

STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2015**

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**STATE OF NEW MEXICO
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**STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND
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**STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND
OFFICIAL ROSTER
AS OF JUNE 30, 2015**

VILLAGE COUNCIL

Laudente T. Quintana Mayor
F. Luis Lopez Councilor
Eldie Cruz Councilor
Adrian Clouthier Councilor
Zeke Trujillo Councilor

VILLAGE OFFICIALS

Frank Tierney.....Clerk
Nora Sanchez Deputy Clerk
Sandy Romero.....Office Assistant
Gary Sanchez..... Utilities Superintendent
Rio Armijo..... Utilities Assistant



Independent Auditors' Report

To the Honorable Timothy Keller
New Mexico State Auditor
Santa Fe, New Mexico
and

To the Honorable Mayor and the Village Council
Village of Wagon Mound
Wagon Mound, New Mexico

Report on Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Because of the matters described in the Basis for Disclaimer of Opinions paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

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ALBUQUERQUE, NM 87109
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KUBIAKCPA.COM

Basis for Disclaimer of Opinion

The Village could not provide adequate supporting documentation for all transactions during the fiscal year ended June 30, 2015 which was a result of inadequate internal controls over financial reporting for all governmental activities and business-type activities. The Village's records do not permit the application of auditing procedures to all transaction classes. Since the Village could not provide adequate supporting documentation for all transactions for the year ended June 30, 2015, we were unable to apply other auditing procedures to satisfy ourselves as the accuracy of the financial statements listed in the table of contents, the scope of our work was not sufficient to enable us to express, and we do not express an opinion on the financial statements listed in the table of contents.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Other Matters

Required Supplementary Information:

The Village has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

We were engaged to conduct and audit for the purpose of forming opinions on the basic financial statements, the combining and individual fund financial statements and the budgetary comparisons. The additional schedules listed as other supplemental information in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

For the reasons described above, we were unable to obtain sufficient evidential matter to form an opinion regarding the fair presentation of this information in relation to the basic financial statements taken as a whole and accordingly, we express no opinion on them.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 30, 2015 on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provision of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Village's internal control over financial reporting and compliance.

Kubiak Melton & Associates, LLC

Kubiak Melton & Associates, LLC
Albuquerque, New Mexico
October 30, 2015

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

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 316,547	\$ 109,482	\$ 426,029
Accounts Receivable	30,510	-	30,510
Total Current Assets	347,057	109,482	456,539
Restricted Assets (Cash):			
Customer Meter Department Repair and Replacement	-	7,061	-
Total Restricted Assets	-	7,061	7,061
GASB 68 Deferred Outflows - Pension Contributions Subsequent to Measurement Date	3,200	1,250	4,450
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 350,257	\$ 117,793	\$ 468,050
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accrued Salaries and Benefits	\$ 22,798	\$ -	\$ 22,798
Current Portion of Loan and Bonds Payable	21,815	5,125	26,940
Total Current Liabilities	44,613	5,125	49,738
Noncurrent Liabilities			
Compensated Absences Payable	-	3,498	3,498
NMFA Fire Loan	186,604	-	186,604
Pera Pension Liabilities	27,616	18,410	46,026
NMED Loan	-	82,005	82,005
Total Noncurrent Liabilities	214,220	103,913	318,133
TOTAL LIABILITIES	258,833	109,038	367,871
GASB 68 Deferred Inflows - Pension Change in	24	7	31
GASB 68 Deferred Inflows - Earnings Changes	11,694	6,313	18,007
Totals GASB 68	11,718	6,320	18,038
NET POSITION			
Net Investment in Capital Assets	-	-	-
Restricted for Special Revenue Funds	-	-	-
Restricted for Capital Projects Funds	-	-	-
Unrestricted	79,706	2,435	82,141
Total Net Position	79,706	2,435	82,141
TOTAL LIABILITIES ,DEFERRED INFLOWS, AND NET POSITION	\$ 350,257	\$ 117,793	\$ 468,050

See Independent Auditors' Report and Notes to Financial Statements

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

Functions and Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Government Activities	Business- Type Activities	TOTAL
PRIMARY GOVERNMENT							
Governmental Activities							
General Government	\$ 130,707	\$ 68,459	\$ 163,300	\$ -	\$ 101,052	\$ -	\$ 101,052
Public Safety	14,800	-	130,953	-	116,153	-	116,153
Public Works	46,743	-	772,322	-	725,579	-	725,579
Culture and Recreation	9,000	-	-	-	(9,000)	-	(9,000)
Interest on Long-Term Debt	3,435	-	-	-	(3,435)	-	(3,435)
Total Governmental Activities	204,685	68,459	1,066,575	-	930,349	-	930,349
Business-Type Activities							
Enterprise Funds	264,333	202,499	-	23	-	(61,811)	(61,811)
Total Business-Type Activities	264,333	202,499	-	23	-	(61,811)	(61,811)
General Revenues:							
Taxes:							
Property Taxes levied for general purposes					25,913	-	25,913
Franchise Taxes					570	-	570
Gross Receipts Taxes					33,755	-	33,755
Public Service Taxes					-	-	-
Interest Income					6,351	-	6,351
Miscellaneous Income					-	-	-
Subtotal, General Revenues					66,589	-	66,589
Change in Net Position					996,938	(61,811)	935,127
Beginning Net Position					1,388,841	1,075,175	2,464,016
Restatement					(2,306,073)	(1,010,929)	(3,317,002)
Net position as restated					(917,232)	64,246	(852,986)
Ending Net Position					\$ 79,706	\$ 2,435	\$ 82,141

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2015**

	<u>General Fund</u>	<u>Fire Protection Fund</u>	<u>Law Enforcement Fund-NM</u>	<u>Street Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
ASSETS						
Cash and Cash Equivalents	\$ 247,217	\$ 69,306	\$ 24	\$ -	\$ -	\$ 316,547
Accounts and Taxes Receivable	30,510	-	-	-	-	30,510
Due From Grantor	-	-	-	-	-	-
Due From Other Funds	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 277,727</u>	<u>\$ 69,306</u>	<u>\$ 24</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 347,057</u>
LIABILITIES AND FUND BALANCE						
LIABILITIES						
Accrued Salaries and Benefits	\$ 22,798	\$ -	\$ -	\$ -	\$ -	\$ 22,798
TOTAL LIABILITIES	22,798	-	-	-	-	22,798
FUND BALANCES						
Restricted:						
Special Revenue Funds	-	-	-	-	-	-
Capital Projects Funds	-	-	-	-	-	-
Unassigned:						
General Fund	254,929	-	-	-	-	254,929
Restricted:						
Special Revenue Funds	-	69,306	24	-	-	69,330
Capital Projects Funds	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>254,929</u>	<u>69,306</u>	<u>24</u>	<u>-</u>	<u>-</u>	<u>324,259</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 277,727</u>	<u>\$ 69,306</u>	<u>\$ 24</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 347,057</u>

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2015

Total Fund Balance - Governmental Funds	\$	324,259
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Amounts reported for governmental activities in the statement of net position are different because:

Long-term and certain other liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term and other liabilities at year end consist of:

Pension Liability	(27,616)	
Net Inflows/Outflows GASB	(8,518)	
Long-Term Debt	<u>(208,419)</u>	
		<u>(244,553)</u>

Net Position of Governmental Activities	\$	<u>79,706</u>
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**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, 2015**

	General Fund	Fire Protection Fund	Law Enforcement Fund	Road Fund	Capital Projects	Debt Fund	Total
REVENUES							
Property Taxes	\$ 25,913	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,913
Gross Receipt Taxes	33,755	-	-	-	-	-	33,755
Charges for Services	1,870	-	-	-	-	-	1,870
Licenses and Fees	570	-	-	-	-	-	570
Local Sources	-	-	-	-	-	-	-
State Sources	90,000	-	-	-	772,322	-	862,322
Reimbursements	-	-	-	-	-	-	-
State-Shared Taxes	139,889	106,399	20,000	4,554	-	-	270,842
Miscellaneous	6,351	-	-	-	-	-	6,351
TOTAL REVENUES	298,348	106,399	20,000	4,554	772,322	-	1,201,623
EXPENDITURES							
Current							
General Government	134,142	-	-	-	-	-	134,142
Insurance	14,800	-	-	-	-	-	14,800
Public Safety	9,016	17,077	20,650	-	-	-	46,743
Culture and Recreation	9,000	-	-	-	-	-	9,000
Misc.	-	-	-	-	-	-	-
Capital Outlay	-	121,269	-	-	830,073	30,826	982,169
Debt Service	24,037	-	-	-	-	-	24,037
TOTAL EXPENDITURES	190,995	138,346	20,650	-	830,073	30,826	1,210,891
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES							
	107,353	(31,947)	(650)	4,554	(57,751)	(30,826)	(9,267)
OTHER FINANCING SOURCES (USES):							
Transfer in	59,689	-	-	-	45,187	30,826	135,702
Transfer out	(81,823)	(25,701)	-	(28,178)	-	-	(135,702)
TOTAL OTHER FINANCING SOURCES (USES)	(22,134)	(25,701)	-	(28,178)	45,187	30,826	-
FUND BALANCE, BEGINNING OF YEAR	262,043	50,000	2,000	-	-	-	314,043
RESTATEMENT	(92,333)	76,954	(1,326)	23,624	12,564	-	19,483
FUND BALANCE, Restated	169,710	126,954	674	23,624	12,564	-	333,526
FUND BALANCE, END OF YEAR	\$ 254,929	\$ 69,306	\$ 24	\$ -	\$ -	\$ -	\$ 324,259

See Independent Auditors' Report and Notes to Financial Statements

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

Net Changes in Fund Balance - Governmental Funds \$ (9,267)

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, the governmental activities those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities. This is the amount by which depreciation exceeded capital outlays in the period:

Capital Outlay	982,169
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In the Statement of Activities, certain operating expenses - compensated absences payable and are measured by the amounts incurred during the year. In the fund financial statements, however, expenditures are measured by the amount of financial resources used (essentially the amounts actually paid):

Principal Payments of Long Term Debt	<u>24,036</u>
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Change in Net Position of Governmental Activities \$ 996,938

**STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND
STATEMENT OF REVENUES, BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
(NON-GAAP BUDGETARY BASIS) – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	Original Budget	Final Budget	Actual (Non-GAAP Basis)	Variance With Final Budget Favorable (Unfavorable)
REVENUES				
Property Taxes	\$ 20,000	\$ 20,000	\$ 25,913	\$ (5,913)
Gross Receipt Taxes	27,800	27,800	33,755	(5,955)
Charges for Services	14,000	14,000	1,870	12,130
Licenses and Fees	800	800	570	230
Fines and Forfeits	150	150	-	150
State Sources	90,000	90,000	90,000	-
Federal Sources	-	-	-	-
State-Shared Taxes	55,800	79,124	109,379	(30,255)
Investment Income	800	800	6,351	(5,551)
TOTAL REVENUES	<u>209,350</u>	<u>232,674</u>	<u>267,838</u>	<u>35,164</u>
EXPENDITURES				
Current				
General Government	205,000	205,000	134,142	70,858
Highways and Streets	-	6,000	-	6,000
Public Safety	900	3,400	-	3,400
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Other	-	-	56,853	(56,853)
TOTAL EXPENDITURES	<u>205,900</u>	<u>214,400</u>	<u>190,995</u>	<u>23,405</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,450	18,274	76,843	58,569
OTHER FINANCING SOURCES (USES)				
Transfers In	-	59,689	59,689	-
Transfers Out	(2,500)	(81,823)	(81,823)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,500)</u>	<u>(22,134)</u>	<u>(22,134)</u>	<u>-</u>
Net Increase (Decrease)	<u>\$ 950</u>	<u>\$ (3,860)</u>	<u>\$ 54,709</u>	<u>\$ 58,569</u>

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND
STATEMENT OF REVENUES, BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
(NON-GAAP BUDGETARY BASIS) – MUNICIPAL STREET FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Non-GAAP Basis)</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross Receipt Taxes	-	-	-	-
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	-
Local Sources	-	-	-	-
State Sources	-	-	-	-
Federal Sources	-	-	-	-
State-Shared Taxes	6,000	-	4,554	4,554
Investment Income	-	-	-	-
TOTAL REVENUES	<u>6,000</u>	<u>-</u>	<u>4,554</u>	<u>4,554</u>
EXPENDITURES				
Current				
General Government	-	-	-	-
Highways and Streets	6,000	-	-	-
Public Safety	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>6,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	4,554	4,554
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	(28,178)	(28,178)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(28,178)</u>	<u>(28,178)</u>	<u>-</u>
Net Increase (Decrease)	<u>\$ -</u>	<u>\$ (28,178)</u>	<u>\$ (23,624)</u>	<u>\$ 4,554</u>

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND
STATEMENT OF REVENUES, BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
(NON-GAAP BUDGETARY BASIS) – FIRE PROTECTION FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Non-GAAP Basis)</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross Receipt Taxes	-	-	-	-
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	-
Local Sources	-	-	-	-
State Sources	-	-	-	-
Federal Sources	-	-	-	-
State-Shared Taxes	90,751	103,699	106,399	2,700
Misc. Income	-	-	-	-
TOTAL REVENUES	<u>90,751</u>	<u>103,699</u>	<u>106,399</u>	<u>2,700</u>
EXPENDITURES				
Current				
General Government	-	-	-	-
Highways and Streets	-	-	-	-
Public Safety	90,751	165,751	138,346	27,405
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>90,751</u>	<u>165,751</u>	<u>138,346</u>	<u>27,405</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(62,052)	(31,947)	(24,705)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	(25,701)	(25,701)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(25,701)</u>	<u>(25,701)</u>	<u>-</u>
Net Increase (Decrease)	<u>\$ -</u>	<u>\$ (87,753)</u>	<u>\$ (57,648)</u>	<u>\$ (24,705)</u>

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND
STATEMENT OF REVENUES, BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
(NON-GAAP BUDGETARY BASIS) – CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Non-GAAP Basis)</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross Receipt Taxes	-	-	-	-
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	-
Local Sources	-	-	-	-
State Sources	-	-	-	-
Federal Sources	-	-	-	-
State-Shared Taxes	250,000	950,000	772,322	(177,678)
Investment Income	-	-	-	-
TOTAL REVENUES	<u>250,000</u>	<u>950,000</u>	<u>772,322</u>	<u>(177,678)</u>
EXPENDITURES				
Current				
General Government	-	-	-	-
Highways and Streets	-	-	-	-
Public Safety	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	<u>250,000</u>	<u>950,000</u>	<u>830,073</u>	<u>119,927</u>
TOTAL EXPENDITURES	<u>250,000</u>	<u>950,000</u>	<u>830,073</u>	<u>119,927</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	(57,751)	(297,605)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	45,187	45,187	-
Transfers Out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>45,187</u>	<u>45,187</u>	<u>-</u>
Net Increase (Decrease)	<u>\$ -</u>	<u>\$ 45,187</u>	<u>\$ (12,564)</u>	<u>\$ (297,605)</u>

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND
STATEMENT OF REVENUES, BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
(NON-GAAP BUDGETARY BASIS) – DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Non-GAAP Basis)</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross Receipt Taxes	-	-	-	-
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	-
Local Sources	-	-	-	-
State Sources	-	-	-	-
Federal Sources	-	-	-	-
State-Shared Taxes	-	-	-	-
Investment Income	-	-	-	-
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Current				
General Government	-	-	-	-
Highways and Streets	-	-	-	-
Public Safety	-	-	-	-
Culture and Recreation	-	-	-	-
Debt Service	32,707	32,707	30,826	1,881
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>32,707</u>	<u>32,707</u>	<u>30,826</u>	<u>1,881</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(32,707)	(32,707)	(30,826)	1,881
OTHER FINANCING SOURCES (USES)				
Transfers In	-	30,826	30,826	-
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>30,826</u>	<u>30,826</u>	<u>-</u>
Net Increase (Decrease)	<u>\$ (32,707)</u>	<u>\$ (1,881)</u>	<u>\$ -</u>	<u>\$ 1,881</u>

Budgeted, No revenue activities for year ended June 30, 2015.

**STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND
STATEMENT OF REVENUES, BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
(NON-GAAP BUDGETARY BASIS) – LAW ENFORCEMENT
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Non-GAAP Basis)</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross Receipt Taxes	-	-	-	-
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	-
Local Sources	-	-	-	-
State Sources	-	-	-	-
Federal Sources	-	-	-	-
State-Shared Taxes	20,000	20,000	20,000	-
Investment Income	-	-	-	-
TOTAL REVENUES	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
EXPENDITURES				
Current				
General Government	-	-	-	-
Facilities	-	-	-	-
Public Safety	20,650	20,650	20,650	-
Infrastructure	-	-	-	-
Health and Welfare	-	-	-	-
TOTAL EXPENDITURES	<u>20,650</u>	<u>20,650</u>	<u>20,650</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(650)	(650)	(650)	-
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Increase (Decrease)	(650)	(650)	<u>\$ (650)</u>	<u>\$ -</u>
Prior Year Cash Balance Budgeted	<u>\$ 650</u>	<u>\$ -</u>		

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2015

	Joint Utility Fund
ASSETS	
Cash and Cash Equivalents	\$ 109,482
Accounts Receivable, Net	-
Due From Other Governments	-
Unrestricted Deposits	-
TOTAL CURRENT ASSETS	109,482
RESTRICTED ASSETS	
Meter Deposits	7,061
TOTAL RESTRICTED ASSETS	7,061
NONCURRENT ASSETS	
Land	-
Plant	-
Less: Accumulated Depreciation	-
Capital Assets, Net	-
GASB 68 Deferred Outflows-Contributions after Measurement Date	1,250
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 117,793
LIABILITIES AND FUND BALANCE	
CURRENT LIABILITIES	
Current Long Term	5,125
TOTAL CURRENT LIABILITIES	5,125
NONCURRENT LIABILITIES	
Accrued Compensated Absences	\$ 3,498
Pension Liability	18,410
Long-Term Debt, Net	82,005
TOTAL NONCURRENT LIABILITIES	103,913
TOTAL LIABILITIES	109,038
GASB 68 Deferred Inflows - Pension Change in Assumption	7
GASB 68 Deferred Inflows - Earnings Changes	6,313
TOTAL GASB 68	6,320
NET POSITION	
Net Investment in Capital Assets	-
Unrestricted	2,435
TOTAL NET POSITION	2,435
TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	\$ 117,793

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015

OPERATING REVENUES	
Charges for Services	\$ 202,499
Intergovernmental	<u>23</u>
TOTAL OPERATING REVENUES	<u>202,522</u>
 OPERATING EXPENSES	
Maintenance and operations	144,746
Contractual Services	42,632
Supplies and Purchased Power	55,005
Maintenance and Materials	14,198
Heat, Light and Power	7,752
Compensated Absences Expense	<u>-</u>
TOTAL OPERATING EXPENSES	<u>264,333</u>
OPERATING INCOME (LOSS)	<u>(61,811)</u>
Transfers in	15,000
Transfers out	<u>(15,000)</u>
TOTAL TRANSFERS	-
CHANGE IN NET POSITION	(61,811)
NET POSITION, BEGINNING OF YEAR	<u>1,075,175</u>
RESTATEMENT	<u>(1,010,929)</u>
NET POSITION, RESTATED	<u>64,246</u>
NET POSITION, END OF YEAR	<u>\$ 2,435</u>

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND
PROPRIETARY FUNDS
STATEMENT CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015**

	Joint Utility Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received From User Charges	\$ 202,499
Miscellaneous Income	23
Cash Payments to Employees for Services	(64,746)
Cash Payments to Suppliers for Goods and Services	(199,587)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(61,811)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Change in Compensated Absences	(5,244)
Miscellaneous Income	
NET CASH PROVIDED BY (USED IN) NON-CAPITAL FINANCING ACTIVITIES	(5,244)
Restatement	
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(67,055)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	183,598
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 116,543
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Income (loss)	
Adjustments to reconcile operating income (loss) to net cash used by operating activities	\$ (61,811)
Changes in assets and liabilities:	
Change in receivables	-
Change in accounts payable	-
Change in accrued salaries and benefits	-
NET CASH PROVIDED FROM (USED BY) OPERATING ACTIVITIES	\$ (61,811)

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 1. Summary of Significant Accounting Policies

The Village of Wagon Mound (Village) was incorporated in 1918. The Village operates under a Council-Mayor form of government and provides the following services as authorized by its charter: public safety (police and fire); highways and streets; water and sewer services; refuse collection; health and social services; culture-recreation; public improvements; planning and zoning; and general administrative services.

The Village of Wagon Mound is a body politic and corporate under the name and form of government selected by its qualified electors. The Village may:

1. Sue or be sued;
2. Enter into contracts and leases;
3. Acquire and hold property, both real and personal;
4. Have common seal, which may be altered at pleasure;
5. Exercise such other privileges that are incident to corporations of like character or degree that are not inconsistent with the laws of New Mexico;
6. Protect generally the property of its municipality and its inhabitants;
7. Preserve peace and order within the municipality; and
8. Establish rates for services provided by municipal utilities and revenue-producing projects, including amounts which the governing body determines to be reasonable in the operation of similar facilities.

The financial statements of the Village have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements have incorporated all applicable GASB pronouncements as well as the Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on accounting procedures issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The more significant of the Village's accounting policies are described below.

A. Financial Reporting Entity

In evaluating how to define the Village, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB statements No. 14. The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters.

See Independent Auditors' Report

**STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 1. Summary of Significant Accounting Policies-Continued

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, the Village has no component units, and is not a component unit of another governmental agency.

B. Government-Wide and Fund Financial Statements

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

The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement no. 33, Accounting and Financial Reporting for Non-exchange transactions.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

See Independent Auditors' Report

**STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 1. Summary of Significant Accounting Policies-Continued

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims, and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and the susceptible to accrual criteria have been met.

Governmental funds are used to account for the Village's general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets and the servicing of general long-term debt.

Governmental funds include:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are provided through property and other taxes, federal sources, state sources, charges for services, licenses, fees, and other miscellaneous recoveries and revenue. Expenditures include all costs associated with the daily operation of the Village except for items included in other funds.

The *Fire Protection Fund* (Special Revenue Fund) is used to account for the operation and maintenance of the Fire Department. Financing provided by a specific allotment from the State Fire Marshall's Office. Authority is NMSA 59A-53-1.

The *Capital Projects Funds* (significant activity for '15) account for the acquisition of fixed assets or construction of major capital projects not being financed by the proprietary or nonexpendable trust funds.

See Independent Auditors' Report

**STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 1. Summary of Significant Accounting Policies-Continued

The *Debt Service (significant activity for '15) account* payment of Debt, no revenue for 15', all funds transferred.

Law Enforcement protection Fund. – to account for funds allotted by the Law Enforcement Protection Fund, Section 29-13-5, NMSA 1978, to enhance the efficiency and effectiveness of law enforcement service (see governmental balance sheet, included there as there is a fund balance).

Under the requirements of GASB No. 34, the Village is required to present certain of its governmental funds as major based upon certain criteria. The major funds presented in the fund financial statements consist of the General Fund (listed above and below), Fire Protection Fund (listed above), Street Fund (listed below), Law Enforcement Fund (Non Major Fund), Capital Projects Fund (listed above), and Debt Service Fund (Listed above). No other funds were required to be presented as major at the discretion of management.

The *General Fund* accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are provided through property and other taxes, federal sources, state sources, charges for services, licenses and fees, and other miscellaneous recoveries and revenue. Expenditures include all costs associated with the daily operation of the Village, except for items included in other funds.

The *Street Fund (Municipal Street Fund) (significant activity for 15')* is used to account for revenues received from the levy of a tax per gallon of gasoline purchased within Village boundaries, pursuant to the county and Municipal Gasoline Tax Act, NMSA 7-2-11. Expenditures from this fund may be used for bridge and road projects, on transit routes; for purchasing, maintaining or operating transit facilities; for operating a transit authority; for operating a vehicle emissions inspection program; or for road, street or highway construction, repair or maintenance on transit routes. Financing is also provided by grants from the New Mexico Department of Transportation.

Additionally, the government reports the following fund types:

The fiduciary funds are purely custodial (assets equal liabilities) and do not involve measurement of results of operations. The Village does not report any fiduciary funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule agree payments-in-lieu of taxes, because elimination of these charges would distort the direct costs and program revenues reported in the Statement of Activities.

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

See Independent Auditors' Report

**STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 1. Summary of Significant Accounting Policies-Continued

The Village reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. The Village does not currently employ indirect cost allocation systems. Depreciation expense is specifically identified function and is included in the direct expense of each function. Interest on general and long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing service in connection with the fund's principal ongoing operations. The principal operating revenue of the Village's enterprise fund is charges for services in the Joint Utility Fund. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

C. Overview of the Financial Statements

The Village adopted the provisions of GASB Statement No. 34, Basic Financial Statements- and Management's Discussion and Analysis – for State and Local Governments. This statement affects the manner in which the Village records transactions and presents financial information. State and local governments have traditionally used a financial reporting model substantially different from the one used to prepare private-sector financial reports. GASB Statement No. 34 established 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, and include the following sections, which were not previously included in the basic financial statements. The governmental fund financial statements continue to be presented as a building block for the new GASB Statement No. 34 statements.

a. Management's Discussion and Analysis – GASB Statement No. 34 requires that financial statements be accompanied by a narrative introduction and analytical overview of the Village's financial activities in the form of "Management's Discussion and Analysis" (MD&A). This analysis is similar to the analysis provided in the annual reports of private-sector organizations. The Village has omitted the Management's Discussion and Analysis for the year ended June 30, 2015.

b. Government-Wide Financial Statements - The reporting model includes financial statements prepared using full accrual accounting for all of the Village's activities. This approach includes not just current assets and liabilities but also capital and other long-term assets as well as long-term liabilities. Accrual accounting also reports all of the revenues and costs of providing services each year, not just those received or paid in the current year or soon thereafter.

Statement of Net Position - The Statement of Net Position is designed to display the financial position of the primary government (government and business-type activities). The Village now

See Independent Auditors' Report

**STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 1. Summary of Significant Accounting Policies-Continued

reports all capital assets in the government-wide statement of net position and reports depreciation expense - the cost of "using up" capital assets - in the statement of activities. The net position of the Village is broken down into three categories 1) net investment in capital assets, net of related debt; 2) restricted; and 3) unrestricted.

Statement of Activities - The government-wide Statement of Activities reports expenses and revenues in a format that focuses on the cost of each of the Village's functions. The expense of individual functions is compared to the revenue generated directly by the function. Accordingly, the Village has recorded capital and certain other long term assets and liabilities in the statement of net position, and has reported all revenues and the cost of providing services under the accrual basis of accounting in the statement of activities.

D. Assets, Liabilities, and Net Position or Fund Balance

Cash and Cash Equivalents: The Village's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the Village to invest in certificates of deposit, obligations of the U.S. Government, interest-bearing savings accounts, certificates of deposit, bonds or other obligations of the U.S. government that are guaranteed as to principal and interest by the U.S. government and the State Treasurer's Investment Pool.

Receivables and Payables: Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds or internal balances" (i.e., the current portion of interfund loans) or "advances to/from other funds or internal balances" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

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

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. In the government-wide and governmental fund financial statements, delinquent property taxes are recorded when levied.

Property taxes are levied on November 1, based on the assessed value of property as listed on the previous January 1 and are due in two payments by November 10th and April 10th. Property taxes uncollected after November 10th and April 10th are considered delinquent and the Village may assess penalties and interest. The taxes attach as an enforceable lien on property thirty (30) days thereafter, at which time they become delinquent. Mora County bills, collects, and remits the Village of Wagon Mound's share of property taxes.

**STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 1. Summary of Significant Accounting Policies-Continued

Prepaid Items: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and proprietary financial statements.

Capital Assets: Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets (retroactive to 1979) are to be included as part of the governmental capital assets reported in the government wide statements. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

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

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

In addition to assets, the statement of financial position will sometimes include a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position which applies to a future period and so will not be recognized as an outflow of resources that is expensed, until then. See note 10.

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**STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 1. Summary of Significant Accounting Policies-Continued

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources until such time. See note 10.

Compensated Absences: Qualified employees are entitled to accumulate annual leave according to a graduated leave schedule, depending on their length of service. Employees may accumulate 240 hours of annual leave and carry that leave forward from calendar year to calendar year. Upon termination, employees will be paid for a maximum of 240 hours of accrued annual leave.

Qualified employees are entitled to accumulate sick leave at a rate of 3.69 hours per period. Sick leave can be carried over from year to year. Upon termination employees receive no pay for sick time accumulated.

Vested or accumulated vacation leave that is expected to be liquidated within the next twelve months with expendable available financial resources is reported as expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated within the next twelve months are reported in the government-wide statement of net position.

Long-term Obligations: In the government-wide fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

Net Position: The government-wide financial statements utilize a net position presentation. Net position is categorized as follows:

Investment in Capital Assets - In the fund financial statements, investment in capital assets is reported net of depreciation.

Restricted Net Position – This category reflects the portion of net position that have third party limitations on their use.

Unrestricted Net Position – This category reflects net position of the Agency, not restricted for any project or other purpose.

Fund Balance: During 2009, GASB adopted Statement No. 54 to clarify the fund balance reporting guidelines of GASB 54. The fund balance reporting established by GASB 54 must be followed by all five of the governmental-type funds used by state and local governments. Based on the requirements of GASB 54, the total fund balance can be conceptually separated into two primary components: 1) Non-spendable fund balance and 2) Spendable fund balance. Fund balance is reported in these five classifications:

Non-spendable – the non-spendable balance includes amounts that cannot be spent because they are not in spendable form or legally, contractually required to be maintained

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**STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 1. Summary of Significant Accounting Policies-Continued

intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash; it also includes the long-term amount of interfund loans.

Restricted fund balance – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or are imposed by law through constitutional provisions or enabling legislation.

Committed – This fund balance amount has spending limitations that are constrained by the government’s highest level of decision-making authority.

Assigned – The assigned fund balance classification is intended to be used for specific purposes such as special revenue funds, capital project funds, debt service funds and permanent funds.

Unassigned – Unassigned fund balance is the residual classification for the General Fund and includes all spendable amount not contained in other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

The Village applies restricted resources first when outlays are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Interfund Transactions: Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund from expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers. All other interfund transactions, except quasi-external transactions and reimbursements are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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**STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 1. Summary of Significant Accounting Policies-Continued

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Mexico Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 2. Stewardship, Compliance, and Accountability

Budgetary Information

The General, Special Revenue, and Proprietary Fund budgets are subject to approval by the New Mexico Department of Finance and Administration (DFA), Local Government Division. During the month of May, public hearings are conducted to obtain taxpayer comments. Prior to June 1, the Village submits to the DFA a proposed operating budget for the fiscal year commencing the following July 1. The budget is prepared by fund and function and includes proposed expenditures, which include carryover encumbrances and accounts payable, and the means of financing them. Prior to July 1, DFA grants interim approval for the Village to operate on the proposed budget subject to adjustments and/or revisions prior to final subsequent approval before the first Monday in September. Such approval is contingent upon the Village Council adopting the proposed budget in accordance with applicable state statutes, and sufficient funds being available for anticipated fiscal year expenditures. Prior to July 31, the Village Council adopts by resolution a formal budget and such budget is presented to DFA for final approval.

Section 6-6-6, NMSA, 1978 Compilation prohibits municipalities from making expenditures in excess of the approved budget. For these purposes the legal level of budgetary control is at the fund level.

The adopted budget of the Village is prepared on a basis consistent with accounting principles generally accepted in the United States of America. The accompanying Statements of Revenues, Expenditures, and Changes in Fund Balance – Budget (non-GAAP Budgetary Basis) and Actual presents comparisons of the legally adopted budget with actual data on a budgetary basis.

NOTE 3. Cash and Cash Equivalents

State statutes authorize the investment of Village funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States government obligations. All invested funds of the Village properly followed State investment requirements as of June 30, 2015.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the Village. Deposits may be made to the extent that they are insured by an agency of the United States or by collateral deposited as security or by bond given by the financial institution.

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**STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 3. Cash and Cash Equivalents-Continued

The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of deposit.

Excess of funds may be temporarily invested in securities which are issued by the State or by the United States government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments.

According to the Federal Deposit Insurance Corporation, public unit deposits are funds owned by the public unit. Time deposits, savings deposits, and interest bearing NOW accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution. The Dodd Frank Act of 2010 required that all funds in a non-interest bearing bank account be fully insured by the FDIC through December 31, 2015. The Village of Wagon Mound has one account that is interest bearing account therefore; that account will not be subject to the Dodd-Frank Act of 2010.

NM State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the Village for at least one half the amount in excess of FDIC coverage on deposit with the institution.

The schedule listed below discloses the State of New Mexico, Office of the State Auditor's requirements on reporting the insured portion of the Village's deposits:

	Wells Fargo
Total Deposits in Bank	\$ 433,089
Less: FDIC Coverage	(500,000)
Total Uninsured Public Funds	(66,911)
50% Collateralization Requirement	-
Pledged Collateral	89,673
Excess of Pledged Collateral	\$ 89,673
* Wells Fargo has \$500,000 in Coverage agreement with Village.	
All Pledged Funds in Excess at 6/30/2015	

Custodial credit risk is the risk that in the event of a bank failure, the governments' deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2015, \$0 of the Village's bank balance of \$433,089 was exposed to custodial credit risk. The Village was over-collateralized as follows:

Uninsured and Uncollateralized	\$ (89,673)
Uninsured and Collateral Held by Pledging Banks' Trust	
Department not in the Village's Name	-
Total	\$ (89,673)

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**STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 3. Cash and Cash Equivalents-Continued

The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by an agency, district or political subdivision of the State of New Mexico.

There were no Temporary Investments for the year ended June 30, 2015.

Carrying amounts by fund per financial statement at June 30, 2015 is:

Cash and Cash Equivalents per:

Statement of Net Position - Governmental Activities	\$	316,547
Statement of Fiduciary Assets and Liabilities - Agency Funds		-
Statement of Net Position - Business-Type Activities		109,482
Statement of Net Position - Business-Type Activities restricted		<u>7,061</u>
Total	\$	<u>433,090</u>

Custodial Credit Risk – Investments: For an investment, custodial credit risk is the risk that in the event of counter party, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Village does not have an investment policy for custodial credit risk. The Village had no investments for 2015.

Concentration of Credit Risk: The Village does not have a policy for concentration of credit risk.

Interest Rate Risk and Credit Rating: The Village does not have a formal investment policy which limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Village does not have a formal policy limiting investment maturities to manage its exposure to fair value losses from increasing interest rates.

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

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

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

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**STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 4. Accounts Receivable

	<u>General Fund</u>	<u>Non-Major funds</u>	<u>Business Type Activities</u>	<u>Total Government Wide</u>
Taxes:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Other	<u>30,510</u>	<u>-</u>	<u>-</u>	<u>30,510</u>
Total Receivables	<u>\$ 30,510</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,510</u>

There was no allowance for uncollectible accounts at June 30, 2015.

NOTE 5. Capital Assets

A summary of Capital assets and changes occurring during the year ended June 30, 2015 has not been prepared. The Village has not updated listing of capital assets and the only listing available was prepared prior to any audit performed on the Village. The listing has been determined to be incorrect and outdated, therefore the Village has elected not to prepare a listing for the year ended June 30, 2015.

Governmental Activities:

This schedule relates to the last capital asset list the Village maintained, which was for the year ended June 30, 2006. The Village did not record depreciation expense for the year ended June 30, 2015 and are not included.

Business-Type Activities:

No schedule for the last capital Asset list the Village maintained for business type activities has been prepared.

**STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 6. Long-Term Debt

During the year ended June 30, 2015, the following changes occurred in the liabilities reported in the government-wide statement of net position:

Governmental Activities:

	<u>Balance June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2015</u>	<u>Due Within One Year</u>
2.0899% Blended, New Mexico Finance Authority Maturity 5/1/2024					
NMFA Fire Truck	\$ 226,701	\$ -	\$ 18,912	\$ 207,789	\$ 21,815
Subtotal	226,701	-	18,912	207,789	21,815
Compensated Absences Payable- Business Type Activities	-	-	-	-	-
Total Long-Term Debt	<u>\$ 226,701</u>	<u>\$ -</u>	<u>\$ 18,912</u>	<u>\$ 207,789</u>	<u>\$ 21,815</u>

The annual requirements to amortize the bonds and loans above at June 30, 2015, including interest payments are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 21,815	\$ 3,886	\$ 25,701
2017	21,977	3,724	25,701
2018	22,196	3,504	25,700
2019	22,496	3,204	25,700
2020	22,658	2,985	25,643
2021-2024	96,647	6,213	102,860
Total	<u>\$ 207,789</u>	<u>\$ 23,516</u>	<u>\$ 231,305</u>

The General and Road funds generally pay for all compensated absences.

**STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 6. Long-Term Debt-Continued

Business-Type Activities:

The following schedule shows the changes to its various forms of debt during the fiscal year ended June 30, 2015:

	<u>Balance June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2014</u>	<u>Due Within One Year</u>
0%, New Mexico Environment Department Maturity 4/25/2031 Clean Water State Revolving Fund	\$ 92,255	\$ -	\$ 5,125	\$ 87,130	\$ 5,125
Compensated Absences Payable	<u>5,638</u>	<u>-</u>	<u>2,140</u>	<u>3,498</u>	<u>3,498</u>
Total Long-Term Debt	<u>\$ 97,893</u>	<u>\$ -</u>	<u>\$ 7,265</u>	<u>\$ 90,628</u>	<u>\$ 8,623</u>

The annual requirements to amortize the loans above at June 30, 2015, including interest payments are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 5,125	\$ -	\$ 5,125
2017	5,125	-	5,125
2018	5,125	-	5,125
2019	5,125	-	5,125
2020	5,125	-	5,125
2021-2025	25,625	-	25,625
2026-2030	26,075	-	26,075
2031	<u>4,680</u>	<u>-</u>	<u>4,680</u>
Total	<u>\$ 82,005</u>	<u>\$ -</u>	<u>\$ 82,005</u>

NOTE 7. Restricted Net Position

The government-wide statement of net position reports \$0 of restricted net position, of which all of it is restricted by enabling legislation.

NOTE 8. Risk Management

The Village is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries and natural disasters. The Village of Wagon Mound participates in the New Mexico Self-Insurer's Fund risk pool.

The Village has not filed any claims for which the settlement amount exceeded the insurance coverage during the past three years. However, should a claim be filed against the Village which exceeds the insurance coverage, the Village would be responsible for a loss in excess of the coverage amounts. As claims are filed, the New Mexico Self-Insurers' Fund assesses and

**STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 8. Risk Management-Continued

estimates the potential for loss and handles all aspects of the claim. Insurance coverages have not changed significantly from prior years and coverage's are expected to be continued.

At June 30, 2015, no unpaid claims have been filed which exceed the policy limits and to the best of management's knowledge and belief all known and unknown claims will be covered by insurance. No lawsuits have been filed against the Village of Wagon Mound.

New Mexico Self-Insurers' Fund has not provided information or an entity by entity basis that would allow for a reconciliation of changes in the aggregate liabilities for claims for the current fiscal year and the prior fiscal year.

The officials and certain employees of the Village are covered by a surety bond as required by Section 12-6-7, NMSA, 1978 Compilation.

NOTE 9. Other Required Individual Fund Disclosures

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

- A. Deficit fund balance of individual funds: Due to the lack of an audit since 2006, as of June 30, 2015 there were no deficit fund balances to report. It is expected that these will occur moving forward.

Deficit balances are generally covered by collection of grants or transfers from the General Fund.

- B. Excess of expenditures over budget by fund:

<u>Fund</u>	<u>Amount</u>
Joint Utility	\$ (905)
Total	<u>\$ (905)</u>

**STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 10. Pension Plan – Public Employees Retirement Association (PERA)

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

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

For the Municipal General Division at June 30, 2015, the Village reported a liability of \$46,026 (of which 60% is allotted to the Business type funds per the financial statements, which will be estimated to be paid for Proprietary Funds-see financials) for its proportionate share of the net pension liability. At June 30, 2014, the Village's proportion was .0059 percent, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference.

**STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 10. Pension Plan – Public Employees Retirement Association (PERA) (continued)

For the year ended June 30, 2015, the Village recognized PERA Municipal General Division pension expense of \$4,450 (Includes Proprietary Funds) At June 30, 2015, the Village reported PERA Municipal General Division (Includes Proprietary Funds) deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	of	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -		\$ -
Changes of assumptions	-		31
Net difference between projected and actual earnings on pension plan investments	-		18,007
Changes in proportion and differences between Village contributions and proportionate share of contributions	-		-
Village contributions subsequent to the measurement date (2015)	4,450		-
Total	\$ 4,450		\$ 18,038**

\$4,450 (Includes Proprietary Funds) reported as deferred outflows of resources related to pensions resulting from Village contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows (Total**) of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2016	\$ 4,509
2017	4,509
2018	4,509
2019	4,509
2020	2
Total	\$ 18,038

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**STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 10. Pension Plan – Public Employees Retirement Association (PERA) (continued)

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

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

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

ALL FUNDS-Asset Class	Target Allocation	Long Term Expected
US EQUITY	21.1%	5.00%
INTERNATIONAL EQUITY	24.8%	5.20%
PRIVATE EQUITY	7.0%	8.20%
CORE AND GLOBAL FIXED INCOME	26.1%	1.85%
FIXED INCOME PLUS SECTORS	5.0%	4.80%
REAL ESTATE	5.0%	5.30%
REAL ASSETS	7.0%	5.70%
ABSOLUTE RETURN	4.0%	4.15%
TOTAL	100%	

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**STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

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

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
Village's proportionate share of the net pension liability	\$86,770	\$46,026	\$14,550

NOTE 11. Post-Employment Benefits

The Village has elected not to participate in the Retiree Health Care act of New Mexico program.

NOTE 12. Contingent Liabilities

The Village of Wagon Mound participates in a number of federal, state, and county programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Village of Wagon Mound may be required to reimburse the grantor government. As of June 30, 2015, significant amounts of grant expenditures have not been audited by the grantor agencies. Management believes that any disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the Village of Wagon Mound.

NOTE 13. Federal and State Grants

In the normal course of operations, the Village receives grant funds from various federal and state agencies. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Liability for reimbursement, determined by Federal Auditors, which may arise as a result of these audits, may be material to the financial statements taken as a whole.

**STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 14. Related Parties

The Village has entered into various related party transactions in the normal course of business. We are required to review those transactions to ensure that they are considered “arm’s length” and are required to disclose those related party transactions that might have a material effect on the financial statements as a whole. There were no related party transactions for fiscal year 2015 that are deemed to have a material effect on the financial statements.

NOTE 15. Joint Power Agreements

The Village has Joint Power Agreement with New Mexico Department of Public Safety (NMDPS), which was entered into mutually on July 1, 2010. The purpose of the agreement is to provide law enforcement services with for the Village. The agreement is governed by and adopted in accordance with the laws of the State of New Mexico and is mutually acknowledged by both parties in accordance with Joint Powers Agreement Act of the State of New Mexico, Sections 11-1-1 through 11-1-7. The current term of the agreement runs through June 30, 2015. (In Process of Renewal at time of audit)

<u>Joint Powers Agreement</u>	<u>Participants</u>	<u>Responsible Party For Operation</u>	<u>Decryption</u>	<u>Beginning and Ending Dates</u>	<u>Total Estimated Amounts Applicable</u>	<u>Responsible Administration Party</u>
Law Enforcement Services	Village of Wagon Mound NMDPS	NMDPS	Provide Law Enforcement	7/1/2010- 6/30/2015	N/A	Village of Wagon Mound

NOTE 16. Date of Management’s Review

The Village of Wagon Mound has evaluated subsequent events through October 30, 2015, which is the date the financial statements were available to be issued.

NOTE 17. Reconciliation of Budget Basis to GAAP Basis Financial Statements

	<u>General Fund</u>
Revenues per Modified Accrual Basis	\$ 298,348
Prior Year Receivables	-
Less Current Year Receivables	<u>(30,510)</u>
Revenues per Budgetary Basis	<u>\$ 267,838</u>
Expenditures per Modified Accrual Basis	\$ 190,995
Prior Year Payables	-
Current Year Payables	<u>-</u>
Expenditures per Budgetary Basis	<u>\$ 190,995</u>

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**STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 17. Reconciliation of Budget Basis to GAAP Basis Financial Statements-Continued

For the year ended June 30, 2015, the General fund required an adjustment which would need a Reconciliation from Budget basis to GAAP basis. There were no payables adjusted for the year 2015.

NOTE 18. Leases

The Village maintains one lease for a copier. The Villages minimum lease commitments going forward:

<u>Year</u>	<u>Lease commitment</u>
2016	879
2017	879
2018	879
2019	293
2020	-
TOTAL	<u>\$ 2,930</u>

Lease Expense for the year ended June 30, 2015 was \$891 (including additional fees).

NOTE 19. Other Information- Financial Statements, Budgets, and Agency Funds

For the year ended June 30, 2015, the entirety of the Governmental Financials was included in the basic Financial Statement section due to a limited number with balances. The Joint Utility Fund was also combined and included in the Basic Financial Statement section due to a lack of separation of funds by the Village.

Budget and Actuals and Agency Funds with zero balances were included in the audit in relation to their possible need for inclusion in the future evaluations of the Village.

**STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 20. Restatements

The Town has recorded restatements to net position and fund balances to correct errors in the prior year financial statements. A summary of restatements are as follows:

Fund Name	Net position / Fund Balance June 30, 2014	Prior Period Revenues Expenses, Transfers, and Pension Liability	Capital Assets	Restated Net Position/Fund Balance June 30, 2014
Government Wide				
Government-Activities	\$ 1,388,841	\$ (998,936)	\$ (1,307,137)	\$ (917,232)
Business-Activities	1,075,175	908,291	(1,919,220)	64,246
Total	<u>2,464,016</u>	<u>(90,645)</u>	<u>(3,226,357)</u>	<u>(852,986)</u>
Major Government Funds				
General	262,043	(92,333)	-	169,710
Fire Protection Fund	50,000	76,954	-	126,954
Law Enforcement Fund	2,000	(1,326)	-	674
Total	<u>314,043</u>	<u>(16,705)</u>	<u>-</u>	<u>297,338</u>
Non Major Governemt Funds				
Municipal Street Fund	-	23,624	-	23,624
Capital Projects	-	12,564	-	12,564
Total	<u>\$ -</u>	<u>36,188</u>	<u>\$ -</u>	<u>\$ 36,188</u>

There were major restatements for the Village as a whole related to: A. The removal of the Fixed Asset listings until a corrected list could be acquired and B. major accounting errors in previous years that were removed for the June 30, 2015 audit.

**STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 21. Transfers

Due to the Village's attempt to reduce funds during the year, the General Fund had a interfund transfer in which the funds were incorporated into it at YE. The combining of the Joint Utility Fund produces interfund transfers. The Village's list of transfers for the year ended June 30, 2015 are as follows:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Reason</u>
Joint Utility	Joint Utility	\$ 15,000.00	Interfund recorded transfer
General	Capital Projects	45,187	Capital expense
			Debt payments-Fund
General	Debt Service	30,826	Balance removal
General	General	5,810	Fund Balance removal
Fire protection	General	25,701	Payments
Municipal Road Fund	General	28,178	Fund Balance removal
Total		\$ 150,702.00	

NOTE 22. Vendor Listing

<i>RFB# /RFP#</i>	<i>Type of Procurement</i>	<i>Awarded Vendor</i>	<i>\$ Amount of Awarded Contract</i>	<i>\$ Amount of Amended Contract</i>	<i>Name and Physical Address per the procurement documentation, of ALL Vendor(s) that responded</i>	<i>In-State/ Out-of-State Vendor (Y or N) (Based on Statutory Definition)</i>	<i>Was the vendor in-state and chose Veteran's preference (Y or N) For federal funds answer N/A</i>	<i>Brief Description of the Scope of Work</i>
NA	CES	Franken Construction	\$ 597,250	NA	NA-CES	Y	NA	Senior Center
NA	CES	First Americans	\$ 137,502	\$ 178,544	NA-CES	Y	NA	Senior Center

Prepared by Frank Tierney, 8/14/2015.

**NON-MAJOR GOVERNMENTAL FUNDS
AND JOINT UTILITY- BUDGET (NON-GAAP BUDGETARY BASIS) AND
ACTUAL (NON-GAAP BUDGETARY BASIS)-(FINANCIALS FOR ALL
GOVERNMENTAL AND JOINT UTILITY IN BASIC FINANCIAL
STATEMENTS)**

**STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS (continued)
FOR THE YEAR ENDED JUNE 30, 2015**

JOINT UTILITY FUND – To account for the Village’s various Utility Funds, (no breakdowns and multiple accounts for 2015, therefore one account fund was used).

OTHER FUNDS – Specifically listed other or unusual funds used in year. None for 2015, the schedule was maintained for future concerns.

**STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET (NON-GAAP
BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) –
SPECIAL REVENUE FUND – OTHER FUNDS (SPECIAL)
FOR THE YEAR ENDED JUNE 30, 2015**

	Original Budget	Final Budget	Actual (Non-GAAP Basis)	Variance With Final Budget Favorable (Unfavorable)
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross Receipt Taxes	-	-	-	-
Charges for Services	-	-	-	-
Licenses and Fees	-	-	-	-
Local Sources	-	-	-	-
State Sources	-	-	-	-
Federal Sources	-	-	-	-
State-Shared Taxes	-	-	-	-
Investment Income	-	-	-	-
TOTAL REVENUES	-	-	-	-
EXPENDITURES				
Current				
General Government	-	-	-	-
Highways and Streets	-	-	-	-
Public Safety	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
Net Increase (Decrease)	-	-	\$ -	\$ -

No actual activities for year ended June 30, 2015, added to General Fund.

Joint Utility Budget

**STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET (NON-GAAP
BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) –
SPECIAL REVENUE FUND – JOINT UTILITY FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Non-GAAP Basis)</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross Receipt Taxes	-	-	-	-
Charges for Services	215,900	308,669	202,499	(106,170)
Licenses and Fees	-	-	-	-
Local Sources	-	-	-	-
State Sources	-	-	-	-
Federal Sources	-	-	-	-
State-Shared Taxes	-	-	23	23
Investment Income	-	-	-	-
TOTAL REVENUES	<u>215,900</u>	<u>308,669</u>	<u>202,522</u>	<u>(106,147)</u>
EXPENDITURES				
Current				
Maintenance and Operations	178,050	263,428	264,333	(905)
Highways and Streets	-	-	-	-
Public Safety	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>178,050</u>	<u>263,428</u>	<u>264,333</u>	<u>(905)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	37,850	45,241	(61,811)	(105,242)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	15,000	15,000	-
Transfers Out	-	(15,000)	(15,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Increase (Decrease)	37,850	45,241	<u>\$ (61,811)</u>	<u>\$ (105,242)</u>
Prior Year Cash Balance Budgeted	<u>\$ -</u>	<u>\$ -</u>		

**REQUIRED SUPPLEMENTARY INFORMATION
(Including Pension Information)**

**STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES -
AGENCY FUNDS
JUNE 30, 2015**

	<u>Balance June 30, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2015</u>
<u>ASSETS</u>				
Cash	\$ -	\$ -	\$ -	\$ -
<u>LIABILITIES</u>				
Due to Other Agencies	\$ -	\$ -	\$ -	\$ -

The Village held No Agency Funds for the Year Ended June 30, 2015. The schedule was maintained for future implementation.

**STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND
SCHEDULE OF PLEDGED COLLATERAL
JUNE 30, 2015**

Name of Depository- CUISP	Description of Pledged Collateral	Par Value, June 30, 2015
BNY Melon- 3128MJSG6/3138LY5A1/ 31417EM57	FNMA/FMAC Bond Funds 3%- 7/1/2013	\$ 89,673

See Independent Auditors' Report

STATE OF NEW MEXICO
Schedules of Required Supplementary Information
SCHEDULE OF THE VILLAGE OF WAGON MOUND'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY OF PERA FUND DIVISION MUNICIPAL
GENERAL
Public Employees Retirement Association (PERA) Plan
Last 10 Fiscal Years* 2015

MUNICIPAL GENERAL FUND

	<u>2015</u>
Village's proportion of the net pension liability (asset)	0.1978%
Village's proportionate share of the net pension liability (asset)	\$ 46,026
Village's covered-employee payroll	\$ 46,850
Village's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	98.24%
Plan fiduciary net position as a percentage of the total pension liability	81.29%

*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Village will present information for those years for which information is available. 2006-2014 unavailable.

STATE OF NEW MEXICO
Schedules of Required Supplementary Information
SCHEDULE OF THE QUAY COUNTY'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY OF PERA FUND DIVISION MUNICIPAL GENERAL
Public Employees Retirement Association (PERA) Plan
Last 10 Fiscal Years* 2015

MUNICIPAL GENERAL FUND

	<u>2015</u>
Contractually required contribution	\$ 4,474
Contributions in relation to the contractually required contribution	<u>4,450</u>
Contribution deficiency (excess)	<u>\$ 24</u>
Village's covered-employee payroll	\$ 46,850
Contributions as a percentage of covered-employee payroll	9.50%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Village will present information for those years for which information is available. 2006-2014 unavailable.

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COMPLIANCE SECTION



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

Independent Auditors' Report

To the Honorable Timothy Keller
New Mexico State Auditor
Santa Fe, New Mexico
and

To the Honorable Mayor and the Village Council
Village of Wagon Mound
Wagon Mound, New Mexico

We have been engaged to audit, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund, the major special revenue funds and the major capital projects funds of the State of New Mexico, Village of Wagon Mound (Village), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and the combining and individual funds and related budgetary comparisons of the Village, presented as supplemental information and have issued our report dated October 30, 2015. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion of the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

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Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed in the accompanying *schedule of findings and responses*, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying *schedule of findings and responses* to be material weaknesses. [FS 2011-001, FS 2011-003, FS 2014-006, FS 2014-007 and FS 2014-008]

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompany *schedule of findings and responses* to be significant deficiencies. [FS 2012-001, FS 2014-002, FS 2014-003, FS 2014-004, FS 2014-012, 2015-001]

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and responses as items: [FS 2011-001, FS 2011-003, FS 2014-007 and FS 2014-008,]

Village's Response to Findings

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Village's responses were not subjected to the auditing procedures applied in the audit of financial statements and, accordingly, we do not express an opinion on them.

Purpose of this Report

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

Kubiak Melton & Associates, LLC

Kubiak Melton & Associates, LLC
Albuquerque, New Mexico
October 30, 2015

SUMMARY OF AUDIT RESULTS

Financials Statements:

- | | |
|--|------------|
| 1. Type of auditors' report issued | Disclaimer |
| 2. Internal control over financial reporting: | |
| a. Material weakness identified? | Yes |
| b. Significant deficiencies identified? | Yes |
| c. Noncompliance material to the financial statements? | Yes |

STATE OF NEW MEXICO
Village of Wagon Mound
Schedule of Findings and Responses
June 30, 2015

A. AUDIT FINDINGS/STATUS OF PRIOR YEAR FINDINGS

<u>D.</u> Prior Year Findings	<u>New Number</u>	<u>AUDIT FINDING DESCRIPTION</u>	<u>FY14</u>	<u>FY15</u>	<u>Type of Finding</u>
	2011-001	Physical Inventory and Capital Listing	Repeated	Repeated	C
	2011-003	Budget Overages	Repeated	Repeated	C
	2012-001	Internal Controls over Disbursements	Repeated	Repeated	B
	2013-001	Bank Reconciliations did not agree with general ledger	Repeated	Resolved	B
	2013-003	Contracting from Audit Services	Repeated	Resolved	D
	2014-001	Late Submission of Audit Report		Resolved	D
	2014-002	Reconciliation of Payroll Liabilities		Repeated	B
	2014-003	Reconciliation of Payroll Expenditures		Repeated	B
	2014-004	Segregation of Duties		Repeated	B
	2014-005	Customer Deposit Errors		Resolved	A
	2014-006	Allowance for Doubtful Accounts		Repeated	A
	2014-007	Internal Controls over Receipts		Repeated	C
	2014-008	Per Diem and Mileage Act		Repeated	C
	2014-009	Investment Account Errors		Resolved	B
	2014-010	Lack of FDIC Coverage		Resolved	C
	2014-011	Control Environment		Resolved	B
	2014-012	Fund Accounting		Repeated	B
Current Year Findings	2015-001	Payments to Board Members		New	B

Findings by Type

- A. Material Weakness in Internal Control of Financial Reporting
- B. Significant Deficiency in Internal Control of Financial Reporting
- C. Material Noncompliance of State Audit Rule
- D. Noncompliance-None for 15

2011-001 Physical Inventory and Capital Listing – Material Noncompliance-Repeated

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.

Criteria: 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.

STATE OF NEW MEXICO
Village of Wagon Mound
Schedule of Findings and Responses
June 30, 2015

Effect: The Village has not complied with Section 12-6-10 NMSA 1978 requirements.

Cause: 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.

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

Management's Progress: Village will need a contract in place for a Fixed Asset Listing, none in place at YE.

Management's Response: The Village conducted an inventory on April 29, 2015, but was unable to figure depreciation on many fixed assets, primarily water and sewer infrastructure as well as buildings. For that reason the Village will be conducting an inventory on all assets through a contracted qualified third party in 2015. Inventory/Fixed Asset Policies and Procedures were adopted on October 15, 2015. Per the Mayor, the Fixed asset list should be completed with contracted assistance by 1/30/2016.

2011-003 Budget Overages – Material Noncompliance-Repeated

Condition: During our analysis of budget to actual reports for the year ended June 30, 2015, we noted the total expenditures exceeded the total budgeted amounts resulting in two funds with over expended budgets totaling \$905 as follows:

Joint Utility Fund-(\$905)

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

Effect: 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.

Cause: The Village did not place emphasis on compliance with budget reporting requirements.

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

Management's Progress: The Village now has made significant progress in this matter, only one fund had an overage.

Management's Response: The Master Municipal Clerk will come and assist the Clerk/Treasurer to get all forms and reports up to par and see exactly where the problems are at. The Clerk has been asking for a CPA for 3 past years due to so many people using the QuickBooks system before she came on board. The council of the Village finally agreed to hire a qualified Municipal Clerk to assist clerk and clean all the financial books.

The Village continues to not have a system in place to track the budget effectively to ensure budget compliance. The Village is currently using QuickBooks which keeps track of the fund but does not keep track of the line item. The Village purchased Assist which is a new financial

STATE OF NEW MEXICO
Village of Wagon Mound
Schedule of Findings and Responses
June 30, 2015

software which could help in this process, but since the purchase of the software, the hired Master Municipal Clerk and representative from the DFA have recommended staying with QuickBooks but linking the budget to it so that there is a close connection between accounting software and budget. This would alarm the Clerk of any overages, and highlight the necessity for a BAR. The Mayor will attempt to correct this by 6/30/2016.

2012-001 Internal Control over Disbursements– Significant Deficiency-Repeated

Condition: Per Review of the Village's control over disbursements, we noted that for 5 of 25 disbursements reviewed, totaling \$3,523, Village did not have formal approval process in place to authorize and approve invoices for payment.

Criteria: 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.

Effect: The Village's internal control over purchasing authorization, approval and double payments limits management's ability to monitor the accuracy of transactions and provide assurance with respect to public funds.

Cause: The Village did not follow proper internal control procedures.

Auditors' Recommendations: The Village should exercise more caution with its document retention, purchase authorization, and payment procedure to ensure similar instances do not occur.

Management's Progress: The Village has not implemented the proper procedures in regards to said issue. Improvement has been made under Deputy Clerk.

Management's Response: The Village began paying all bills with a requisition and purchase order in September of 2015. The Village implemented a new purchase requisition form and payment voucher in September, 2015. These forms require the Deputy Clerk to obtain the Clerk-Treasurer's approval prior making any payment or purchase. The Clerk-Treasurer completed the State-mandated procurement course provided by Chemeketa College in April of 2015. The Clerk Treasurer passed the Chief Procurement Officer exam, and is now more familiar with State procurement procedures. The Village believes this was corrected at 9/30/2015.

FS 2014-002 - Reconciliation of Payroll Liabilities - Significant Deficiency-Repeated/Modified

Condition: The Payroll liability account had accumulated without adjustment for multiple years. The amount was adjusted by KMA in 2014, however the amount was still not reconciled for 2015.

Criteria: Proper accounting of expenditures for each accounting period with proper accrual should be maintained.

STATE OF NEW MEXICO
Village of Wagon Mound
Schedule of Findings and Responses
June 30, 2015

Effect: Material restatement therefore causing a material adjustment to bring their payroll liabilities to a materially correct balance.

Auditors' Recommendation: Payroll accruals should not be carried forward and should be adjusted to the proper balances in the fiscal year they occur.

Management's Progress: The Village has not implemented the proper procedures in regards to said issue.

Management's Response: It appears to be an error beginning back to the early 90s with the transition from a manual ledger system to QuickBooks. Confirmation of zero liabilities at FY14 end are pending from the IRS, but other zero liabilities (PERA, NM Income tax, Unemployment, Health Insurance) have been confirmed. A ledger adjustment should bring the balance to zero, and payroll liabilities since March 2015 are now properly accounted for and do not accrue. The Mayor will attempt to correct this by 6/30/2016.

FS 2014-003 Reconciliation of Payroll Expenditures - Significant Deficiency-Repeated/Modified

Condition: The majority of payroll transactions were recorded in the general fund and were not recorded in the appropriate payroll expenditure accounts. The Reconciliation process was difficult as a result. It also appeared recorded payroll was not correct.

Criteria: Proper accounting of expenditures for each accounting period, and in each account should be maintained by properly recording transactions. Accounts should be reconciled accordingly to ensure accuracy.

Effect: Material restatements were required to properly state prior period expenditures which were paid by decreasing cash and increasing an asset in the payroll fund and increasing a liability and an expense in the account which incurred the expense.

Auditors' Recommendation: When recording payroll expense, the Village should properly record the expenditure in the proper account.

Management's Progress: The Village has not implemented the proper procedures in regards to said issue.

Management's Response: The Village Staff will continue to work to accurately identify, name, classify and record liabilities, expenses and accounts. The Mayor believes this issue will be corrected by 6/30/2015.

FS 2014-004 — Segregation of Duties – Significant Deficiency-Repeated/Modified

Condition: During our test work of the payroll expenditures, per diem expenditures and cash disbursements process, we noted the following instances of a lack of appropriate segregation of duties:

- The FY2015 Clerk (Deputy Clerk at present) can perform all essential functions in the cash receipt cycle.

STATE OF NEW MEXICO
Village of Wagon Mound
Schedule of Findings and Responses
June 30, 2015

Criteria: The Codification of Statements on Auditing Standards (SAS AU) paragraph 110.03 states that the financial statements are management's responsibility. Management is responsible for adopting sound accounting policies, and for establishing and maintaining internal control that will, among other things, initiate, authorize, record, process, and report transactions (As well as events and conditions) consistent with management's assertions embodied in the financial statements.

Effect: Without adequate segregation of duties in key control processes, there is an increased risk of fraudulent activity, and also an increased risk of errors that may not be detected timely.

Cause: Due to limited resources, the Village relies on the expertise of one individual to perform many duties. Limited resources in the process noted above appear to result in a lack of segregation of duties.

Auditors' Recommendations: The Village should develop a formal review process for the receipt, disbursement, and payroll transaction cycle. Also, implement and document policies and procedures to maintain proper internal controls that include segregation of duties. Monitor compliance with the process to make sure they are operating effectively.

Management's Progress: Progress has been negated by the turnover rate of the Village.

Management's Response: Realizing the necessity to segregate duties, the Clerk can only be involved in reviewing deposits, and in reconciling against bank statements at month's end. The Clerk cannot make deposits. The Clerk's own payroll must be reviewed by the Mayor, and checked for accuracy by the Office Assistant. The Clerk's own per diem and mileage is calculated by the Office Assistant, and approved by the Mayor. All disbursement checks require the signature of the Mayor and one Council member. The Village is currently without a Clerk. The Mayor states that the Village will improve this matter by 6/30/2015.

FS 2014-006 Allowance for Doubtful Accounts - Material Weakness-Repeated/Modified

Condition: The Village does not have an allowance for doubtful accounts in the business-type activities (Proprietary Funds).

Criteria: Proprietary Fund revenues should be reported net of allowances with the allowance amount disclosed in the financial statements.

Effect: Uncollectible receivable amounts from customers that are not being charged off. There are balances which have been due from customers for months.

Cause: The Village personnel did not realize the actual uncollectible balance should be written off and the Board of Trustees had not established a policy to write these accounts off.

Auditors' Recommendation: The Village should establish a policy for determining an allowance for uncollectible receivables.

Management's Progress: Management still needs to put an account in place.

Management's Response: The Village has established a checking account from which to hold and refund utility meter deposits. A policy for timely refunding or writing-off of nonrefundable/uncollectable balances will be drafted and presented before the Village governing body in 2015. Corrected at 9/30/2015.

STATE OF NEW MEXICO
Village of Wagon Mound
Schedule of Findings and Responses
June 30, 2015

2014-007 – Internal Controls over Receipts – Material Noncompliance-Repeated/Modified

Condition: The Village does not have a comprehensive documented internal control policy that has been implemented in relation to cash receipts and deposits. There is no formal process being followed for cash receipts and deposits.

- Five out of five deposits tested were not sent to the bank in a timely manner within 24 hours of receipt.

Criteria: Appropriate internal controls in cash receipts and cash disbursements is required to properly report all revenues and expenditures as required by Section 6-6-3, NMSA 1978 law related to the 24 hour deposit rule.

Effect: Because the internal control structure is not completely documented the effect is that management and staff are unaware about what procedures and processes to follow or what key controls are in place to properly safeguard assets. Adequate controls are not in place to prevent or detect misstatements of accounting information.

Cause: For the fiscal year 2015 management did not have a documented policy that was being followed to ensure internal controls were in place and operating effectively.

Auditors' Recommendation: We recommend that management implement proper internal controls over receipts, so money can be properly accounted for. These policies should be written, implemented, and periodically updated to ensure proper internal controls are present and operating effectively.

Management's Progress: This particular issue is difficult due to the location of the nearest banking institution.

Management's Response: The Village realizes the necessity to segregate duties with regard to cash receipts and disbursements and has implemented a system where the Clerk verifies the amounts of deposits and disbursements, but does not make deposits in the bank. Community First was the only bank in Wagon Mound until February of 2015. When they withdrew from the Village, accounts were set up with Wells Fargo in Springer. This is a hardship because of limited staff and the 23-mile distance to the Bank. Also, both Clerk and Office Assistant must spell each other when counting cash register in- or out- each day and placing cash drawer and undeposited checks in the safe overnight. The Mayor will attempt to correct this by 6/30/2016.

2014-008 – Per Diem and Mileage Act-Material Noncompliance-Repeated

Condition: During our test work of the Village's compliance with the per diem and mileage act, we noted that per policy Village employees were advanced 100% of per diem when requested, although this did not come up in testwork, it was a noted policy.

Criteria: According to NMAC 2.42.2.10, an employee may be advanced up to 80 percent of per diem rates and mileage cost. According to NMAC 2.42.2.11, Mileage accrued in the use of a private conveyance shall be paid only in accordance with the provisions of this section. Rate: Public officers and employees of state agencies shall be reimbursed for mileage accrued in the use of a private automobile or aircraft in the discharge of official duties as follows: unless the secretary has reduced the rates set for mileage for any class of public officials and for

STATE OF NEW MEXICO
Village of Wagon Mound
Schedule of Findings and Responses
June 30, 2015

employees of state agencies pursuant to Section 10-8-5 (D) NMSA 1978, 80% of the internal revenue service standard mileage rate set January 1 of the previous year for each mile traveled in a privately owned vehicle.

Cause: The Village does not have adequate internal controls over travel and per diem expenditures.

Effect: The Village is in not in compliance with New Mexico law.

Auditors' Recommendation: We recommend that the Village improve internal controls over their travel and per diem reimbursement and advance to match the requirements provided by NMAC 2.42.2.

Management's Progress: Policy is followed when possible, some staff needs advance to pay for travel.

Management's Response: Once aware, the Village now complies with NMAC 2.42.2, and discourages advance disbursements of per diem and mileage, advancing 80% of rates when necessary. All per diem and mileage must be calculated by the Office Assistant, checked by Clerk and approved by Mayor and at least one Council member. Corrected as of 9/30/2015.

2014-012 Fund Accounting - Significant Deficiency-Repeated/Modified

Condition: During our audit process, we were unable to determine which general ledger accounts were associated with the various funds. It also appeared expenditures were paid from incorrect funds without proper documentation.

Criteria: Per SAO Rule 2.2.2.8 J (2), the agency shall maintain adequate accounting records. This includes setting up a chart of accounts that are easily determinable by fund so that transactions may be recorded in the proper account and proper fund.

Effect: Governmental activities may be co-mingled with business-type activities and other transactions may be recorded in the wrong fund and account.

Cause: The Village's accounting software was not set up correctly initially to record transactions in the proper funds.

Auditors' Recommendation: We recommend the Village sets their accounting records up by funds with the correct accounts and they train staff to record transactions accurately and consistently.

Management's Progress: The Village has made improvements, but still needs proper fund training.

Management's Response: In March of 2015, a representative of the DFA Local Governments Division, re-ordered, re-classified and re-named accounting records to A) mirror State Budget line items and numbering, and B) more accurately reflect what the accounts are for. This should allow staff to more consistently and precisely record transactions. This is an ongoing improvement. The Mayor will attempt to correct this by 6/30/2016.

**STATE OF NEW MEXICO
Village of Wagon Mound
Schedule of Findings and Responses
June 30, 2015**

2015-001 Board Member Pay - Significant Deficiency-New

Condition: The Village has been paying members of the Governing Body with Form 1099's.

Criteria: IRC 3401 (c), elected officials of state or local government are employees for income tax purposes.

Effect: The Village and employees are paying incorrect amount (lower than the requirement).

Cause: The Village was not aware of this rule.

Auditors' Recommendation: We recommend that the Village correct this error as soon as reasonably possible.

Management's Progress: New Finding.

Management's Response: The Village intends to correct this. The Mayor has assured it will be corrected by 6/30/2016.

**STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND
EXIT CONFERENCE
FOR THE YEAR ENDED JUNE 30, 2015**

An exit conference was held on October 30, 2015, to discuss the results of the audit. Notice of this meeting was disclosed pursuant to the Open Meeting Act (10-15-1, NMSA 1978). Attending were the following:

Representing the Village:

Nora Sanchez, Deputy Clerk
Laudente T. Quintana, mayor
F. Luis López, Council

Representing the Independent Auditors:

Geoff Mamerow, Audit Manager

Note: The financial statements were prepared by the independent certified public accounting firm performing the audit with the assistance of the Office's Administrator. Management is responsible for ensuring that the books and records adequately support the preparation of financial statements in accordance with generally accepted accounting principles. Management has reviewed and approved the financial statements.