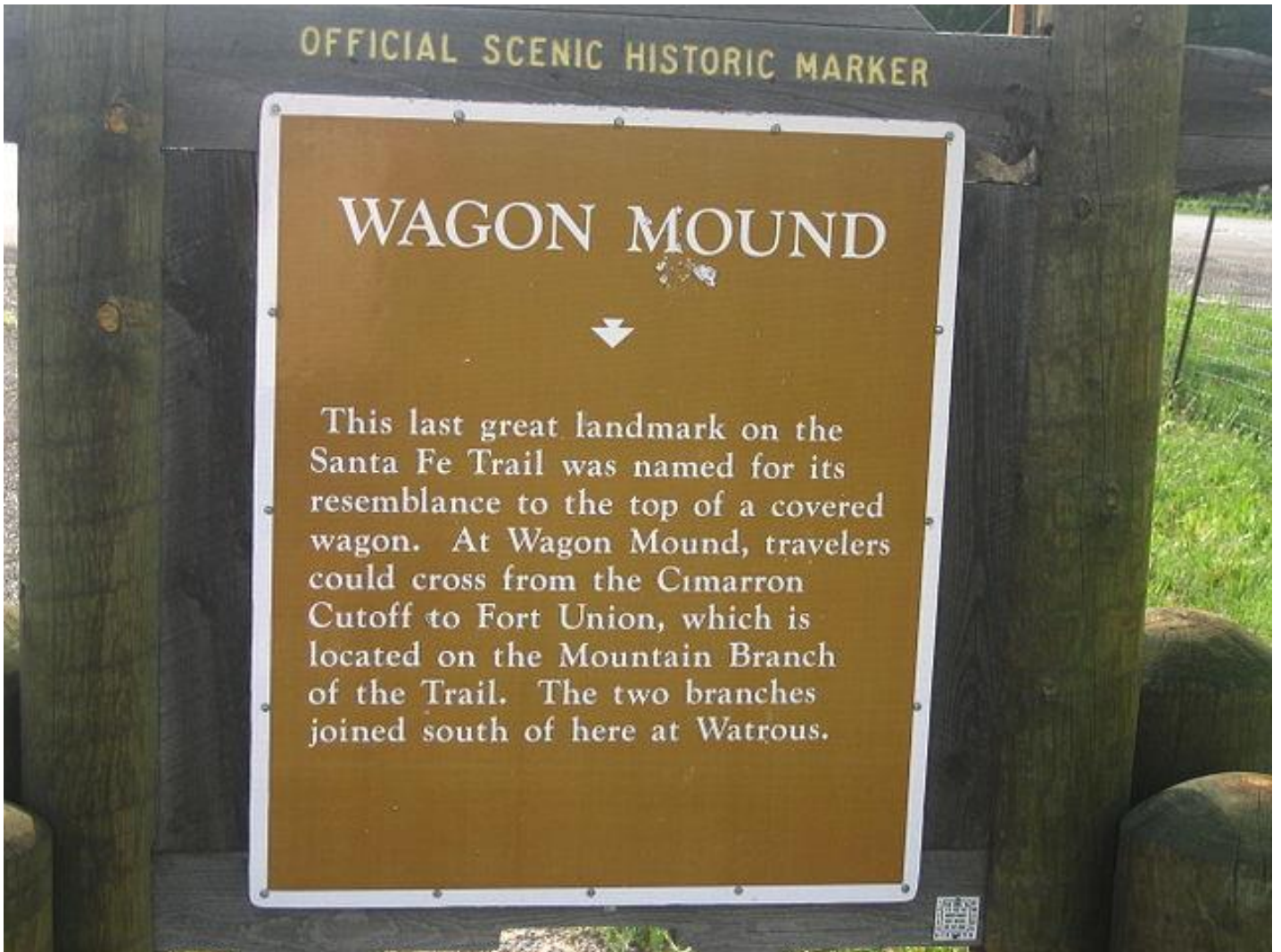


**STATE OF NEW MEXICO VILLAGE OF
WAGON MOUND**

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2017



(This page is intentionally left blank)

INTRODUCTORY SECTION

STATE OF NEW MEXICO
Village of Wagon Mound
Table of Contents
June 30, 2017

Page No.

INTRODUCTORY SECTION:

Official Roster6

FINANCIAL SECTION:

Independent Auditors' Report.....8-10

BASIC FINANCIAL STATEMENTS:

Government-Wide Financial Statements:

Statement of Net Position (Exhibit A-1) 13

Statement of Activities (Exhibit A-2) 14-15

Fund Financial Statements:

Balance Sheet – Governmental Funds (Exhibit B-1) 16

Reconciliation of the Balance Sheet – Governmental Funds to
The Statement of Net Position 17

Statement of Revenues, Expenditures and Changes in Fund Balances –
Governmental Funds (Exhibit B-2) 18

Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances – Governmental Funds to the Statement of Activities 19

Statement of Revenues, Expenditures and Changes in Fund Balance – Budget
(Non-GAAP Budgetary Basis) and Actual:
General Fund (Exhibit C-1) 20

Statement of Revenues, Expenditures and Changes in Fund Balance – Budget
(Non-GAAP Budgetary Basis) and Actual:
Fire Protection (Exhibit C-2)..... 21

Statement of Revenues, Expenditures and Changes in Fund Balance – Budget
(Non-GAAP Budgetary Basis) and Actual:
Law Enforcement (Exhibit C-3) 23

Proprietary Funds - Statement of Net Position (Exhibit D-1)..... 24

Proprietary Funds - Statement of Revenues, Expenditures and Changes in Net
Position (Exhibit D-2) 25

Proprietary Funds - Statement of Cash Flows (Exhibit D-3) 27

STATE OF NEW MEXICO
Village of Wagon Mound
Table of Contents
June 30, 2017

Notes to Financial Statements28-51

REQUIRED SUPPLEMENTARY INFORMATION:

Schedule of the Village’s Proportionate Share of the Net Pension liability –
of PERA Fund – Municipal General Division (Schedule I) 54

Schedule of Employer Contributions PERA – Municipal General Division (Schedule II).... 55

Notes to Required Supplementary Information 56

SUPPORTING SCHEDULES:

Schedule of Deposits and Investments (Schedule III) 58

Schedule of Collateral Pledged by Depository (Schedule IV) 59

Financial Data Schedule-Housing Authority (Schedule V) 60-62

COMPLIANCE SECTION:

Independent Auditor’s 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 64-65

Schedule of Findings and Questioned Costs.....66-68

Exit Conference 69

**STATE OF NEW MEXICO
Village of Wagon Mound
Official Roster
June 30, 2017**

VILLAGE COUNCIL

Tom F. Herrera.....Mayor
F. Luis LopezMayor Pro Tem
Andy B. MartinezCouncilor
Adrian A. ClouthierCouncilor
Zeke C. TrujilloCouncilor

VILLAGE OFFICIALS

Nora Sanchez.....Clerk/Treasurer
Colleen Engelhart.....Deputy Clerk

FINANCIAL SECTION



Auditors~Consultants~CPA

INDEPENDENT AUDITOR'S REPORT

Honorable Wayne Johnson
New Mexico State Auditor
Santa Fe, New Mexico

and

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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, the aggregate remaining fund information and the budgetary comparisons for the general fund and major special revenue funds of the Village of Wagon Mound (the Village), as of and for the year ended June 30, 2017, and the related notes to the financial statements which collectively comprise the Village's basic financial statements 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 responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Village of Wagon Mound Housing Authority (the Authority), which represent 2.91 percent, 2.96 percent, and 13.44 percent, respectively, of the assets, net position, and revenues of the Village and the Authority. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Authority, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control, and accordingly, no such opinion is expressed.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, the aggregate remaining fund information and the budgetary comparisons for the general fund and major special revenue funds of the Village, as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America required to be presented to supplement the basic financial statements. Such 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 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.

Accounting principles generally accepted in the United States of America require Schedules I and II and Notes to Required Supplementary Information on pages 52-54, be presented to supplement the basic financial statements. Such 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 financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on financial statements that collectively comprise the Village's basic financial statements. The Supporting Schedules III and IV required by Section 2.2.2 NMAC and schedule V, required by the U.S. Department of Housing and Urban Development, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Supporting Schedule V, required by the U.S. Department of Housing and Urban Development, is the responsibility of management and was furnished to us by other auditors and our opinion, insofar as it relates to Schedule V, is based solely on the report of the other auditors. Based on the report supplied to us from other auditors Schedule V was derived from and relates directly to the underlying accounting and other records used by the other auditors to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied by the other auditors in their audit of the Authority's basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In the opinion of the other auditors, Schedule V, required by the U.S. Department of Housing and Urban Development, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 12, 2017 on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Southwest Accounting Solutions, LLC

Southwest Accounting Solutions, LLC
Albuquerque, New Mexico
December 12, 2017

BASIC FINANCIAL STATEMENTS

(This page is intentionally left blank)

STATE OF NEW MEXICO
Village of Wagon Mound
Statement of Net Position
June 30, 2017

Exhibit A-1

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Component Unit Activities</u>
Assets				
Current Assets				
Cash and cash equivalents	\$ 521,139	\$ 234,911	\$ 756,050	\$ 13,304
Restricted cash	-	9,579	9,579	6,154
Property taxes receivable	2,880	-	2,880	-
Gross receipts taxes receivable	24,076	-	24,076	-
Prepaid Insurance	-	-	-	2,482
Inventory	-	-	-	6,033
Accounts receivable	-	19,766	19,766	20,612
Total current assets	<u>548,095</u>	<u>264,256</u>	<u>812,351</u>	<u>48,585</u>
Noncurrent assets				
Capital assets	5,288,347	3,424,984	8,713,331	935,567
Less: Accumulated Depreciation	(2,410,460)	(1,892,065)	(4,302,525)	(825,441)
Total noncurrent assets	<u>2,877,887</u>	<u>1,532,919</u>	<u>4,410,806</u>	<u>110,126</u>
Deferred outflows of resources				
Deferred outflows of resources related to pension	45,916	29,728	75,644	-
Total deferred outflows of resources	<u>45,916</u>	<u>29,728</u>	<u>75,644</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 3,471,898</u>	<u>\$ 1,826,903</u>	<u>\$ 5,298,801</u>	<u>\$ 158,711</u>
Liabilities				
Current Liabilities				
Accounts payable	\$ 12,397	\$ 4,644	\$ 17,041	\$ 2,028
Accrued salaries and benefits	4,332	2,605	6,937	2,903
Compensated absences	1,996	2,083	4,079	-
Notes payable	22,196	5,125	27,321	-
Accrued liabilities	-	-	-	1,196
Total current liabilities	<u>40,921</u>	<u>14,457</u>	<u>55,378</u>	<u>6,127</u>
Noncurrent liabilities				
Customer deposits	-	7,459	7,459	4,202
Notes payable	141,801	66,629	208,430	-
Compensated absences	2,642	2,524	5,166	-
Net pension liability	92,026	61,350	153,376	-
Total noncurrent liabilities	<u>236,469</u>	<u>137,962</u>	<u>374,431</u>	<u>4,202</u>
Total Liabilities	<u>277,390</u>	<u>152,419</u>	<u>429,809</u>	<u>10,329</u>
Deferred inflows of resources				
Deferred inflows of resources related to pension	2,756	346	3,102	-
Total deferred inflows of resources	<u>2,756</u>	<u>346</u>	<u>3,102</u>	<u>-</u>
Net Position				
Net investment in capital assets	2,877,887	1,532,919	4,410,806	110,126
Restricted for:				
Special revenue	191,825	-	191,825	-
Unrestricted	122,040	141,219	263,259	38,256
Total Net Position	<u>3,191,752</u>	<u>1,674,138</u>	<u>4,865,890</u>	<u>148,382</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 3,471,898</u>	<u>\$ 1,826,903</u>	<u>\$ 5,298,801</u>	<u>\$ 158,711</u>

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, 2017

<u>Functions and Programs</u>	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
PRIMARY GOVERNMENT				
Governmental Activities				
General government	\$ 295,881	\$ 1,703	\$ 548,742	\$ -
Public safety	32,462	-	128,856	-
Interest on long-term debt	3,886	-	-	-
Total Governmental Activities	<u>332,229</u>	<u>1,703</u>	<u>677,598</u>	<u>-</u>
Business-Type Activities				
Joint Utility	289,759	230,539	-	-
Total Business-Type Activities	<u>289,759</u>	<u>230,539</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 621,988</u>	<u>\$ 232,242</u>	<u>\$ 677,598</u>	<u>\$ -</u>
Component Unit	<u>\$ 110,421</u>	<u>\$ 38,990</u>	<u>\$ 67,758</u>	<u>\$ 51,316</u>

General Revenues:

Taxes:

 Property taxes levied for general purposes

 Gross receipt taxes

Interest income

Miscellaneous income

Transfers

Subtotal, General Revenues

Change in Net Position

Net Position - beginning

Net position - ending

See Independent Auditors' Report and Notes to Financial Statements

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Government Activities	Business- Type Activities	Total	Housing Authority
\$ 254,564	\$ -	\$ 254,564	\$ -
96,394	-	96,394	-
(3,886)	-	(3,886)	-
<u>347,072</u>	<u>-</u>	<u>347,072</u>	<u>-</u>
-	(59,220)	(59,220)	-
-	(59,220)	(59,220)	-
<u>347,072</u>	<u>(59,220)</u>	<u>287,852</u>	<u>-</u>
-	-		47,643
32,101	-	32,101	-
76,069	-	76,069	-
15	-	15	19
9,359	-	9,359	1,234
(12,032)	12,032	-	-
<u>105,512</u>	<u>12,032</u>	<u>117,544</u>	<u>1,253</u>
452,584	(47,188)	405,396	48,896
<u>2,739,168</u>	<u>1,721,326</u>	<u>4,460,494</u>	<u>99,486</u>
<u>\$ 3,191,752</u>	<u>\$ 1,674,138</u>	<u>\$ 4,865,890</u>	<u>\$ 148,382</u>

STATE OF NEW MEXICO
Village of Wagon Mound
Balance Sheet
Governmental Funds
June 30, 2017

Exhibit B-1
Page 1 of 2

	<u>General Fund</u>	<u>Fire Protection Fund</u>	<u>Law Enforcement</u>	<u>Total</u>
Assets				
Cash and cash equivalents	\$ 327,852	\$ 189,640	\$ 3,647	\$ 521,139
Gross receipts tax receivable	24,076	-	-	24,076
Property tax receivable	2,880	-	-	2,880
Total assets	<u>\$ 354,808</u>	<u>\$ 189,640</u>	<u>\$ 3,647</u>	<u>\$ 548,095</u>
Liabilities and fund balance				
Liabilities				
Accounts payable	\$ 10,935	\$ 1,462	\$ -	\$ 12,397
Accrued salaries and benefits	4,332	-	-	4,332
Total liabilities	<u>15,267</u>	<u>1,462</u>	<u>-</u>	<u>16,729</u>
Fund balance				
Restricted for:				
Special revenue	-	188,178	3,647	191,825
Committed to:				
Minimum Fund Balance	52,117	-	-	52,117
Unassigned	287,424	-	-	287,424
Total fund balance	<u>339,541</u>	<u>188,178</u>	<u>3,647</u>	<u>531,366</u>
Total liabilities and fund balance	<u>\$ 354,808</u>	<u>\$ 189,640</u>	<u>\$ 3,647</u>	<u>\$ 548,095</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, 2017

Exhibit B-1
Page 2 of 2

Total Fund Balance - Governmental Funds **\$ 531,366**

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds

Capital Assets	5,288,347
Less: Accumulated Depreciation	(2,410,460)

Deferred outflows and inflows relating to pension liabilities are not payable / collectable in the current period and therefore are not reported in the fund financial statements.

Deferred Outflows	45,916
Deferred Inflows	(2,756)

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:

Accrued compensated absences	(4,638)
Notes payable	(163,997)
Net pension liability	(92,026)

Total net position of governmental activities	<u><u>\$ 3,191,752</u></u>
--	-----------------------------------

STATE OF NEW MEXICO
Village of Wagon Mound
Statement of Revenues, Expenses, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017

Exhibit B-2
Page 1 of 2

	<u>General Fund</u>	<u>Fire protection Fund</u>	<u>Law Enforcement</u>	<u>Total</u>
Revenues				
Property taxes	\$ 32,101	\$ -	\$ -	\$ 32,101
Gross receipt taxes	76,069	-	-	76,069
Charges for services	1,703	-	-	1,703
State operating grants	548,742	108,856	20,000	677,598
Miscellaneous income	9,359	-	-	9,359
Interest income	15	-	-	15
Total Revenues	<u>667,989</u>	<u>108,856</u>	<u>20,000</u>	<u>796,845</u>
Expenditures				
Current:				
General government	220,620	-	-	220,620
Public safety	-	7,773	16,432	24,205
Capital outlay	404,785	-	-	404,785
Debt service:				
Principal	-	21,815	-	21,815
Interest	-	3,886	-	3,886
Total expenditures	<u>625,405</u>	<u>33,474</u>	<u>16,432</u>	<u>675,311</u>
Excess (deficiency) of revenues over expenditures	<u>42,584</u>	<u>75,382</u>	<u>3,568</u>	<u>675,311</u>
Other financing sources (uses)				
Transfers in	14,852	-	-	14,852
Transfers out	-	(22,409)	(4,475)	(26,884)
Total other financing sources (uses)	<u>14,852</u>	<u>(22,409)</u>	<u>(4,475)</u>	<u>(12,032)</u>
Net change in fund balance	<u>57,436</u>	<u>52,973</u>	<u>(907)</u>	<u>109,502</u>
Fund balance-Beginning of Year	282,105	135,205	4,554	421,864
Fund balance - end of year	<u>\$ 339,541</u>	<u>\$ 188,178</u>	<u>\$ 3,647</u>	<u>\$ 531,366</u>

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO
Village of Wagon Mound
Reconciliation of the Statement or Revenues, Expenses and Changes in Fund
Balances - Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2017

Net Change in Fund Balance - Governmental Funds \$ 109,502

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

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital expenditures recorded in capital outlay	404,785
Depreciation expense	(76,294)

Expenses reported in the statement of activities that do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:

Change in pension liability	(5,637)
-----------------------------	---------

The issuance of long-term debt (e.g. bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:

Increase in accrued compensated absences	(1,587)
Principal payments on bonds and loans payable	<u>21,815</u>

Change in Net Position of Governmental Activities \$452,584

**STATE OF NEW MEXICO
Village of Wagon Mound
General Fund**

Exhibit C-1

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2017**

	<u>Budgeted Amounts</u>			<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final to actual</u>
Revenues				
Taxes:				
Property taxes	\$ 27,000	\$ 32,000	\$ 33,530	\$ 1,530
Gross receipts	68,000	68,000	62,251	(5,749)
Other	30,150	30,150	9,359	(20,791)
Franchise tax	-	-	-	-
Intergovernmental income:				
State operating grants	500,402	500,402	546,190	45,788
State capital grants	-	-	-	-
Charges for services	5,000	5,000	1,703	(3,297)
Licenses and fees	800	800	-	(800)
Interest income (loss)	800	800	15	(785)
Miscellaneous	30,000	30,000	-	(30,000)
Total revenue	<u>662,152</u>	<u>667,152</u>	<u>653,048</u>	<u>(14,104)</u>
Expenditures				
Current				
General government	228,800	228,800	222,839	5,961
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	706,620	706,620	404,785	301,835
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>935,420</u>	<u>935,420</u>	<u>627,624</u>	<u>307,796</u>
Excess (deficiency) of revenues over expenditures	<u>(273,268)</u>	<u>(268,268)</u>	<u>25,424</u>	<u>293,692</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	273,268	268,268		
Transfers in	45,678	45,678	14,852	-
Transfers out	(48,708)	(57,447)		57,447
Total other financing sources (uses)	<u>(3,030)</u>	<u>(11,769)</u>	<u>14,852</u>	<u>57,447</u>
Net Change in fund balance	(276,298)	(280,037)	40,276	320,313
Fund balance - beginning of year			282,105	
Fund balance - end of year			<u>\$ 322,381</u>	
Net change in fund balance (non-GAAP budgetary basis)			<u>40,276</u>	
Adjustments to revenue for taxes receivable			14,941	
Adjustment to expenditures for accounts payable			2,219	
Net Change in fund balance (GAAP basis)			<u>\$ 57,436</u>	

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
Village of Wagon Mound
Fire Protection**

Exhibit C-2

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2017**

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
				Final to actual
Revenues				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
State operating grants	244,061	244,061	108,856	(135,205)
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	244,061	244,061	108,856	(135,205)
Expenditures				
Current				
General government	-	-	-	-
Public safety	114,299	114,299	6,311	107,988
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	21,815	21,815	21,815	-
Interest	3,886	3,886	3,886	-
Total expenditures	140,000	140,000	32,012	107,988
Excess (deficiency) of revenues over expenditures	104,061	104,061	76,844	(27,217)
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	(104,061)	(104,061)		
Transfers in	-	-	-	-
Transfers out	(28,173)	(25,701)	(22,409)	-
Total other financing sources (uses)	(28,173)	(25,701)	(22,409)	-
Net Change in fund balance	75,888	78,360	54,435	(23,925)
Fund balance - beginning of year			135,205	
Fund balance - end of year			\$ 189,640	
Net change in fund balance (non-GAAP budgetary basis)			54,435	
Adjustments to revenue			-	
Adjustment to expenditures			(1,462)	
Net Change in fund balance (GAAP basis)			\$ 52,973	

See Independent Auditors' Report and Notes to Financial Statements

(This page is intentionally left blank)

**STATE OF NEW MEXICO
Village of Wagon Mound
Law Enforcement**

Exhibit C-3

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable (Unfavorable)</u>
				<u>Final to actual</u>
Revenues				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
State operating grants	20,000	20,000	20,000	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	20,000	20,000	16,432	3,568
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>20,000</u>	<u>20,000</u>	<u>16,432</u>	<u>3,568</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>3,568</u>	<u>3,568</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(4,475)	(4,475)	(4,475)	-
Total other financing sources (uses)	<u>(4,475)</u>	<u>(4,475)</u>	<u>(4,475)</u>	<u>-</u>
Net change in fund balance	-	-	(907)	(907)
Fund balance - beginning of year			<u>4,554</u>	
Fund balance - end of year			<u>\$ 3,647</u>	
Net change in fund balance (non-GAAP budgetary basis)			<u>(907)</u>	
Adjustments to revenue			-	
Adjustment to expenditures			-	
Net Change in fund balance (GAAP basis)			<u>\$ (907)</u>	

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO
Village of Wagon Mound
Statement of Net Position
Proprietary Funds
June 30, 2017

	<u>Joint Utility</u>
Assets	
Cash and cash equivalents	\$ 234,911
Restricted cash	9,579
Accounts receivable	19,766
Total current assets	<u>264,256</u>
Noncurrent assets	
Capital assets	3,424,984
Less: accumulated depreciation	<u>(1,892,065)</u>
Total noncurrent assets	<u>1,532,919</u>
Deferred outflows of resources	
Deferred outflows of resources related to pension	29,728
Total deferred outflows	<u>29,728</u>
Total assets, and deferred outflows of resources	<u>\$ 1,826,903</u>
Liabilities	
Accounts payable	\$ 4,644
Accrued salaries and benefits	2,605
Compensated absences	2,083
Notes payable	5,125
Total current liabilities	<u>14,457</u>
Noncurrent liabilities	
Customer deposits	7,459
Notes payable	66,629
Compensated absences	2,524
Pension liability	61,350
Total noncurrent liabilities	<u>137,962</u>
Deferred inflows of resources	
Deferred inflows of resources related to pension	346
Total deferred inflows of resources	<u>346</u>
Net position	
Net investment in capital asset	1,532,919
Unrestricted	141,219
Total net position	<u>1,674,138</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 1,826,903</u>

See Independent Auditors' Report and Notes to Financial Statements

Village of Wagon Mound

Statement of Revenues, Expenses, and Changes in Net Position

Proprietary Funds

For the Year Ended June 30, 2017

	<u>Joint Utility</u>
Operating revenues:	
Charges for services	\$ 230,539
Total operating revenues	<u>230,539</u>
Operating expenses:	
Depreciation and amortization	101,338
Personnel services	63,194
Utilities	39,809
Miscellaneous	85,418
Total operating expense	<u>289,759</u>
Operating income (loss)	<u>(59,220)</u>
Income (loss) before contributions and transfers	<u>(59,220)</u>
Transfers in	12,032
Capital Grants	-
Total contributions and transfers	<u>12,032</u>
Change in Net Position	<u>(47,188)</u>
Net Position - beginning of the year	<u>1,721,326</u>
Net Position - end of the year	<u><u>\$ 1,674,138</u></u>

See Independent Auditors' Report and Notes to Financial Statements

(This page is intentionally left blank)

STATE OF NEW MEXICO
Village of Wagon Mound
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2017

Exhibit D-3

	Joint Utility
Cash flow from operating activities	
Cash received from customers	\$ 226,144
Cash payments to employees for services	(58,676)
Cash payments to suppliers for goods and services	(126,072)
Net cash provided buy operating activities	41,396
Cash flow from noncapital financing activities	
Transfers	12,032
Net cash flows provided by noncapital financing activities	12,032
Cash Flows from capital and related financing activities:	
Interest paid	-
Principal payments	(5,125)
Acquisition of capital assets	-
Proceeds from capital governmental contributions	-
Net cash provided (used) by capital and related financing activities	(5,125)
Cash flows from investing activities	
Net increase (decrease) in cash and cash equivalents	48,303
Cash & cash equivalents - beginning of year	196,187
Cash & cash equivalents - end of year	\$ 244,490
Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Operating income (loss)	\$ (59,220)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities	
Pension Expense	3,759
Depreciation	101,338
Changes in assets & liabilities:	
Receivables	(6,515)
Accounts payable	(845)
Accrued salaries and benefits	1,440
Compensated absences	(681)
Customer deposits	2,120
Net cash provided (used) by operating activities	\$ 41,396

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO
Village of Wagon Mound
Notes to the Financial Statements
For the Year Ended June 30, 2017

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 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 a 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.

This summary of significant accounting policies of the Village is presented to assist in the understanding of the Village's financial statements. The financial statements and notes are the representation of the Village's management, who are responsible for their integrity and objectivity.

The financial statements of the Village have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standard Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. 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 Statement No. 14, as amended by GASB Statement No. 39 and GASB Statement No. 61. Blended component units, though legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

STATE OF NEW MEXICO
Village of Wagon Mound
Notes to the Financial Statements
For the Year Ended June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

A. Financial Reporting Entity (continued)

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens. 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. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity. Based upon the application of these criteria, the Village has one discretely presented component unit.

Village of Wagon Mound Housing Authority (Authority) has been determined to be a component unit of the Village that should be discretely presented in the Village's financial statements pursuant to the criteria described above. The Authority has issued their own separately stated financial statements. Additional information regarding the Authority may be obtained from their administrative office as follows: Wagon Mound Housing Authority, 710 Catron Ave, Wagon Mound, NM 87752.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental 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 non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, Accounting and Financial Reporting for Non-exchange Transactions.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt obligations. The Village's net position is reported in three parts - net investment in capital assets; restricted net position; and unrestricted net position.

STATE OF NEW MEXICO
Village of Wagon Mound
Notes to the Financial Statements
For the Year Ended June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

B. Government-wide and fund financial statements (continued)

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

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds. 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 of time, reimbursement and contingencies imposed by the provider are met.

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

STATE OF NEW MEXICO
Village of Wagon Mound
Notes to the Financial Statements
For the Year Ended June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

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

Program revenues included in the Statement of Activities are derived directly from the program itself or from parties outside the Village's taxpayer or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Village's general revenues. Program revenues are categorized as (a) charges for services, which include revenues collected for fees and use of Village facilities, etc., (b) program-specific operating grants, which includes revenues received from state and federal sources to be used as specified within each program grant agreement, and (c) program-specific capital grants and contributions, which include revenues from state sources to be used for capital projects. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Under the requirements of GASB Statement 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 include the following, which includes funds that were not required to be presented as major but were at the discretion of management:

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 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 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.

Law Enforcement Protection Fund. – To account for funds allotted by the Law Enforcement Protection Fund. Authority Section 29-13-5, NMSA 1978 (see governmental balance sheet).

The Village reports the following major enterprise funds:

The Joint Utility accounts for the provision of sewer and water services to the residents of the Village. All activities necessary to provide such services are accounted for in this fund including administration, operations, billing, and maintenance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported in the Statement of Activities.

STATE OF NEW MEXICO
Village of Wagon Mound
Notes to the Financial Statements
For the Year Ended June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (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 by function and is included in the direct expense of each function.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services. 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.

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position

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, interest-bearing savings accounts, bonds or other obligations of the U.S. Government, which is 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 in the event they are not received within 60 days of year end.

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 considered 100% collectible. The allowance for doubtful accounts for customer receivables is calculated based on the aging of the customer accounts receivable and the Village's historical experience with these receivables.

Inventories in the Housing Authority are recorded at the lower of cost or market on a FIFO basis, and consist of operating supplies held for use in operations and expenditures are incurred when inventories are consumed rather than when purchased.

STATE OF NEW MEXICO
Village of Wagon Mound
Notes to the Financial Statements
For the Year Ended June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (continued)

Property taxes are levied on November 1st based on the assessed value of property as listed on the previous January 1st 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.

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, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. State law sets a capitalization threshold of \$5,000 for acquisitions of property and equipment (12-10-10 NMSA 1978). 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 1980) are 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. Information technology equipment, including software, is being capitalized in accordance with NMAC 2.20.1.9 C (5).

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. 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>Asset</u>	<u>Years</u>
Buildings and Infrastructure	40
Equipment	5-20

STATE OF NEW MEXICO
Village of Wagon Mound
Notes to the Financial Statements
For the Year Ended June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (continued)

Accrued Expenses: Accrued expenses are comprised of the payroll expenditures based on amounts earned by the employees through June 30, 2017, along with the applicable PERA and Retiree Health Care (RHCA).

Deferred Outflows of Resources Related to Pension: In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a use of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until that time. The Village recognized deferred outflows of resources presented on the Statement of Net Position which arise due to the implementation of GASB Statement No. 68 and the related net pension liability in the amount of \$75,644. These amounts are deferred and recognized as an outflow of resources in the period that the amounts become due.

Deferred Inflows of Resources Related to Pension: In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Revenue must be susceptible to accrual (measureable and available to finance expenditures of the current fiscal period) to be recognized. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for deferred inflows of resources. The Village recognized deferred inflows of resources presented on the Statement of Net Position which arise due to the implementation of GASB Statement No. 68 and the related net pension liability in the amount of \$3,102. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Pensions: The Government wide financial statements and proprietary type funds report deferred outflows and deferred inflows 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.

Compensated Absences: Qualified employees are entitled to accumulate annual leave based on their employment classification and length of employment. The Village allows employees to accumulate unused sick leave up to a maximum of 240 hours. The Village does not allow for any sick leave to be converted to cash payouts. No employee receives a cash payout of their unused sick leave upon termination.

STATE OF NEW MEXICO
Village of Wagon Mound
Notes to the Financial Statements
For the Year Ended June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (continued)

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as expenditure and a fund liability of the governmental fund that will pay it. In prior years, substantially all of the related expenditures have been liquidated by the general fund. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources 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:

Net Investment in Capital Assets - Net investment in capital assets consist of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position – Consist of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted Net Position – All other net position that do not meet the definition of “restricted” or “investment in capital assets, net of related debt.”

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 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. At June 30, 2017 the Village reported \$1,301,694 in non-spendable fund balances, related to interfund loans in 1/8 GRT Infrastructure and ½ GRT Infrastructure funds.

STATE OF NEW MEXICO
Village of Wagon Mound
Notes to the Financial Statements
For the Year Ended June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (continued)

Restricted – 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.

At June 30, 2017, the Village has presented restricted and committed fund balances on the governmental funds balance sheet in the amount of \$243,942 for various Village operations as restricted by enabling legislation in special revenue funds. The details of these fund balance items are located on the governmental funds balance sheet as detailed on page 14.

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.

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. Significant estimates in the Village's financial statements consist of depreciation estimated useful lives of capital assets and the allowance for doubtful accounts of the Joint Utility.

STATE OF NEW MEXICO
Village of Wagon Mound
Notes to the Financial Statements
For the Year Ended June 30, 2017

NOTE 2. Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets of the Village are prepared prior to June 1 and must be approved by resolution of the Village Councilors, and submitted to the Department of Finance and Administration for State approval. Once the budget has been formally approved, any amendments must also be approved by the Village Councilors and the Department of Finance and Administration. A separate budget is prepared for each fund. Line items within each budget may be over-expended; however, it is not legally permissible to over-expend any budget in total as the legal level of budgetary control is at the fund level.

These budgets are prepared on the Non-GAAP cash basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year.

The budgetary information presented in these financial statements has been amended in accordance with the above procedures.

Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds. The Village is required to balance its budgets each year. Accordingly, amounts that are in excess or deficient are presented as changes in cash designated for expenditures, not as an excess or deficiency of revenues over expenditures. The Village Council may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance.

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.

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with Generally Accepted Accounting Principles, a reconciliation of resultant basis, perspective, equity, and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended June 30, 2017 is presented as part of the budgetary statements.

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, the state investment pool, money market accounts, and United States Government obligations. The Village is not aware of any invested funds that did not meet the State investment requirements as of June 30, 2017.

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.

STATE OF NEW MEXICO
Village of Wagon Mound
Notes to the Financial Statements
For the Year Ended June 30, 2017

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.

All of the Village's accounts at an insured depository institution, including 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.

Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. The Village does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978) that 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.

At June 30, 2017, \$467,625 of the Village's bank balance of \$767,084 was exposed to custodial credit risk. \$255,659 of the Villages cash deposits were uninsured and collateralized by collateral held by the pledging bank's trust department, not in the Village's name, and \$211,966 of the funds were uninsured and uncollateralized at June 30, 2017.

	Wells Fargo- Demand Deposits	Wells Fargo- Time Deposits	Total
Deposits	\$ 717,625	\$ 49,459	\$ 767,084
Less: FDIC Coverage	(250,000)	(49,459)	(299,459)
Total uninsured public funds	<u>467,625</u>	<u>-</u>	<u>467,625</u>
Collateralized by securities held by pledging institutions or by its trust department or agent other than the Village's name	<u>255,659</u>	<u>-</u>	<u>255,659</u>
Uninsured and uncollateralized	<u>211,966</u>	<u>-</u>	<u>211,966</u>
Collateral requirements (50% of uninsured funds)	233,813	-	233,813
Pledged Collateral	255,659	-	255,659
Over (under) collateralized	<u>\$ 21,847</u>	<u>\$ -</u>	<u>\$ 21,847</u>

STATE OF NEW MEXICO
Village of Wagon Mound
Notes to the Financial Statements
For the Year Ended June 30, 2017

NOTE 3. Cash and Cash Equivalents (continued)

The Carrying Amount of deposits and investments shown above are included in the Village's Statement of Net position as follows:

Cash and cash equivalents - Governmental Activities Exhibit A-1	\$	521,139
Cash and cash equivalents - Business-type Activities Exhibit D-1		234,911
Restricted cash - Business-type Activities Exhibit A-1		9,579
		9,579
Total cash and cash equivalents	\$	765,629
Add: outstanding checks		1,455
Less: outstanding deposits		-
		-
Bank balance of deposits	\$	767,084

NOTE 4. Receivables

Receivables as of June 30, 2017, are as follows:

	Governmental Funds	Proprietary Funds	Total
Property taxes	\$ 2,880	\$ -	\$ 2,880
Gross receipts taxes	24,076	-	24,076
Other receivables:		-	-
Customer Receivables-Net	-	19,766	19,766
Total Receivables, Net	\$ 26,956	\$ 19,766	\$ 46,722

The above governmental receivables are deemed 100% collectible. In accordance with GASB 33, property tax revenues receivables not collected within the period of availability was determined to be immaterial to the financial statements and was not reclassified as deferred inflow of resources in the governmental fund financial statements. The Village accrued an allowance for doubtful account in the Joint Utility in the amount of \$671.

STATE OF NEW MEXICO
Village of Wagon Mound
Notes to the Financial Statements
For the Year Ended June 30, 2017

NOTE 5. Transfers

Net operating transfers were made during the year for supplementing other funding in the normal course of operations. Also see finding 2014-012 relating to the below transfers. These transfers were as follows:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>
Fire Protection	Joint Utility	\$ 12,032
Fire Protection	General	\$ 10,377
Law Enforcement	General	\$ 4,475

NOTE 6. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2017 follows: (Land is not subject to depreciation.)

Governmental Activities:	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
Capital assets not being depreciated:				
Art	\$ 16,000	\$ -	\$ -	\$ 16,000
Construction in progress	984,812	-	-	984,812
Land	575,084	-	-	575,084
Total capital assets, not depreciated	<u>1,575,896</u>	<u>-</u>	<u>-</u>	<u>1,575,896</u>
Capital assets depreciated:				
Buildings and Infrastructure	2,451,071	404,785	-	2,855,856
Equipment	856,595	-	-	856,595
Total capital assets, depreciated	<u>3,307,666</u>	<u>404,785</u>	<u>-</u>	<u>3,712,451</u>
Less accumulated depreciation:				
Buildings	1,895,040	40,659	-	1,935,699
Equipment	439,126	35,635	-	474,761
Total accumulated depreciation	<u>2,334,166</u>	<u>76,294</u>	<u>-</u>	<u>2,410,460</u>
Capital Assets, Net	<u>\$ 2,549,396</u>			<u>\$ 2,877,887</u>

There were no deletions of capital assets in the fiscal year 2017. Depreciation expense for the year ended June 30, 2017 was charged to governmental activities as follows:

General Government	68,751
Public Safety	7,543
Total depreciation expense, governmental activities	<u>76,294</u>

STATE OF NEW MEXICO
Village of Wagon Mound
Notes to the Financial Statements
For the Year Ended June 30, 2017

NOTE 6. Capital Assets (continued)

A summary of capital assets and changes occurring during the year ended June 30, 2017 in the business Funds is as follows:

	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2017</u>
Capital assets depreciated:				
Buildings and infrastructure	3,056,869	-	-	3,056,869
Equipment	368,115	-	-	368,115
Total capital assets, depreciated	<u>3,424,984</u>	<u>-</u>	<u>-</u>	<u>3,424,984</u>
Less accumulated depreciation:				
Buildings	1,500,957	68,422	-	1,569,379
Equipment	289,770	32,916	-	322,686
Total accumulated depreciation	<u>1,790,727</u>	<u>101,338</u>	<u>-</u>	<u>1,892,065</u>
Capital Assets, Net	<u>\$ 1,634,257</u>			<u>\$ 1,532,919</u>

NOTE 7. Long-term Debt

Governmental Activities

During the year ended June 30, 2017 the following changes occurred in the long term debt reported in the Government-Wide Statement of Net Position:

	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2017</u>	<u>Due Within One Year</u>
NMFA Loans	\$ 185,974	\$ -	\$ 21,977	\$ 163,997	\$ 22,196
Compensated Absences	2,889	3,745	1,996	4,638	1,996
Total Long Term Debt	<u>\$ 188,863</u>	<u>\$ 3,745</u>	<u>\$ 23,973</u>	<u>\$ 168,635</u>	<u>\$ 24,192</u>

On November 1, 2014 the Village entered into a loan agreement with the New Mexico Finance Authority for the purchase of a fire pumper truck. The original amount of the loan was \$226,701, with a term of ten years. Interest on the loan varies from .37% - 2.79%. The Village pledged revenues from the Fire Protection Fund distributions made annually to the Village by the State Fire Marshall to pay the annual principal payments and the semi-annual interest payments on this loan, until paid off at maturity in May 2024. The amount of the pledged revenues for the remaining amount of the loans principal and interest as of June 30, 2017 is \$186,146. This revenue is subject to an intercept agreement. In fiscal year ending June 30, 2017, \$25,513 of For Fire Protection Fund revenues were used for the current year debt service.

STATE OF NEW MEXICO
Village of Wagon Mound
Notes to the Financial Statements
For the Year Ended June 30, 2017

NOTE 7. Long-term Debt (continued)

Governmental Activities (continued)

The annual requirement to amortize the outstanding loan as of June 30, 2017 including interest payments for Governmental Activities is as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2018	22,196	3,612	25,808
2019	22,496	3,502	25,998
2020	22,863	3,353	26,216
2021	23,300	3,204	26,504
2022-2026	73,142	8,478	81,620
	<u>\$ 163,997</u>	<u>\$ 22,149</u>	<u>\$ 186,146</u>

Business-Type Activities

Notes payables for the Business-Type Activities as of June 30, 2017 are comprised of the following:

	Balance June 30, 2016	Additions	Retirements	Balance June 30, 2017	Due Within One Year
NMED Clean Water Loan	\$ 76,879	\$ -	\$ 5,125	\$ 71,754	\$ 5,125
Compensated Absences	5,288	1,402	2,083	4,607	2,083
Total Long Term Debt	<u>\$ 82,167</u>	<u>\$ 1,402</u>	<u>\$ 7,208</u>	<u>\$ 76,361</u>	<u>\$ 7,208</u>

On April 25, 2012 the Village entered into a loan agreement with the New Mexico Environment Department for the purchase of making improvements to the Villages Joint Utility. The original amount of the loan was \$102,506, with a term of twenty years. The loan is a 0% interest loan and the Village did not impute interest due to the amount being immaterial to the financial statements. The Village pledged revenues from the Joint Utility to pay the annual principal payments on this loan, until paid off at maturity in April 2031. The amount of the pledged revenues was for the total amount of the loans principal in the amount of \$71,754.

The annual requirement to amortize the outstanding loan as of June 30, 2017 including interest payments for Business-Type Activities is as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2018	5,125	-	5,125
2019	5,125	-	5,125
2020	5,125	-	5,125
2021	5,125	-	5,125
2022-2026	25,626	-	25,626
2027-2031	25,628	-	25,626
Total	<u>\$ 71,754</u>	<u>\$ -</u>	<u>\$ 71,754</u>

STATE OF NEW MEXICO
Village of Wagon Mound
Notes to the Financial Statements
For the Year Ended June 30, 2017

NOTE 8. Risk Management

The Village is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of property, errors and omissions and natural disasters. The Village participates in the New Mexico Self-Insurers' 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 not be responsible for a loss in excess of the coverage amounts. As claims are filed, the New Mexico Self-Insurers' Fund assesses and estimates the potential for loss and handles all aspects of the claim. Insurance coverage's have not changed significantly from prior years and coverage's are expected to be continued.

As of June 30, 2017, 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. New Mexico Self-Insurers' Fund has not provided information on 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.

STATE OF NEW MEXICO
Village of Wagon Mound
Notes to the Financial Statements
For the Year Ended June 30, 2017

NOTE 9. Pension Plan- Public Employees Retirement Association

General Information about the Pension Plan

Plan description:

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

Benefits provided

For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2016 available at http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2016.pdf.

Contributions

The contribution requirements of defined benefit plan members and the Village are established by state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for fiscal year 2017 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures of the PERA fiscal year 2016 annual audit report at: http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_2016.pdf.

The PERA coverage options that apply to the Village are: Municipal General. The Municipal Police and The Municipal Fire Division do not apply to the Village. Statutorily required contributions to the pension plan from the Village were \$8,441 for the year ended June 30, 2017. The Village did not pick up any portion of the employees contributions.

STATE OF NEW MEXICO
Village of Wagon Mound
Notes to the Financial Statements
For the Year Ended June 30, 2017

NOTE 9. Pension Plan- Public Employees Retirement Association (continued)

Contributions. In addition See PERA's comprehensive annual financial report for contributions provided descriptions.

PERA Contribution Rates and Pension Factors as of July 1, 2016						
Coverage Plan	Employee Contribution Percentage		Employer Contribution Percentage	Pension Factor per Year of Service		Pension Maximum as a Percentage of the Final Average Salary
	Annual Salary less than \$20,000	Annual Salary greater than \$20,000		TIER 1	TIER 2	
State Plan 3	7.42 %	8.92 %	16.99 %	3.0 %	2.5 %	90 %
Municipal Plan 1 (plan open to new employers)	7.0 %	8.5 %	7.4 %	2.0 %	2.0 %	90 %
Municipal Plan 2 (plan open to new employers)	9.15 %	10.65 %	9.55 %	2.5 %	2.0 %	90 %
Municipal Plan 3 (plan closed to new employers 6/95)	13.15 %	14.65 %	9.55 %	3.0 %	2.5 %	90 %
Municipal Plan 4 (plan closed to new employers 6/00)	15.65 %	17.15 %	12.05 %	3.0 %	2.5 %	90 %
Municipal Police Plan 1	7.0%	8.5%	10.40%	2.0%	2.0%	90%
Municipal Police Plan 2	7.0%	8.5%	15.40%	2.5%	2.0%	90%
Municipal Police Plan 3	7.0%	8.5%	18.90%	2.5%	2.0%	90%
Municipal Police Plan 4	12.35%	13.85%	18.90%	3.0%	2.5%	90%
Municipal Police Plan 5	16.3%	17.8%	18.90%	3.5%	3.0%	90%
Municipal Fire Plan 1	8.0%	9.5%	11.40%	2.0%	2.0%	90%
Municipal Fire Plan 2	8.0%	9.5%	17.90%	2.5%	2.0%	90%
Municipal Fire Plan 3	8.0%	9.5%	21.65%	2.5%	2.0%	90%
Municipal Fire Plan 4	12.8%	14.3%	21.65%	3.0%	2.5%	90%
Municipal Fire Plan 5	16.2%	17.7%	21.65%	3.5%	3.0%	90%
Municipal Detention Officer Plan 1	16.65%	18.15%	17.05%	3.0%	3.0%	90%
State Police and Adult Correctional Officer Plan 1	7.60%	9.10%	25.50%	3.0%	3.0%	90%
State Plan 3 - Peace Officer	7.42%	8.92%	16.99%	3.0%	3.0%	90%
Juvenile Correctional Officer Plan 2	4.78%	6.28%	26.12%	3.0%	3.0%	90%

STATE OF NEW MEXICO
Village of Wagon Mound
Notes to the Financial Statements
For the Year Ended June 30, 2017

NOTE 9. Pension Plan- Public Employees Retirement Association (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2015. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2016, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2017.

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, 2016. Only employer contributions for the pay period end dates that fell within the period of July 1, 2015 to June 30, 2016 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to fiscal year 2016 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

For PERA Fund Division Municipal General, at June 30, 2017, the Village reported a liability of \$153,376 for its proportionate share of the net pension liability. At June 30, 2016, the Village's proportion was .00096 percent, which was changed slightly from its proportion measured as of June 30, 2015.

STATE OF NEW MEXICO
Village of Wagon Mound
Notes to the Financial Statements
For the Year Ended June 30, 2017

NOTE 9. Pension Plan- Public Employees Retirement Association (continued)

For the year ended June 30, 2017, the Village recognized PERA Fund Division Municipal General Pension expense of \$8,441. At June 30, 2017, the Village reported PERA Fund Division Municipal General deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,663	\$ 1,496
Changes of assumptions	8,994	26
Net difference between projected and actual earnings on pension plan investments	28,221	-
Changes in proportion and differences between Village's contributions and proportionate share of contributions	22,325	1,580
Village's contributions subsequent to the measurement date	<u>8,441</u>	<u>-</u>
Total	<u>\$ 75,644</u>	<u>\$ 3,102</u>

\$8,441 reported as deferred outflows of resources related to pensions resulting from the Village contributions subsequent to the measurement date June 30, 2017 will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended</u>	<u>Amount</u>
2018	\$ 18,954
2019	18,954
2020	19,100
2021	7,093
Thereafter	<u>-</u>
Total	<u>\$ 64,101</u>

STATE OF NEW MEXICO
Village of Wagon Mound
Notes to the Financial Statements
For the Year Ended June 30, 2017

NOTE 9. Pension Plan- Public Employees Retirement Association (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Actuarial Assumptions: The total pension liability at June 30, 2017 was determined using the following actuarial assumptions:

Actuarial valuation date	June 30, 2015
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay, Open
Asset valuation method	Solved for based on statutory rates
Actuarial assumptions:	Fair value
Investment rate of return	7.48% annual rate, net of investment expense
Projected benefit payment	100 years
Payroll growth	3.00% annual rate
Projected salary increases	2.75% to 14.25% annual rate
Includes inflation at	2.25% annual rate
Mortality Assumption	RP-2000 Mortality Tables
Experience Study Dates	July 1, 2008 to June 30, 2013

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

<u>ALL FUNDS - Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	43.5%	7.39%
Risk Reduction	21.5%	1.79%
Credit Oriented	15.0%	5.77%
Real Assets	20.0%	4.15%
Total	100%	

**STATE OF NEW MEXICO
Village of Wagon Mound
Notes to the Financial Statements
For the Year Ended June 30, 2017**

NOTE 9. Pension Plan- Public Employees Retirement Association (continued)

Discount rate

The discount rate used to measure the total pension liability was 7.48%. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan's fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASBS 67. Therefore, the 7.48% assumed long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following tables show the sensitivity of the net pension liability to changes in the discount rate. In particular, the tables present the Village's net pension liability in each PERA Fund Division that the Village participates in, under the current single rate assumption; as if it were calculated using a discount rate one percentage point lower (6.48%) or one percentage point higher (8.48%) than the single discount rate.

<u>PERA Fund Division Municipal Government</u>	<u>1% Decrease (6.48%)</u>	<u>Current Discount Rate (7.48%)</u>	<u>1% Increase (8.48%)</u>
Village's proportionate share of the net pension liability	\$ 228,669	\$ 153,376	\$ 90,923

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued FY16 PERA financial report. The report is available at <http://www.pera.state.nm.us/publications.html>.

NOTE 10. Post-Employment Benefits – State Retiree Health Care Plan

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

NOTE 11. 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, 2017, 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.

STATE OF NEW MEXICO
Village of Wagon Mound
Notes to the Financial Statements
For the Year Ended June 30, 2017

NOTE 12. Concentrations

The Village depends on financial resources flowing from, or associated with, property taxes, gross receipts taxes, state and federal grants. Because of this dependency, the Village is subject to changes in gross receipts tax rates, collections, tourism, property values and changes in specific flows of intergovernmental revenues based on modifications to State laws and Federal Appropriations.

NOTE 13. Restricted Net Position

The Government Wide Statement of Net Position reports \$191,825 of restricted amounts, all of which is restricted by enabling legislation.

NOTE 14. Subsequent Events

The date to which events occurring after June 30, 2017, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosures is December 12, 2017, which is the date on which the financial statements were available to be issued.

NOTE 15. GASB 77 Disclosures (Tax Abatements)

Management and Governance of the Village are not aware of any tax abatement agreements that existed as of June 30, 2017.

NOTE 16. Leases

The Village has entered into a number of operating leases, which contain cancellation provisions and are subject to annual appropriations. The rent expenditures for these leases were primarily from the General Fund. Future minimum lease payments are:

Fiscal Year Ending June 30,	Amount
2018	\$ 876
2019	438
2020	-
2021	-
2022	-
	\$ 1,314

**STATE OF NEW MEXICO
Village of Wagon Mound
Notes to the Financial Statements
For the Year Ended June 30, 2017**

NOTE 17. Joint Powers Agreements

Law Enforcement Services

Participants	Village of Wagon Mound and NMDPS
Responsible Party	NMDPS
Description	Law Enforcement series.
Period	July 7, 2010 and extended on an annual basis.
Project Costs	N/A
County Contributions	None
Audit Responsibility	Village of Wagon Mound

(This page is intentionally left blank)

REQUIRED SUPPLEMENTARY INFORMATION

Village of Wagon Mound

Schedules of Required Supplementary Information

Schedule of the Village of Wagon Mound Proportionate Share of the Net Pension Liability of PERA Fund Division – Municipal General Public Employees Retirement Association (PERA) Plan Last 10 Fiscal Years*

MUNICIPAL GENERAL FUND

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Village's proportion of the net pension liability (asset)	0.0960%	0.0990%	0.1978%
Village's proportionate share of the net pension liability (asset)	\$ 153,376	\$ 99,919	\$ 46,026
Village's covered-employee payroll	\$ 114,068	\$ 105,640	\$ 46,850
Village's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	134.46%	94.58%	98.24%
Plan fiduciary net position as a percentage of the total pension liability	69.18%	76.99%	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.

STATE OF NEW MEXICO
Village of Wagon Mound
Schedules of Contributions
Public Employees Retirement Association (PERA) Plan
PERA Fund Division - Municipal General
Last 10 Years*

Schedule II

MUNICIPAL GENERAL FUND

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 8,441	\$ 7,817	\$ 4,474
Contributions in relation to the contractually required contribution	8,441	7,817	4,450
Contribution deficiency (excess)	\$ 0	\$ -	\$ 24
Village's covered-employee payroll	\$ 114,068	\$ 105,640	\$ 46,850
Contributions as a percentage of covered-employee payroll	7.40%	7.40%	9.50%

*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.

STATE OF NEW MEXICO
Village of Wagon Mound
Notes to the Schedule of Required Supplementary Information
For the year Ended June 30, 2017

Changes of benefit terms.

The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY16 audit available at:

http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2016.pdf.

Changes of assumptions.

The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2016 report is available at http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2016%20PERA%20Valuation%20Report_FINAL.pdf.

SUPPORTING SCHEDULES

STATE OF NEW MEXICO
Village of Wagon Mound
Schedule of Deposits
June 30, 2017

Schedule III

	Wells Fargo
General Fund - Operating	\$ 278,576
Fire protection	190,041
Law Enforcement	3,647
Joint Utility - Operating	235,782
Meter Deposit	9,579
Emergency Reserve	49,459
 Total Deposits	 \$ 767,084
Outstanding checks	(1,455)
Total cash & cash equivalents	765,629
Cash and cash equivalents - Exhibit A-1	756,050
Restricted cash Exhibit A-1	9,579
Total cash & cash equivalents	\$ 765,629

STATE OF NEW MEXICO
Village of Wagon Mound
Schedule of Collateral Pledged by Depository
June 30, 2017

Schedule IV

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number	Par/FMV Value at June 30, 2017
Wells Fargo	FNMA	3/1/2042	3132GRZP9	\$ 17,159
Wells Fargo	FNMA	3/1/2043	3138W4Z61	238,500
				\$ 255,659

STATE OF NEW MEXICO
Village of Wagon Mound Housing Authority
Financial Data Schedule
June 30, 2017

Schedule V
Page 1 of 3

Description	Public Housing Low Rent	Public Housing Capital Fund	Total
Cash - unrestricted	\$ 13,304	\$ -	\$ 13,304
Cash - tenant security deposits	6,154	-	6,154
Total Cash	<u>19,458</u>	<u>\$ -</u>	<u>19,458</u>
Accounts receivable -HUD other projects	20,182	-	20,182
Accounts receivable - tenants	805	-	805
Allowance for doubtful accounts - dwelling rents	(375)	-	(375)
Total Receivables	<u>20,612</u>	<u>-</u>	<u>20,612</u>
Prepaid expenses and other assets	2,482	-	2,482
Inventories	6,703	-	6,703
Allowance for obsolete inventories	(670)	-	(670)
Total Current Assets	<u>48,585</u>	<u>-</u>	<u>48,585</u>
Land	7,227	-	7,227
Buildings	859,110	-	859,110
Furniture equipment and machinery - administration	15,774	-	15,774
Accumulated depreciation	(825,441)	-	(825,441)
Construction in progress	2,140	51,316	53,456
Total Capital Assets Net of Accumulated Depreciation	<u>58,810</u>	<u>51,316</u>	<u>110,126</u>
Total Assets and Deferred Outflows	<u>\$ 107,395</u>	<u>\$ 51,316</u>	<u>\$ 158,711</u>
Accounts payable <=90 Days	\$ 2,028	\$ -	\$ 2,028
Accrued liabilities	1,196	-	1,196
Accrued payroll	2,903	-	2,903
Tenant security deposits	4,202	-	4,202
Total Liabilities	<u>10,329</u>	<u>-</u>	<u>10,329</u>
Net investment in capital assets	58,810	51,316	110,126
Unrestricted net position	38,256	-	38,256
Total Equity/Net Position	<u>97,066</u>	<u>51,316</u>	<u>148,382</u>
Total Liabilities and Equity/Net Position	<u>\$ 107,395</u>	<u>\$ 51,316</u>	<u>\$ 158,711</u>

STATE OF NEW MEXICO
Village of Wagon Mound Housing Authority
Financial Data Schedule
June 30, 2017

Schedule V
Page 2 of 3

Description	Public Housing Low rent	Public Housing Capital Fund	Total
Net tenant rental revenue	\$ 38,990	\$ -	\$ 38,990
Tenant revenue - other	1,234	-	1,234
Total Tenant Revenue	<u>40,224</u>	<u>-</u>	<u>40,224</u>
HUD PHA operating grants	67,758	-	67,758
Capital grants	-	51,316	51,316
Total Fee Revenue	<u>67,758</u>	<u>51,316</u>	<u>119,074</u>
Investment income - unrestricted	19	-	19
Total Revenue	<u>\$ 108,001</u>	<u>\$ 51,316</u>	<u>\$ 159,317</u>
Administrative salaries	\$ 22,251	\$ -	\$ 22,251
Auditing fees	6,439	-	6,439
Employee benefits	2,635	-	2,635
Office exepense	5,647	-	5,647
Travel	1,210	-	1,210
Other operating - administrative	3,493	-	3,493
Total Operating - Administrative	<u>41,675</u>	<u>-</u>	<u>41,675</u>
Water	3,052	-	3,052
Electric	2,176	-	2,176
Gas	5,150	-	5,150
Sewer	3,905	-	3,905
Total Utilities	<u>14,283</u>	<u>-</u>	<u>14,283</u>
Ordinary maintenance and operation - labor	14,473	-	14,473
Ordinary maintenance and operation - materials	10,622	-	10,622
Ordinary maintenance and operation - contracts	7,344	-	7,344
Employee benefits - maintenance	1,737	-	1,737
Total Maintenance	<u>34,176</u>	<u>-</u>	<u>34,176</u>
Property insurance	4,705	-	4,705
Liability insurance	707	-	707
Workman's compensation	1,576	-	1,576
All other insurance	674	-	674
Total Insurance Premiums	<u>7,662</u>	<u>-</u>	<u>7,662</u>
Bad debt tenant rents	-	-	-
Total Other	<u>-</u>	<u>-</u>	<u>-</u>
Total Operating Expenses	<u>97,796</u>	<u>-</u>	<u>97,796</u>
Excess of Operating Revenues over Operating Expenses	<u>\$ 10,205</u>	<u>\$ 51,316</u>	<u>\$ 61,521</u>
Depreciation expense	12,625	-	12,625
Total Expenses	<u>\$ 110,421</u>	<u>\$ -</u>	<u>\$ 110,421</u>
Operating transfers in	-	-	-
Operating transfers out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenue over Expenses	<u>\$ (2,420)</u>	<u>\$ 51,316</u>	<u>\$ 48,896</u>

STATE OF NEW MEXICO
Village of Wagon Mound Housing Authority
Financial Data Schedule
June 30, 2017

Schedule V
Page 3 of 3

Description	Public Housing Low rent	Public Housing Capital Fund	Total
Beginning equity	\$ 99,486	\$ -	\$ 99,486
Adjustments	-	-	-
Ending Equity	\$ 97,066	\$ 51,316	\$ 148,382
Unit Months Available	228	-	228
Number of Unit Months Leased	224	-	224

COMPLIANCE SECTION



Auditors~Consultants~CPA

INDEPENDENT AUDITOR'S 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

Honorable Wayne Johnson
New Mexico State Auditor
Santa Fe, New Mexico

and

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, the aggregate remaining fund information, and the budgetary comparisons of the general fund and major special revenue funds of the Village of Wagon Mound (the Village), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated December 12, 2017. Our report includes a reference to other auditors who audited the financial statements of Wagon Mound Housing Authority, as described in our report on the Village's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those other auditors.

Internal Control over Financial Reporting

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

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 described 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses. FS 2014-012.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Village's Response to Findings

The Village's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Village's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Southwest Accounting Solutions, LLC

Southwest Accounting Solutions, LLC
Albuquerque, New Mexico
December 12, 2017

STATE OF NEW MEXICO
Village of Wagon Mound
Schedule of Findings and Questioned Costs
June 30, 2017

SECTION I - SUMMARY OF AUDIT RESULTS

Financials Statements:

1. Type of auditors' report issued-Governmental
Unmodified
2. Type of auditors' report issued-Component Unit
Unmodified
3. Internal control over financial reporting:
 - a. Material weakness identified? **Yes**
 - b. Significant deficiencies identified? **Yes**
 - c. Noncompliance material to the financial statements? **No**

SECTION II – PRIOR YEAR AUDIT FINDINGS

Financial Statement – Primary Government

FS 2011-003 Budget Overages – Material Noncompliance - Resolved

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

FS 2014-007 – Internal Controls over Receipts – Material Noncompliance – Resolved

FS 2014-012 Fund Accounting – Material Weakness - Repeated/Modified

Financial Statement - Component Unit:

2016-001 Missing Forms I-9 – Non Compliance - Resolved

STATE OF NEW MEXICO
Village of Wagon Mound
Schedule of Findings and Questioned Costs
June 30, 2017

SECTION III – AUDIT FINDINGS

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

Condition: During our test work we noted the following issues with the segregation of duties in the Villages:

- The Village Clerk/Treasurer can perform most of the accounting functions in the Village with no mitigating controls implemented. We noted the Village Clerk/Treasurer performs journal entries, is a check signer, performs the bank reconciliations, can modify the Village general ledger, and has access to checks.

The Village hired a deputy Clerk during 2017 and is in the process of training said individual in regards to various duties in attempt to properly segregate noted tasks which are currently being performed by the Village clerk.

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 and without having mitigating controls in place the Villages is exposed to a high risk that errors and fraud will not be detected and corrected in a timely manner.

Cause: Due to limited resources, the Village relies on the expertise of one individual to perform many functions of the daily operations. 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 and mitigating controls that address the inherent weaknesses of the Villages small office environment.

Management's Progress: Progress has been negated by the turnover rate of the Village, however a Deputy Clerk has been hired and the Village is currently training her in various job functions.

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 training an assistant clerk as well. The Mayor states that the Village will improve this matter by 6/30/2018.

Timeline: The Village believes this is difficult due to the nature of the Village, however they expect the finding to be modified in 2018.

STATE OF NEW MEXICO
Village of Wagon Mound
Schedule of Findings and Questioned Costs
June 30, 2017

FS 2014-012 Fund Accounting-Beginning Balances– Material Weakness - Repeated/Modified

Condition: The Village does not properly track restricted revenues and cash balances. The Village reported various transfers from special revenue funds to other funds due to restricted revenue sources and cash balances not adequately being tracked for their restricted purpose. This was an issue in the prior year's audit finding and the Village has not taken the appropriate steps to correct the issue.

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. 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. Further special revenue funds are an account established by a government to collect money that must be used for a specific project. Special revenue funds provide an extra level of accountability and transparency to taxpayers that their tax dollars will go toward an intended purpose.

Effect: Restricted cash is not properly being tracked and is subject to being spent on purposes other than the purposes imposed by external granting agencies. Further the Village is at risk by external granting agencies of having funding reduced due to their inadequate controls over restricted cash.

Cause: Management does not have an adequate financial management system to track revenues, expenses and accumulated restricted cash.

Auditors' Recommendation: The Village should invest in obtaining a financial accounting system that is adequately designed for fund accounting. Further management should be trained in fund accounting and the proper use of an adequate financial management system that meets the needs of the Village.

Management's Progress: None

Management's Response: The Village has obtained new Accounting software which it will adopt in FY 2018, with this it believes tracking the individual funds and overall fund accounting will improve.

Timeline: The Village believes they can implement fund accounting by year end June 30, 2018.

STATE OF NEW MEXICO
Village of Wagon Mound
Exit Conference
June 30, 2017

Exit Conference

An exit conference was held on December 12, 2017. In attendance were the following:

Nora Sanchez
Tom F. Herrera

Municipal Clerk
Mayor

Representing Southwest Accounting Solutions, LLC

Geoff Mamerow, CFE

Auditor Prepared Financial Statements

SAS assisted the Village in the preparation of the GAAP-based financial statements and notes to the financial statements. The financial statements were prepared using the original books and records provided by the management of the Village. The responsibility for the financial statements remains with the Village.