:*** The Village did not follow proper internal control procedures. The Village may have lost valuable resources.

***Auditors' Recommendations:*** The Village should implement procedures to maintain proper supporting documentation.

***Entity Response:*** The Village of Wagon Mound staff will begin a filing system and organize properly. Also the clerk/treasurer will make sure all supporting documentation is complete and attached before being paid.

**STATE OF NEW MEXICO**  
**VILLAGE OF WAGON MOUND**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**YEAR ENDED JUNE 30, 2012**

**12-2 Late Submission of the Agreed Upon Procedure Report**

***Criteria or Specific Requirement:*** 2.2.2 NMAC, Audit Rule 2012, specifies the deadline for submission of agreed-upon procedure report. Section 2.2.2.16 H stipulates that Village reports are due no later than December 1. Further, Section 2.2.2.9 A (2) requires that submission of a late report shall be reported as current year audit finding in the agreed upon procedures report.

***Condition:*** The agreed-upon procedures report for the year ending June 30, 2012 were not submitted by the deadline of December 1, 2012.

***Cause and Effect:*** The Village was not able to provide the bank reconciliations, budgets and supporting documents in time in order for us to issue the report by the deadline. The Village is not in compliance with Section 2.2.2.16 H of the NMAC, Audit Rule 2012.

***Auditors' Recommendations:*** Management should ensure that the accounting records are prepared and ready after year-end in a timely manner to allow procedures to be performed by the State Auditor or its delegate prior to the report deadline.

***Entity Response:*** The Village of Wagon Mound clerk/treasurer was out on sick leave at the time of the audit. We will cross train all of our staff so we won't have the issue again.

**STATE OF NEW MEXICO**  
**VILLAGE OF WAGON MOUND**  
**EXIT CONFERENCE**  
**YEAR ENDED JUNE 30, 2012**

The report contents were discussed at an exit conference held on January 24, 2013 with the following in attendance:

**Village of Wagon Mound**

Arturo Arguello, Mayor  
Eldie Cruz, Councillor  
Rachel A. Chavez, Clerk/Treasurer

**Accounting Firm**

Chen Ma, CPA

**STATE OF NEW MEXICO**  
**Village of Wagon Mound**  
**Accountants' Compilation Report**  
**For the Year Ended**  
**June 30, 2012**

**HARSHWAL & COMPANY LLP**  
**Certified Public Accountants**  
**500 Marquette Ave NW, Suite 280**  
**Albuquerque, NM 87102**  
**(505) 814-1201**

# VILLAGE OF WAGON MOUND

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## ACCOUNTANTS' COMPILATION REPORT

**Members of the Village Council,  
Village of Wagon Mound  
Wagon Mound, New Mexico**

We have compiled the accompanying statement of financial position of Village of Wagon Mound, New Mexico, as of and for the year ended June 30, 2012, and the related statement of activity for the year then ended. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

The management of the Village of Wagon Mound, New Mexico is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements. During our compilation, we did become aware of a departure from U.S. generally accepted accounting principles that is described in the following paragraph.

A statement of cash flows for the year ended June 30, 2012, has not been presented. U.S. generally accepted accounting principles require that such a statement be presented when financial statements purport to present financial position and results of operations.

Management has elected to omit the government-wide financial statement and the notes related to the government-wide financial statements. If the omitted government-wide financial statements and related note disclosures were included in the financial statements, they might influence the user's conclusions about Village of Wagon Mound's financial position, respective changes in financial position and, where applicable, cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

**Harshwal & Company LLP**  
**Certified Public Accountants**

*Harshwal & Company LLP*

**Albuquerque, New Mexico**  
**December 11, 2012**

# **FUND FINANCIAL STATEMENTS**



**VILLAGE OF WAGON MOUND**

**BALANCE SHEET**

**AS OF JUNE 30, 2012**

	<u>General Fund</u>	<u>Grant/Special Revenue Fund</u>	<u>Enterprise Fund</u>	<u>Total VWM Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 463,323	\$ 219	\$ 175,977	\$ 639,519
Investments	<u>35,121</u>	<u></u>	<u>21,184</u>	<u>56,305</u>
<b>Total Assets</b>	<u>\$ 498,444</u>	<u>\$ 219</u>	<u>\$ 197,161</u>	<u>\$ 695,824</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 88	\$	\$ 96	\$ 184
Accrued payroll taxes	<u>204,636</u>	<u></u>	<u>5,044</u>	<u>209,680</u>
<b>Total Liabilities</b>	<u>204,724</u>	<u></u>	<u>5,140</u>	<u>209,864</u>
<b>FUND BALANCES</b>				
Unreserved	<u>277,384</u>	<u>(132,417)</u>	<u>340,993</u>	<u>485,960</u>
<b>Total Fund Balances</b>	<u>277,384</u>	<u>(132,417)</u>	<u>340,993</u>	<u>485,960</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 482,108</u>	<u>\$ (132,417)</u>	<u>\$ 346,133</u>	<u>\$ 695,824</u>

## VILLAGE OF WAGON MOUND

### STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2012

REVENUES	<u>General Fund</u>	<u>Grant/Special Revenue Fund</u>	<u>Enterprise Fund</u>	<u>Total VWM Funds</u>
Tax receipts	\$ 76,341	\$ 925	\$	\$ 77,266
Motor vehicle	13,100			13,100
Licenses and permits	1,718			1,718
Refunds and other income	2,884		3,947	6,831
Natural Gas			102,753	102,753
Sewer			28,961	28,961
Solid Waste			32,167	32,167
Water			57,324	57,324
Other income				
Law enforcement grant		20,000		20,000
State Grant		13,858		13,858
State fire allotment grant		95,676		95,676
Senior center contract		6,000		6,000
City assistance	78,383			78,383
<b>Total Revenue</b>	<u>172,426</u>	<u>136,459</u>	<u>225,152</u>	<u>534,037</u>
EXPENDITURES				
Office Supplies and administrative	73,441		2,730	76,171
Fire protection		105,446		105,446
Water			11,462	11,462
Street Maintenance and Environment	456	613		1,069
Payroll expense	184,239		2,272	186,511
Solid waste			4,955	4,955
Sewer			2,156	2,156
Natural gas			64,016	64,016
Law enforcement		43,107		43,107
Emergency medical services		7,738		7,738
Fuel and oil	2,891		2,877	5,768
Repairs and maintenance	5,972		17,176	23,148
Miscellaneous	3,424			3,424
Utilities	23,430			23,430
<b>Total Expenditure</b>	<u>293,853</u>	<u>156,904</u>	<u>107,644</u>	<u>558,401</u>
<b>Net Change in Fund Balance</b>	(121,427)	(20,445)	117,508	(24,364)
<b>Fund balances, beginning of year</b>	<u>398,811</u>	<u>(111,972)</u>	<u>223,485</u>	<u>510,324</u>
<b>Fund balances, end of year</b>	<u>\$ 277,384</u>	<u>\$ (132,417)</u>	<u>\$ 340,993</u>	<u>\$ 485,960</u>

See accountant's compilation report and accompanying notes

**SELECTED INFORMATION  
- SUBSTANTIALLY ALL DISCLOSURES  
REQUIRED BY ACCEPTED ACCOUNTING PRINCIPLES  
GENERALLY ACCEPTED IN THE UNITED STATES OF  
AMERICA ARE NOT INCLUDED**

## VILLAGE OF WAGON MOUND

### SELECTED INFORMATION - SUBSTANTIALLY ALL DISCLOSURES REQUIRED BY ACCEPTED ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA ARE NOT INCLUDED

YEAR ENDED JUNE 30, 2012

#### NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### Reporting Entity

The Village of Wagon Mound is a political subdivision of the State of New Mexico duly created and existing pursuant to Sections 5-11-1 through 5-11-27 NMSA 1978. The Village of Wagon Mound is named after and located at the foot of a butte called Wagon Mound. According to the United States Census Bureau, the Village has a total area of 1.0 square miles with a population density of 364 people per square mile.

The Village of Wagon Mound follows the standards promulgated by GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, to define the reporting entity. The Village is not a component of any other governmental entity.

The Village is governed by the board council, consisting of five council members. The Village council has control over and management supervision of all affairs of the Village. Council members serve six-year terms.

The basic financial statements of the Village have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standard Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Village does not have any written policies and procedures.

##### Basis of Presentation

##### Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditures.

##### Governmental Funds

The Village reports the following major governmental funds:

- a. 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.
- b. Special Revenue Fund - used to account for the grant/contract revenues received and are legally restricted to expenditures for specified purposes.
- c. Enterprise Fund - used to account for operations where the Village has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

## VILLAGE OF WAGON MOUND

### SELECTED INFORMATION - SUBSTANTIALLY ALL DISCLOSURES REQUIRED BY ACCEPTED ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA ARE NOT INCLUDED

YEAR ENDED JUNE 30, 2012

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### **Measurement Focus and Basis of Accounting**

The governmental fund statements are reported using the current resources measurement focus and modified accrual basis of accounting. Under this method, revenues are recognized when they are both measurable and available. The Village considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred.

##### **Budgetary Data**

Budgets are submitted with original requests for grants through the approval of the Village's Board of Council. Modifications are made to these budgets as funding levels are changed or as program requirements change. These budgets represent the financial plan of the Village.

##### **Cash Equivalents**

The Village considers all highly liquid debt instruments with original maturity of three months or less when purchased to be cash equivalents.

##### **Fund Equity Reservations**

In the fund financial statements, governmental funds report reservations for amounts that are not available for appropriation or are legally restricted.

##### **Fund Balances**

In the fund financial statements, fund balances of governmental funds are classified in two separate categories. The two categories and their general meaning are as follows:

*Reserved fund balance*—indicates that portion of fund equity which has been legally segregated for specific purposes or is not available for appropriation.

*Unreserved fund balance or deficits*—indicates that portion of fund equity which is available for appropriation and expenditure in future periods.

**VILLAGE OF WAGON MOUND**

**SELECTED INFORMATION - SUBSTANTIALLY ALL DISCLOSURES REQUIRED BY  
ACCEPTED ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED  
STATES OF AMERICA ARE NOT INCLUDED**

**YEAR ENDED JUNE 30, 2012**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Use of Estimates**

The preparation of the basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**Revenues/Expenditures**

Taxes and related state revenue sharing (which is based on population and homesteads in the municipality) are recorded in the year the taxes are assessed. Federal and state grants are recorded when the municipality is entitled to the funds. Interest income on investments is recorded when the investments have matured and the income is available.

**NOTE 2 - CASH AND CASH EQUIVALENTS**

At June 30, 2012, cash and cash equivalents consisted of the following:

	Carrying Amount	Bank Balance
Carrying amount of deposits	<u>\$ 695,824</u>	<u>\$ 690,511</u>
Total	<u><u>\$ 695,824</u></u>	<u><u>\$ 690,511</u></u>

**Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that in the event of bank failure the Village's deposits may not be returned to the Village. The Village does not have a deposit policy for custodial credit risk. At June 30, 2012, the carrying amount of the Village's deposits was \$695,824 and the bank balance was \$690,511. At June 30, 2012, the Village's deposits, in compliance with federal cash management regulations, were entirely covered by Federal depository insurance or by collateral held by the pledging financial institution.

**NOTE 3 - RISK MANAGEMENT**

The Village is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; and errors and omissions. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. In the opinion of Village management, the potential loss with respect to these actions will not materially affect the Village's financial position.